U. S. Congress

Congressional Record

PROCEEDINGS AND DEBATES

OF THE

FIRST SESSION OF THE SEVENTY-FOURTH CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 79—PART 11

JULY 22, 1935, TO AUGUST 5, 1935

(Pages 11515 to 12532)

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SEVENTY-FOURTH CONGRESS, FIRST SESSION

SENATE

MONDAY, JULY 22, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, July 20, 1935, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Logan	Reynolds
Ashurst	Davis	Lonergan	Robinson
Austin	Dickinson	Long	Russell
Bachman	Donahey	McAdoo	Schall
Bailey	Duffy	McCarran	Schwellenbach
Barbour	Fletcher	McGill	Shipstead
Barkley	Frazier	McKellar	Smith
Bilbo	George	McNary	Steiwer
Black	Gerry	Maloney	Thomas, Okla.
Borah	Gibson	Metcalf	Townsend
Brown	Glass	Minton	Truman
Bulkley	Hale	Moore	Tydings
Bulow	Harrison	Murphy	Vandenberg
Burke	Hatch	Murray	Van Nuys
Byrnes	Hayden	Norbeck	Wagner
Capper	Holt	Norris	Walsh
Caraway	Johnson	Nye	White
Chavez	Keyes	O'Mahoney	
Connally	King	Pittman	
Coolidge	La Follette	Pope	

Mr. ROBINSON. I announce that the Senator from Utah [Mr. THOMAS], the Senator from New York [Mr. COPELAND], the senior Senator from Illinois [Mr. LEWIS], the Senator from Missouri [Mr. CLARK], the junior Senator from Illinois [Mr. DIETERICH], and the Senator from West Virginia [Mr. NEELY] are unavoidably detained from the Senate.

Mr. CONNALLY. I desire to announce that my colleague the senior Senator from Texas [Mr. SHEPPARD] is absent from the Senate on important business.

Mr. VANDENBERG. I repeat the announcement heretofore made by me that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent because of illness.

The VICE PRESIDENT. Seventy-seven Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

Mr. TYDINGS presented a resolution adopted by the Federation of Republican Women's Clubs of Prince Georges County, Md., favoring the enactment of the bill (H. R. 5541) to provide for the regulation of the display of the American flag on buildings of the Government of the United States and the government of the District of Columbia, which was referred to the Committee on the Judiciary.

Mr. WAGNER presented resolutions adopted by Mill Rock Post No. 716, Veterans of Foreign Wars, New York City, N. Y., favoring the continuance on the air of radio station WVFW, known as the voice of the veterans, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Auxiliary to Post No. 536, Veterans of Foreign Wars of the United States, of Flushing, N. Y., opposing the enactment of the bill (S. 2969) to authorize the deportation of criminals, to guard against the separation from their families of aliens of the noncriminal classes, to provide for legalizing the residence into the United States of certain classes of aliens, and for other purposes, which were referred to the Committee on Immigration.

REVISION OF THE COPYRIGHT ACT

Mr. WAGNER. I present and ask to have printed in the RECORD and appropriately referred a letter which I have received from the former head of the Music Division of the Library of Congress, and also a telegram from Arthur Freed, Hollywood, Calif., in opposition to the copyright bill. I also present a telegram from the chairman of the legislative committee of the American Hotel Association in favor of the copyright bill.

There being no objection, the letter and telegrams were ordered to lie on the table and to be printed in the RECORD, as follows:

NEW YORK, *July 11, 1935.*

The Honorable ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WAGNER: May I take the liberty of adding my emphatic protest to the many others that must have reached you with respect to United States Senate bill 3047, purporting to amend the copyright law?

My point of view is not biased. While at the head of one of the foremost, and of one of the oldest, music publishing houses in America, and I am also as a professional musician and writer of music, and as such I am eminently concerned with the fate of the composer and author.

I am whole-heartedly in favor of our joining the Rome convention, but not at the price of a law that aims at the spoliation of the makers of music to the wholly disproportionate advantage of the users of music.

In my 12 years (1922–34) as chief of the Music Division in the Library of Congress I have had ample opportunity to form the highest regard for the integrity and wisdom of the former Register of Copyrights, Mr. Thorvald Solberg, and of his able successor, Mr. William L. Brown. But if, as I understand, the Copyright Office lent a hand in the drafting of this bill I fear that it has too readily yielded to the false counsel and misrepresentations of obviously interested parties.

The situation has been most clearly and convincingly set forth in a brief by Mr. Nathan Burkan—one of the best minds we have on copyright matters—which he prepared on behalf of the American Society of Composers, Authors, and Publishers. May I recommend Mr. Burkan's brief to your careful and sympathetic study?

I feel that I am not appealing in vain to your sense of justice, when I ask you to help in preventing the passage of a bill that is the child by marriage between unreason and unfairness.

Respectfully yours,

CARL ENGEL,
President G. Schirmer, Inc.

HOLLYWOOD, CALIF., *July 15, 1935.*

Senator WAGNER:

Now that I have read the Duffy bill, S. 3047, amending the copyright law, I am more than ever convinced that this legislation if enacted would work havoc on each and every member of our profession. It is obvious that it was drafted for the purpose of minimizing the danger of penalty for infringement of copyright for users of our works. Imagine some obscure, ambitious writer having a claim of damage which he would first have to prove by legal expenditure that he was actually damaged before receiving the present provided for statutory 1. The user of our work contributes nothing to the development and creation of literary and musical effort, yet he would destroy every incentive by attempting to enact such a law. I know, honorable sir, you would not want to be a party to a law which would encourage piracy. There is not a redeeming feature in this bill for us writing fellows, and we pray to God that your wisdom and sense of justice will keep you from voting for it.

ARTHUR FREED.

WASHINGTON, D. C., *July 19, 1935.*

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.:

Have noted your presentation of several telegrams and the printing thereof in the CONGRESSIONAL RECORD of opposition to Senator

DUFFY'S copyright bill no. 3047. As chairman of legislative committee of the American Hotel Association, representing over 5,000 hotels in this country, I wish to place in the CONGRESSIONAL RECORD, with your approval and upon presentation by you, the unqualified endorsement and approval of this particular legislation, which is the only progressive step made in the copyright legislation since its inception. The record shows that this legislation was not proposed by the users of music but emanated from the Department of State at the request of the Senate Foreign Relations Committee. Fair and extensive hearings were held in connection with this proposed legislation and ample opportunity was given the opponents to present their case. Those interests represented by the telegrams you presented appeared before such committee, presented their claims, and due consideration was given to their arguments. The three largest users of music in this country, namely, the hotel business, the broadcasters, and the theater owners, are united for the first time in approving this legislation, which is the first constructive effort on the part of Congress to eliminate the vicious evils that now exist under the present law. I bespeak on behalf of the hotel business your approval. The record speaks for itself.

H. P. SOMERVILLE,
Chairman Legislative Committee,
American Hotel Association, Willard Hotel.

REPORTS OF COMMITTEES

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes, reported it without amendment and submitted a report (No. 1145) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 7882. A bill to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works (Rept. No. 1146); and

H. R. 8270. A bill to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes (Rept. No. 1147).

INVESTIGATION OF RELATIONSHIP BETWEEN CONTRACTORS AND EMPLOYEES (REPT. NO. 332, PT. 2)

Mr. WALSH. Mr. President, I ask consent to submit a report from the Committee on Education and Labor pursuant to Senate Resolution 228, Seventy-third Congress, giving the results of the investigations conducted by its subcommittee of the relationship between certain contractors and their employees on public works in the United States. I ask that the report may be printed in the usual manner.

Also, I ask consent to introduce a bill prepared by the committee to alleviate the conditions found during the investigations. I ask that the bill to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings may be referred to the appropriate committee.

The VICE PRESIDENT. Without objection, the report will be received and printed; also the bill introduced by the Senator from Massachusetts will be received and appropriately referred.

The bill (S. 3303) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings was read twice by its title and referred to the Committee on Education and Labor.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the nineteenth instant that committee presented to the President of the United States the enrolled bill (S. 2532) to amend an act entitled "An act setting aside Rice Lake and contiguous lands in Minnesota for the exclusive use and benefit of the Chippewa Indians of Minnesota", approved June 23, 1926, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. KING, from the Committee on the Judiciary, reported favorably the following nominations:

Francis M. Brooks, of Hawaii, to be fourth judge, first circuit, Territory of Hawaii, vice Edward M. Watson, nominated to be United States district judge, district of Hawaii;

Emil C. Peters, of Hawaii, to be associate justice, Supreme Court, Territory of Hawaii, vice Charles F. Parsons, term expired; and

Edward M. Watson, of Hawaii, to be United States district judge, district of Hawaii, to succeed Edward K. Massee, term expired.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers of the Navy.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 3300) granting a pension to Lee A. Smith (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 3301) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes; to the Committee on Indian Affairs.

By Mr. CAPPER:

A bill (S. 3302) for the relief of Maj. Wilbur Rogers; to the Committee on Military Affairs.

(Mr. WALSH introduced Senate bill 3303, which was referred to the Committee on Education and Labor, and appears under a separate heading.)

By Mr. HARRISON:

A bill (S. 3304) extending the benefits of the Emergency Officers' Retirement Act to John Milton Floyd; to the Committee on Military Affairs.

SUITS ON GOLD CLAUSE IN GOVERNMENT SECURITIES—AMENDMENT

Mr. BARBOUR submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 155) authorizing exchange of certain securities, coins, and currencies of the United States; withdrawing the right to sue the United States on its bonds and other similar obligations; limiting the use of certain appropriations; and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6323) to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1309. An act to amend section 114 of the Judicial Code to provide for terms of District Court for the Western District of Wisconsin to be held at Wausau, Wis., and for other purposes;

S. 2326. An act to authorize the Secretary of War to sell to the Eagle Pass & Piedras Negras Bridge Co. a portion

of the Eagle Pass Military Reservation, Tex., and for other purposes;

S. 2965. An act to amend the Hawaiian Homes Commission Act of 1920;

H. R. 5917. An act to provide for the appointment of additional United States judges;

H. R. 6323. An act to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof; and

H. R. 7590. An act to create a Central Statistical Committee and a Central Statistical Board, and for other purposes.

ADMINISTRATION OF PRESIDENT ROOSEVELT—RADIO ADDRESS BY SENATOR LONG

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD a radio speech delivered by me on Friday evening last.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

THE NEED OF TRUTH AND SINCERITY IN MR. ROOSEVELT'S PROMISES

It has been more than 3 years since the Democratic Party nominated Franklin Delano Roosevelt for President. It will soon be 3 years since he was elected President. He has served as our President during nearly all of 1933, during all of 1934, and during the year 1935 up to this date. When he has served that length of time he has made clear to the American people what might be expected of him.

When Mr. Roosevelt took the reins of affairs he immediately started in a direction exactly opposite to what he had promised the people. To my surprise, the leaders of the Democratic Party, and, for that matter, the leaders of all other parties, said, "Let him have his way. The people want him to have a chance." I answered them and said, "But this is different from what the people were promised. They were promised something else, and they have a right to have the President and the Congress live up to our platform and to the promises of the President."

I need not tell you the result. Our course of conduct in government has been such as Mr. Roosevelt wanted it to be. He has had his way. He has had a larger majority of Congressmen with him than any other President ever had. He has had the largest majority that any President has ever had in the United States Senate. Whatever he has wanted to be done has been done; whatever he has not wanted to be done has not been done.

On various occasions Mr. Roosevelt has decided that he has not wanted the Congress to act like Congress at all, but that he would like to have the Congress pass over to him their rights and functions as lawmakers, and the Congress has done that, time after time. In fact, they have resigned so many of their own duties and functions and given their powers over to the President that they ought to be ashamed to draw their money as lawmakers any longer. If you hire me to cut a cord of wood and instead of cutting the cord of wood some man comes along and says that I don't know how to cut that wood, but ought to let him cut it, and I hand him over the saw and the axe, then you ought to pay the man that cuts the wood and not pay me for the work. So when the people elected Senators and Congressmen to make laws and they took their seats in the Capitol, and Mr. Roosevelt walked up and said, "Here, you boys; you ain't fit to make any laws; let me do that for you", and we turned over the lawmaking authority to him, then we ought to have got up and left and not charged the people anything for our work.

We have in this country what is known as a "relief roll." Before they began to politicalize it, it was supposed to put every man who had nothing to do on the relief and pay him a little something because he had nothing to do. When the Senators and Representatives in Congress voted all their affairs into the hands of Mr. Roosevelt, they ought to immediately have been put on the dole roll, instead of being allowed to draw $10,000 a year apiece to do nothing.

Now, it so happened that when Mr. Roosevelt stepped out and began to exercise these lawmaking powers, and to make rules and impose taxes and levy tributes and make rewards under them, they finally got up to the United States Supreme Court, and there and then the United States Supreme Court said that the Constitution of the United States had provided for the people to elect a Congress to make laws, and that there were such things in this country as 48 sovereign States. So the Supreme Court said further that the Senators and Representatives in Congress did not have a right to give away their own power to make the laws, and much less did they have the right to give away the right of the 48 States to run themselves as they were supposed to do. And a terrible squal went up from the White House.

I do not know whether the Supreme Court has acted in time to save the American Republic, but I feel certain that they have acted none too quickly. If this country lasts 20 years longer, we will owe it to the Supreme Court of the United States.

Now, let us review some of the things Mr. Roosevelt said he was going to do, and what he has done: The first thing he promised was to abolish the bureaucratic system of government. He said these bureaus and commissions that were being set up in Washington by Hoover and other Presidents were contrary to the American system, and were tangling up the people's business to where they did not know how to handle it. But what did he do when he got in office? He set up so many bureaus that they could not even give them names. They had to designate them by three and four letters in the alphabet. Then he wore the alphabet out and had to begin to use the numerals. Right today I am a Member of the United States Senate, a lawyer of 20 years' experience, served as Governor of the State of Louisiana for 4 years, and as a member of the public service commission of my State for 10 years. I am right here in Washington, and I don't know the names or the duties of 1 percent of the boards and commissions that Roosevelt has set up since he has been President, and what is more, Roosevelt doesn't know them either.

Without any authority whatever from the State governments, they have set these bureaus up to run the States; they are putting departments of education in some of the States; they are putting departments for public works in some of the States; they are setting up their own spending agencies in the States. None of this kind of function is authorized in the Constitution of the United States. They can only be done through the authority of the State, if done constitutionally, but States will have to go to the Supreme Court of the United States to stop the illegal spending of money in such States in a wanton and reckless manner, and demand the rights of the States to carry on their functions in an orderly way. Louisiana will lead off with a suit of this kind in October. It will probably be followed by suits in many of the other States.

The N. R. A. is now as dead as a door nail, but they kept it alive so that they could keep all the job holders on the rolls. The A. A. A. has been held unconstitutional by many of the courts. Only today they tried to pass in the United States Senate a law to prevent any taxpayer from collecting money that had been illegally taken from him under the processing taxes. We managed to vote that down. Notwithstanding these decisions of the Supreme Court of the United States—and they are very sound and proper decisions—the Congress is being told to go right ahead and pass more unconstitutional laws, and after they have passed these unconstitutional laws they bulldoze and browbeat the people for 2 or 3 years before the courts can set them aside. Then, after that is done, they come in and ask the Congress to pass a law forbidding anybody to sue for the harm that has been done to them under these unconstitutional laws.

There was never known such a high-handed, tyrannical, outrageous system of government since the days of Nero, or during the days of Nero, as has been perpetrated by this outlandish system of Roosevelt's brain-trust-bureaucratic-alphabetical conglomeration of everything except sense and justice.

Now, let us look at a few of the results. First, let us look at unemployment. Today, according to figures given to me by the American Federation of Labor, there are 734,000 more unemployed working people than there were for the same month last year. This same labor board says that there are around 11,000,000 of unemployed industrial workers in this country today. If we will take the figures to show what agriculture is making and compare it with a normal year, we will come to the conclusion that the agricultural workers are at least one-half unemployed, which would add about 10,000,000 more people to the unemployed list. At any rate, the highest unemployment that has ever been known in this country exists right today under Roosevelt. Notwithstanding the fact that our people are unemployed and having nothing to do, we have now got down to the point to where we are not making enough of the necessities of life in this country for the people to live on. With our farmers and our working people and our business men standing by idle, much of the meat which we eat, many of the clothes which we wear, some of the shoes that we put on our feet, and even the cottonseed oil that is consumed in this country are brought here from foreign countries. Some of the countries that formerly bought their cotton from America, and their corn and their wheat from America, are now sending the same products that they used to buy from us back here to sell to us, and they have got things so rigged up and messed up in Washington that the men and women who want to raise these things and make these things are starving to death and still cannot get a job.

With all these conditions, nonetheless in 3 years of Roosevelt administration they have spent more money than all the Presidents of the United States spent put together, from George Washington to Woodrow Wilson. In 124 years, from the time George Washington began as President until Woodrow Wilson became President, we spent slightly over $24,000,000,000. That covered all the wars, including the War of 1812, the Civil War, and the Panama Canal. But Mr. Roosevelt's administration has spent twenty-four billions in 3 years, as much as they spent in 124 years, and still we are worse off than we ever were, and we have had no war.

I have before me figures to show that in the city of New York, where all the money has been spent, and where, I am told, they even found some of the policemen on the relief rolls, there were 4,200 children who failed to attend school, who gave as their reason that they did not have any money with which to buy clothes so that they could go to school. For the last 4 months the pay rolls in this country have dropped every month. March was worse than February, April was worse than March, and May was worse than April. The "brain trusting" Government under Roosevelt went out to make some experiments to find out what was the matter. They wanted to find out why more people did not own their homes. What do you think they found out? They

came back and made the remarkable report that after surveying 43 States and spending several millions of dollars, they had come to the conclusion that the reason that people did not own more homes and better homes was because they did not have money to buy them. If that gang of nitwits gets farther away from Washington, and if they don't watch out, they will arrest them and put them in a zoo. They had better stay here where they are recognized, and where they know they are running the country. The same people out in the open spaces may not find it out before it is too late.

You know, when they built the Panama Canal during Theodore Roosevelt's time—you might refer to Theodore Roosevelt as "Roosevelt the Great", and, in order to distinguish one of these Roosevelts from the other, we ought to refer to this Franklin Delano Roosevelt as "Roosevelt the Little", but to get back to the point—during Theodore Roosevelt's time we said a whole lot about his building the Panama Canal, about what a terrible extravagance it was. Well, the Panama Canal cost $525,000,000. That was a lot of money. But every month Mr. Franklin Delano Roosevelt throws away $570,000,000, which means that every month Roosevelt the Little spends $45,000,000 more money than it cost Roosevelt the Great for the whole Panama Canal.

The national income has fallen from around one hundred billions down to forty-two billions under Roosevelt the Little, but while the income has fallen the debts have mounted higher and higher, and taxes have gone higher and higher. Public debts and the private debts amount to $262,000,000,000. The interest on the debts owed in the United States, and taxes paid by the people of the United States, together amount to $28,000,000,000 per year. Just think of it! The whole national income is forty-two billions, and twenty-eight billions of it went for interest on debts and taxes, leaving only fourteen billions out of the entire forty-two billions that was not taken out by the Government or charged off for interest before people got started.

There have been some people who have fared rather well from this national calamity, if it were not for the fact that the big house is going to be pulled down on them, along with the balance of us, before they get through. As an example, Mr. Vincent Astor and his partners, the men that own this *Nourmahal* yacht, where they take the President out on his fishing trips—a five-million-dollar palace that floats out on the sea—these men had themselves a shipping outfit; they bought some ships from the United States Government, or, rather, I should say the United States Government had paid them some money to get them to take the ships and obligate themselves to run the *Leviathan*. The time came when Mr. Astor and his partners did not want to run the *Leviathan*, so they got into default with the United States by not running the *Leviathan*, and owed Uncle Sam $1,720,000. There was an individual over in the Department of Commerce by the name of Mitchell, who was Assistant Secretary of Commerce. The first thing he knew, the President had them release Astor from this contract to pay the $1,720,000, on the condition that Astor's crowd would build another ship that the Government would lend them nearly all the money to build, and that the Government would give them a mail contract so that they could not do anything but make more money. What it amounted to was that Astor's crowd not only were relieved of paying the $1,720,000 they owed the Government, but they were given something for the permission of the Government relieving them.

Mitchell wrote a letter to the President complaining about it, and he was instantly dismissed. They offered him a better job rather than to dismiss him if they could quiet him down and move him out of the way in time, but he would not stand for it, so he has been made to appear as a terrible character, and that has been what they have done with every man who has yelled about these frauds.

A while back here I submitted affidavits, reports from Government agents, and everything else to show what Farley had been doing. I, as a Member of the United States Senate, asked for an investigation of Farley's conduct. I saw no reason why they should not investigate him, they having investigated me on five or six separate occasions. Notwithstanding all the exposures, they voted to keep Farley from being investigated.

The other day they wanted to investigate some people who came to lobby in Washington, and they had no hesitancy in appropriating several thousands of dollars to start investigating them right at once. But to investigate the inside of what was going on under Farley was something that could not be brought to light; they would have none of it, and they did not.

Now, you have been reading about the row that has been going on between the national administration and the State of Louisiana because of the fact that I am opposed to the way Mr. Roosevelt and his "brain trusters" and bureaucrats are running things. Louisiana does not propose to have itself put into bondage forever like some of these other States may want to do. Louisiana is a sovereign State, and our people insist upon being free men and women. They elect their officers, and they serve subject to the will of those people. But from here in Washington Mr. Roosevelt and his bureaucrats and autocrats have decided that they will take over the affairs of Louisiana. They undertook to send reputed political characters into that State to run our business; and they say, "Either we will run it this way or we will not run it at all." Our answer to them is that the people of Louisiana will run our State, and that we will not countenance the usurpation of the functions that the Constitution gives to a sovereign State. Our people will remain free.

The Federal Government says that they will not lend Louisiana any money out of the public-works funds. Well, if Louisiana borrowed any of their money we would have to give the bonds and obligations of the State, or of some subdivision of the State, to get it. If we need any money we do not have to get it that way. We can sell the bonds of the State of Louisiana on the open market without asking the Federal Government to lend us any of the P. W. A. money. We did that yesterday. Louisiana bonds sold for $3.80 above par. When the United States Government wants to get money for its bonds it has to compel the banks to take them. That is where the Government bonds are today—in the bank vaults. If they did not buy them the banks would be out of business. Louisiana bonds are saleable on the open market without anyone being coerced to buy them. Why? Because Louisiana is a solvent and a well-run State. It takes in more money than it spends. The Federal Government spends $5 where it takes in $2. Our State bonds are far better than the Government bonds. I might say to the people of this State that you have heard a great deal of Louisiana. It is time that you should know more about it. I became Governor of that State in 1928. We had around, maybe, as much as 50 miles of paved highway when I took the helm of the State. At this time we have about 3,500 miles of paved highways in Louisiana. We have, to add to that, some 10,000 more miles of farmers' graveled roads. When I became the Governor of that State the census showed that it had 238,000 illiterate adults. That number was very quickly cut in half. It was my administration which gave the State free school books to all the school children. Before our time there were no bridges over the big rivers and streams. They had to be crossed on ferries at a cost of all the way from 50 cents to $2. Today, over those same rivers and streams you will find the large, long, and fine bridges which we built, and you cross them absolutely without cost. They are free to the traveling public.

Before our time—I mean by that, before Governor Allen and myself were factors in the State—our State university had an enrollment of 1,500; it now has 5,500. Its status has risen under us from class C to class A. We have built a new medical college, graded class A by the American Medical Association, and to it we are now adding a large new college of dentistry. We are laying plans now so that every poor boy in Louisiana will be able to get a college education. We intend to have our plan working by September 1936, so that those who cannot pay all will pay what they can, and so that those who can pay none will nevertheless be given employment at our State university, so that they can have an opportunity to pursue a college course of education or instruction.

It might be well that you people who have heard of Louisiana should know that when I became Governor of that State the hospitals for mental diseases were overcrowded; some persons suffering with afflictions of the mind were incarcerated in jail cells, waiting for someone to die to make room for them in the hospital. I have broadened, enlarged, and improved those hospitals in Louisiana so that no longer are there people in the jail cells waiting for treatment, but today there is room in those institutions to care for additional people, and their standards have been improved.

The years before I became the Governor of the State, and before Governor Allen's time, the penitentiary lost as much as $1,000,000 a year in its operations, but now, under Governor Allen and during the last year of my term, the penitentiary is on a self-sustaining and paying basis.

You find in Louisiana a people enjoying all these improvements; you find there the State universities; you find there that the public schools are now largely supported from the State treasury; you find there that the State university, which was given $800,000 a year before I became Governor, is now drawing $2,750,000 per year to carry on its work of education. Yet with it all, you will find that the taxes in Louisiana have been reduced on all property, and now we have voted laws by which, this year, most of our home owners will be relieved from paying any taxes at all on their homes and others will be given back a large part of the taxes which they pay on their homes.

With such great improvements, accompanied by such tax reductions on properties, there is only one other thing that you should notice, and that is that Louisiana is a solvent State with a balanced budget, spending less than it takes in. It has several millions of dollars for the treasury to use for tax-relief purposes this winter. Therefore, that sovereign State and its people will not be subdued or humiliated with the demands and orders of bureaucrats and tin-pot tyrants in Washington, who never have been elected to anything, who never will be elected to anything, and who are taking billions of dollars of the people's money to gobble up in the political practices which they are now using for the ruination of this country.

And now, my friends, this brings me to the last part of my speech. Out of this orgy of chaos, out of this dreary atmosphere of calamity and confusion, what is our hope and our port of safety and security? It will be found in the promise of the President of the United States when he accepted the nomination at the Chicago convention. Prior to the Chicago convention I was the sole author of a plan known as the "share-our-wealth plan." It proposed that none should own too much, and none should own too little. It necessarily required a redistribution of wealth, so that those who had more than they had any business with, should be made to give over to the Government the money and things which the Government would furnish to the people who did not have enough upon which to live. I proposed that plan when I became a member of the United States Senate early in 1932. It would do this: No man would be permitted to own more than a few millions of dollars, and no family would be

allowed to have less than a home and reasonable other things so as to live in comfort. No man would have been allowed to make more than from several hundred thousand dollars up to a million dollars in 1 year. No family would have been allowed to earn less than from $2,000 to $2,500 per year. The rule is that no man should own more or make more than 100 times what the average family owned or made, and that no family should own less or make less than one-third what the average family owned or made. The further provision was that those persons who reached the age of 60 should be given an adequate pension of somewhere around $30 to $40 per month, unless they owned considerable property or had a livable income. Also, my plan contemplated the full payment of the debt to the soldiers; and, finally, the guarantee from the Government of education, even through college, to all children for professional or vocational service in life. No boy or girl would have wanted for the desired education or training in college on account of the poverty of the family. Such was my plan.

It became known as the "share our wealth" plan in later days. Before Mr. Roosevelt was nominated, I had seen to it that he had committed himself to this principle, in the main, and that he had promised to commit himself after his nomination. And so, at the Chicago convention, he appeared and made this pledge, which I quote from his speech:

"Throughout the Nation men and women, forgotten in the political philosophy of the Government of the last years, look to us here for guidance and for more equitable opportunity to share in the distribution of national wealth."

So, ladies and gentlemen, you might now say, as was said before Mr. Roosevelt's election, that he pledged himself to the Huey Long share-our-wealth plan. Since Mr. Roosevelt has taken the office of President, he has opposed every effort to adopt the plan for redistribution of wealth. Time and again have I offered this plan to the Congress. I have offered the old-age pension plan; his administration has caused its defeat. I have offered the plan to pay the soldiers what we owe them; he has caused its defeat. I have offered the plan to educate the children in colleges; he has caused its defeat. I have offered the plan by which all would be assured of homes, and of incomes sufficient to keep them in comfort, and he has caused its defeat.

But lo and behold, with the public roused from coast to coast, and from the Canadian line to the Gulf, Mr. Roosevelt decided that he had to make a gesture the other day. It was the fifth time he had made the gesture, but he made it again. He sent a message to Congress saying that he was for the "share our wealth" plan. Immediately I called upon him to assist in passing a bill. What has he done? He sent us a bill already—that is, a bill has come up there, but they have been hiding it ever since—providing for taxes on big fortunes, which they said would yield $340,000,000 a year. As a matter of fact, it would not yield half that much; but at best their claims were that it would yield $340,000,000 a year. That was not even to be paid out to the people; it was to go on the deficit of the Government. The entire $340,000,000 per year, if it had been that much, and it was not, would have been one-tenth of the annual deficit of Roosevelt's administration. If it had not gone on the deficit it would have given everybody $2.70 a year. In other words, he declared for "share our wealth" and sent us in a bill to Congress that was as much like the "share-our-wealth" plan as a bedbug is like a hotel. And that is about the kind of fodder we get from him every time.

Take the way he gummed up the old-age pension plan we had. I proposed in Congress to give the people who were 60 years old or older from $30 to $40 per month, unless they had an income of $1,000 a year, or unless they owned $10,000 worth of property. He came in with a plan proposing as if he were going to have a genuine old-age-pension plan for the United States. It appropriated $49,000,000 a year out of the United States Treasury and provided that the States had to match the $49,000,000, so as to make a total of $98,000,000. There were over 14,000,000 people in the United States over 60 years old who were entitled to the pension under my plan. The whole $49,000,000 of the Government, and the whole $49,000,000 of the States, the entire $98,000,000, would have given them all about $7 a year apiece. And that is just the kind of way the Roosevelt administration has deluded and gummed up and blind-sighted the people of the United States ever since he started out.

I have no faith whatever in the pledges of this administration. Some days ago they made the announcement that they had sent $1,700,000 to Louisiana to the university there. I warned those people that they had not done any such thing, and that they never would do it. Today they admit themselves that they did not send it, and do not intend to send it.

Such a Government, such lack of dependability, such lack of integrity—the Roosevelt administration—the St. Vitus dance government of the United States of America.

But our hope lies in the ultimate victory for the share-our-wealth plan, none would have too much, but all would have enough.

But although Mr. Roosevelt has refused to let the share-our-wealth bill become a law, yet the fact that he says what I say and prays for the share-our-wealth plan at least puts him on record to where no man who claims to be for Roosevelt can say other than that "HUEY LONG is right." They say that Mr. Roosevelt has only done this so as to steal my political thunder, or to take the wind out of my sails. Call it a mere imitation of my talk, if you will; call Mr. Roosevelt's gesture for the share-our-wealth plan a counterfeit, if you desire; the fact remains that no one imitates another imitation, and no one counterfeits another counterfeit. If Mr. Roosevelt considers that either HUEY LONG or his share-our-wealth plan is so popular or so good that he must either imitate or counterfeit it for his own sake, then he knows that the genuine plan is considered sound enough, good enough, and popular enough to justify his imitation or counterfeit. In all events, you who would take the word or gesture of Roosevelt, must do honor and add prestige and dignity to the share-our-wealth cause, however insincere Mr. Roosevelt may be.

I ask everyone to join in this move that will mean success to the share-our-wealth plan, and thereby life, liberty, and happiness to all our people.

THE GUFFEY COAL BILL

Mr. GUFFEY. Mr. President, I ask unanimous consent to have printed in the RECORD a letter bearing on the so-called "Guffey coal bill", signed by Charles O'Neill and addressed to the editor of the New York Times and published in that newspaper today.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Times of July 22, 1935]

GUFFEY BILL LIKED—COAL PRODUCER CITES REASONS FOR SUPPORTING THE ACT

To the Editor of the New York Times:

The writer is chairman of the legislative committee of the National Conference of Bituminous Coal Producers, a group of mine owners who are supporting H. R. 8479, the so-called "Guffey-Snyder bill."

I read with interest your editorial criticising the President's letter, and also your editorial advice to members of Congress referring to the same subject.

We do not admit that the Guffey bill is "hasty and ill-considered" legislation. The coal industry has been investigated time after time. Thousands of pages of testimony were taken and the facts are so well known and have been so widely commented upon that we are surprised that the Times would say that any legislation growing out of such a tremendous record is "hasty and ill-considered."

Certainly the Times agrees that the bituminous coal industry is "sick", and that the destruction of the code of fair competition means a return to the chaotic conditions existing prior to October 2, 1933. Every friend of the industry, the mine laborer, and the Nation does not want to see a return to these distressing conditions. The reasons that such return is inevitable are well known and have been amply proved upon the record. Legislative action is the only preventive.

H. R. 8479 is a carefully drawn measure, resulting from the experience of the industry under the code of fair competition. The bill has been so carefully drawn that its opponents admit it has met the constitutional requirement as to delegation of power and that the rules and regulations set forth in the bill and the powers delegated to the Commission are so definite that no one doubts its constitutionality upon this point.

AUTHORITY SOUGHT

The only question that arises is whether the mining of coal as an intrastate activity will permit its regulation by the Federal Government. Much testimony was placed before the House Ways and Means Committee by distinguished attorneys supporting the view that the bituminous coal mining industry does so substantially and directly affect commerce among the States as to be within the power of regulation by the Federal Government.

The producers legislative committee sets forth the following general statement of the position of the proponents of the bill as to its constitutionality under the commerce clause:

"The argument against the constitutionality of the pending bill to stabilize the bituminous coal mining industry, H. R. 8479, is based upon the assumption that since the mining of coal is an intrastate business it is not subject to regulation by the Federal Government.

"The proponents of the bill are well aware and admit that decisions of the Supreme Court have held that the mining of coal is an intrastate activity. But the proponents of the bill contend that the decisions of the Supreme Court do not establish that the activities and the operations of the bituminous coal mining industry do not so substantially and directly affect commerce among the States as to be beyond the power of regulation by the Federal Government. That interference simply with the mining of coal may so obstruct interstate commerce as to bring it within the jurisdiction of Congress has been definitely held in many cases in Federal courts upon the authority of the Supreme Court decisions in the Coronado Coal Co. cases.

CONCLUSION QUESTIONED

"It is, therefore, apparent that the opponents of the proposed legislation, from the admitted premise that coal mining is an intrastate activity, draw the unwarranted conclusion that the regulation of that industry is beyond the power of Congress. A fair and reasonable construction of the recent Supreme Court decision in the Schechter case under N. I. R. A. leads very clearly to the opposite conclusion, namely, that under such circumstances the power of Congress to prescribe such regulation does extend to activities in themselves of intrastate character, provided that such

activities do or may exert such a direct effect upon interstate commerce as to burden or obstruct such commerce.

"That the activities of the bituminous coal mining industry have a very great effect upon the interstate commerce of the Nation is not seriously open to question. Under average conditions, more than 70 percent of all the bituminous coal produced in the country is consumed by interstate railroads and at points outside the State of production; about 25 percent of the annual gross originating tonnage of all interstate railroad traffic represents the transportation of bituminous coal, and about 19 percent of the total gross freight revenue of all interstate railroads is derived from the transportation of such coal."

CHARLES O'NEILL.

WASHINGTON, D. C., *July 16, 1935.*

DECISIONS OF SUPREME COURT ON NEW-DEAL LEGISLATION

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Washington, D. C., Sunday Star of July 21, 1935, relative to the decisions of the United States Supreme Court on new-deal legislation.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star of July 21, 1935]

HIGH COURT CRITICS FAIL TO PROVE CASE—TRIBUNAL NEITHER FOR NOR AGAINST NEW-DEAL LEGISLATION, RECORD OF NUMEROUS RULINGS SHOWS

By John W. Hester

During the past several weeks there has been spoken and written volumes of argument upon the subject of the United States Supreme Court and its relation to the new-deal program, whether friendly or unfriendly; but there has been an actual dearth of facts presented to support the argument. What is the record? What it discloses should settle the question.

Now, there can be but little intelligent discussion of this subject until we have a definite understanding of the nature of our governmental structure, for we can never properly appraise the work of the Court until we ascertain the structural problems it has to deal with.

It should be observed in the outset that we have here in the United States a dual form of government, which is unlike any other government in the world. In the States we have municipal and county governments, but they are only subdivisions of the State for governmental purposes, while the States are the sovereign sources of authority and may recall at will the powers given these subdivisions. But the States are not subdivisions of the larger Government, which we will call the Federal State. They are still sovereign except as to such of their sovereignty as they have ceded to the United States, or the Federal State. They are heirs to all that the Colonies, the English Parliament, and Crown had prior to the Revolution, while the Federal state is the grantee only of such powers as the States ceded to it under the Constitution of the United States. The States are sovereign by inheritance, the Federal Government, by grant. For instance, the States have, by inheritance, that attribute of sovereignty known as the "police power", while the Federal Government has no such power. Its powers are only such as the States have ceded to it, expressly or by necessary implication.

NEITHER HOSTILE NOR FRIENDLY

With this understanding of the duality of our Government, it should not be very difficult to properly appraise the problems the Court has had to deal with, not only during the recent months of new-deal legislation, but throughout the history of our constitutional government.

Now, does the record show the Court to be hostile or friendly to the new deal? If truly interpreted, it shows neither. Considering the term "new deal" as a governmental concept whereby emphasis is placed upon the obligation to aid the unfortunate victims of the depression, the Court has probably been favorable to the new deal oftener than otherwise.

On January 8, 1934, the Court had before it its first truly new deal legislation for consideration in the form of the Minnesota moratorium law. True, it was a State enactment, but it embodied the spirit of the new deal as heretofore defined. The right of foreclosure of mortgages was suspended for a period of the emergency, not to exceed 2 years. The Court received the commendation of all "new dealers" when it sustained the act, and Chief Justice Hughes, who wrote the opinion for the Court, was acclaimed the humanitarian jurist par excellence. The Court held that the State, in entering the Union, or Federal State, did so with the implied reservation of the power of self-preservation; that although it surrendered the power to impair the obligation of a contract, yet it reserved, impliedly, the power to suspend the remedies thereunder during the period of the emergency. But such reserved power was held to abate as the emergency disappeared, and that contractual rights could not under the act be arbitrarily suspended for any period of time, not for a day even.

NEBBIA CASE RECALLED

Then on March 5, 1934, the popularity of the Court was further enhanced by the decision in the Nebbia case, popularly known as the "New York milk case." Mr. Justice Roberts wrote the opinion for the Court, and he held that the phrase "affected with a public interest" can, in the nature of things, mean no more than that an industry, for adequate reason, is subject to control for the public good. This was a distinct departure from the restricted doctrine of the Oklahoma ice case, decided March 21, 1932 (*New State Ice Co. v. Liebmann*, 283 U. S. 261), wherein the Court refused to permit the State of Oklahoma to condition the manufacture and sale of ice upon a showing of the necessity therefor at the place of proposed manufacture, asserting that the manufacture of ice was not "affected with the public interest" which would warrant the treatment of the same as a public utility. As against this denial on the part of the Court to permit the State to thus experiment, Mr. Justice Brandeis asserted, in a vigorous dissent, that the Court must ever be on guard "lest we erect our prejudices into legal principles."

The "new dealers'" confidence in the Court was enhanced further by the decision of April 2, 1934, upholding the State of Washington statute imposing an excise tax of 15 cents per pound on all sales of butter substitutes by distributors, which the State had enacted for the benefit of the dairying industry of the State; and the decision of December 3, 1934, upholding an emergency statute of Maryland limiting and changing the rights of mortgagees with respect to foreclosure proceedings, was regarded as further evidence that the Court had gone decidedly pro new deal.

ALL BASED ON STATE ACTS

But all these decisions involved State enactments, which were based upon the exercise of the inherent police power of the States, which power the Federal Government does not possess, it being merely a Government of limited or delegated powers. So the "new dealers" were in for a jolt when it came to the enactments of the Congress; and on January 7, 1935, they received a shock, not fatal, to be sure, but a shock nevertheless, when the Court held section 9 (c) of the N. R. A. invalid in that the Congress unconstitutionally delegated its legislative power to the President in the matter of the control of the production of oil.

However, the confidence in the Court's pro new-deal attitude was revived about 6 weeks later when it upheld the joint resolution of the Congress abrogating the gold clause in private contracts; and the denial to the Government of the similar right as to its bonds was considered a Government victory, inasmuch as the holders of such bonds were deprived of a remedy by the measure of damage prescribed by the Court. Evidencing the conviction that the Court was really with the new deal, the decision sustaining the railroad bankruptcy amendment to the general bankruptcy act was cited with great glee.

But the favor that the Court had won in new-deal circles by its gold-clause and railroad-bankruptcy decisions was short-lived. On May 6, 1935, the Court held the railroad retirement act unconstitutional, which caused "new dealers" to doubt the friendliness of the Court for the new-deal program. But the solar plexus, or knock-out blow, was to come some 3 weeks later when the Court rendered its devastating blows—a blow in each eye and a bump upon the nose all in one action, as it were. Then the wail went to high heaven that the Court had gone reactionary; that it had strait-jacketed the country and returned it thus bound to the outmoded "horse and buggy" period.

NO JUSTIFICATION FOR PLAINT

However, the Court had merely held that the conditions of production, manufacture, and distribution were not covered by the commerce clause of the Constitution. That, in substance, was the decision of the Schechter, or "sick chicken" case. It merely held that the arbitrary suspension of the mortgagee's rights in farm mortgages for a period of 5 years was unreasonable and therefore invalid, which was the case of the Frazier-Lemke farm mortgage act. And the further holding that the President could not remove at will a member from a quasi-judicial and quasi-legislative commission, such as the Federal Trade Commission. This was the Humphrey removal case.

Of course, if one wants to conclude that the Court is anti new deal or reactionary, he can find justification for his belief in the holdings of the Court in the railway retirement, the Schechter, or "sick chicken", the Frazier-Lemke farm mortgage and Humphrey cases, but only one who actually wants to find such a justification can do so. There has been no surprise experienced by those who have made a serious study of the nature of the Federal state, or the National Government. They have realized all the while that we were riding for a fall, that the National Government had no emergency power as such upon which to base the new-deal program.

But the Court had been disposed to give the new deal latitude in which to work out its program. In the oil cases it exacted only a compliance with the constitutional requirement that the Congress do the legislating, leaving to the Executive, board, or commission, as the case might be, the power to make rules and regulations for the enforcement of the laws, but it did hold that the Congress should declare a policy and establish a standard for the administrative agency.

CARDOZO'S OPINION CITED

No one can fairly quarrel with the Court on that score. In fact, no one can read the concurring opinion of Mr. Justice Cardozo in the Schechter case without getting the feeling that he was writing under feeling of resentment toward the Congress for completely abdicating its legislative function, for he lashes, as it were, with a scorpion the failure of legislative function. And no man, in fairness, can deny the social mindedness of Mr. Justice Cardozo, yet he and the other liberals of the Court concur in the three opinions which knocked the "new dealers" groggy.

No, the Court is not reactionary or anti new deal. It has done what it has always done—construe the law in the light of the Constitution and make it conform thereto. The fact that the Court has frustrated a portion of the new deal and will probably frustrate more is no reason to get mad with it. For the first 70 years of the history of the Government it was quarreled with because it upheld the acts of Congress against the wishes of a large portion of the people. Now that it holds invalid some of the acts of the Congress it naturally offends those who sympathize with such enactments. But a Constitution without a court to make its provisions effective is meaningless. Constitutions are adopted for the purpose of preventing the execution of unwise and dangerous laws by requiring that the laws conform to the basic principles laid down in the constitutions, or, in short, to prevent the people from doing the Samson stunt of pulling the temple down in the constitutions, or, in short, anger or pique. The Court is functioning as intended. Let's support it as both the great shield and guide that it is and has always been.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Senate resumed the consideration of the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] in the nature of a substitute for the committee amendment, on page 64. The amendment will be stated.

The CHIEF CLERK. In lieu of the language proposed by the committee to be stricken out on page 64, line 20, and extending through line 14, page 66, being section 30, it is proposed to insert the following:

SEC. 33. The Agricultural Adjustment Act, as amended, is amended by inserting after section 21 the following:

"IMPORTS

"SEC. 22. (a) Whenever the President has reason to believe that any one or more articles are being imported into the United States under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with any program or operation undertaken under this title, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigation under this section to determine such facts. Such investigations shall be made after due notice and opportunity for hearing to interested parties and shall be conducted subject to such regulations as the President shall specify.

"(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such limitations on the total quantities of any article or articles which may be imported as he finds and declares shown by such investigation to be necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with any program or operation undertaken under this title: *Provided*, That no limitation shall be imposed on the total quantity of any article which may be imported from any country which reduces such permissible total quantity to less than 75 percent of the average annual quantity of such article which was imported from such country during the period from July 1, 1928, to June 30, 1933, both dates inclusive.

"(c) No import restriction proclaimed by the President under this section nor any revocation, suspension, or modification thereof shall become effective until 15 days after the date of such proclamation, revocation, suspension, or modification.

"(d) Any decision of the President as to facts under this section shall be final.

"(e) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended by the President whenever he finds that the circumstances requiring the proclamation or provision thereof no longer exist, or may be modified by the President whenever he finds that changed circumstances require such modification to carry out the purposes of this section."

Mr. VANDENBERG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. VANDENBERG. How much time have I left on the amendment?

The VICE PRESIDENT. The Senator from Michigan has on the amendment 7 minutes left.

Mr. VANDENBERG. Mr. President, I wish to reply briefly to the attempted argument which was made last Saturday afternoon by Senators in opposition to the pending La Follette amendment.

It will be recalled that when I spoke Saturday morning I pointed out from the record that commodities which are basic commodities under the A. A. A. law came over the tariff wall during the first quarter of 1935 in a greater degree than ever before. What was the only answer that could be made to that? The answer was an attempt to ridicule the figures on the basis that I did not indicate the percentage which the imports in the few cases I gave bore to the total domestic production. In other words, when attention was called to the fact that the corn imports, for example, leaped from 112,000 bushels during the first quarter of 1932 to nearly 4,000,000 bushels during the first quarter of 1935 Senators undertook to emphasize that at this rate the increased corn importations represented only 1 percent of the corn production of the Nation.

That is entirely correct, but what of it? If we are interested in percentages, the percentages which are eloquent in the present instant are the percentages of increase in importations. I should like to invite the attention of the Senator from Oklahoma, if he wants percentages, that the increased corn importation during the first quarter of 1935 over the importation in the first quarter in 1932 was 6,100 percent. That is enough percentage to stop almost anyone.

I invite his attention that the importation of wheat during the first quarter of the present year as compared with the first quarter of 1931 shows an increase of 31,700 percent!

There never has been such a trend in the direction of increased imports of agricultural commodities, and particularly basic agricultural commodities, as there has been during the first quarter of the present year. It is more than a coincidence. It is related in some degree of the philosophy of scarcity under which the A. A. A. proceeds.

I do not happen to believe in the philosophy of scarcity, but if Senators believe in that philosophy and in continuing to pursue it to its effective net result it will be necessary to clothe somebody with the power and authority, if, as, and when these imports flow over the tariff wall, to defeat this alien competition which will either bear down the domestic parity price or will make it an advantage to foreign agriculture instead of leaving it a domestic advantage.

Senators ask about percentages. I suppose if they smelled smoke in the house they would not deign even to look up the telephone number of the fire department until an adequate percentage of the house was in flames. It is the trend which is the challenge at the present moment. The trend is infinitely more important than the percentages in respect to our total domestic production.

Let me cite peanuts, which have been made a basic agricultural commodity for the purpose of creating a domestic advantage for the American peanut grower. What happened? The importations of peanut oil, edible, for example, increased from 278,000 pounds the first quarter of 1934 to an importation of 18,374,000 pounds the first quarter of the present year.

What about butter? There is much about milk in the pending bill, and an effort to create and preserve a parity of the milk prices. Butter is a product of milk. The imports of butter during the first quarter of last year were 127,000 pounds. The imports during the first quarter of this year were 8,538,000 pounds. Senators may figure out their own percentages. It does not make any difference what percentage 8,000,000 pounds of butter is of the total production of butter in the United States for the purpose of this contemplation. We are not discussing a tariff bill. The important relation is between 8,000,000 pounds of butter imported the first quarter of this year and almost no butter imported heretofore.

How can we create artificial agricultural prices for the commodities of this country and leave them all exposed to the jeopardy of this foreign competition? It cannot be done.

If Senators believe in the theory of scarcity, they certainly should vote for the La Follette amendment. Whether they believe in the policy of scarcity or not, at least they ought to believe in making the policy consistently complete if it is to be embraced from any point of view. The La Follette amendment being purely to carry out that philosophy within constitutional boundaries and to put optional power in the hands of those who are responsible for directing the policy of scarcity, it is logical and rational that the amendment should be approved regardless of one's attitude toward the bill itself.

Mr. BARKLEY. Mr. President, I desire to ask the Senator from South Carolina [Mr. SMITH] what is his thought on the question I am about to propound. It strikes me that much of the debate on this amendment is more or less academic. Whether we like it or not, the Congress at its last session committed itself to this policy. In the Industrial Recovery Act there is a provision almost identically similar to that contained in the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE]. The proposal is in the text of the House bill.

No matter what the Senate does, unless the Senate should adopt the House language, it has to go to conference and has to be thrashed out in conference. Even though we defeat the amendment now pending, it would not take it out of conference. The only difference would be that if the Senate should leave out any of the language of the House text, then the conferees would be a little more free to consider the matter as to whether they want to have anything at all in the bill or modify the language of the House text.

It has to go to conference. Inasmuch as it will be in conference, it strikes me it is useless to waste another day debating the amendment, and I am wondering whether the Senator from South Carolina, in view of that situation, would feel inclined to let the matter go to conference with the amendment of the Senator from Wisconsin included, with whatever differences there may be between the House language and his amendment to be worked cut in conference.

Mr. SMITH. Mr. President, of course I do not know what action the Senate will take. I recognize the logic of the suggestion of the Senator from Kentucky, but the adoption of the La Follette amendment by the Senate will be tantamount to ratifying the principle which is included in the House text. I do not think those who have charge of the administration of the provisions amendatory to the present act have recommended, or even intimated, that they desire this provision which was put in by the House.

I recognize the matter will go to conference. If we strike out the House text, that would put it in conference. I for one, however, do not feel that I am justified individually in voting for the principle which is involved in the language inserted by the House and the amendment of the Senator from Wisconsin. However, I hope when the Senate has made up its mind that we may have a vote promptly. I, myself, am not disposed to contest it one way or another, but I should like to have the Senate express its opinion promptly.

Mr. NORRIS. Mr. President, the Senator from Kentucky [Mr. BARKLEY] has made a suggestion which has been in my mind ever since the debate started. Let us look for a moment at the parliamentary situation.

The committee has offered an amendment striking out certain language of the House text. The Senator from Wisconsin [Mr. LA FOLLETTE] has offered an amendment, which under the rule he has a right to do prior to the vote on the committee amendment. His amendment would change the House language. Suppose we should adopt that amendment. It would have to go to conference, because we should have stricken out some of the House language. The committee amendment inserts no language in place of the House provision. It merely strikes out the House provision. Suppose we do not adopt the pending amendment, but adopt the committee amendment, and it goes to conference. The conferees will be faced with the situation of approving the House language or any modification of it, or nothing.

If we should reject the pending amendment and adopt the committee amendment and it should go to conference, the conferees could agree on the identical language of the pending amendment and bring it in as part of their report, and it would be proper under the rule.

So it seems to me, so far as the parliamentary situation is concerned, it makes absolutely no difference whether the pending amendment shall be agreed to or rejected. The bill may ultimately come back in the shape of a conference report containing that lauguage. The bill may ultimately come back with the language of the House entirely stricken out, and that will be true whether or not we agree to the pending amendment.

It seems to me to be peculiar that we should waste the time of the Senate in debating the subject when, no matter what we do, the matter has to go to conference, because it affects House language. It seems to me it is absolutely immaterial now whether we adopt or reject the pending amendment. I think it is generally conceded that the pending amendment has in it some language which is an improvement over the House language; but, even if we shall adopt this amendment, it will still go to conference with the House conferees.

It seems to me we are merely wasting time in debating fundamental questions and other matters pertaining to the amendment which have no parliamentary relation to the question which will confront the conferees.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

Mr. NORRIS. I yield.

Mr. ROBINSON. In the opinion of the Senator from Nebraska, if the amendment now pending should be agreed to, would it be competent for the conferees to strike out both the Senate amendment and the House provision?

Mr. NORRIS. I do not see why not.

Mr. ROBINSON. I am asking the Senator's opinion.

Mr. NORRIS. Yes; I think so, because, if the Senator will think about the matter for a moment, if we should adopt this amendment, the amendment would go in the bill in place of the House language, which would be stricken out by action of the Senate, and the matter would go to conference.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. NORRIS. Yes; I yield.

Mr. BARKLEY. I wonder whether the Senator from Nebraska understood the question propounded by the Senator from Arkansas. I understood the Senator from Nebraska to say that if the Senate should agree to the La Follette amendment, and it should go to conference, the conferees could strike out the language of both bills upon the subject. Surely the Senator does not mean that.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. ROBINSON. That was the question I asked. Both Houses having incorporated in the bill a provision on the subject, would it be competent for the conference committee to eliminate all provision on the subject?

Mr. BARKLEY. My opinion is that it would not be; that the only thing in conference would be the difference between the House language and the Senate language.

Mr. ROBINSON. That is the suggestion I intended to make.

Mr. NORRIS. But the pending amendment, if we should agree to it, would go in the bill in place of the House language. The House language would still be stricken out by action of the Senate, and the entire matter would be in conference.

Mr. BARKLEY. It would all be in conference; but the conferees could not bring back a report eliminating both the House and the Senate provisions, or the principle involved in them. Of course, if the Senate should adopt the La Follette amendment and send it to the House, the House might agree to that amendment without even sending it to conference, and, of course, that would take it out of conference.

Mr. NORRIS. Yes.

Mr. BARKLEY. But as the entire bill no doubt would go to conference, the conferees would have liberty to travel the entire territory representing the difference between the provisions of the House and of the Senate.

Mr. NORRIS. Suppose we should reject the pending amendment—let us take that as an assumption—and adopt the committee amendment, and the matter should go to conference: We should have stricken out certain language of the House bill, and the conferees would be presented with a choice between that language and nothing on the subject.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

Mr. NORRIS. Yes.

Mr. ROBINSON. Why would not the matter in conference be the difference between what the Senate had adopted

and what the House had originally inserted in the bill? Under the rule which for some years has governed our practice relating to conferences, why would not the conferees be limited to the differences between the two bodies?

Mr. NORRIS. Suppose the pending amendment were just the same as the House language, and we struck out the House language and adopted the same language as an amendment to it.

Mr. BARKLEY. In that case it would not be necessary to offer an amendment. In that case the only thing the Senate would have to do would be to reject the Senate committee amendment striking out the language of the House bill.

Mr. NORRIS. But the conferees would have either to agree or to disagree to it.

Mr. BARKLEY. No; it would not be in conference.

Mr. ROBINSON. If the Senate should restore the House language, that would take the matter out of conference, and the conferees would not be empowered to consider the provision.

Mr. BARKLEY. The difference would be this: If the Senate should strike out the House language and substitute nothing in its place the conferees then could eliminate the whole subject from the bill.

Mr. NORRIS. Absolutely. Let me take up the matter right there, because the interruption of the Senator from Arkansas rather diverted me from the particular case I put. I said, suppose we should reject the pending amendment and adopt the committee amendment and the matter should go to conference. The conferees could come back with perfect propriety and within their limits bring back the La Follette amendment as part of the conference bill.

Mr. BARKLEY. They could do that or they could bring back nothing.

Mr. NORRIS. They could bring back nothing.

Mr. BARKLEY. But if the La Follette amendment should be agreed to in the Senate, the conferees could not bring back nothing. They would have to bring back something, and that would be an agreement on the differences between the House language and the language of the La Follette amendment.

Mr. McNARY. Mr. President, I shall support the La Follette amendment if opportunity shall be afforded to vote for it; but, as a parliamentary proposition, I feel certain that if the La Follette amendment should be accepted and go to conference the conferees would be acting without their jurisdiction, if they should strike out all the language, because both the La Follette amendment and the House language treat the same subject matter, with the employment of a little different language. Therefore, I must sustain the attitude of the Senator from Arkansas.

Now, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. If the La Follette amendment should be adopted and go to the House, would it be within the power of the conferees to strike out all the language appertaining to the subject?

The VICE PRESIDENT. Not so far as the La Follette amendment and the House provision coincide. The Chair has examined them, and finds that they do have similar language in some respects, and wherever they have similar language it must be retained. If the entire paragraph should be stricken out, as the committee has proposed to do, the conference committee could bring in any kind of a provision which would be germane to that particular subject.

That is the Chair's interpretation of the parliamentary situation.

Mr. LA FOLLETTE. Mr. President, may I propound a parliamentary inquiry?

The VICE PRESIDENT. The Senator will state it.

Mr. LA FOLLETTE. Is not this the parliamentary situation: If the Senate committee amendment should prevail, and the House text should be completely stricken from the bill, the conferees then would have it within their power either to agree to the House text as written, or to agree to the House text as modified, or to submit a conference report which would eliminate all reference to this particular subject matter.

Mr. BARKLEY. No; that could not be. If they brought in such a report it would be subject to a point of order.

Mr. LA FOLLETTE. The Senator misunderstands me.

The VICE PRESIDENT. Just a moment. Let the Chair state the inquiry as he understands it.

If the Senate should adopt the committee amendment, and the matter should go to conference, the conferees could bring back an amendment agreeing to the Senate amendment with an amendment, or they could reject it and have nothing in the bill on the subject.

Mr. LA FOLLETTE. Precisely; but, Mr. President, if the pending amendment should be agreed to, then would not the situation be that the Senate conferees would be instructed in favor of the principle embodied in the Senate amendment, and, therefore, the question between the Senate and the House conferees would be that of agreeing upon language which would effectuate the objective contained in both the House text and the pending amendment?

The VICE PRESIDENT. The Chair has examined the language of the House provision and the La Follette amendment. If the La Follette amendment should be agreed to, the conferees would be compelled to bring back some kind of provision on the subject.

Mr. BAILEY. Mr. President, I wish to offer an amendment to the amendment of the Senator from Wisconsin to cover a matter which has been omitted.

Referring to the La Follette amendment as printed in the RECORD—there is no copy on the desks, so we have to use the RECORD—after the word "title", in line 5, section 22 (a), as printed in the RECORD on page 11497, I wish to insert "or to reduce or tend to reduce the amount of any commodity processed in the United States subject to this title."

I ask the Senator from Wisconsin if he will accept that as an amendment to his amendment?

Mr. LA FOLLETTE. I will modify my amendment as proposed by the Senator from North Carolina, because I am in agreement with the proposition.

The VICE PRESIDENT. The Senator from Wisconsin modifies his amendment as proposed by the Senator from North Carolina. The question is on the amendment of the Senator from Wisconsin, as modified, in the nature of a substitute for the committee amendment beginning on page 64, line 20.

Mr. LONG. Mr. President, I do not care whether this amendment is adopted or not. I merely wish to have my position straight in the RECORD on the tariff question.

I do not vote for any of these tariff authorizations to the President of the United States. In my opinion, they are not valid; and, if, by some stretch of legal imagination, they should be interpreted to be valid, I think they are positively unsound.

I was very sorry to see the position which was taken here on the last day the Senate was in session. I was not able to be here then—on the rayon amendment. It seems that we cannot get the Senate to vote on principle on the tariff at all.

We had before the Senate a proposition to bar from this country rayon coming here in competition with cotton; and our vociferous eastern tariff advocates voted against rayon being at all impeded in coming here in competition with domestic goods. The next time a tariff question comes up, however, if it affects something in which the South is interested, it seems that the southerners are quite willing to vote for a tariff on it.

The tariff policy of this country has gone to a point where it has about destroyed almost everything that has any competition to meet from foreign commodities, and it has practically all been done through the manipulations of these bureaus and executive orders of the President, exempting this and barring something else, fixing one rate for one thing and another rate for something else; and then, after we have fixed it with one country, there is some stipulation in our treaties which requires all other countries to be put on the

same basis. It is practically wiping out all the tropical fruit business we have in this country, and ruining the domestic business of Florida, Louisiana, and the southern part of Texas, and, I am told, in some parts of California.

I am not in favor of legislating further authority to the President. Whenever I take a notion that we have to put any more authority to make tariffs in the hands of the President, and to abdicate further, I am going to resign my seat in Congress, and be placed on the relief roll. I will not ask to be given $10,000 a year to vote authority to bureaucrats to make tariffs and levy taxes in this country. I conceive that to be the duty of Congress, and I will not assess the people of the United States $10,000 a year to vote to abdicate authority to fix tariffs and fix tolls and fix blockades which should be fixed by the Congress of the United States. On the contrary, I will undertake to keep my conscience clear, and make my application, therefore, to Mr. Harry Hopkins.

Mr. BORAH. Mr. President, in view of the discussion of the parliamentary question I do not care to take up the time of the Senate in debating the pending matter. I believe the home market belongs to the American farmer to the extent of his ability to supply it.

I ask permission to insert in the RECORD some material concerning the imports coming into this country at the present time.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the National Union Farmer of July 15, 1935]

THOSE IMPORTS AGAIN

Many Farmers Union members have sent to our desk copies of mimeographed letters sent out by county agricultural agents trying to prove that our disclosures of the huge imports of food were exaggerated and that these imports were only a "drop in the bucket" compared with what this Nation uses and produces in these same products that are being imported.

Those letters are definitely misleading. It is true that figures don't lie but only when honestly used.

In the first 3 months of 1935 our imports gained 22 percent in value and the exports fell just short of maintaining their value levels compared with the same period in 1934.

Measuring imports and exports by value does not present a true picture. Measured by quantity export trade was 5 percent smaller than in 1934 and 16 percent under the 5-year average. We exported less raw material and foodstuffs but more manufactured products. Measured by value 66 percent of our chief exports showed gains but by quantity 62 percent registered increases over 1934. We exported 64 percent more automobiles, 45 percent more airplanes, 126 percent more engines, 94 percent more tractors, 59 percent more track-laying tractors, 61 percent more lathes, 61 percent more printing presses, 69 percent more scrap iron and steel, 52 percent more sawed timber, 69 percent more wood pulp, 116 percent more bauxite, 212 percent more castings and forgings, 130 percent more raw hides and skins, 70 percent more natural gasoline, and 127 percent more refined sugar.

But we sold 38 percent less manufactured cotton, 38 percent less lard, 45 percent less coaltar pitch, 49 percent less oil cake, 30 percent less apples, 31 percent less furs, 14 percent less gasoline and naphtha.

These are exports by quantity and not in dollar values.

IMPORTS

The value of imports for the first 3 months of 1935 was 22 percent larger than for the same period in 1934 and by quantity it exceeded last year's figure by 18 percent and was 11 percent more than the 5-year average.

It is interesting to note that by value our imports were 66 percent greater than in the first 3 months of 1934 and by quantity they gained 61 percent. These increases are within 1 percent the same as our increase in exports as shown above.

What did the imports consist of however? Let us look at the record.

Grains, cattle, dairy products, sugar, cotton cloth lead the list.

Increases over the same period in 1934 in volume for certain products were as follows:

Product increase over period January–April 1934

	Percent
Wheat	123
Oats	73,089
Corn	13,895
Wheat feeds	384
Cattle	300
Meats	125
Butter	6,570

(All these were more than the 5-year average.)

Sugar—76-percent increase. This is 33 percent above the 5-year average.

Cotton cloth—54-percent increase and double the 5-year average.

What does this analysis prove?

First. That we do not produce enough food to feed our people and our stock or provide clothing, in spite of the reduced buying power and 11,000,000 unemployed who have no buying power at all.

Second. That foreign farmers can sell to us at a profit. Why? Because the difference in the value of currency abroad and our American currency makes it profitable for the foreign growers of food to dump their products on our markets in spite of tariffs.

Third. That the A. A. A. aided by the drought is an unqualified success and a glorious victory for those who drafted it in the first place, the United States Chamber of Commerce. Exports of industrial products have been increased in just the right quantity and are being paid for with food imports. This provides a market abroad for industry, and the enormous quantity of food dumped on our American markets is keeping food prices down, giving industry a chance to keep wages down.

Diamond imports increased 71 percent over last year and are 156 percent above the 5-year average. Who are buying them? Our farmers?

FOOD PRICES ARE UP

It is true food prices are up, but is the farmer getting his rightful share of the increase and is it giving him buying power?

That and that alone is the test that should be applied.

Is the farmer getting cost of production? He is not.

MAY IMPORTS

I have just received the latest Department of Commerce figures on imports. It is a bulletin which comes out each month. Anyone may subscribe for it. It is issued by the Division of Foreign Trade Statistics, Bureau of Foreign and Domestic Commerce, and is entitled "United States Foreign Trade." The price is $1 a year. I am copying from page 7 of the June 5 bulletin some figures of interest to Farmers Union members and others:

Imports 5 months ending May

[Pounds]

	1934	1935
Meat products	21,790,000	48,899,000
Butter	286,000	20,063,000
Cheese	19,095,000	20,069,000
Sugar from Philippine Islands	1,769,134,000	1,001,020,000
Sugar from foreign countries	424,906,000	1,904,800,000
Tobacco (unmanufactured)	23,219,000	23,306,000
Cotton (unmanufactured)	36,149,000	22,610,000
Wool (unmanufactured)	60,260,000	65,723,000

Grains, feeds, and fodders are given only in dollar values, as follows:

Grains and preparations, $6,289,000, $29,139,000.

Fodders and feeds, $1,107,000, $7,646,000.

Vegetables, $8,456,000, $9,303,000.

The egg figures are not given in this report, but I called the Department and received the following figures over the phone:

Imports of eggs, 5 months ending May 1934

Eggs in shell, 75,472 dozen	$13,306
Yolks, frozen, 167,690 pounds	12,969
Whole eggs, dried, 1,131 pounds	429
Whole eggs, frozen, 39,285 pounds	3,337
Yolks, dried, 774,860 pounds	68,872
Egg albumin, 83,400 pounds	39,246

1935

Eggs in shell, 257,983 dozen	45,219
Yolks, frozen, 509,392 pounds	45,162
Whole eggs, dried, 273,194 pounds	67,908
Whole eggs, frozen	None
Yolks, dried, 1,182,453 pounds	121,979
Egg albumin, 606,685 pounds	258,440

It is bad enough that these imports are nearly four times what they were last year, but from Connecticut Farmers' Union friends we learn that when 3,000 cases of eggs from the Netherlands arrived, prices for the Connecticut eggs dropped 3 cents a dozen because the imported eggs were offered at that lower price.

[From National Union Farmer, July 15, 1935]

WALLACE PLOWS UNDER MORE MARKETS

While importation of foreign meats and meat products is increasing at probably the fastest rate ever known, export of pork and lard from America is rapidly falling off. In other words, the greatest livestock country in the world is buying from foreign countries a product that was fundamental in the building of this Nation, and the alarm with which stockmen are regarding the changing conditions for American agriculture is not entirely groundless.

Figures furnished by the Government show that exports of lard since the first of the year have dropped 73 percent, compared with the same period in 1934. Pickled pork exported from the United States during this period shows a decrease of 37 percent, and bacon exports have dropped 59 percent. Some foreign countries, former customers of our American lard, are now stiff competitors for trade in Europe. Poland, for many years an importer of American lard, recently sent a trial shipment of lard to England in competition with the American product.

During the period January 1 to June 8, 1935, Germany bought only 702,000 pounds of lard from America, as compared with a total of 21,217,000 pounds during the same period in 1934. The United Kingdom took only 45,972,000 pounds during the same period, compared with 150,936,000 pounds a year ago. In all, America exported only 65,654,000 pounds of lard from January 1 to June 8, as compared with 247,040,000 pounds a year ago. Exports of lard from America during the entire year of 1934, at 431,237,000 pounds, were lowest in recent history, and compared with the 579,101,000 pounds exported in 1933, and with 944,095,000 in 1924, when American hog production was on a normal scale.

Pickled pork exported from January 1 to June 8 this year at 4,244,000 pounds, compared with 6,750,000 pounds the same period last year. Bacon exports for the same period at 3,849,000 pounds compared with 9,558,000 pounds a year ago, and hams and shoulders at 24,635,000 pounds compared with 24,981,000 pounds the same period a year ago.

In addition to this, Great Britain has just added new restrictions. Imports of cured pork from nonempire countries during July, August, and September have been cut to 160,620,000 pounds, or a reduction of 20.7 percent from the 202,552,000 pounds imported during the corresponding period in 1934.

CALLAHAN & SONS, INC.,
Louisville, Ky., July 15, 1935.

Hon. WM. E. BORAH,
Senate Building, Washington, D. C.

DEAR SENATOR BORAH: Our local paper stated in an article a few days since that Senator BORAH had taken the position that the United States Government should prohibit the importation of grain and foodstuffs where it seriously interferes with the interests of the American farmer.

I have no desire to burden you with additional correspondence, but am going to take the liberty of complimenting you upon the stand that you have taken on one of the most important questions now before the public.

By repeated statement in the last year or so, the Government has expressed its determination to do everything in its power to enable the American farmers to get a proper price for the products which they raise. Various methods have been adopted to this end, paying the farmer to reduce acreage of corn and wheat, and hogs, etc.

On an average of a great many years, nature has enabled the farmer to produce bountiful crops, but the last corn crop was reduced almost 50 percent, and the last oats crop about the same proportion. A condition was thus presented to the farmers which, except for the importation of foreign grains, would have enabled them to secure a price which would in a measure compensate them for these reduced yields, and give them a price sufficient to increase their purchasing power.

Take the corn crop, for instance, there is only about 20 percent of the corn crop that goes into interstate commerce. This would mean about 300,000,000 bushels on the crop referred to.

Argentina has been shipping into this country large quantities of corn and oats, delivering same to Gulf ports and along the Atlantic seaboard at prices so far below the value of domestic grain produced in the Midwest that these sales have had a very adverse effect on values.

By comparison, we have the following situation:

	Cents
Value of corn in central Illinois, 80 cents; freight rate to Baltimore, 33 cents per 100 pounds; value	98.48
Argentine corn offered at	75.00

This price on Argentine corn is obtained from bulletin issued dated "Washington, June 29" by the Bureau of Agricultural Economics, from which we quote:

"Shipments of Argentine corn destined to the United States during the week totaled 2,020,000 bushles. The Argentine corn is of good quality, and was quoted delivered at Atlantic seaboard markets at about 75 cents per bushel, duty paid."

We have the same relative situation on oats, although the difference between the price of domestic oats and Argentine oats is not quite so great as it is in corn.

The immediate effect of this is very marked, but the ultimate effect, if this situation is not remedied either by increasing duty of prohibition of imports, will be very disastrous to the American farmer, for the reason that Argentina has an almost unlimited rich, virgin soil, and a wage scale which is absurdly low compared with the wage scale of the United States. Competition with our American farmers will be made permanent.

Just what our trade relations with Argentina are, I am unable to state.

Farmers in the Middle West are denied their usual market; the railroads are denied the haul to the seaboard, and the effect on values runs into very large sums of money.

Your truly,

R. L. CALLAHAN, *President.*

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., July 15, 1935.

Senator WILLIAM E. BORAH,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BORAH: I have a telegram from the Arizona Farm Bureau Federation which contains a motion of the board of directors of that federation, giving unqualified support to a report, as carried in the press, that you intend to present an amendment to H. R. 8492, to prohibit the importation of all products similar to those which American farmers have agreed to curtail in return for Federal benefit payments.

You may be assured, in behalf of the American Farm Bureau Federation, that the national policies of the federation demand that if and when the American farmers are to adjust their production into the domestic requirements, that the American market must be protected against foreign importations of crops and foodstuffs. It is illogical and uneconomic for our farmers to limit their great powers of production and at the same time turn the American market over to foreign competitors. The provision in the pending measure, as it passed the House of Representatives, is fairly satisfactory from Farm Bureau points of view, in regard to tariff matters as they relate to the adjustment program. It was unfortunate that the Senate committee deleted this provision. It, or something similar to it, should be reinstated on the floor of the Senate.

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY,
Washington Representative.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE], as modified, to the amendment of the committee, which will be stated.

The LEGISLATIVE CLERK. In lieu of the language proposed to be stricken out beginning on page 64, line 20, and extending to line 14, page 66, being section 30, it is proposed to insert the following:

SEC. 30. The Agricultural Adjustment Act, as amended, is amended by inserting after section 21 the following:

"IMPORTS

"SEC. 22. (a) Whenever the President has reason to believe that any one or more articles are being imported into the United States under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with any program or operation undertaken under this title or to reduce or tend to reduce the amount of any commodity processed in the United States subject to this title, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties and shall be conducted subject to such regulations as the President shall specify.

"(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such limitations on the total quantities of any article or articles which may be imported as he finds and declares shown by such investigation to be necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with any program or operation undertaken under this title: *Provided*, That no limitation shall be imposed on the total quantity of any article which may be imported from any country which reduces such permissible total quantity to less than 50 percent of the average annual quantity of such article which was imported from such country during the period from July 1, 1928, to June 30, 1933, both dates inclusive.

"(c) No import restriction proclaimed by the President under this section nor any revocation, suspension, or modification thereof shall become effective until 15 days after the date of such proclamation, revocation, suspension, or modification.

"(d) Any decision of the President as to facts under this section shall be final.

"(e) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended by the President whenever he finds that the circumstances requiring the proclamation or provision thereof no longer exist, or may be modified by the President whenever he finds that changed circumstances require such modification to carry out the purposes of this section."

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. KEYES (when his name was called). I have a general pair with the junior Senator from Utah [Mr. THOMAS], which I transfer to the senior Senator from Wyoming [Mr. CAREY], and vote "yea." I am advised that if present and voting the Senator from Wyoming [Mr. CAREY] would vote "yea."

The roll call was concluded.

Mr. AUSTIN. I desire to announce the necessary absence of the Senator from New Jersey [Mr. BARBOUR] and the Senator from Oklahoma [Mr. GORE], who are paired on this question.

I also wish to announce the necessary absence of the Senator from Delaware [Mr. HASTINGS] and the Senator

from the Missouri [Mr. CLARK], who are also paired on the pending question.

If present and voting, the Senator from New Jersey [Mr. BARBOUR] and the Senator from Delaware [Mr. HASTINGS] would vote "yea", and the Senator from Oklahoma [Mr. GORE] and the Senator from Missouri [Mr. CLARK] would vote "nay."

Mr. ROBINSON. I desire to announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. GORE], the Senator from Louisiana [Mr. OVERTON], and the Senator from Florida [Mr. TRAMMELL] are detained on departmental matters.

I also desire to announce that the Senator from Montana [Mr. WHEELER] is detained in an important committee meeting. I am advised that if he were present he would vote "yea."

I wish further to announce that the Senator from Missouri [Mr. CLARK], the Senator from New York [Mr. COPELAND], the junior Senator from Illinois [Mr. DIETERICH], the senior Senator from Illinois [Mr. LEWIS], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Maryland [Mr. RADCLIFFE], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS] are necessarily detained from the Senate. I am informed that if present and voting the Senator from Pennsylvania [Mr. GUFFEY] would vote "yea."

Mr. HOLT. I desire to announce that my colleague the senior Senator from West Virginia [Mr. NEELY] is necessarily detained from the Senate. If present, he would vote "yea."

The result was announced—yeas 60, nays 17, as follows:

YEAS—60

Ashurst	Costigan	La Follette	Pope
Austin	Davis	McAdoo	Reynolds
Bachman	Dickinson	McGill	Russell
Bailey	Donahey	McNary	Schall
Barkley	Duffy	Maloney	Schwellenbach
Bilbo	Fletcher	Metcalf	Shipstead
Borah	Frazier	Minton	Steiwer
Brown	George	Moore	Thomas, Okla.
Bulkley	Gibson	Murphy	Townsend
Bulow	Hale	Murray	Truman
Burke	Hatch	Norbeck	Vandenberg
Capper	Hayden	Norris	Van Nuys
Chavez	Holt	Nye	Wagner
Connally	Johnson	O'Mahoney	Walsh
Coolidge	Keyes	Pittman	White

NAYS—17

Adams	Gerry	Lonergan	Smith
Bankhead	Glass	Long	Tydings
Black	Harrison	McCarran	
Byrnes	King	McKellar	
Caraway	Logan	Robinson	

NOT VOTING—19

Barbour	Copeland	Hastings	Sheppard
Bone	Couzens	Lewis	Thomas, Utah
Byrd	Dieterich	Neely	Trammell
Carey	Gore	Overton	Wheeler
Clark	Guffey	Radcliffe	

So Mr. LA FOLLETTE'S amendment, as modified, in the nature of a substitute for the amendment of the committee, was agreed to.

Mr. SMITH. Mr. President, I simply desire to rise and congratulate the Democratic Senate on the vote just taken.

The PRESIDENT pro tempore. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. ASHURST. Mr. President, as a "free trader", I wish to congratulate the Senate on its present action. It is a move toward a high protective tariff, and therefore I am not without hope.

Mr. LONG. I wish to say to the Senator from South Carolina that I voted with him on this tariff question, but for different reasons. I voted with him for what I gathered from the record to be honest reasons.

The PRESIDENT pro tempore. The next amendment passed over is the committee amendment on page 66, to strike out section 31.

Mr. BORAH. Mr. President, what is that amendment?

The PRESIDENT pro tempore. Section 31, on page 66, which the committee propose to strike out. The Chair will state that the parliamentary situation is as follows: The Senator from Texas [Mr. CONNALLY] heretofore offered a substitute for section 31, which was rejected, and the committee amendment was not at that time agreed to. The question is on agreeing to the committee amendment.

The amendment of the committee was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments.

Mr. BORAH. Mr. President, have the committee amendments been disposed of?

The PRESIDENT pro tempore. All committee amendments have been disposed of.

Mr. BORAH. I desire to return to page 11, and in line 5, after the word "vegetables", I desire to insert "not including beans." I will say that the bean producers seem to be almost universally agreed in their desire not to be included.

Mr. JOHNSON. Mr. President, did the Senator say "bees" or "beans"?

Mr. BORAH. Beans.

Mr. SMITH. Mr. President, is that in line 4?

Mr. BORAH. No, Mr. President. In line 5, page 11, after the word "vegetables", I propose to insert the words "not including beans", so as to exclude beans from the operation of the act.

Mr. KING. Mr. President, may I inquire of the Senator whether he understands that all vegetables will now be left in the bill other than beans?

Mr. BORAH. Certainly.

Mr. ROBINSON. Does the Senator think that the language he is proposing coordinates the other language in the bill?

Mr. BORAH. The language I propose is "not including beans", preceding the words "not including vegetables for canning." I neglected to ask to have inserted the word "and." The language I ask to have inserted is "not including beans and."

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Idaho [Mr. BORAH].

The amendment was agreed to.

Mr. JOHNSON. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 11, line 5, and on page 16, line 8, after the word "fruits", to insert a comma and the words "other than olives."

Mr. JOHNSON. Mr. President, I take it there will be no objection to this particular amendment, because it is in concert with the desires of both packers and growers. The only olives which are canned in this country are canned in the State of California. Successfully they have operated thus far under marketing agreements. There is no objection upon anyone's part to including olives in this particular connection. I do not care to take up time unless some query may be made respecting it. I have the statistics before me in regard to the quantity of olives produced in California and the amount canned there, and I submit the amendment.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from California.

The amendment was agreed to.

Mr. JOHNSON. Mr. President, I have one other small amendment which I endeavored to submit to all those who might be interested in the subject matter, in the hope that there would be no discussion respecting it.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 11, lines 5 and 6, to strike out "(not including vegetables for canning)" and insert in lieu thereof "(not including vegetables, other than asparagus, for canning)."

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. KING. My understanding is that that matter has been disposed of; that the vote was had upon the motion to strike the words "(not including vegetables for canning)."

Mr. JOHNSON. No; the Senator is in error. This relates merely to the desire to bring within the bill asparagus for canning, and that has not been disposed of and has not been considered.

The PRESIDENT pro tempore. The amendment is offered to the House text, which has not been, as yet, disposed of. The amendment will be stated.

The CHIEF CLERK. On page 16, line 10, it is proposed to strike out "(not including vegetables for canning)" and insert in lieu thereof "(not including vegetables, other than asparagus, for canning)."

The PRESIDENT pro tempore. The question is on the amendment of the Senator from California [Mr. JOHNSON]. The amendment was agreed to.

Mr. LONERGAN. Mr. President, I call up an amendment, which was read on Friday, July 12, and ask for action on it. I send the amendment to the desk and ask to have it stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 23, at the end of line 13, to insert the following:

No order shall be issued under this act prohibiting, regulating, or restricting the advertising of any commodity or product covered hereby, nor shall any marketing agreement contain any provision prohibiting, regulating, or restricting the advertising of any commodity or product covered by such marketing agreement.

Mr. LONERGAN. This amendment has the approval of the Department of Agriculture and of the senior Senator from South Carolina in charge of the bill.

Mr. SMITH. Mr. President, I think this amendment has been entirely misunderstood. This amendment is an appropriate one in view of the fears which have been expressed that certain terms of the bill might enable the Secretary of Agriculture to govern certain advertising and restrict the use of certain kinds of paper. I talked the matter over with Department officials. They did not consider that there was any such power in the bill, but in order to make it perfectly clear they accept the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. LONERGAN].

The amendment was agreed to.

Mr. LONERGAN. Mr. President, I offer another amendment, which I send to the desk and ask to have stated.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. LONERGAN. I yield.

Mr. FLETCHER. I wish to make a statement with reference to this bill. I have endeavored to attend all the sessions of the Senate every minute, and I have been in the Senate Chamber most of the time while the bill has been under consideration. On Saturday afternoon late, while the Senate had under consideration the so-called "La Follette amendment", I happened to be absent a short while, and by some kind of move the Senate took up section 39. It was perfectly well known that I was interested in that section. I had previously discussed it, and had put into the RECORD a letter from the Secretary of Agriculture, one from the Governor of the Farm Credit Administration, and numerous communications from farm cooperatives, who insisted that that section ought to go out of the bill. While I was absent, in some way, without any knowledge on my part whatever, action on the La Follette amendment was postponed, and the section to which I refer was taken up, an amendment to it was agreed to, and the amendment as amended was accepted by the Senate.

I wish to say that I am opposed to, and have been all along opposed to, that section. It does not belong in the bill. It never did belong in it. It has no relation to the subject covered by the bill and it ought to have gone out. The amendment offered by the Senator from Mississippi [Mr. BILBO] very much improved it. It is not so bad with that amendment in it, but I still feel the entire section, even as amended, ought to be eliminated from the bill. I make that statement for the benefit of those who will have the bill in conference, and ask them to refer to the data which I have heretofore submitted.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. KING. The Senator will perceive that with respect to the measure to which he refers this colloquy occurred:

Mr. KING. I do not object, with the understanding that if next Monday, upon a further examination of the amendment, I desire to submit a qualifying amendment or another sentence to it, I shall have the opportunity.

That was understood. So I will say that if the Senator desires to have this matter reconsidered I shall, under that understanding, ask to have it reconsidered.

Mr. FLETCHER. No, Mr. President; I desire to get this bill disposed of. I shall not ask to have anything reconsidered. Let us go on with the bill.

Mr. KING. I may do it before the bill shall finally be voted on.

Mr. LONERGAN. Mr. President, may I have my amendment stated?

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 46, at the end of line 2, to strike out the period, insert a colon and the following proviso:

Provided, That no such tax shall be levied upon the processing of any material which processing results in the production of newsprint.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. LONERGAN].

Mr. LONERGAN. Mr. President, this amendment relates to the same situation which caused the offering of the other amendment. It has the approval of the Department of Agriculture and of the senior Senator from South Carolina.

Mr. SMITH. Mr. President, this amendment is in conformity to the previous amendment, and I think it should be agreed to.

The PRESIDENT pro tempore. Without objection, the amendment offered by the Senator from Connecticut is agreed to.

Mr. WHEELER. Mr. President, I send to the desk an amendment which proposes to appropriate $50,000,000 for the purpose of purchasing certain lands known as "submarginal lands." The Agricultural Department has gone out all over the United States in many different States and has obtained options upon submarginal lands from various farmers. The understanding was when the Department took such options that the lands would be taken up.

When the $4,800,000,000 work-relief appropriation measure was before the Senate, there was an amendment placed in it to the effect that a certain amount of that money should be used for that purpose. The measure passed the Senate and also passed the House containing that amendment, but when it got into conference, I am informed—and the Senator from South Dakota [Mr. NORBECK] will bear me out—that in some manner the amendment was left out in conference.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. NORBECK. I wish to state that as the work-relief measure came from the House it provided that a certain portion of the funds appropriated should be used for land purchases. As the joint resolution passed the House it permitted the administration to use money for that purpose as well as for other purposes. It came to the Senate, and there was a contest in the Senate committee over that matter for 2 days; but finally it was agreed to put it in the joint resolution, and it was put in it by the Senate; and as the joint resolution was passed by the Senate it contained that provision, though in slightly different wording from the House provision. Therefore the matter was in conference, but when the measure came out of conference both the House provision and the Senate provision seem to have disappeared.

Mr. WHEELER. I thank the Senator.

Mr. McNARY. Mr. President——

Mr. WHEELER. I yield to the Senator from Oregon.

Mr. McNARY. To what bill does the Senator make reference? Was it the $4,800,000,000 joint resolution for work relief?

Mr. WHEELER. Yes; since that joint resolution has passed, the Comptroller General has ruled, because that provision was stricken out, that none of the funds could be used for the purpose of purchasing submarginal lands. The condition in which the farmers all over the country find themselves is that, after they have given options and the Government has made arrangements to take up the options, and they desire to leave their submarginal lands, the sales are hanging in the air. The farmers did not go ahead with the planting of their crops because of the fact that they thought the Government was going to take up the options.

In fairness to those to whom the Government has made these commitments, I think the amendment should be included in the bill. I have taken the matter up with the Senator from South Carolina, who is handling this bill, and I do not think he has any objection to taking the amendment to conference.

Mr. GERRY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. GERRY. Will the Senator tell me how much has already been appropriated for the purchase of submarginal lands.

Mr. WHEELER. While I do not know how much has been appropriated, my understanding is that it is a comparatively small amount. However, the Department has gone out and taken options on land all over the country, particularly in the South and the West and the Southwest. They have beaten the farmers' price down and taken the options on the land, and then find, because of the ruling of Comptroller General McCarl, that they cannot go ahead because they have no money to complete their contracts.

Mr. GERRY. Will the Senator tell me how much it amounts to?

Mr. WHEELER. Yes; I have a statement here, from which I quote as follows:

> During the fiscal year just closed the various agencies cooperating in the President's purchase program initiated 253 demonstration projects, involving a total estimated cost for the land, exclusive of development costs, of $107,000,000 and involving nearly 20,000,000 acres in 45 States. Late in the year, however, the necessity of impounding emergency relief funds for direct relief—

This money was set aside for direct relief—

> left funds for the purchase of only 6,000,000 acres at a total cost of approximately $28,000,000.

I think that will answer the Senator's question.

Mr. GERRY. Does that refer to the contracts which have been made?

Mr. WHEELER. It covers only a small portion of the contracts which have been made or the options which have been taken.

> Of the original program, therefore, there remain 14,000,000 acres to be purchased, involving $79,000,000, exclusive of development costs, of which nearly half is already under option. For a considerable part of this acreage the immediate development work justified would not provide sufficient direct labor in relation to land and other costs to comply with the standards laid down for projects under the new Relief Appropriation Act. But if funds for purchase of the land were otherwise provided for, development and resettlement can be provided for under the new work-relief program, and thus these projects will give work on constructive useful projects to the unemployed.
>
> In the total purchase area of 20,000,000 acres it is estimated more than 52,000 families reside. It is clear, however, that they are doomed to disappointment if funds are not provided to help them. These farm families want to move. Most of them have definitely indicated their firm desire to move by voluntarily optioning their land to the Government. They are depending upon the Government to give them that chance by providing the funds for carrying through the original program. Many other farm families outside of the present demonstration purchase areas have petitioned that they, too, be given an opportunity to sell their land to the Government.

I am only including those as to which direct options have been taken.

Mr. GERRY. What I am anxious to know is how much do the contracts cover. Has the Senator been reading from a report of the Department?

Mr. WHEELER. Yes; I have been reading from the report of the Department, and they say the amount is $28,000,000.

Mr. GERRY. How much does the Department say will be required under the contracts?

Mr. WHEELER. In the neighborhood of $50,000,000.

Mr. GERRY. In the neighborhood of $50,000,000?

Mr. WHEELER. Yes.

Mr. GERRY. Is it the purpose of the Senator's amendment to appropriate an additional forty or fifty million dollars, or is it the purpose to make money available under the Work Relief Appropriation Act?

Mr. WHEELER. I am asking that an appropriation of $50,000,000 be made available because the Comptroller has already ruled that the Government cannot use any of the particular funds appropriated in the Work Relief Act.

Mr. McNARY. I did not quite understand the Senator from Montana. I thought he said a few moments ago that this money was to be made available out of the $4,800,000,000 appropriation measure which passed a few months ago, as, under some ruling by the Comptroller General, therein provided could not be used.

Mr. WHEELER. The Senator did not quite understand me. What I said was that when the $4,800,000,000 measure came to the Senate from the House it contained a provision that a certain portion of the money should be made available for this purpose. After some difficulty in the Senate the provision in the House joint resolution was adopted with some change, but when the joint resolution went to conference the whole thing was left out for some reason which no one seems to understand.

The Comptroller held that because of the fact that the law did not contain a specific provision, although it did contain a provision that a certain amount should be used fo rwork-relief purposes, that this money could not be used for that purpose. Consequently it left the whole thing hanging in the air, and with the farmers having commitments practically on the part of the Government and options taken by the Government.

Mr. McNARY. But the money was carried in the $4,800,000,000 measure?

Mr. WHEELER. Yes.

Mr. McNARY. And the amount the Senator now seeks to have appropriated is equal to the full amount as specified in the $4,800,000,000 Work Relief Act?

Mr. WHEELER. That is my understanding.

Mr. McNARY. Under what specification in that measure did this come; under the heading of "Rural Rehabilitation"?

Mr. WHEELER. For the purchasing of submarginal land.

Mr. McNARY. What was the total amount?

Mr. WHEELER. I do not think the total amount was specified in the bill.

Mr. McNARY. The work-relief bill contained eight specifications.

Mr. WHEELER. But no definite amount for this purpose.

Mr. McNARY. Yes; but it was included in the specifications contained in the $4,800,000,000 measure.

Mr. WHEELER. That is correct.

Mr. McNARY. This is an attempt to cure the situation brought about by the ruling of the Comptroller of the Currency.

Mr. WHEELER. That is correct.

Mr. NORBECK. Mr. President, it is not attempting to cure it so far as the policy in the future is concerned. This is to clean up some hang-overs that the Department was not able to close after they had attempted their program and taken the options.

Mr. GERRY. Mr. President, will the Senator from Montana tell me where the land is located?

Mr. WHEELER. The statement I have says that it is located in 45 different States.

Mr. GERRY. And has the Senator the amount there which is to be used?

Mr. WHEELER. Yes. The statement says:

> Late in the year, however, the necessity of impounding emergency-relief funds for direct relief left funds for the purchase of only 6,000,000 acres, at a total cost of approximately $28,000,000.

Of the original program, therefore, there remain 14,000,000 acres to be purchased, involving $79,000,000 (exclusive of development costs), of which nearly half is already under option. For a considerable part of this acreage the immediate development work justified would not provide sufficient direct labor in relation to land and other costs to comply with the standards laid down for projects under the new Relief Appropriation Act.

Consequently Comptroller General McCarl ruled, and I think correctly, that it would not be used for that purpose.

Mr. GERRY. The Senator has not stated where these lands are to be bought.

Mr. WHEELER. They are to be bought in 45 different States.

Mr. GERRY. Can the Senator state the amount to be spent in the respective States?

Mr. WHEELER. The amount, as I understand, is around $50,000,000.

Mr. GERRY. But as to the amount in each State the Senator does not know?

Mr. WHEELER. I have not those figures.

Mr. KING. Mr. President, if I understand the Senator from Montana [Mr. WHEELER], the amendment which he has offered is justified upon the ground that Congress, in measures heretofore enacted, authorized the Federal Government to acquire privately owned lands in various parts of the United States; and that pursuant to such authorization, representatives of the Government have taken options upon parcels of land in at least 28 States. He contends, as I understand, that there is no money available to purchase the various parcels and that the $50,000,000 carried in the amendment is to be devoted to the purchase of at least a portion of the lands upon which the Government holds options. Representatives of the Department of Agriculture, and perhaps other departments of the Government, have contended that there was too much land under private ownership devoted to agriculture, grazing, and other legitimate purposes, and that millions of acres of such privately owned land were to be acquired by the Government and withdrawn from cultivation. This view was based upon the assumption that there were too many farms and too much land under cultivation, and too great a production of agricultural crops. In other words, the theory was that the Government must interpose obstacles to the creation of wealth, and materially restrict the production of cotton, wheat, corn, and other agricultural commodities, though millions of American citizens lacked adequate food supplies and sufficient clothing and other products resulting from human labor.

Officials of the Department of Agriculture, acting upon what I conceive to be unsound and false philosophy, formulated a plan which would further restrict the production of the necessities of life and reduce pro tanto food and other supplies indispensable to the welfare of the people. This plan rested upon the theory that scarcity was a blessing and that high prices artificially produced were evidence of general prosperity. I repeat, as stated, during the past 2 or 3 years we have heard cries from all parts of the land that men, women, and children lacked food and clothing, and billions of dollars have been expended by the Government, States, and local communities in order to meet the tragic situation and to partially, at least, supply the needs of those in distress. Yet during this period Government officials have been insisting upon destroying crops and cattle and sheep and, as stated, restricting their production.

Throughout the world hundreds of millions of people were without food or clothing and tens of millions went to untimely graves because they were unable to obtain food. In my opinion, our policy was unsound from an economic standpoint and indefensible upon humanitarian grounds. It seems to me that our policy not only from a domestic but from an international standpoint was unsound, and it has brought tragic results in our own land and unsatisfactory consequences in our foreign relations. This policy called not only for the destruction of crops but the withdrawal of lands from production. In other words, lands were to be sterilized and nature's gift in the shape of mother earth was to be rejected. Accordingly tens of millions of dollars were authorized to be expended to purchase so-called "submarginal and agricultural lands" and to prevent their utilization, except possibly for grazing purposes. It was known that large areas in all of the States were used for grazing purposes and were indispensable for the production of livestock.

Only a few years ago Congress passed an act dealing with public lands under which citizens of the United States could enter, as I recall, 640 acres of land as a sort of appendage to their homes or their agricultural lands. It was known that the lands to be acquired under this law were not suited for agricultural purposes, but were valuable for grazing purposes; and it was known that a man with a small farm needed contiguous lands for grazing purposes; and, as stated, many entries were made upon the public domain and hundreds of thousands, if not millions, of acres of land thus passed from the Government into private ownership.

These lands are now denominated "submarginal lands", and they, as well as millions of acres of lands in the various States, are assigned to the category of submarginal lands and are to be withdrawn from private ownership. Under policies which have been, and are being, adopted, the Federal Government will soon be the owner in all of the States of millions and hundreds of millions of acres of land. They will be withdrawn from private ownership and from taxation. States and their local subdivisions will be deprived of revenue from taxation which would flow from the private ownership of such lands. Policies which we are now pursuing all contribute to making the Federal Government a universal landlord. Millions of people are indebted to the Government for lands, and mortgages have been executed to the Federal Government upon homes and farms and personal property. Assets of all kinds have been transferred or assigned to the Federal Government as collateral for loans which have been obtained. Foreclosures by the Federal Government of mortgages and trust deeds are of daily occurrence, and many parcels of land are being transferred from private ownership into the hands of the Federal Government.

It is obvious that a situation of this character will not conduce to the happiness or the welfare of individuals and will more and more add to the power of the Federal Government and create in it an overlordship not compatible with democratic institutions or with the best interests of the people.

In the Lincoln administration the Homestead Act was passed, and under its terms hundreds of thousands of citizens acquired lands, built homes, founded States, and made vital and important contributions to the welfare and development of this Republic. But the policy now is to reverse the Lincoln theory, to restrict production, to transfer from private ownership to Federal ownership large areas of lands in all of the States. The theory seems to be that the Federal Government can handle lands better than private individuals. As I understand the amendment under consideration, the lands may not be used for agricultural purposes, but for grazing purposes. Does that mean that the Government is to go into the raising of cattle and sheep? Is the Government better fitted to run ranches and acquire herds of cattle and sheep than private persons? However, I think it is the purpose of the Government to have the lands lie idle, because it is obvious that it cannot properly utilize the millions of acres which, under the plan referred to, it is contemplated shall be acquired.

However, there is evidence that plans have been matured, or are being evolved, to have the Government enter into many fields of private endeavor. It is not an inaccurate statement to say that a number of policies of the Government are either socialistic or extremely paternalistic, and we are receiving admonitions almost daily of more expansive plans upon the part of the Federal Government to enter into many of the fields of activity which under our form of government, and, for that matter, under every liberal form of government, are regarded as purely within the domain of private endeavor.

I have not the time to enumerate the many socialistic and paternalistic schemes that are receiving support and making heavy drafts upon the Treasury of the United States. It is safe to say that hundreds of millions of dollars

are being expended, and will be expended, in the execution of the policies which are under way or are being formulated for execution at as early a date as possible.

Mr. President, there is some question as to the authority of the Federal Government to acquire lands except for governmental purposes. Certainly it ought not to go into States and acquire large tracts of land not for governmental purposes and to permit them to lie idle or to engage in some socialistic enterprise. The States, as I have indicated, need the taxes to be derived from within their borders, and when the Government acquires lands within sovereign States they are, of course, withdrawn from State taxation.

Mr. BORAH. Mr. President, may I inquire what provision the Senator from Utah is now discussing?

Mr. KING. I am discussing an amendment offered by the Senator from Montana to appropriate $50,000,000 out of the Treasury of the United States for the purpose of acquiring so-called "submarginal lands."

Mr. BORAH. By condemnation?

Mr. KING. By purchase and, as I understand, by condemnation.

Mr. BORAH. The Government could purchase them, could it not?

Mr. KING. Perhaps so, assuming that the Federal Government has no limitations upon the activities in which it shall engage. Of course, in order to acquire the land referred to, either by purchase or condemnation, payments for the same can only be made from taxes wrung from the people.

I question the right of the Government to tax the people of the United States for the purpose of acquiring millions of acres of land which it is not to use or, if used, would be for purposes not of a governmental character.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. STEIWER. With reference to the question just asked by the Senator from Idaho [Mr. BORAH], I notice near the bottom of page 2 language to this effect:

> In carrying out the provisions of this act the President is authorized (a) to make contracts and grants, or both; and (b) to acquire by purchase or by the power of eminent domain—

And so forth. It appears to be both by purchase and condemnation.

Mr. WHEELER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Montana?

Mr. KING. I yield.

Mr. WHEELER. May I say to the Senator from Utah that it is simply to carry out the reclamation work in the West. In his State, and in every other State of the West, this work is to be carried on. The only reason why the Department has been willing to go on with reclamation work in the West has been because of the fact that they took out of cultivation these submarginal lands. The idea is to take those people who are living on the submarginal lands and put them on the irrigation projects in his State and my State and in other States. It is in line with a policy which I am sure the Senator favors.

Mr. BORAH. Mr. President——

Mr. KING. I yield to the Senator from Idaho.

Mr. BORAH. Aside from the question of policy, and considering it purely as a question of power, I do not see how the Government could go into the States and take lands by eminent domain.

Mr. WHEELER. I have eliminated that portion of my amendment entirely and simply confine it to the purchase of land. I am not now proposing to attempt to take by eminent domain or condemnation, because I am of the same opinion as the Senator, that we have not the right to take somebody's land in that way. It is merely a question of getting the land where it is desired on the part of the owners to sell the submarginal lands.

Mr. SHIPSTEAD. Mr. President, will the Senator from Utah yield so I may ask the Senator from Montana a question?

The PRESIDENT pro tempore. Does the Senator from Utah yield for that purpose?

Mr. KING. I do.

Mr. SHIPSTEAD. For what purpose is the land being purchased?

Mr. WHEELER. It will be taken by the Government and held the same as other public lands are held.

Mr. SHIPSTEAD. Will it be open to homesteading again?

Mr. WHEELER. No; it will not be open to homesteading again at all.

Mr. KING. It is to be condemned and permitted to lie fallow or await the desire of some Government official in the matter. Perhaps they may make a bird reserve of some desert or so-called "submarginal lands", which are being purchased. We cannot tell.

Mr. SHIPSTEAD. This land should never have been opened in the first place. It should never have been plowed.

Mr. KING. I do not agree with the Senator in that respect.

Mr. McCARRAN. Mr. President, will the Senator from Utah yield?

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Nevada?

Mr. KING. I yield.

Mr. McCARRAN. I remember very well the interest of the Senator from Utah and his experience in all reclamation projects in his own State and in the arid and semi-arid regions of the West. Many of the projects were located in the early stages of the history of the reclamation law when we did not know and did not have the opportunity we now have to investigate.

In the Senator's State and in my own State there are reclamation projects which have borne the burden of experiment. The experiment has been disastrous to nearly three sets of farmers. The first came in and found himself unable to go forward. The second took advantage of everything the first one left. Then the third purchaser was able to sod the soil so as to hold it.

Then again came a condition where a substratum, unsuspected, presented conditions destructive to vegetation and vegetable life. It is proposed that those lands shall be taken up and set aside so that reclamation projects may not bear the burden of paying all the taxation of lands which are impossible of use.

I respectfully draw these matters to the Senator's attention, in keeping with his splendid knowledge of the subject and his wonderful ability in relation thereto, he having been a member of the Senate and of the House when the Newlands reclamation project was initiated and enacted. In fact, I know from history that he was a part of the great movement. I draw his attention to these facts that he may not object to the amendment, which to my mind has wonderful merit.

Mr. KING. Mr. President, I thank the Senator for his reference to the rather humble part which I took in preparing and in securing the passage of the Newlands bill. When I was a Member of the House of Representatives the committee of which I was a member reported the bill by a majority of one, and I have suggested that it was my vote that reported out the measure. May I state, however, that Utah has not been generously treated in the matter of reclamation projects. Though it was the pioneer in reclamation, for many years it obtained from the reclamation fund only sufficient to construct one small project. A short time ago it constructed another project, and during the past 2 years it received allocations for the constructon of several other projects, but the greater part of the fund allocated for that purpose was commandeered and turned over to the Federal relief organization.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. KING. Certainly.

Mr. McCARRAN. As I recall, the State of Utah was deprived of and is now in hopes of the restoration of $8,000,000.

Mr. KING. The sum was somewhat in excess of that amount. It is hoped, and I hope our hopes may be realized.

Mr. WHEELER. Mr. President, will the Senator yield further?

Mr. KING. I yield.

Mr. WHEELER. With reference to all the irrigation projects, I had a conference the other day with the Secretary of the Interior, who told me that in the State of Utah and the other States $100,000,000 will be allotted in a very short time for the purpose of restoring to the State of Utah the very thing about which the Senator is speaking.

Mr. KING. I do not want to confuse the reclamation projects with the authority which is sought by this amendment, to go out and buy private lands in 28 or more States. This appropriation is not to be used for the purpose of buying lands for irrigation purposes. It is not to be used for the purpose of supplementing the reclamation fund which has from time to time received accretions from lands which have been reclaimed by the sweat and toil of pioneers who have entered upon arid lands of the West.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Wyoming?

Mr. KING. I yield.

Mr. O'MAHONEY. As I understand, the amendment does not undertake to grant any new authority. It merely provides a means whereby contracts which have already been authorized and made shall be carried out, merely because there was a technical ruling by the Comptroller General that the moneys already made available should not be used for this purpose.

Mr. KING. Mr. President, I do not agree with the Senator. I know there have been galloping up and down the country scores of representatives of Federal Departments during the past year or two, looking at this and that and the other alleged submarginal pieces of ground in 28 States, and enthusing the people with the idea that they were going to be able to sell their lands to the Government. There have been no contracts entered into, and no valid contracts were authorized. Doubtless many persons were of the opinion that the Government would purchase some of their land, but as stated no contracts of purchase were made.

I question the right of the Government of the United States to go out and buy lands in every part of the country, not for public purposes, not to be restored, as was stated a moment ago, to the public domain so they might be entered by persons desiring homes, but to be held indefinitely for no one knows what purpose or held pending the determination of some Federal official as to the use to which it may be put.

There will be withdrawn from taxation millions of acres of lands which are now subject to the jurisdiction of the respective counties and States of the Nation and from which they derive taxation. I think the policy is unwise, unsound, and certainly it is in contravention of our theory of government.

Mr. HATCH. Mr. President, I merely wish now to say to the Senator from Utah, as I did not desire to take the time to do so during the course of his remarks, that some days ago I introduced a bill which would prohibit the Federal Government from acquiring lands within any State without the consent of the legislature of the State. That bill is now pending before the Public Lands Committee, and I desire to call it to the Senator's attention, because, from his remarks, I am sure he will enthusiastically support it.

Mr. KING. Indeed, I shall support it whole-heartedly.

Mr. HATCH. There is another bill pending in this body which I am sure is of interest to the Senator from Utah and which has the support of the Department of Agriculture. For that matter, I may say that Dr. Tugwell himself told me that he had no objection to the passage of my bill requiring the consent of the State legislature, and was rather inclined to think it was a good idea; but he did discuss with me the question of taking lands away from the States so that they would not be subject to taxation, and called my attention to a bill which I think was introduced by the Senator from North Dakota [Mr. FRAZIER] permitting the Federal Government to make payments to the States in lieu of taxes. I mention that to the Senator from Utah because, again, I surmise that he will give his enthusiastic support to that bill.

There is a great deal to what the Senator from Utah has said about the acquisition of lands within our Western States without the consent of the States to be affected.

Mr. BORAH. Mr. President, the Senator has in his State the same problem I have in mind. That is, about 69 percent of the territory is under Federal control and not subject to taxation, which makes a very serious problem for those who are taxed. If this marginal land, and so forth, shall be gathered up and turned over to the Federal Government, will that remove it from the tax roll?

Mr. WHEELER. The amendment as I originally offered it provided that in the event the land should be taken over, the Government should pay the taxes on the land according to value; but I have eliminated that provision from this amendment. I agree entirely with what the Senator from Idaho says about these lands being taken off the tax roll; but I wish to call to his attention, and to the attention of the Senator from Utah, the fact that he will find, if he will make a check-up in his State as I have made it in mine, that the taxes are not being paid on these submarginal lands at the present time, because of the fact that the farmers on those lands cannot make a living. Therefore, they are not paying the taxes, and the counties at the present time are holding the title to those lands. In some areas in the West almost the entire amount of the lands in the whole counties is now owned by the counties themselves.

What is proposed is that if these submarginal lands shall be taken out of cultivation, the Federal Government will reclaim those lands in an equal amount, and put them in irrigation, so that a farmer can make a decent living upon a small tract of land. I mean, that is the program of the President.

Answering the Senator from Utah [Mr. KING], let me say that there is nothing socialistic about this proposal. There is not anything socialistic about it as there is about a proposal to have the Government of the United States take money out of the Treasury and reclaim and irrigate lands, as he has proposed. If there is anything that is socialistic, it is for the Government of the United States to reclaim lands. The Senator from Utah is in favor of that, and so am I, and so is everybody else who knows anything about the western part of the country.

Mr. BORAH. Of course that would be subject to the control of Congress in the future.

Mr. WHEELER. Of course.

Mr. STEIWER. Mr. President, it occurs to me that there is some confusion in the minds of some Senators with respect to this proposal.

It has been suggested in behalf of the proposal that it will be helpful in order to bring under Federal control and dominion land which is suitable for reclamation in the arid and semiarid States. This proposition, I think, is not tenable under the language of the amendment.

At the end of the first paragraph we find this sentence, which I quote:

> This appropriation shall be available for the acquisition and the retirement of submarginal land from agricultural use, except for grazing purposes.

Therefore it could not be used in the way that lands ordinarily are used when they are reclaimed by reclamation, and could be used only for pasturage of livestock.

Then it was said, in further support of the proposal, that the appropriation really was for the purpose of providing money to consummate arrangements already entered into or projects already authorized. I think that argument cannot be maintained. I take it that it might be that the money, or some part of it, could be used for that purpose; but there is nothing in the amendment which limits it to such purpose, and there is nothing which would justify us in the conclusion that even one dollar of it would be so used. The fact is that this amendment, carrying this appropriation, authorizes the President within a very wide latitude to do a number of things.

In the first place, he is authorized, in order to carry out the provisions of the amendment, to delegate the powers conferred upon him to any governmental agency, and it is implied that he may set up special and additional governmental agencies; and apparently he may delegate those powers to the special agency or to any of the established agencies of the Government.

The agencies to which he delegates the powers, in order further to carry out the provisions of the act, may acquire and, according to the language here, may acquire either by purchase or by condemnation, but according to the statement made by my friend from Montana they may acquire only by purchase—they may acquire land; and then, having acquired it, they are authorized to do the following things:

To improve, develop, maintain, grant, sell, exchange, lease, or otherwise dispose of any such property or interest therein.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. STEIWER. Certainly.

Mr. WHEELER. Let me call the attention of the Senator to the fact that he is reading from the amendment which I offered the other day, which I have amended and changed in the one I have sent to the desk. The amendment I have sent to the desk is as follows:

In order to develop a national program of land conservation and land utilization, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be used in the discretion and under the direction of the President, to be immediately available and to remain available until expended, the sum of $50,000,000. This appropriation shall be available for the acquisition and development of lands in furtherance of the national program for the retirement of submarginal lands from agricultural use.

So that the amendment does not give the President any option excepting to buy submarginal lands. I wished to correct the Senator in that regard.

Mr. STEIWER. I am indebted to the Senator for calling my attention to that fact. Has he now read the entire amendment?

Mr. WHEELER. No. Then the amendment proceeds:

In carrying out the provisions of this section, the President is authorized:
(a) To establish and prescribe the duties and functions of governmental agencies;
(b) To utilize and prescribe the duties and functions of any governmental agency;
(c) To delegate the powers conferred upon him under this section to any governmental agency;
(d) To make contracts and grants; and
(e) To acquire, by purchase or by power of eminent domain—

I will eliminate that—

any real property or any interest therein, and improve, develop, maintain, grant, sell, lease, or otherwise dispose of any such property, or interest therein.

I think that covers the matter.

Mr. STEIWER. The amendment, as now read, constitutes the entire amendment?

Mr. WHEELER. It constitutes the entire amendment.

Mr. STEIWER. Am I justified in my conclusion and understanding that the paragraph which appeared in the printed amendment at the top of page 2, and which provided relief from civil-service laws and the Classification Act, has been eliminated?

Mr. WHEELER. That has been eliminated.

Mr. STEIWER. I am very glad that provision has been eliminated.

Mr. WHEELER. The only purpose I have in mind in offering this amendment is to take up the options which are now outstanding, which have been executed by farmers all over the country. The representatives of the Department went out and took these options, thinking they had the money with which to purchase the land. They induced the farmers to sign the options. Many of the farmers made provisions for going somewhere else, and some did not plant crops, relying upon the fact that they had entered into these options; and I feel that the Government is under a duty to carry out this program with the farmers in the case of the options which have been taken.

Mr. NORBECK. Mr. President, the matter goes a little further than that. Field men assured the farmers that if they would sign the options the deal would go through.

Mr. WHEELER. Absolutely.

Mr. STEIWER. In view of the explanation which the Senator now makes, would there be any objection to an express stipulation in the amount that the money is to be used for the purposes which the Senator from Montana now outlines to the Senate?

Mr. WHEELER. Not the slightest. I thought that was what it did. It does not say "the options already executed", but I should not have any objection to that language being in the amendment if the Senator feels it should be there.

Mr. STEIWER. In view of the amendment to the amendment to which the Senator from Montana now draws my attention, may I ask whether there is any provision protecting the local tax agencies from loss of the land acquired by the United States?

Mr. WHEELER. No; there is not.

Mr. STEIWER. Did the Senator purposely exclude such a provision from the amendment?

Mr. WHEELER. I purposely excluded it, because, quite frankly, I felt that it would be a rather dangerous policy to adopt to have the Congress say that the Government, for an indefinite period of time, would pay the taxes upon the lands it might purchase. I expressly and purposely eliminated that.

Mr. STEIWER. What is to be the treatment of a school district, we will say, in which one-half or two-thirds of all the taxable property is removed from the tax roll, under the proposal now made by the Senator from Montana?

Mr. WHEELER. Let me say to the Senator that at the present time, as the Senator well knows, there is not any farmer who can make a living on these submarginal lands. I will venture to say that in the Senator's State, as in my State and in many of the other States, where farmers are living upon these submarginal lands, the taxes have not been paid for many years, and the lands are in the name of the particular county where they are located. We have not only an economic but a social problem to deal with, because when we leave people upon land where they cannot make a living we have had to grant relief to them out of the Public Treasury of the United States; and during the past few years, because they could not make a living, their lands have been held for taxes by the county. They cannot redeem the lands, and the county is getting no taxes out of them at the present time in the case of practically all these submarginal lands. The submarginal lands are the only lands that have been optioned, and, as a matter of fact, those lands never should have been homesteaded in the first instance.

As the Senator will recall, a few years ago the great railroad systems of the United States, from one end of this country to the other, advertised lands in the West, and showed glowing pictures of what crops could be raised upon those lands. They brought people out from the Middle West and the East and located them upon those lands, and those people have never been able to make a living there. Some came out with a few thousand dollars, and lost every cent they had, but they have had to live there, and the purpose of the pending proposal—and I think it is a perfectly proper proposal—is to take those people off those submarginal lands and put them on some irrigated lands where they can make a living. Then they would be contented citizens. Instead of tending toward socialism, the amendment tends in the other direction. It would take the people off this land where they cannot make a living and put them on land where they can make a living, where they can bring up their children in a decent, orderly fashion, and send them to the public schools. We would make better citizens of them.

Mr. STEIWER. Mr. President, I have no quarrel at all with the idealism of the Senator from Montana. However, I regret that this amendment is not better calculated to carry out the purpose which he has so eloquently outlined to the Senate.

Mr. SHIPSTEAD. Mr. President, can the Senator from Montana tell me what is the average price of the lands offered for these options?

Mr. WHEELER. I am sorry I cannot give the figures, but I know it is a very small amount. In some places it runs as low as $2 or $3 an acre, as I recall.

Mr. SHIPSTEAD. The tax question mentioned by the Senator from Oregon, I think, has broader ramifications than have been indicated here. Many of the counties affected are not all submarginal lands; they are not all out in the so-called "desert area." There are some submarginal lands in practically every State of the Union.

In some of the counties where there are submarginal lands the Government buys the land, and the county and the school district are in debt—have bond issues outstanding.

For instance, a school district may be bonded and the county may be bonded a certain percentage, sometimes large, sometimes small, on the submarginal land; and when the Government buys them, whether for the purpose intended by this bill or for reforestation purposes, to enlarge the forest areas of the Federal Government, the land is taken out of taxation of the local community. The remaining settlers then must bear the burden of the public debt, which sometimes is doubled upon the citizens remaining. There is a very serious problem involved in the Federal purchase of land. These cititzens who remain on the land are entitled to have some relief. Under this policy the Federal Government in effect doubles the taxation burden, in many instances, upon those who remain, maintain their local government, and maintain their local school expenses; and so when the Federal Government purchases the land some provision should be made for it carrying the burden of the local government according to the value of the property the United States possesses in the community.

The purchase of this land and shouldering the bonded indebtedness upon the remaining settlers is not a fair proposition; it is not equitable; it is not good morals for the Federal Government to buy this land at whatever price it can get it and then leave the burden imposed on the land to the remaining settlers.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. WHEELER. Let me call attention to the fact, as I pointed out a moment ago, that the Senator will find that in the State of Minnesota, for instance, the submarginal lands have practically all been bought in by the counties for taxes. The same thing is true in practically all the States, that the people have not been able to pay the taxes. Consequently it does not mean any more burden upon the rest of the people where they take these lands and where the people cannot make a living upon them. If they cannot make a living upon them, it is not any further burden upon the people of the particular county. On the contrary, it would relieve the burden resting upon the rest of the people, because the people of the county are going to have to feed those people if they cannot make a living and become a burden on the community.

Mr. SHIPSTEAD. What the Senator says is partially accurate. However, where land is being purchased by the Government—for instance, for the Superior National Forest, in the State of Minnesota, and also in northern Michigan and Wisconsin, where reforestation projects are now in progress—much of the land has been bought by lumber companies. The lands have been deforested. The companies have, however, paid taxes because of the fact that those lands had potential value, in that they have iron ore under them. Sometimes the value of the ore is not known. The land has a potential value for iron-mining purposes. The iron mines not having been developed, the iron ore region not having been thoroughly explored, we do not know what the value is, but it has such a potential value that the lumber companies have paid taxes on it.

When the Federal Government buys land it buys the surface rights, and that takes the land off the tax rolls. The lumber companies reserve the mineral rights. They throw the surface of the land upon the Government and therefore escape paying taxes, but they retain what may be a very valuable asset. The remaining settlers must carry the burden of paying off the interest and the principal of whatever bonded indebtedness the region may have incurred. So I say the matter should be more thoroughly explored.

Mr. WHEELER. Mr. President, in conjunction with the Senator from Wyoming [Mr. O'MAHONEY] I have further modified the amendment and limited it so that it will take care of only those lands upon which options have been granted at the effective date of the enactment of the law.

Mr. SHIPSTEAD. Mr. President, I am going to object to that, because if the bill has merit, it should extend to other people than those who already have been able to sign options.

Mr. WHEELER. I desire to call the Senator's attention to the fact that this is a situation where the Department has been authorized to obtain options, and has obtained them, and the people who signed the options were of the opinion that the Government of the United States was going to carry them out in good faith.

If some relief shall not be afforded, these people will be left up in the air, in many instances without having put in crops. They have made arrangements to move off the land, and it would just leave them up in the air.

If it should be decided that we should further extend the law, that would be all right, but in the amendment I merely provide the following:

That in order to develop a national program of land conservation and utilization there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be used in the discretion and under the direction of the President, to be immediately available, and to remain available until expended, the sum of $50,000,000.

Mr. HASTINGS. Mr. President, will the Senator yield right there?

Mr. WHEELER. I yield.

Mr. HASTINGS. I was wondering why the Senator did not provide that the $50,000,000 should be paid out of the $4,880,000,000, instead of our appropriating a new $50,000,000. I wish also to inquire whether or not that would necessarily upset the President's Budget. He has insisted time and again that if amounts very much smaller than this, a $16,000,000 item, for instance, should be appropriated, it would be necessary to levy new taxes. It seems to me it would be more reasonable and would be more nearly in line with what the President desired if it should be provided that the $50,000,000 must be paid out of the $4,880,000,000. I merely wanted to call the Senator's attention to that suggestion.

Mr. WHEELER. In reply I merely wish to say that it would establish a precedent which we do not want to establish at this particular time. Others might come and say that some appropriation they desired should be taken out of the $4,880,000,000.

Mr. HASTINGS. The $50,000,000 the Senator is now asking to have appropriated would in itself be a very expensive precedent.

Mr. WHEELER. Let me say to the Senator from Oregon that I have inserted in the amendment a provision reading as follows:

Provided, That no lands shall be so acquired unless prior to the effective date of this act options had already been made for their purchase.

Mr. VANDENBERG. Mr. President, pursuing the inquiry submitted by the Senator from Delaware, may I ask if the original $50,000,000 which the Senator is now proposing to bail out was not part of the $5,000,000,000 work-relief measure?

Mr. WHEELER. My understanding is that there was no amount specified.

Mr. VANDENBERG. But that was the contemplation.

Mr. WHEELER. It was the contemplation that part of the money appropriated in the measure referred to was to be used for this purpose.

Mr. VANDENBERG. Very well. Then if the amount be now taken out of the general fund instead of out of that fund we have simply increased by $50,000,000 the Tugwell "pot" which is to be used in these experiments. Is that not true?

Mr. WHEELER. No; I do not think that is true at all. I do not think the Senator is quite fair when he says that it is to be put into the Tugwell "pot" for experimentation, because that is not correct. The truth about it is that this was not a Tugwell "pot" and had nothing to do with Mr. Tugwell. The program which has been suggested was outlined not only by the administration but it was suggested and had been before the people of this country many years prior to the time when Mr. Tugwell was heard of in connection with the Government.

Mr. VANDENBERG. Will the Senator further yield?

Mr. WHEELER. I yield.

Mr. VANDENBERG. Let us withdraw the definition, although I still cling to it. The basic proposition about which I am asking the Senator is, If this $50,000,000 is not taken out of the $5,000,000,000 fund, does it not increase by $50,000,000 the sum which is used in this type of enterprise?

Mr. WHEELER. Of course; there is no question about that. However, if a Senator should ask for $50,000,000 to build some more battleships, we would hardly hear one single person raise his voice in protest against it on the floor of the Senate.

Mr. VANDENBERG. Oh, yes.

Mr. WHEELER. We would hear the Senator from Michigan, I agree, but we would hear very little protest if we were to ask for $50,000,000 for battleships, or for war materials, or for something of that kind, but when we ask for $50,000,000 for the purpose of carrying out for the farmers of the country a project with reference to land which has already been optioned, and when the money is to be used only to carry out an agreement which has already been authorized, and to carry out a policy laid down, then protest is made.

Mr. VANDENBERG. Can the Senator from Montana tell me whether included within the boundaries of this particular appropriation are the farmers in the Matanuska Valley in Alaska? Are they included?

Mr. WHEELER. No; the Senator knows perfectly well they are not included, because no option has been taken there.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. HASTINGS. I was not protesting. I was merely asking why, if it was necessary to provide the $50,000,000, it could not be done merely by directing that the $50,000,000 be paid out of the $4,880,000,000 appropriation heretofore made? That latter amount has surely not been spent as yet.

Mr. WHEELER. I am not in position to answer that question. It may be worked out in conference along that line. What I am asking the Senate to do is to let this amendment go to conference, and there it may be necessary to do as the Senator suggests. I am not prepared to say at this time whether or not the amount should be taken out of the $5,000,000,000 appropriation. It may be that the conferees will be entirely willing that it should be worked out in that way, but I now ask that it go to conference, and let us see if it can be worked out, because it is necessary that the Government keep faith with the farmers in cases where it has taken options.

The PRESIDENT pro tempore. The time of the Senator from Montana on the amendment has expired.

Mr. SHIPSTEAD rose.

The PRESIDENT pro tempore. Does the Senator from Minnesota want the floor?

Mr. SHIPSTEAD. I will take the floor only for the purpose of asking the Senator from Montana a question, but first I should like to make a statement.

Mr. McCARRAN. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. McCARRAN. I am trying to understand correctly the amendment offered by the Senator from Montana. I understood he had presented a printed amendment which has been lying on the desk. Now I understand that he is offering an amendment which would be an amendment to an amendment. The reason I am making the inquiry is that I desire to offer an amendment to the Senator's amendment, but I wish to know whether it would be in the third degree. I do not know whether I would have a right to offer an amendment to his amendment or not.

Mr. WHEELER. I withdrew the other amendment. In fact, I did not offer it, but I offered the amendment now pending in lieu of the amendment I had printed and lying on the table. I did not offer the original amendment.

The PRESIDENT pro tempore. The Senator from Montana withdrew his original amendment, so there is only one amendment pending at the present time.

Mr. McCARRAN. After the Senator from Minnesota [Mr. SHIPSTEAD] has concluded, he having the floor at this time, I should like to offer an amendment to the amendment of the Senator from Montana.

Mr. SHIPSTEAD. Mr. President, I should like to have the attention of the Senator from Montana for a moment. Of course, we know when we buy a piece of property and there is any indebtedness against that property provision must be made for the liquidation of the debt. If a man has a mortgage on a farm or a house the mortgage must be taken into consideration, because the creditor has an equity; he has a right; and he must be taken care of. Provision is made in the sales price either that out of the money paid to the equity holder sufficient is paid to satisfy the mortgage or the purchaser assumes the mortgage. When the Federal Government goes into a county or a State and buys property against which there is an indebtedness, a liability, it is certainly fair and just that the Federal Government shall assume its share of the indebtedness; that some provision shall be made to discharge that indebtedness.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I will yield in a moment.

In the case of a county where bonds have been issued, or in the case of a school district where bonds have been issued, for the Government to pay a sufficient amount to get title and leave the incurred indebtedness to be paid by the remaining settlers leaves a problem by placing an unjust burden upon those settlers.

I am asking the Senator from Montana what he thinks of an amendment which I intend to offer to his amendment which will call upon the Government to pay its just share of the indebtedness—the public debt—against whatever land is purchased.

Mr. WHEELER. I do not agree that the Government should do so. The Government has purchased land for the Indians in various sections of the United States and taken it off the county rolls. That has been done in several States. The question has never been raised from the legal standpoint, and I do not think there is anything to it from the legal standpoint.

Mr. SHIPSTEAD. Of course, it has no legal standing unless we make it legal; that is what I am trying to do.

Mr. WHEELER. Submarginal lands, and the people living upon them, when they cannot make a living, are a burden to the community and a burden to the county rather than a benefit to it; and, if we look at it from the standpoint as to whether or not they are a burden or a benefit to the community, with the idea that the community or the county is going to lose something, other questions fade into insignificance.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. O'MAHONEY. I desire to call the Senator's attention to the fact that there is now pending before the Committee on Public Lands and Surveys a measure introduced by the Senator from North Dakota [Mr. FRAZIER] to accomplish the purposes which the Senator from Montana has in mind and to give some relief to the counties and school districts which would be affected by the elimination of this land. There is another committee which is giving some study to the whole question of land and water policies; so the program which the Senator has in mind would have a direct bearing upon both the measures referred to.

This particular amendment is designed, as I understand, primarily to correct a defect which has arisen by reason of a ruling of the Comptroller General. All the other matters will be gone into and carefully studied. The Senator from

Montana has modified the amendment because it was felt that at this time it was desirable to restrict this particular amendment to the actual necessity merely of carrying out the options which so many individuals in so many States had believed would be carried out by the Federal Government. I think the Senator may safely allow these other matters to go until the proper committees shall have submitted their reports.

Mr. SHIPSTEAD. Does this amendment arise out of the fact that people have contracted for land when they did not have money to pay for it?

Mr. O'MAHONEY. No; my understanding is that authority had been granted for this submarginal land retirement, but the Comptroller General ruled that in some manner the appropriation was not available for that particular kind of work.

Mr. SHIPSTEAD. It is proposed to spend $50,000,000, which would indicate a wide-spread program. I am not thinking of the settlers who are going to be able to sell their lands. I want to protect the settlers who remain, who will have to carry the burden of public debt and the burden of maintaining local government. That has to do with future expenses. But the debt which has been incurred for road and school purposes ought to be liquidated so far and to the extent and in the proportion to which the Government buys this land. What I am suggesting for the purpose of protecting the man who is able to and wants to stay where he is, and to make sure that he shall not assume the debt caused by the failures in his community or in his county; that he shall not suffer from their failure, and the policy of the Federal Government. Being of such a wide-spread character as this whole problem is, it seems to me that if the Senator from Montana will postpone action on this amendment until the proposal under consideration may be framed in a more satisfactory manner, there would be more equity and justice done.

Mr. WHEELER. I think there is something to be said about that, but it seems to me that it would complicate the question so that it would be almost an impossibility to carry out what it is intended to carry out, because then we would have to go into every community and county and find out what proportion of the county indebtedness or the city indebtedness or the State indebtedness each particular piece of land bore. It would make the provision almost unworkable and impracticable and, under the circumstances I do not see how it could possibly be worked out.

Mr. SHIPSTEAD. I think it would be very simple. We know how much a school district owes; we know what a farm is valued at for taxation purposes. That taxation value can be taken and there can be figured the proportion it bears to the public debt of the school district or of the county. It is not a difficult matter at all.

Mr. McCARRAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Nevada?

Mr. SHIPSTEAD. I yield.

Mr. McCARRAN. I should like to draw the attention of the Senator from Minnesota to conditions of which he may not at this time be cognizant, as, for instance, where projects were established wholly out of the open public domain. When the projects were established years ago it was regarded that certain lines should bound them. Mind you, Mr. President, all the land was then open public domain, or, we will say, a high percentage of it was. The projectors were obligated; the settlers who came in entered into written agreements whereby they paid for the water as payment for the land. Then later, when it was discovered that parts of these projects were unfitted to produce anything, or, being fitted, there were no settlers who cared to go in, because, perchance, the hardship was too great, remember that the projects are at all times obligated for the full amount, and the projectors are now bearing the burden of the full amount. In the case of many of these projects—I have one in mind, of course—it is desired that relief be afforded on account of the unused land, the land found unfitted for actual reclamation, the land which when water is applied will not produce; in fact, in many instances water is a destructive element, because, by capillary attraction, it brings from the substrata destructive substances. The projectors are bound to pay that original indebtedness, and many of them desire to be relieved of it. The land has never been taken from the tax roll because it was never on the tax roll. It was, as I have said, open public domain of the United States, and hence not taxable. But it is, nevertheless, taxed against the projectors, because they assumed the obligation of the entire expenditure.

The amendment of the Senator from Montana, with one which I hope to have adopted in connection with it, would permit the Reclamation Bureau to write off—there would be no loss—any taxation, either to local or State or Government. It would simply be a writing off of an obligation to which the projectors are now held to be obligated.

Mr. SHIPSTEAD. To the Government?

Mr. McCARRAN. To the Government only. In writing it off there would simply be reduced the burden on those who will remain on the lands which are susceptible of reclamation.

I wanted to draw the attention of the Senator, because I realize his zealousness in this matter, to that state of facts which exists perhaps not in the Senator's State but in the arid and semiarid regions.

Mr. SHIPSTEAD. In the Senator's section of the country, where there are irrigation districts, they also build schools and have local self-government. What becomes of the bonds that have been issued, if any, against projects for building schools and roads, and so forth?

Mr. McCARRAN. Let me answer that question in this way: The bonds have been issued, perhaps, against a school district within a part of which there may be some of the marginal lands to which I have drawn the Senator's attention, but such submarginal lands constitute no value to support the bonds, because they have never been brought into value producing; they are simply lost.

Mr. SHIPSTEAD. They were assumed to be of value as an asset when the bonds were issued.

Mr. McCARRAN. I would doubt that, for the reason that those who accepted the bonds naturally took into consideration the productivity of the land which was really capable of producing, and the lands which I have in mind were never capable of producing.

The PRESIDENT pro tempore. The time of the Senator from Minnesota on the amendment has expired.

Mr. McCARRAN. I apologize to the Senator from Minnesota for taking up so much of his time.

Mr. VANDENBERG. Mr. President, I move to amend the amendment submitted by the Senator from Montana by striking out the words "out of any money in the Treasury not otherwise expended", and inserting "out of the money made available by the Emergency Relief Appropriation Act of 1935."

In other words, Mr. President, we should be putting this expenditure back where it originated, if any amendment to the amendment of the Senator from Montana were adopted.

Mr. WHEELER. Mr. President, let me say to the Senator I will accept his amendment.

The PRESIDENT pro tempore. The Senator from Montana accepts the amendment, and the amendment of the Senator from Montana is modified accordingly.

Mr. SHIPSTEAD. I send to the desk an amendment which I desire to offer to the amendment of the Senator from Montana.

Mr. FLETCHER. Mr. President, may I ask the Senator from Michigan a question?

Mr. VANDENBERG. Certainly.

Mr. FLETCHER. I cannot quite understand this proposal. The Senator from Montana says we are authorizing the purchase of lands which are worthless and useless and upon which people cannot make a living. Why should they become valuable simply by a change of ownership?

Mr. KING. It is socialism.

Mr. VANDENBERG. The Senator from Florida cannot quarrel with me on that subject. I decline to defend the

appropriation; I simply want to make sure that there will not be a double appropriation.

The PRESIDENT pro tempore. To the amendment proposed by the Senator from Montana the Senator from Minnesota has offered an amendment, which will be stated.

The LEGISLATIVE CLERK. At the end of the amendment submitted by Mr. WHEELER, as modified, it is proposed to insert the following:

That the Secretary of the Treasury, upon order of the Secretary of the Interior, shall pay to each municipality or other political subdivision of any State, including (but not hereby limiting the generality of the foregoing) any county, parish, township, unincorporated tax or special assessment district, and any school, drainage, irrigation, reclamation, levee, sewer, paving, sanitary, port, improvement, or other district (hereinafter referred to as a "taxing district"), in which lands in private ownership have been or are hereafter acquired by the United States, an amount bearing the same proportion to the indebtedness of such taxing district outstanding at the time of acquisition of such lands by the United States as the value of the lands so acquired bore or bears to the value of all the lands in such taxing district at the time of such acquisition. Payments on account of such indebtedness which is not due or paid on the date of enactment of this act shall not be paid until such indebtedness becomes due.

SEC. 2. The Secretary of the Interior shall determine the amounts payable under this act, the time of payment, and the persons to whom they are to be paid; and shall have authority for such purpose to fix the value of the lands on account of which payments are made. The determination by the Secretary of the Interior of any such amount shall be final, and each amount so determined shall be submitted to the Secretary of the Treasury together with a report thereon and an order for payment.

SEC. 3. All transactions of the Treasury Department with respect to such payments shall be final and conclusive upon all officers of the Government, except that all such transactions shall be examined by the General Accounting Office at such times and in such manner as the Comptroller General of the United States shall prescribe. Such examination shall be for the sole purpose of making a report to the Congress and to the Secretary of the Treasury of expenditures in violation of law, together with such recommendations in respect thereto as the Comptroller General deems advisable.

SEC. 4. No payment shall be made to any taxing district under the provisions of this act, unless such taxing district maintains books, records, accounts, and memoranda and permits the examination of and produces such books, records, accounts, and memoranda, in accordance with such regulations as the Secretary of the Interior shall prescribe.

SEC. 5. There is hereby authorized to be appropriated annually such sums as may be necessary to carry out the purposes of this act.

Mr. SHIPSTEAD. Mr. President, if adopted, this amendment will carry out the general purpose we have discussed. Simply stated, it means that the Federal Government will discharge the present indebtedness proportionately according to the amount of land which it purchases in any municipality, parish, county, or within the boundaries of any State. It does not apply only to the proposed program of buying submarginal lands under the amendment of the Senator from Montana. We have had a very serious tax problem arise under purchases by the Federal Government for various purposes such as national forests, indeed, wherever the Federal Government purchases land.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. VANDENBERG. I notice in the Senator's amendment the amount necessary to finance this enterprise is left anonymous. Can the Senator indicate how much he thinks will be involved in carrying out the program proposed by his amendment?

Mr. SHIPSTEAD. I cannot, because, over the entire United States, the policy of the Federal Government purchasing land has been going on for years. I have no information as to how much the purchases would involve.

Mr. VANDENBERG. Would it be a hundred million or would it be five billion? Would it be an enormous sum? What, probably, would be the bracket in which the expenditure would fall; would it be a billion dollars?

Mr. SHIPSTEAD. The Senator realizes, as well as anyone, that we do not know how much would be involved. That would have to be determined; that is a matter of record. Of course, if this amendment shall become a law, the business of the Government will be to determine where they are going to purchase land, and where they have purchased land, what public debts are involved. A private purchaser of land must see that he has title, and he should pay sufficient for the land so that the seller may discharge the mortgage and give him clear title. So when a private owner sells to the Government, particularly when it is done on a large scale, I repeat that it is not fair that the land should escape local tax burdens in the discharge of public debts within the area where the land is located, because in that case an injustice will be done to the remaining settlers.

It would place the entire indebtedness upon them, and in many instances of which I have personal knowledge such a procedure has made the tax burden impossible to bear. Men who have lived 20 or 30 or 40 years in a community and raised families and supported the local governments, the township, county, and local school districts, have been forced to leave their happy homes because of the policy of the Federal Government of purchasing lands which would then be able to escape the payment of indebtedness of the local units of government, and thus ruining those who remained to pay such indebtedness.

This is not submarginal land in many instances, and even where there is submarginal land there are many people, as Senators from those areas have told me, who make a living and desire to remain. If we pursue this policy we are going to ruin those people. They have a right to be protected. It is proposed now to purchase the land and remove those who have been failing. We protect them, we safeguard them, but those who have been successful and who desire to remain are to be ruined by this policy.

I have knowledge of a case in the Superior National Forest of Minnesota, where some good lands have been purchased for reforestation purposes by the Federal Government, and where there has been only a modicum of success. Those who remained, who spent their lives building up their farms and prosperous homes, will have a situation created which will make it impossible for them to remain longer. For that reason I have offered the amendment.

Mr. NORBECK. Mr. President, may I ask the Senator from Minnesota a question?

Mr. SHIPSTEAD. Certainly.

Mr. NORBECK. Why offer this amendment to the amendment of the Senator from Montana? It is a broad subject in itself. Why not offer it as a separate amendment to the bill?

Mr. SHIPSTEAD. We are being asked to pay out $50,000,000 for submarginal land, and I thought this would be a good place to offer my amendment.

Mr. NORBECK. Some of us might vote for the Senator's amendment in the one case, but vote against it if he insists upon offering it as an amendment to the amendment of the Senator from Montana. I am not attempting to tell the Senator what to do. I merely asked the Senator the question.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. WHEELER. The Senator's amendment sets forth a very broad principle which I wonder whether the Congress may want to adopt. It would mean, if the Government of the United States wanted to buy land for a post-office site in the city of New York, that the Government, before it could purchase the land, would have to check up with the city of New York to ascertain how much of the city's bonded indebtedness would be borne by the land which was being purchased for the post-office site.

If the Federal Government should want to take some property for a national park or a national monument or an Indian reservation or any other public purpose, before it could be done the Government would have to pay to the community or the district or the county or the city or the State a certain proportion of its bonded indebtedness which the purchased land would bear to the general indebtedness. It would be quite an impossible task.

The Senator is dealing with a broad general policy, while my amendment simply deals with an emergency situation with reference to certain options which are outstanding at the present time, the Federal Government having taken options from farmers in the various States and now have them merely hanging in the air. It is not fair to those farmers,

when their options were taken with the understanding that the money would be paid and the options taken up immediately, for the Government to repudiate them and say that because of some ruling of a department the options cannot be taken up.

We are dealing with an immediate emergency. The only reason why I ask to have it taken care of in this bill is because of the urgent need, in view of the situation which exists at the present time, to provide the money with which to take up these options. I hope the Senator will not ask to have his amendment attached to my amendment, because his amendment has relation not only to these lands, but to every piece of private land the Government may purchase, whether for a navy yard, a post-office site, or anything else.

Mr. SHIPSTEAD. Being of the opinion that this is a farmers' bill to help the farmers, I modify my amendment by striking out the word "municipalities."

Mr. WHEELER. Even that does not change it at all, because if the Federal Government went out to purchase land for a navy yard in Virginia or Maine or any other place, or a post-office site in a city or county which might have a bonded indebtedness, then the Government would have to ascertain what proportion that particular piece of land bore to the total bonded indebtedness.

Mr. SHIPSTEAD. The amendment I have offered, with the word "municipalities" stricken out, could not include New York City, because I assume that post offices are built in municipalities.

Mr. WHEELER. But the Senator's amendment would still apply to State and county bonds. State bonds are just the same as municipal bonds. If the Senator is correct that municipal bonds cover all the property in a city, likewise county bonds cover all the property in the county, and State bonds cover all the property in the State. When the Government of the United States sought to buy land for a post-office site in the city of New York, it would have to figure the exact proportion that piece of land bore to the entire taxable land of the city of New York, so as to determine the proportion of bonded indebtedness the particular piece of land bore, and likewise as to the county and the State.

Mr. SHIPSTEAD. The Senator is laboring under a misapprehension. My amendment applies only to subdivisions of States. It would not include State bonds. It would include only county school districts and subdivisions of States except municipalities.

Mr. WHEELER. I think the amendment is much broader than that. There can be no excuse for applying it to farming communities rather than to city communities. If the Federal Government goes into the heart of a city and takes out the finest piece of land for Federal uses, the result is that the taxpayer of that community must pay a larger proportion of the bonds, and the same thing is also true of the State. I cannot conceive how it could be worked out. If we should adopt that policy it would mean the Government of the United States, with reference to every piece of land purchased for its own public use and for the benefit of the general public, would have to pay to the particular county or city or State a certain proportion of the purchase money. Probably the next thing desired would be that we should provide for the additional taxes which would not be paid in the future because of the sale of the particular piece of land to the Government. A policy of that kind would stifle public enterprise on the part of the Government of the United States.

Mr. SHIPSTEAD. The Senator is again arguing under a misapprehension. Even though I should not eliminate municipalities, he would still be laboring under a misapprehension. When the Government goes into a municipality and buys ground for a public building it adds to the assets of the city. It gives to the city something of value. Usually, for instance, if the Government spends a million dollars for a post office where only a $100,000 post office is needed, the taxpayers can afford to carry the additional taxes involved in taking off the tax roll a lot or a block, because the Government is adding to the assets of the city.

When the Government goes into a farming community and removes farmers from lands where they cannot make a living, it adds to the tax burden of those remaining; so the effect of the governmental policy in farming areas is quite the opposite of that in purchasing land in a municipality.

However, in view of the zealous purpose of the Senator from Montana to rectify the error which has been made by Government agents contracting for land where they have no funds with which to purchase it, I shall withdraw this amendment, and press it either as a separate bill or as an amendment to some bill in the future.

Mr. WHEELER. I thank the Senator.

Mr. GLASS. Mr. President, I shall not address myself to the merits of the amendment proposed by the Senator from Montana [Mr. WHEELER], because we have spent so much of the taxpayers' money which ought not to have been spent that, without knowing anything about the merits of the Senator's amendment, I should readily and cheerfully guess that it has more merit than many things which have been done. I desire, however, to correct a misapprehension.

The Senator made the statement that his proposition, or a somewhat similar proposition, was contained in both the House and Senate forms of the joint resolution when it went to conference, and that in some mysterious way it was omitted from the conference report. Of course, that is not true, and could not be so, because had the conferees undertaken to omit from their report matter which was contained in both the House and Senate versions of the joint resolution, a point of order could have been made against the report and the entire measure sent back to conference.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. WHEELER. Let me say that the Senator from South Dakota [Mr. NORBECK] was the one who called my attention to that matter, and I made the statement upon the basis of what the Senator from South Dakota stated to me with reference to it.

Mr. NORBECK. That is correct.

Mr. GLASS. It is a mistake. I have not had time this morning to examine the RECORD fully, but I have before me the joint resolution as it went to conference from the Senate, and nothing exactly akin to the amendment now proposed by the Senator from Montana was in the joint resolution as it went to conference from the Senate.

I recall very distinctly that I voted in committee for the proposition submitted by the Senator from South Dakota, and hoped it might be adopted by the Senate; but it was not adopted by the Senate, and it did not go to conference. Perhaps it was not adopted by the Senate, though I have not been able to examine the RECORD thoroughly, because it was contended that reclamation projects were distinctly embraced in the joint resolution as reported from the Senate committee; and not only were reclamation projects embraced in the joint resolution but it was declared that funds made available by the joint resolution might be used, in the discretion of the President, for the purchase of farm lands.

With those two provisions in the joint resolution, and with the further provision authorizing the use of $330,000,000 for grants or loans for miscellaneous purposes, it was urged that the proposition in the exact form presented by the Senator from South Dakota was not necessary.

I simply wish to acquit the conferees of having surreptitiously, or otherwise, eliminated from their report anything which was contained in both versions of the joint resolution, because that could not have occurred.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. NORBECK. No one knows better than the Senator from South Dakota that that could not be done. The point which perhaps I failed to make clear was that the House language was changed. The language in the Senate version

of the joint resolution was not the same as in the House version.

Mr. GLASS. No.

Mr. NORBECK. But the same subject matter was in both measures, and it was lost. I do not claim that the conferees exceeded their rights at all.

Mr. GLASS. I do not concede that it was lost. The Comptroller General—who has made a ruling on the subject, so the Senator from Montana says—thinks it was lost, but I do not think so. Certainly it was not the intention of the conferees to lose it.

Mr. NORBECK. I maintain that this was authorized both by the House and by the Senate, but it is not authorized in the joint resolution as we finally passed it. That is all I claim.

Mr. McCARRAN. Mr. President, I send to the desk and ask to have read an amendment to the amendment of the Senator from Montana [Mr. WHEELER], which I have submitted to him, and which I hope he will accept.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The amendment to the amendment will be stated.

The CHIEF CLERK. At the end of the amendment it is proposed to add the following:

Provided further, That wherever in any Federal reclamation project there exist submarginal lands against which or by reason of which the reclamation settlers are, by reason of contract with the Government of the United States or the Reclamation Bureau, obligated for payment, such submarginal lands may be eliminated from such project and any reclamation charge against such lands canceled.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nevada to the amendment of the Senator from Montana.

Mr. WHEELER. I have no objection to the amendment. As a matter of fact, I understand that is the policy which the Department is following at the present time wherever it can do so.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

The question is on the amendment of the Senator from Montana, as amended.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	La Follette	Radcliffe
Ashurst	Coolidge	Logan	Reynolds
Austin	Costigan	Lonergan	Robinson
Bachman	Davis	Long	Russell
Bailey	Dickinson	McAdoo	Schall
Bankhead	Donahey	McCarran	Schwellenbach
Barbour	Duffy	McGill	Shipstead
Barkley	Fletcher	McKellar	Smith
Bilbo	Frazier	McNary	Steiwer
Black	George	Maloney	Thomas, Okla.
Bone	Gerry	Metcalf	Townsend
Borah	Gibson	Minton	Trammell
Brown	Glass	Moore	Truman
Bulkley	Hale	Murphy	Tydings
Bulow	Harrison	Murray	Vandenberg
Burke	Hastings	Norbeck	Van Nuys
Byrd	Hatch	Norris	Wagner
Byrnes	Hayden	Nye	Walsh
Capper	Holt	O'Mahoney	Wheeler
Caraway	Johnson	Overton	White
Carey	Keyes	Pittman	
Chaves	King	Pope	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Montana [Mr. WHEELER] as modified and amended. The amendment to the amendment will be stated.

The CHIEF CLERK. It is proposed to insert the following at the end of the bill:

SEC. —. In order to develop a national program of land conservation and land utilization, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be used in the discretion and under the direction of the President, to be immediately available and to remain available until expended, the sum of $50,000,000. This appropriation shall be available for the acquisition of submarginal land and its retirement from agricultural use other than for grazing purposes.

In carrying out the provisions of this section the President is authorized:

(a) To establish and prescribe the duties and functions of governmental agencies;

(b) To utilize and prescribe the duties and functions of any governmental agency;

(c) To delegate the powers conferred upon him under this section to any governmental agency;

(d) To make contracts and grants; and

(e) To acquire, by purchase, any real property or any interest therein in accordance with the policy herein set forth.

Any proceeds or receipts derived by the President by virtue of the activities conducted pursuant to this section shall be available to the President as a revolving fund to be used in the furtherance of this section: *Provided*, That no lands shall be so acquired unless prior to the effective date of this act options had already been made for their purchase: *Provided further*, That wherever in any Federal reclamation project there exist submarginal lands against which or by reason of which the reclamation settlers are, by reason of contract with the Government of the United States or the Reclamation Bureau, obligated for payment, such submarginal lands may be eliminated from such project and any reclamation charge against such lands canceled.

Mr. DICKINSON. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I offer an amendment, and I call the attention of the senior senator from Georgia [Mr. GEORGE] to it as it is read, because I wish to ask him a question regarding it.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed on page 65, after line 25, to insert the following new subsection:

In the event that any tax imposed by this title is held invalid by the Supreme Court the President is authorized to make the payments contemplated by this title during the fiscal year ending June 30, 1936, out of the money made available by the Emergency Relief Appropriation Act of 1935.

Mr. VANDENBERG. Mr. President, it is my understanding that the Senator from Georgia was the author of the amendment to the emergency relief-appropriation act which permitted administration expenses under the A. A. A. law to be charged to the emergency fund under certain conditions.

It would not be my judgment, as a layman, that the term "expenses of administration" in the Senator's amendment to the original appropriation act permitting expenses of administration to be charged to the emergency fund would include benefit payments, and I should like to ask the Senator what his judgment would be respecting the interpretation of his original amendment in that respect.

Mr. GEORGE. Mr. President, I think the amendment was not confined to the administration expenses, but we might make any sum available out of the appropriation for the purpose of administering the Agricultural Adjustment Act, and I think anything done under it would be included. However, I should have no objection to making it clear in such an amendment as the one now offered, and I imagine the chairman of the committee would probably not object.

I was about to make this suggestion. The amendment which I offered to the work relief measure, the $4,800,000,000 appropriation bill, was limited to a period of 12 months next after the approval of the act. Some of the contracts which are made, and perhaps some which are now in existence, will run beyond the expiration of that period. There might at least be obligations which the Agricultural Adjustment Administrator has incurred which would not be discharged or could not be discharged within the period of 12 months next after the approval of the appropriation act. So, if the Senator desires to offer this amendment, I shall have no objection to it, and I would suggest that it might be limited as to the time of payment, but that the payment might be made available out of these funds as long as the funds are unexpended. Of course, by operation of the appropriation act itself they will be available for 2 years rather than 1 year.

Mr. VANDENBERG. Mr. President, the Senator will note that the text of the amendment as drawn would permit the payment during the fiscal year ending June 30, 1936. That would carry us well through the next session of the Congress, and would permit the Congress at the next session to meet the fundamental question as to where the benefit

payments should come from, if the processing tax should be held to be unconstitutional. My thought was that we are simply bridging the gap until another session of Congress may determine the fundamental questions of policy.

Mr. GEORGE. That was the view I took of the matter after it had been called to my attention that the limitation might interfere with the operations under the act, inasmuch as some of the obligations incurred by the Secretary of Agriculture perhaps would not have been discharged within the period fixed in my amendment.

Let me say to the Senator that he will find that in the original public-works bill of 1933 a sum was appropriated, not exceeding $100,000,000, in what I believe is substantially if not identically the same language carried in the amendment which I offered to the present $4,880,000,000 appropriation act, and out of that $100,000,000 so appropriated in the first Public Works Act expenditures were actually made for purposes authorized under the Agricultural Adjustment Act. In other words, payments were made out of that appropriation in the nature of benefit payments. That act itself was renewed by a provision in the present work-relief law, but a limitation of $100,000,000 was carried in the first public-works appropriation bill and, therefore, I offered the amendment, which was agreed to, when we had that bill before us.

Personally, I have no objection to the amendment at all.

Mr. VANDENBERG. I thank the Senator.

Mr. SMITH rose.

Mr. VANDENBERG. Will the Senator from South Carolina permit me briefly to state the hypothesis upon which this amendment is offered?

Mr. SMITH. Certainly.

Mr. VANDENBERG. It seems to me quite obvious, after reading the thoroughly persuasive opinion of the United States circuit court of appeals in Boston last week, that the processing taxes under the act are almost inevitably going to be declared to be unconstitutional; in fact, that is one of several reasons why I cannot support the pending bill as a whole.

If the processing taxes shall be declared to be unconstitutional during a recess of Congress—and it may be a very violent assumption that there is to be any recess of Congress—if that shall happen, the entire agricultural benefit-payment program will be either suspended or jeopardized, unless there shall be a temporary source of funds to finance the parity program.

Again, regardless of whether or not one believes in the parity program, it seems to me that if it is to be held out to the American farmer as the program upon which he should rely, we should make every possible effort to assure to the farmer that it is not an idle gesture under the circumstances which might develop in the event the processing taxes should be held to be unconstitutional.

Therefore, since it would in essence be a relief situation, since it would be in essence an emergency situation, and since Congress already, through the adoption of the George amendment to the original act, has indicated its willingness under such circumstances to have the benefit payments made out of the emergency-appropriation fund, I am proposing that we directly legalize this sort of procedure.

I add, in conclusion, that it appears to be the opinion of the legislative counsel—and I address myself particularly to the junior Senator from South Carolina [Mr. BYRNES], who apparently has the original law in his hand at the moment—that the language of the original law would not cover or might not cover the benefit payments as included within the term "expenses of administration."

Mr. SMITH. Mr. President, if I understand the object of the amendment, it is this: The processing tax is now available for paying benefits to those who restrict production, either by voluntary agreement or otherwise, and the object is to provide that recourse may be had to the emergency fund to carry out the contracts.

Mr. VANDENBERG. That is entirely and only the theory and the intent.

Mr. ROBINSON. Mr. President, I do not believe this amendment should be agreed to. It seeks to divert the funds heretofore appropriated for work relief under the Relief Appropriation Act of 1935 to the reimbursement of claimants who may, after litigation, recover on claims for payment of benefits or taxes under the Agricultural Adjustment Act.

In my judgment, there is no necessity for such an amendment. If the process of litigation involved in the attack on benefit payments and on the processing taxes should be successful, then the Congress could take whatever action may be necessary to pay the claims, just as in the case of any other claims. This is an effort to concede the claim before it is tried out. It originates in unfriendliness to the Agricultural Adjustment Act and to the processing tax. It should not be agreed to by the Senate if the Senate is going to sustain the Agricultural Adjustment Act.

Mr. GLASS. May not all of the funds be expended before this matter in litigation shall have been determined?

Mr. ROBINSON. Certainly.

Mr. GLASS. The litigation may not sustain the processing tax, but even if it should be declared invalid, all this money meanwhile may have been expended.

Mr. ROBINSON. The statement of the Senator from Virginia is correct.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. BYRNES. Even though the fund should not be entirely spent, certainly we can anticipate that the fund will be obligated to such an extent that it would not be possible to get a sufficient amount from it for the purposes suggested. This amendment provides that it shall be available during the fiscal year ending June 30, 1936. Congress will meet again in January; Congress will be in session, and should there be a decision against the Government and a refund required, the Congress can provide for its payment just as it has always been provided. There is no necessity for the provision in this amendment in view of the fact that Congress will meet on January 1 and could then pass a deficiency bill just as it has done in every other case.

Mr. ROBINSON. This amendment puts a double burden on the funds appropriated in the Work Relief Act of 1935. Those funds were authorized to be used for certain purposes. Allotments have been made and are being made. Now the effort is made, before the cases have been tried, before any judgment has been rendered, to divert funds which have already been appropriated for other purposes to the payment of claims. I wish to say now that this effort to destroy the effectiveness of the Agricultural Adjustment Act should not succeed. The Agricultural Adjustment Act has brought great benefit to the farmers of the country, and we should not by legislation of this character concede defeat before the court of final jurisdiction has had the opportunity of passing upon the subject.

The amendment is fundamentally wrong in committing the Congress to the appropriation of funds for two distinct purposes. As suggested by the Senator from Virginia [Mr. GLASS] funds which have been appropriated and allotted for other purposes, and which are in process of expenditure, will also become liable for the payment of claims which have not yet been adjudicated.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. BYRNES. Would it not be just as logical to provide that that fund shall be available for the payment of all other claims against the Government which have not as yet been paid?

Mr. ROBINSON. Yes; certainly. There has been an effort made here several times to divert the funds carried in the Work Relief Act to various purposes. It ought not to be done. There is no occasion for doing it.

Mr. NORRIS. Mr. President, as a layman, and not pretending to know much about constitutional law and procedure in a legal sense, I am very much perplexed by this amendment. Coming as it does from the great constitutional lawyer of Michigan [Mr. VANDENBERG], it seems to me

it might well be interpreted—I may be entirely wrong about it, of course—by a court as an invitation to hold this measure to be unconstitutional, and as an expression of opinion, if the Senate shall agree to the amendment, that in the Senate's opinion, after all, the bill is unconstitutional. I anticipate if this amendment shall be agreed to and the law shall be held to be unconstitutional, that when the opinion is written the learned judge will say, "The constitutionality of this measure was before the Senate at the time the Senate passed it, and suggestion was made there that it was undoubtedly unconstitutional, and upon the basis of that argument and that statement the Senate agreed to the amendment, with the provision that if the court found the law to be unconstitutional something else would have to be done, and the money would be paid in some other way.

So it seems to me, Mr. President, if we want to express an opinion as to the unconstitutionality of this measure, we ought to do so by adding an amendment that, in the opinion of the Senate, this bill is unconstitutional, but that we are going to submit it to the Supreme Court or to some district court somewhere, or to a court of appeals, and if they find it to be constitutional we proclaim now, through this law, that we are loyal citizens, and we are going to stand by the court if the court holds it valid, notwithstanding our opinion is different.

I do not remember Congress ever having enacted legislation so broad in its character. I do not understand why Senators should now rush to the front to let the country know that laws which we are passing are unconstitutional or why they should believe them to be unconstitutional.

I know of no opinion of the court which causes me to fear the unconstitutionality of this bill any more than any other bill. I cannot see, and I do not believe anybody here can, unless he has some advance information, which I do not believe anyone can get, that this measure is going to be held to be unconstitutional. I do not know why we should assume that it is going to be held to be unconstitutional. It seems to me, therefore, without knowing the inside of the whole question and understanding it all so completely as others do, that it is well for us to let the Supreme Court decide, and then we will abide by the decision, no matter what it may happen to be.

Mr. GEORGE. Mr. President, when the first public-works bill was before the Senate there were those connected with the Department of Agriculture who were anxious to have a part or portion of that appropriation allocated to the A. A. A. When that bill was in conference the conferees had considerable difficulty over a provision in the bill which allowed the President to use not exceeding $100,000,000 for the purpose of carrying out the functions of A. A. A.

When we had the second public-works bill, or the work-relief joint resolution, before the Senate, at the present session—the $4,800,000,000 appropriation bill—I offered an amendment authorizing the President, in his discretion, to allocate any sum from the appropriation authorized for the purpose of administering the Agricultural Adjustment Act. That amendment is a part of the law. The language is substantially and the authority is identically the same, in my judgment, in both of the public-works programs. So that under the law as it now stands I have no doubt that the President could allocate a sum from the $4,800,000,000 appropriation to the Agricultural Adjustment Administration if he found it necessary and if he approved it.

While I am discussing it, Mr. President, I wish to say that my purpose in offering the amendment to the $4,800,000,000 appropriation bill was not to scuttle or destroy the Agricultural Adjustment Act. I thought I foresaw that the President, in all probability, and the Agricultural Adjustment Administration, in all probability, would have need for some funds, and that need might arise at a time when Congress was not in session. But my primary purpose was to enable the President to allocate a reasonable sum out of this appropriation for the purpose of carrying out a function of the Agricultural Adjustment Administration which it has not undertaken to carry out, to wit, the expansion of foreign markets.

Personally, I have never approved the processing taxes as such; I have approved the purpose of the bill; I have approved the general program; but I have regarded the processing taxes as exceeding onerous and burdensome sales taxes bearing upon particular products, and in the actual working out, resting too heavily upon those who were least able to bear the burden of the tax.

On that ground I stand without apology. I believe I am right about it. I know that 70 percent of the textile goods of this country are used by the working people; I know they are paying 70 percent of the processing tax on the product; and I know that is too heavy a sales tax upon our people who are least able to bear it.

I am not opposed to the payment of benefits, nor am I opposed to the general program the administration is undertaking to work out under the act which we are proposing now to amend, if that program can be legally and validly worked out.

It seems to me that in the long run it would be far wiser to distribute more equitably the burden of these taxes on all our taxpayers, rather than to restrict them to the processors, who in turn, of course, pass them on, or attempt to pass them on, and probably do pass them on, to those who consume the particular products.

No matter who may take the contrary view, I contend that when such a heavy sales tax is placed upon the bread, upon the meat, and upon the necessary clothing of the people of the country an undue burden is imposed. Assuming that the whole purpose of the law is good, and that those who support it are honest and sincere in their advocacy, it is putting a very heavy burden upon those who consume the bread and the meat and wear the clothing, which, of necessity, is made from cotton.

So I thought, Mr. President, in a period when increasing costs are certainly adding to sales resistance, that many who are called upon to pay the processing taxes prior to the time they actually sell the products upon which they pay them might be relieved by the exercise of another function which is conferred upon the Agricultural Adjustment Administration in the original act, and that is through the expansion of markets. That was the provision put in the original act with the consent—in fact, with the approval—of the Department of Agriculture; and in the original Public Works Act there is provision made for the allocation of not exceeding $100,000,000 for the purpose of carrying out the Agricultural Adjustment Act. So in the second measure that limitation only is lifted, and the President may set aside or allocate any sum within his discretion that he may see fit out of the public-works appropriation.

I do not think this amendment is necessary at all; but I wanted to emphasize my position in offering the amendment to the public-works bill, which also carried the appropriation. My motive was not one of hostility to the Agricultural Adjustment Act as a whole, and certainly not to the purposes of the pending bill.

I express the hope now that we may be able to continue the benefits to agricultural producers, because I believe, while it is not a part of our tariff system precisely, it is a necessary aid and assistance to those who live under a tariff system and who receive no very great direct benefit from that system. In other words, Mr. President, I think that those who study Alexander Hamilton's famous report will reach the conclusion, that as he said, the only remedy for agriculture under a tariff system when that system has been developed is a system of bounties. This is not a tariff, it is in the nature of a bounty, paid in the way indicated. I believe strongly, in fact, I believe unalterably that many years ago we reached the time in this country when we should have begun some kind of a bounty system, for the benefit of the producers of agricultural products, who receive no direct benefits, at least, or little direct benefits, in most instances, from the tariff. Therefore, while I am in harmony with this general legislation, and strongly support it,

I must recognize that we have rested it upon a sales tax, which must necessarily bear very heavily upon only a portion of our taxpayers, or the chief burden of which must rest upon a limited percentage of our taxpayers.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. BYRNES. The language of the work relief act is:

Funds made available by this joint resolution may be used, in the discretion of the President for the administration of the Agricultural Adjustment Act, as amended, during the period of 12 months after the effective date of this joint resolution.

It does not say "for administrative purposes."

Mr. GEORGE. Oh, no.

Mr. BYRNES. But it says "for the administration of the Agricultural Adjustment Act", so that for anything in connection with the administration of this act, where the funds are not available from any other source, the $4,880,000,000 fund is available. In view of the circumstances I think there can be no reason for the adoption of the amendment.

Mr. GEORGE. I think the Senator from South Carolina is entirely correct. That provision, of course, went into the original act, and the President had the opportunity to have earmarked, if he so desired, or to have reserved a portion of the fund at the time before other commitments were made. I urged the allocation of a reasonable amount, or a very small amount, as a matter of fact, for the purpose of expanding foreign markets.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from Georgia yield to the Senator from Idaho?

Mr. GEORGE. I yield.

Mr. BORAH. Assuming that the court should hold that the processing tax was unconstitutional, and assuming that the court should hold that the delegation of power rendered the old act invalid, that would not necessarily destroy this scheme, because the question of taxation to be taken care of in the manner which has been suggested by the Senator undoubtedly would be constitutional.

Mr. GEORGE. I think the Senator from Idaho is quite correct. I have always so believed and have always so felt about the matter.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from North Carolina?

Mr. GEORGE. I yield.

Mr. BAILEY. May I ask the Senator, before he takes his seat, if in his reference to bounties and his advocacy of bounties from the General Treasury in preference to the processing taxes, would he carry his position far enough to include bounties on export crops as well as on domestically consumed crops?

Mr. GEORGE. Mr. President, the Senator, of course, raises a rather interesting question, but I have no hesitancy in saying that I supported the export bounty plan farm-relief measure which was considered by the Senate several years ago, and which I think was twice voted favorably upon by this body. I favored that program.

Mr. BAILEY. The point I am suggesting is this: The processing tax relates only to parity for the domestically consumed crops and only to the extent of domestic consumption.

Mr. GEORGE. That is very true.

Mr. BAILEY. But the bounty would take in the whole crop, if it were extended to include the export trade as well?

Mr. GEORGE. Yes; that is true, and I have favored an export bounty bill.

Mr. BAILEY. The bounty plan would undoubtedly be constitutional.

Mr. GEORGE. I do not think there can be any question about that. I can appreciate the motive that lies back of this particular program. I know very well the Secretary of Agriculture and, I believe, the President are of the opinion that the A. A. A., with the processing tax, is the practical way to approach the problem.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Michigan [Mr. VANDENBERG].

The amendment was rejected.

Mr. VANDENBERG. Mr. President, may I ask the chairman of the committee for an interpretation of a certain provision of the bill, if he will be good enough to refer to page 56, line 15. As I understand, this section of the bill changes the privilege of extension in the payment of the processing taxes. It is my understanding that at the present time processors may obtain extensions of 180 days for the payment of their taxes and that under this proposed change the extension will apply only to three-fourths of the tax. It is suggested to me that this will fall with chief hardship upon the small processors who may not be financially equipped to carry the investment over to the point where he is reimbursed by his sales. I am thinking particularly of the collection of the processing tax on sugar.

Mr. SMITH. Under the extension of time, the processor is only required at first to pay one-fourth of the processing tax, and then three-fourths of it is carried for the length of time authorized by the bill.

Mr. VANDENBERG. At the present time we can extend four-fourths?

Mr. SMITH. Yes.

Mr. VANDENBERG. Will the Senator indicate to me whether there is any moving necessity to change the present law?

Mr. SMITH. As I understand, the Department is anxious to get available funds to meet the benefit payments. The charitable refunds are the main things because there are a good many of these payments which go for charitable purposes upon which the processing tax has been paid, and under the law that tax is to be refunded. Unless collections are made it will be impossible to meet those payments.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wyoming?

Mr. VANDENBERG. I yield.

Mr. O'MAHONEY. The point which the Senator from Michigan raises is, I think, covered by an amendment I submitted last week and which I wish to call up, an amendment by which it would be provided that in cases where the Secretary of the Treasury allows the tax to be paid monthly the extension for 180 days for the entire amount of the tax may still be permitted. I have submitted that amendment to the chairman of the committee, and he has stated that he has no objection to it.

Mr. VANDENBERG. Will the Senator call up that amendment now while we are on this matter, because that will entirely answer the question?

Mr. O'MAHONEY. If I may have the floor, I shall do so.

Mr. VANDENBERG. I yield the floor.

Mr. SMITH. Mr. President, I think this is a very good place to settle the matter, because immediately upon the disposition of this amendment I have another important amendment to offer.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. O'MAHONEY. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 56, line 19, after "the", to insert:

And by adding at the end of the proviso the following: "but postponement of all taxes covered by returns under this title for a period not exceeding 180 days may be permitted in case in which the Secretary of the Treasury authorizes such taxes to be paid each month on the amount of the commodity marketed during the next preceding month."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

The amendment was agreed to.

Mr. SMITH. Mr. President, I offer the amendment which I send to the desk. It is very important because it involves the practicability of the whole matter.

The PRESIDING OFFICER. The Senator from South Carolina offers an amendment, which will be stated.

The CHIEF CLERK. On page 60, after line 20, insert the following new section:

(d) The making of rental and benefit payments under this title prior to the date of the adoption of this amendment, as determined, prescribed, proclaimed and made effective by the proclamations of the Secretary of Agriculture or of the President or by regulation of the Secretary, and the making of agreements with producers prior to such date, and the adoption of other voluntary methods prior to such date, by the Secretary of Agriculture under this title, and rental and benefit payments made pursuant thereto, are hereby legalized and ratified, and the making of all such agreements and payments and the adoption of all such methods prior to such date are hereby legalized, ratified, and confirmed as fully to all intents and purpose as if each such agreement, method, and payment had been specifically authorized and made effective and the rate and amount thereof fixed specifically by prior act of Congress.

Mr. BORAH. Mr. President, what is the difference between the amendment now offered and subdivision (c) on page 60 of the bill?

Mr. SMITH. This amendment applies to the voluntary agreements which have been entered into by the Government under the act with the producers.

Mr. BORAH. Does the amendment go any further than to legalize the voluntary agreements which have been made with the producers?

Mr. SMITH. No; it does not. Such agreements were in the nature of a contract, but in the act the contract was not specifically provided for. The Secretary was given the right to enter into agreements if the farmers volunteered to come into them. The agreements have been entered into. Under many of them payments have been made. We desire to legalize the agreements made prior to the passage of this bill because each agreement was in the form of a voluntary agreement upon the part of the farmers or producers. The amendment has nothing to do with taxes whatever. It relates to the benefit payments which have accrued.

Mr. BORAH. It does not modify or change the provisions of subsection (c)?

Mr. SMITH. No; it has nothing to do with it.

Mr. ROBINSON. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. Certainly.

Mr. ROBINSON. The amendment is absolutely essential if the benefits of the A. A. A. are to be maintained.

Mr. SMITH. It is the heart of the whole business.

Mr. BORAH. If I understand it correctly, I am in sympathy with the amendment. I simply wanted to understand that it did not have the effect of modifying or changing subdivision (c) which we covered the other day.

Mr. SMITH. No; it has no relation to that whatever.

Mr. VANDENBERG. Mr. President, what could happen to create a situation in which it would be necessary to rely upon this power?

Mr. SMITH. I think it is necessary for us to legalize what in the court decision was called a "roving commission", that is, authority to go out and make these contracts, which was done without specifically defining the conditions under which they were to be made. In good faith the farmers came in voluntarily and the benefit payments were provided for, and now we want to legalize them up to date.

Mr. VANDENBERG. I have no quarrel with that in the world.

Mr. ROBINSON. Mr. President, there might be proceedings instituted against all who have received benefit payments for the recovery of them if it should be finally held that the payments were not valid.

Mr. VANDENBERG. Does that mean not constitutional?

Mr. ROBINSON. Yes; or not valid in any respect.

Mr. VANDENBERG. I am trying to discover if we are now endeavoring to do something in anticipation of the provision being held to be unconstitutional.

Mr. ROBINSON. I do not think that the proponents of the A. A. A. should think that it is unconstitutional, but they recognize that many of its provisions are being attacked and they realize that a question may arise as to the authority of the Secretary of Agriculture to make the contracts and to make the marketing agreements under which the benefit payments were authorized. In order to give the sanction of Congress to what has been done, it is proposed that it be ratified.

Mr. SMITH. Yes; in other words, what has been done for the benefit of the farmers up to the passage of this bill shall be legalized by this body, and I think that all are in accord with that principle.

Mr. VANDENBERG. In other words, my previous vice is now a virtue!

Mr. BORAH. Mr. President, I think, as stated by the Senator, this is of course a very desirable thing to do if it is properly limited. As I understand, it has nothing to do with the question of taxes?

Mr. SMITH. Nothing whatever.

Mr. BORAH. If there were technical defects in the voluntary agreements which were entered into, they are to be legalized?

Mr. SMITH. Certainly.

Mr. BORAH. I have no objection to that. In fact it seems very necessary and entirely just.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. SMITH. Certainly.

Mr. WAGNER. I want to have it clearly explained what it is that is being validated. Is it the agreements which were entered into by the parties?

Mr. SMITH. The Government made these agreements with the farmers. They have been carried out in good faith. As the Senator from Arkansas [Mr. ROBINSON] pointed out, there may be some adverse decisions which might cause a suit for recovery even of the benefit payments which have been made to the farmers. All we are asking is to legalize those payments which were made in good faith and which have already been completed.

Mr. WAGNER. I do not see any objection to it except I was curious to ascertain how a payment made under a contract between two parties, and in pursuance of that contract, could afterward be repudiated.

Mr. SMITH. I hope it could not be.

Mr. WAGNER. If there is no question about it, I see no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment was agreed to.

Mr. BYRD. Mr. President, on page 18 I move that paragraph (F), as amended, be stricken from the bill.

The Senate, after extended debate, struck out paragraph (G); and paragraph (F) is a companion paragraph. I understand that the chairman of the committee is agreeable to striking it out. I move, therefore, to strike out paragraph (F), as amended, on page 18.

The PRESIDING OFFICER. The Senator from Virginia offers an amendment, which will be stated.

The CHIEF CLERK. On page 18 it is proposed to strike out lines 13 to 20, both inclusive, being paragraph (F), as amended.

Mr. SMITH. Mr. President, this paragraph has to do with the minimum price, and was incorporated in the bill by the House. The Senate went still further in paragraph (G). I have said before, and now repeat, that I do not know whether or not the Department can use that paragraph to any benefit. I said before, and now repeat, that I think it was a mistake to eliminate paragraph (G), for I considered it an attempt to give the producers some opportunity to fix their price. However, I shall not enter any objection to the proposal of the Senator from Virginia, and I shall leave the decision to the Senate.

The VICE PRESIDENT. The question is on the amendment of the Senator from Virginia [Mr. BYRD] proposing to strike out paragraph (F), as amended, on page 18.

The amendment was agreed to.

Mr. BYRD. Mr. President, I offer another amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 21, line 2, after the word "order", it is proposed to insert a colon and the following:

Provided, That no order issued pursuant to this subsection shall be effective unless the Secretary of Agriculture, with the approval of the President, determines that the issuance of such order is approved or favored by at least two-thirds of the producers by volume or number, such approval to be determined by the referendum vote of said producers, and who during a representative period, determined by the Secretary, have been engaged, within the production area specified in such marketing agreement or order, in the production for market in interstate commerce of the commodities specified therein.

Mr. BYRD. Mr. President, that amendment provides that no orders may be issued unless two-thirds of the producers by number or volume agree to it. I understand it has been approved by the chairman of the committee and also by the members of the committee.

Mr. SMITH. That is true.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Virginia.

The amendment was agreed to.

Mr. BYRD. Mr. President, I offer three amendments, which I send to the desk and ask to have stated. They are all on the same line.

The VICE PRESIDENT. The amendments will be stated.

The CHIEF CLERK. On page 16, line 23, it is proposed to strike out "marketed in or transported to any or all markets" and to insert in lieu thereof "transported in the current of interstate or foreign commerce, or as directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof."

On page 17, line 15, it is proposed to strike out "market in or transport to any or all markets" and to insert in lieu thereof "transport in the current of interstate or foreign commerce, or as directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof."

On page 17, line 21, it is proposed to strike out "marketed in or transported to any or all markets" and in lieu thereof to insert "transported in the current of interstate or foreign commerce, or as directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof."

Mr. BYRD. Mr. President, those amendments are simply to make the rest of the bill conform to the first part of it and to the decision of the Supreme Court.

Mr. SMITH. Mr. President, was the word "marketed" eliminated?

The VICE PRESIDENT. It is proposed to strike out the words "marketed in or transported to any or all markets."

Mr. SMITH. And then what is the language which the Senator proposes to insert?

The VICE PRESIDENT. The clerk will state the language proposed to be inserted.

The CHIEF CLERK. It is proposed to insert in lieu thereof:

Transported in the current of interstate or foreign commerce, or as directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof.

Mr. SMITH. The words "marketed in" ought to be left in the bill just before "transported", because the object of this provision is to affect the marketing.

Mr. BYRD. Mr. President, is it not true that to use the words "marketed in" would mean that a producer who lived next to a market within the same State would then be controlled, although that is strictly intrastate business?

Mr. SMITH. But those words are followed with the modifying words "in interstate commerce", and the words "marketed in" would mean in the process or in the movement in interstate commerce; but if the words "marketed in" were left out, the provision would control the mere fact of transportation.

Mr. BYRD. Then I will accept an amendment to put in "marketed in and transported" in each case.

Mr. SMITH. "Or transported."

The VICE PRESIDENT. The Senator from Virginia modifies his amendment. The clerk will state the amendment as modified.

The CHIEF CLERK. It is proposed to modify the amendment to read, in each case, "marketed in or transported."

The VICE PRESIDENT. Without objection, the amendment, as modified, is agreed to.

Mr. BYRNES. Mr. President, I offer an amendment, on page 56, to strike out subsection (b), which reads:

(b) Section 2 of the Department of Agriculture Appropriation Act, 1936, is amended by striking out the first word "The" and inserting in lieu thereof the following: "Seventy-five percent of the."

The VICE PRESIDENT. The Senator from South Carolina offers an amendment which will be stated.

The CHIEF CLERK. On page 56, it is proposed to strike out lines 20, 21, 22, and 23, which read:

(b) Section 2 of the Department of Agriculture Appropriation Act, 1936, is amended by striking out the first word "The" and inserting in lieu thereof the following: "Seventy-five percent of the."

Mr. KING. Mr. President, will the Senator explain that amendment?

The VICE PRESIDENT. The Chair calls the attention of the Senator from South Carolina to the fact that this is an amendment to a committee amendment which has already been agreed to; and in order to consider an amendment to a committee amendment, as proposed by the Senator from South Carolina, it would be necessary to reconsider that action.

Mr. BYRNES. Then, I ask unanimous consent to reconsider the vote by which the committee amendment was adopted.

The VICE PRESIDENT. Is there objection?

Mr. ROBINSON. Just a moment, please.

Mr. SMITH. Just a moment. I wish to ascertain the facts in reference to the matter, because my attention has not been called to the amendment prior to its offer.

Mr. BYRNES. Mr. President, I will say to the senior Senator from South Carolina that I did not know of this language in the bill until a few minutes ago, when this section was under discussion.

When the agricultural appropriation bill was under consideration, the Senate adopted and thereafter the Congress adopted a provision that so far as the processing tax upon cotton was concerned, the tax should not be required to be paid for 90 days after the filing of a report by the processor. The reason was that the report is filed immediately upon the raw cotton coming into a mill, the first processing.

The purpose of the amendment to the agricultural appropriation bill was to give to the manufacturer 90 days after the filing of the report within which to pay the processing taxes, so, under the existing law, the manufacturer cannot be forced to pay the tax in less than that time. It was essential because it requires some time to manufacture raw cotton into finished goods. In times of depression, such as the period we have been passing through, the manufacturers often, for the purpose of retaining their organizations and giving their employees work, run when they have no orders for goods. If the goods are manufactured, and remain in the warehouse for 6 months or 5 months, it simply means that the manufacturers are out of their money all the time during which the product is manufactured and the time during which it is in the warehouse.

The existing law gives them only 90 days from the filing of the report, and then the language of the existing law is:

That, under regulations to be prescribed by the Secretary of the Treasury, the time for payment of such tax upon cotton may be extended, but in no case to exceed 6 months from the date of the filing of the report.

Therefore, as to any extension after the 90 days, the Secretary of the Treasury makes such provision as he deems wise in the regulation, and can require that one-fourth be paid, or one-third, or any amount, in the time exceeding the 90 days.

All this amendment does is to assure the manufacturer that during the 90 days' time within which cotton is going through the processing he will not be forced to borrow money, as is too often the case, in order to pay the tax, and be out of his money when he has no chance of passing the tax on to the consumer.

I will say to my colleague that the purpose of the suggestion from the Department was to provide for a refund; that my colleague and I know that it does take some time after the raw cotton comes into the mill before it can be processed and can possibly be sold; and that if the law is permitted to stand as it is, the manufacturer has only 90 days after the first report is filed within which to pay; and under the authority which is given to the Secretary to regulate any further extension, the Secretary may do just what is anticipated by the language of the bill—require that one-fourth be paid then—but if the existing law remains in force, it will compel the manufacturer to pay in less than 90 days.

That is the only purpose of the amendment. I did not have time to explain it to my colleague. That is the language of the suggestion from the Department, as I understand. It is 75 percent. It would read:

Seventy-five percent * * * shall be payable 90 days after the filing of the processor's report.

In other words, he must pay 75 percent within 90 days.

Mr. SMITH. As I understand from those who have this matter under administration, 25 percent must be paid within the 90 days, and 75 percent at the expiration thereof.

Mr. BYRNES. Their language is to strike out "The" and insert "75 percent of the", so that it would read:

Seventy-five percent of the processing tax authorized by Public Act No. 10, Seventy-third Congress (48 Stat. 31), when levied upon cotton, shall be payable within 90 days after the filing of the processor's report.

Mr. SMITH. Seventy-five percent immediately, and then 25 percent at the expiration of 90 days.

Mr. BYRNES. Under the existing law, the processing tax shall be payable 90 days after the filing of the processor's report, but the regulations give to the Secretary the right after that to fix any terms upon which he can get any further extension, because it provides:

Under regulations to be prescribed by the Secretary of the Treasury the time for the payment of such tax upon cotton may be extended

It may be extended 30 days, or 60 days, "but in no case to exceed 6 months from the date of the filing of the first report."

Mr. SMITH. Mr. President, both before the committee and subsequent to the action of the committee it was shown that the payment of 25 percent is absolutely essential in order to meet the obligations incurred under these agreements. There are refunds to be made upon exports, there are charitable amounts to be refunded, and the collection of 25 percent of the processing tax under the agreement is absolutely essential, according to the Department, for the proper carrying on of their affairs. Therefore if we are to have this matter properly carried out, the processor should be required to pay at least 25 percent, and we have given wide latitude as to the other 75 percent. As the Department is dependent upon these funds coming in for the discharge of obligations which they assume, I do not see how we can avoid keeping this amendment as proposed by the committee.

Mr. BYRNES. Mr. President, if the Senator will yield to me a moment, because I think I have spoken on the amendment and the bill prior to this time——

Mr. SMITH. I yield.

Mr. BYRNES. The object of the existing law was that it should govern the period of manufacture, and if the situation arose which the Department had in mind, where it would affect refunds, it would be a different case, but I think the Senator and I would agree that within 90 days it would hardly reach the point where the goods would be manufactured and carried through the distributors and reach the exporters, to be shipped out of the country. That condition would arise after the 90 days, and under the existing law the Secretary may require that after the 90 days 25 percent, or any percentage he deems wise, may be paid. It only assures the manufacturer that during the time he has the cotton in process of manufacture when he cannot possibly get back his money, he will not be required to pay it. I hope the Senator will see his way clear to permit a reconsideration.

Mr. SMITH. All I can go upon is the fact that the Department drew this amendment after the House had acted, and assured the committee that it was vitally necessary to have a collection of 25 percent immediately upon the filing of the report.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. MURPHY. Did I understand correctly, the junior Senator from South Carolina to say that, under the regulations as promulgated by the Secretary, the processor now has 6 months within which to pay the tax?

Mr. BYRNES. The manufacturer cannot be forced to pay before the expiration of the 90 days from the time the cotton enters the mills. This applies only to cotton. There is an additional provision that, under certain regulations which may be prescribed by the Secretary of the Treasury, the time for payment may be extended beyond the 90 days, but in no case to exceed 6 months.

Mr. MURPHY. What extension beyond 6 months would the Senator desire?

Mr. BYRNES. I am not seeking an extension at all. I do not think there should be any. All I am asking is that the law be permitted to remain as it is, because the committee report is that "75 percent shall be payable within the 90 days."

Mr. MURPHY. May not that similarly be extended under regulations promulgated by the Secretary?

Mr. BYRNES. Not with this amendment, as I understand it, and that is what I am afraid of. I know the existing law does cover it, and I dislike very much to interfere with the provision as it now stands.

Mr. FLETCHER. Mr. President, what is it the Senator proposes?

Mr. BYRNES. I propose only to leave the law as it is at present.

Mr. FLETCHER. The Senator proposes merely that the Senate disagree to the committee amendment?

Mr. BYRNES. That is all I am asking, that we let the law stand as it is, because I do not know the effect the proposed change would have upon our people.

Mr. SMITH. I understand that after the processor of cotton begins his process, say on the first of January, he is not required to make his return until the last of the next succeeding month, so he has 2 months from the time he begins the processing until he makes his return. In addition to that, we have added 90 days, which gives him practically 5 months from the time he purchases until his tax is due, and all that we are requiring is that during that period he shall pay 25 percent.

Mr. BAILEY. Mr. President, the Senator used the word "purchase." Does he mean 5 months from the time of the purchase?

Mr. SMITH. No; from the time he goes into the processing. This has no reference to the time of purchase.

Mr. BYRNES. Mr. President, if my colleague will yield, as I understand him, he is under the impression that it requires 25 percent. If this language is stricken out, it will read "75 percent of the processing tax authorized by Public Act No. 10, Seventy-third Congress, when levied upon cotton shall be payable 90 days after the filing of the processor's report." Seventy-five percent shall be payable.

Mr. SMITH. We have modified that under the bill to 25 percent.

Mr. BYRNES. No; the law now reads that the processing tax shall be payable 90 days after the filing of the processor's report.

Mr. SMITH. Yes.

Mr. BYRNES. It is within the discretion of the Secretary to carry that out, but he cannot make it less than that. That is working satisfactorily, and I do not believe there has been any complaint on the part of the department officials. So far as the manufacturers are concerned, they have never heard of any complaint from the Department.

Mr. SMITH. The only thing I have to go by is the fact that the Department brought in this amendment on the





ground that they needed that amount to meet obligations they were compelled to pay. That is all I know about it. It seems to me that 5 months from the time the processing begins until the amount is due is about as liberal as it should be. However, the Senate may decide.

The VICE PRESIDENT. Objection is heard, and the question is on the engrossment of the amendments and third reading of the bill.

Mr. BYRNES. Mr. President, I asked my colleague whether he objected to reconsideration of the vote by which the amendment was agreed to. I understood the Senator to say that he would let the Senate vote on it.

Mr. SMITH. Mr. President, I should be very glad to have the Senate vote on this matter, but, in view of the fact that this is a Senate committee amendment, and has to go to conference, I should be delighted to take the matter up in conference. However, in justice to my colleague, I think we ought to reconsider the vote, and let the Senate vote on the matter.

Mr. LONG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	La Follette	Radcliffe
Ashurst	Coolidge	Logan	Reynolds
Austin	Costigan	Lonergan	Robinson
Bachman	Davis	Long	Russell
Bailey	Dickinson	McAdoo	Schall
Bankhead	Donahey	McCarran	Schwellenbach
Barbour	Duffy	McGill	Shipstead
Barkley	Fletcher	McKellar	Smith
Bilbo	Frazier	McNary	Steiwer
Black	George	Maloney	Thomas, Okla.
Bone	Gerry	Metcalf	Townsend
Borah	Gibson	Minton	Trammell
Brown	Glass	Moore	Truman
Bulkley	Hale	Murphy	Tydings
Bulow	Harrison	Murray	Vandenberg
Burke	Hastings	Norbeck	Van Nuys
Byrd	Hatch	Norris	Wagner
Byrnes	Hayden	Nye	Walsh
Capper	Holt	O'Mahoney	Wheeler
Caraway	Johnson	Overton	White
Carey	Keyes	Pittman	
Chavez	King	Pope	

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

Is there objection to the unanimous-consent request that the vote by which subsection (b) on page 56 was agreed to be reconsidered? The Chair hears none.

The Senator from South Carolina [Mr. BYRNES] offers an amendment to strike out the committee amendment in lines 20 to 23, inclusive, on page 56.

Mr. McNARY. Mr. President, what would be the percentage required if the present language were eliminated?

Mr. BYRNES. If this language should be eliminated, the existing law—which was adopted in May of this year, only 60 days ago—would prevail. That law provides that the processing tax, when levied upon cotton, shall be payable 90 days after the filing of the processor's report—

Provided, That, under regulations to be prescribed by the Secretary of the Treasury, the time for payment of such tax upon cotton may be extended, but in no case to exceed 6 months from the date of the filing of the report.

All I wish to do is to retain the provision of the existing law, which was approved 60 days ago, to which only now the manufacturers are beginning to adjust themselves.

Mr. McNARY. The language of the committee amendment is "75 percent of the." What effect has that language on the bill which was passed a few days ago, which touches wholly upon the agricultural product of cotton?

Mr. BYRNES. This does not affect anything except the language I have just read, which is contained in the agricultural appropriation bill, which provided for the collection of the processing tax upon cotton 90 days after the filing of the processor's report. The committee amendment to the bill now pending provides that 75 percent of the tax shall be payable within 90 days, meaning that 25 percent is payable immediately. That is the object of the amendment, as I am advised. I am asking that the existing law be retained—the language of the agricultural appropriation act approved in May of this year.

Mr. FLETCHER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FLETCHER. Subparagraph (b) on page 56 is a committee amendment, and it was reported to the Senate as a committee amendment. It was agreed to. The vote by which the amendment was agreed to has been reconsidered. Therefore, the committee amendment is now before the Senate.

The VICE PRESIDENT. The Senator from Florida is correct.

Mr. FLETCHER. There is no need to make a motion to strike it out. The question is simply whether the Senate shall agree to the amendment.

The VICE PRESIDENT. The Senator from Florida is correct. The question is on agreeing to the committee amendment on page 56, lines 20 to 23, both inclusive.

The amendment was rejected.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. BAILEY. Mr. President, I desire now to offer an amendment which I filed and had printed several days ago, providing for the control of the production of potatoes.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place in the bill the following:

TITLE —

SECTION —. Section 11 of the Agricultural Adjustment Act, as amended, is amended by adding after the word "rice" a comma and the word "potatoes" and by adding at the end of said section 11 a new sentence, as follows: "As used in this title, the term 'potatoes' means all varieties of potatoes included in the species Solanum tuberosum."

SEC. 3. Subsection 1 of section 2 of the Agricultural Adjustment Act, as amended, is amended by adding after the word "tobacco", in both the second and third sentences of said subsection, the words "and potatoes."

TITLE —

DEFINITIONS

SECTION 4. When used in this title, unless the context otherwise requires—

(a) The term "person" includes an individual, a corporation, a partnership, a business trust, a joint-stock company, an association, a syndicate, group, pool, joint venture, or any other unincorporated organization or group.

(b) The term "Commissioner" means the Commissioner of Internal Revenue.

(c) The term "collector" means a collector of internal revenue.

(d) The term "sale" includes any agreement or delivery whereby the seller transfers the property in, or right to consume, potatoes to another for a consideration, and any sum of money, services, property, or anything of value whatsoever, may constitute consideration for such transfer, but does not include the transfer of the right to consume potatoes to a member of the household of a producer of such potatoes or a transfer for consumption by the household of a person employed in the farming operations of the producer of such potatoes.

(e) The term "allotment year" means the period commencing December 1 and ending November 30: *Provided*, That the first allotment year shall commence December 1, 1935, and shall end November 30, 1936.

(f) The term "change in the form of potatoes" means an intentionally effected change in the form of potatoes in preparation for the sale of such potatoes, or any product thereof, as such change is defined by rules and regulations prescribed by the Commissioner, with the approval of the Secretary of the Treasury.

(g) The term "tax stamp" means an appropriate stamp or other means of identifying potatoes with respect to which a tax levied by this title has been paid.

(h) The term "tax-exemption stamp" means an appropriate stamp or other means of identifying potatoes with respect to which an exemption from the tax has been established.

(i) The term "potatoes" means all varieties of potatoes included in the species Solanum tuberosum.

(j) The term "producer" means a person who has the right to sell, or to receive a share of the proceeds derived from the sale of, potatoes cultivated by him, or on land owned or leased by him.

(k) The term "continental United States" means the several States of the United States and the District of Columbia and does not include any Territory or possession of the United States.

(l) The term "operator" means any person operating his own farm, any tenant operating a farm rented for cash or for a fixed-commodity payment, any crop-share tenant, and any crop-share landlord.

(m) The term "farm" means all the land operated by the producer as a single operating unit with work stock, farm machinery, and labor substantially separate from that of any other tract of land.

IMPOSITION OF THE TAX

SEC. 5. (a) There is hereby levied and assessed upon each first sale of potatoes harvested on or after December 1, 1935, in the continental United States a tax, to be paid by the seller, at the rate of three-fourths of 1 cent per pound: *Provided*, That where there is a change in the form of potatoes harvested on or after December 1, 1935, in the continental United States prior to the first sale thereof, a tax at the rate of three-fourths of 1 cent per pound, to be paid by the owner at the time such change is effected, is hereby levied and assessed upon the effecting of such change, and no tax shall be levied upon the first sale of such potatoes or any product or products thereof.

(b) If the Secretary of Agriculture finds at any time that the total apportionments to producers in any potato-producing region or regions (as established and defined pursuant to subsection (c) of section 12 of this act) are in excess of the probable supply of potatoes in the continental United States during the marketing periods for such region or regions, he shall proclaim such determination, and the provisions of this title shall not be operative during such marketing periods.

(c) At least 30 days prior to the beginning of each allotment year after the first allotment year, the Secretary of Agriculture shall conduct a referendum which will afford to producers of potatoes a reasonable opportunity to vote in favor of or in opposition to continuing in effect with respect to potatoes produced during the succeeding allotment year the taxes levied by subsection (a) of this section. Each producer shall be entitled to one vote for each 60 pounds of potatoes apportioned to him pursuant to sections 8, 9, and 10 hereof for the last allotment year for which such apportionments were made. If one-third of the votes cast in such referendum are cast in opposition to continuing such taxes in effect, the provisions of this title shall not be operative with respect to potatoes produced during such succeeding allotment year.

(d) If the Secretary of Agriculture determines and proclaims that the taxes levied by subsection (a) of this section, will at the rate therein specified for such taxes, (1) tend to adversely affect the orderly marketing of potatoes, or (2) tend to depress the farm price of potatoes, or (3) tend to cause to producers of potatoes disadvantages in competition by reason of an excessive shift in consumption from potatoes to some other commodity or commodities, then the rate of such taxes shall for such period as the Secretary of Agriculture designates, be at the highest rate which is lower than three-fourths of 1 cent (not less than one-half of 1 cent per pound) as he finds and proclaims will not adversely affect such orderly marketing, or cause such depression of the farm price, or cause such disadvantages in competition.

(e) The taxes levied by subsection (a) of this section shall be represented by tax stamps, and the proceeds of taxes levied under this title shall be paid into the Treasury of the United States as internal-revenue collections.

(f) The Commissioner shall cause to be prepared, for the payment of such taxes, tax stamps of suitable denominations and shall furnish same to the collectors of internal revenue. The Commissioner shall also furnish to the Postmaster General without prepayment a suitable quantity of such stamps to be distributed to, and kept on sale by, the various postmasters in the United States. The Postmaster General may require each such postmaster to give additional or increased bond as postmaster for the value of the stamps so furnished, and each such postmaster shall deposit the receipts from the sale of such stamps to the credit of, and render accounts to, the Postmaster General at such times and in such form as he may by regulations prescribe. The Postmaster General shall at least once monthly transfer all collections from this source to the Treasury as internal-revenue collections.

ALLOTMENTS

SEC. 6. The Secretary of Agriculture shall investigate probable production and market conditions for each allotment year and shall determine from available statistics of the Department of Agriculture and proclaim, at least 30 days prior to the beginning of each allotment year, the quantity of potatoes which, if produced during such year and sold during or after such year, will, in his opinion, tend to establish and maintain such balance between the production, sale, and consumption of potatoes and the marketing conditions therefor as will, in his opinion, tend to establish prices to potato producers at a level that would give potatoes a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of potatoes in the period August 1919–July 1929 without reducing the total net income of potato producers from potatoes below the largest probable net income of potato producers from potatoes produced during such allotment year, and without tending to cause to producers of potatoes disadvantages in competition by reason of an excessive shift in consumption from potatoes to some other commodity or commodities; and the quantity so proclaimed shall for each allotment year, be apportioned by the Secretary of Agriculture as hereinafter provided.

SEC. 7. When a quantity is determined in accordance with section 6 of this act, the Secretary of Agriculture shall apportion such quantity among the several States. The apportionment to each State shall be determined on the basis of the ratio that the annual average acreage of the 4 years in which the highest potato acreage was harvested in such State in the years 1927 to 1934, inclusive, multiplied by the average yield per acre for the 4 years that the yield of potatoes per acre for such State was highest in the years 1927 to 1934, inclusive, multiplied by the average annual percentage of the crop produced in such State during the years 1929 to 1934, inclusive, which was sold, bears to the sum of the products of such average acreages, such average yields, and such percentages of sales for all States: *Provided*, That if the Secretary of Agriculture finds that the application of the foregoing formula alone would, because of differences in production practices and marketing practices among the several States, result in an inequitable and unfair apportionment to any State or States, not in excess of 2 per centum of the quantity of potatoes determined in accordance with section 6 of this act may be deducted from such quantity and may be used by the Secretary of Agriculture to adjust on the basis of equity and fairness the apportionments made or to be made to any State or States.

SEC. 8. Ninety-five per cent of the quantity of potatoes apportioned to any State pursuant to section 7 of this act shall be apportioned by the Secretary of Agriculture to farms on which potatoes have been grown within such State during any one or more years within the period 1932 to 1934, inclusive. Such apportionment to any farm shall be made upon application therefor and may, in order to secure equitable apportionments to producers, be made by the Secretary based upon either—

(1) A percentage of the average sales of potatoes produced on such farm for a representative base period, prescribed by the Secretary, of any 2 or more years during the years 1932 to 1934, inclusive, providing the operators of such farm for the allotment year for which the apportionment is made produced potatoes on such farm during at least one of the base-period years. The representative base period prescribed by the Secretary and the percentage applied to the average sales of potatoes produced during such period in establishing apportionments for each farm under this paragraph shall, so far as practicable, be uniform for farms similarly situated upon the basis or classification prescribed by the Secretary of Agriculture, but in the case of any farm for which such average sales are 300 pounds or less, such average sales shall be exempt from any percentage reduction thereof and such farm shall receive an apportionment equal to such average sales; or

(2) Such basis as the Secretary of Agriculture deems fair and just and will apply to all farms to which an apportionment is made under this paragraph 2 uniformly on the basis or classification adopted. In making an apportionment to a farm under this paragraph, due consideration shall be given to the quantity of potatoes produced and sold in the past by the operators who will operate such farm for the allotment year for which the apportionment is made, the quantity of potatoes produced on such farm and sold in the past, and the acreage of the farm available for the production of potatoes and which the operators are currently equipped to devote to the production of potatoes.

SEC. 9. Not in excess of 5 percent of the quantity of potatoes apportioned to any State pursuant to section 7 of this act shall, upon application therefor, be available for apportionment by the Secretary of Agriculture to farms operated by persons engaged or evidencing a desire to engage in the production and sale of potatoes in such State and which farms are ineligible to receive an apportionment under section 8 or in respect to which the Secretary of Agriculture determines that the apportionments made pursuant to section 8 are inequitable: *Provided*, That apportionments under this section shall be made upon such basis as the Secretary of Agriculture deems fair and just and which will, so far as practicable, apply to all such farms uniformly upon the basis or classification prescribed by the Secretary. Any quantity not apportioned under this section shall be available for apportionment under section 8 of this act.

SEC. 10. If an apportionment is made to a farm under section 9 of this act for any allotment year, for each succeeding allotment year that the operation of such farm is continued by the operators who operated it during the allotment year for which such apportionment was made, the apportionment to such farm shall be made upon the basis provided in section 9 of this act but shall be made from the quantity available for apportionment under section 8 of this act.

SEC. 11. For the purposes of the apportionments to be made pursuant to sections 7, 8, 9, and 10 of this act, the District of Columbia shall be considered as a part of the State of Maryland.

SEC. 12. (a) The Secretary of Agriculture, or any agent or agency designated for such purpose by the Secretary, shall, upon application therefor, issue for each farm tax-exemption stamps for an amount of potatoes equal to the apportionment made to such farm pursuant to sections 8, 9, and 10 of this act: *Provided*, That under such regulations as the Secretary of Agriculture shall prescribe he shall refuse to issue such tax-exemption stamps to any applicant in any allotment year in which such applicant is not a bona fide producer of potatoes. Each such tax-exemption stamp, during the period of its validity as determined pursuant to subsection (c) of this section, shall establish an exemption from the taxes imposed by subsection (a) of section 5 of this act for the amount of potatoes stated on the face of each such stamp.

(b) The right to tax-exemption stamps shall be evidenced in such manner as the Secretary of Agriculture may by regulations prescribe, and such tax-exemption stamps shall be issued in such form or forms, and under such terms and conditions as may be prescribed jointly by the Secretary of Agriculture and the Secretary of the Treasury.

(c) The Secretary of Agriculture shall establish and define potato-producing regions for the continental United States upon the basis of the marketing periods for potatoes produced in such regions during an allotment year, and shall from time to time by regulation and upon the basis of such marketing periods for each

such region, determine and fix the period during which tax-exemption stamps issued, or pursuant to subsection (g) of this section transferred, to producers in such regions for any allotment year shall be valid, provided that all tax-exemption stamps shall be valid for a period of at least the allotment year for which they are issued.

(d) If any tax-exemption stamp is erroneously issued, the person to whom such stamp is so issued shall, upon demand by the Secretary of Agriculture in writing and mailed to the last-known address of such person, be obligated to return such stamp or pay to the Secretary a sum equal to the amount of the taxes imposed by subsection (a) of section 5 of this act upon the amount of potatoes covered by such stamp, at the rate in effect at the time such stamp was issued.

(e) Any sale, assignment, pledge, or transfer, and any agreement or power of attorney to sell, assign, apply, pledge, or transfer made or entered into by any person of his right to or claim for tax-exemption stamps or any part thereof not accompanied by actual delivery of such stamps shall, for all purposes, be null and void; except agreements between landlords and share-tenants or share-croppers which, in accordance with such regulations as the Secretary of Agriculture shall prescribe, provide for a division of the tax-exemption stamps received or to be received by any such landlord, any such share-tenant, or any such share-cropper, or any or all of them, in accordance with their respective shares in the potatoes or the proceeds thereof to be produced by them.

(f) Where a farm is operated by share-tenants, or with the aid of share-croppers, tax-exemption stamps issued for an apportionment made to such farm shall be used by the landlord, the share-tenants, and/or the share-croppers in accordance with their respective shares in the potatoes produced on such farm, during the allotment year for which such apportionment is made, or the proceeds of such potatoes, and the Secretary of Agriculture shall issue regulations protecting the interests of share-croppers and tenants in the issuance and use of such tax-exemption stamps.

(g) If accompanied by delivery thereof, tax-exemption stamps may be transferred or assigned in such manner and upon such terms and conditions, including conditions governing the consideration which must be given therefor, as the Secretary of Agriculture may determine are reasonably necessary to prevent (1) transfers and assignments which would tend to depress the market price for potatoes produced in any potato-producing area, (2) speculation in tax-exempt stamps, or (3) fraud or coercion in the transfer of such stamps, or which the Secretary of Agriculture finds to be necessary or desirable to facilitate the identification of tax-paid or tax-exempt potatoes or which the Secretary of Agriculture finds to be necessary or desirable to protect the interests of tenants and share-croppers in the issuance and use of tax-exempt stamps.

SEC. 13. Tax-exemption stamps issued to a person, and a person's right to and claim for, tax-exemption stamps shall be exempt from the claims of the creditors of such person and from any and all process for the enforcement of such claims. The Secretary of Agriculture shall by regulation provide for the issuance to and/or use by the person who by devise, bequest, or descent becomes the owner of potatoes planted by a person dying during an allotment year of the tax-exemption stamps which have been or would have been issued to such deceased person for such allotment year.

PACKAGING

SEC. 14. (a) To facilitate the collection of the tax upon the first sale of potatoes imposed by subsection (a) of section 5 of this title, all potatoes harvested on and after December 1, 1935, and sold in the continental United States during any period such tax is in effect shall, in accordance with such rules and regulations as the Commissioner with the approval of the Secretary of the Treasury shall prescribe, be packed in closed and marked containers to which shall be attached or affixed tax stamps or tax-exemption stamps equal in face value to the amount of tax per pound in effect on the potatoes contained therein: *Provided*, That, subject to such regulations as the Commissioner with the approval of the Secretary of the Treasury may prescribe, packaging may be postponed beyond the time of the first sale of potatoes which are to be stored in bulk, or which are to be graded, at such places as may be designated by regulations prescribed by the Commissioner with the approval of the Secretary of the Treasury. The time and method of such packaging and the time and method of attaching or affixing such stamps and the time and circumstances under which packages may be broken shall be established in accordance with such regulations as the Commissioner, with the approval of the Secretary of the Treasury, may prescribe as desirable or necessary to facilitate the collection of such tax. In prescribing and approving rules and regulations for the packaging of potatoes and the attaching or affixing of stamps, the Commissioner and the Secretary of the Treasury shall give due weight to the customs of the industry.

(b) To facilitate the collection of the tax upon a change in the form of potatoes imposed by subsection (a) of section 5 of this title, the Commissioner, with the approval of the Secretary of the Treasury, is authorized by regulation to prescribe appropriate means of identifying potatoes, the change of form of which is subject to such tax, and for the identification of the products of such potatoes.

RULES AND REGULATIONS

SEC. 15. The Commissioner, with the approval of the Secretary of the Treasury, shall prescribe and publish such rules and regulations as he may deem needful in administering provisions of this title relating to the revenue including rules and regulations for the issue, sale, custody, production, cancelation, destruction, and disposition of tax stamps and the cancelation and destruction of tax-exemption stamps, and the substitution or replacement of tax stamps in cases of loss, destruction, or defacement thereof.

SEC. 16. The Secretary of Agriculture is authorized to make such rules and regulations as may be necessary to carry out the powers vested in him by the provisions of this title.

SEC. 17. (a) All producers, warehousemen, processors, carriers, retailers, factors, handlers, and any other person who the Commissioner has reason to believe to have information with respect to potatoes produced or sold may be required, under regulations prescribed jointly by the Secretary of the Treasury and the Secretary of Agriculture, to make such returns, render such statements, give such information, and keep such records as they may deem necessary for the proper administration of this title.

(b) Any person willfully failing or refusing to file such a return, render such statement, give such information, or keep such records, or filing a willfully false return, or rendering or giving willfully false statements or information or willfully keeping false records, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than $1,000 or by imprisonment not exceeding 1 year, or both.

REFUNDS

SEC. 18. (a) No refund of any tax, penalty, interest, or sum of money paid shall be allowed under this title unless claim therefor is presented within 1 year after the date of payment of such tax, penalty, interest, or sum.

(b) No suit or proceeding shall be maintained in any court for the recovery of any tax under this act alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessive or in any manner illegally or wrongfully collected until a claim for refund or credit has been duly filed with the Commissioner according to the provisions of law in that regard and the regulations of the Secretary of the Treasury established in pursuance thereof. No suit or proceeding shall be begun before the expiration of 6 months from the date of filing such claim unless the Commissioner renders a decision thereon within that time, nor after the expiration of 2 years from the date of payment of such tax, penalty, or sum, unless such suit or proceeding is begun within 2 years after the disallowance of the part of such claim to which such suit or proceeding relates. The Commissioner shall, within 90 days after such disallowance, notify the taxpayer thereof by registered mail.

(c) The amount of the taxes imposed by subsection (a) of section 5, paid by a person, which taxes would not have been paid had the tax-exemption stamps to which such person was entitled been delivered to such person prior to the payment of such taxes, shall be refunded to such person.

APPROPRIATION

SEC. 19. (a) The proceeds derived from the taxes imposed by this title are hereby authorized to be appropriated to be available to the Secretary of Agriculture for administrative expenses, for all purposes of the Agricultural Adjustment Act, for refunds of taxes and for other payments under this act. The Secretary of Agriculture and the Secretary of the Treasury shall estimate from time to time the amount of taxes which will be collected during a period following any such estimate not in excess of 4 months, and the Secretary of the Treasury shall, out of any money in the Treasury not otherwise appropriated, advance to the Secretary of Agriculture the amounts so estimated. The amount of any such advance shall be deducted from such tax proceeds as shall subsequently become available under this subsection: *Provided*, That all taxes imposed by section 33 of this title, collected upon potatoes coming from the possessions or territories of the United States, shall not be covered into the general fund of the Treasury of the United States but shall be held as a separate fund and paid in the treasuries of the said possessions and territories, respectively, to be used and expended by the governments thereof for the benefit of agriculture.

(b) The Secretary of Agriculture is hereby authorized to expend, out of the sums available to the Secretary of Agriculture under the Agricultural Adjustment Act, as amended, such sums as may be necessary for administrative expenses, for refunds of taxes, and for other payments under this title.

(c) The administrative expenses provided for under this section shall include, among others, expenditures for personal services and rent in the District of Columbia and elsewhere, for law books, periodicals, newspapers, and books of references, for contract stenographic reporting services, for the purchase or hire of vehicles, including motor vehicles, and for printing and paper in addition to allotments under the existing law.

(d) The Secretary of Agriculture may advance or transfer to the Treasury Department, to the Post Office Department, and to any other department or agency, out of funds available for administrative expenses under this act, such sums as are required to pay administrative expenses of, and refunds made by, such departments or agencies in the administration of this title.

(e) There is hereby authorized to be appropriated to be available to the Secretary of Agriculture such sums as may be necessary for administrative expenses for refunds of taxes, and for other advances or payments under this act.

GENERAL AND PENAL PROVISIONS

SEC. 20. If at any time the Secretary of Agriculture finds that any product or products manufactured from potatoes is of such low value, considering the quantity of potatoes used for its manufacture, that the imposition of the taxes imposed by subsection

(a) of section 5 of this act would prevent wholly or in large part the use of potatoes in the manufacture of such product or products or that potatoes used for the feeding of livestock are of such low value that the imposition of such taxes would prevent wholly or in large part the sale of potatoes for any such use, the Secretary of Agriculture shall proclaim such finding and thereafter in accordance with regulations prescribed jointly by the Secretary of Agriculture and the Secretary of the Treasury, the sale, or change in form, of potatoes for such use or uses by the purchaser thereof shall be exempt from the provisions of subsection (a) of section 14, and from the taxes imposed by subsection (a) of section 5 of this act until such time as the Secretary of Agriculture, after further investigation and due notice and opportunity for hearing to the interested parties, revokes such proclamation: *Provided*, That the right to any such exemption shall be evidenced in such manner as joint regulations of the Secretary of Agriculture and the Secretary of the Treasury shall prescribe. If such purchaser uses any potatoes sold to him free of tax under this section or uses any product of such potatoes, for other than an exempt use as above specified, then he shall be liable for a tax in the same manner as if such potatoes were sold by him at a first sale.

SEC. 21. The Secretary of Agriculture is authorized, in order to carry out the provisions of this title, to appoint, without regard to the provisions of the civil-service law, such officers, agents, and employees and to utilize such Federal officers and employees and, with the consent of the State, such State and local officers and employees, as he may find necessary, to prescribe their authorities, duties, responsibilities, and tenure, and, without regard to the Classification Act of 1923, as amended, to fix the compensation of any officers, agents, and employees so appointed.

SEC. 22. (a) For the more effective administration of the functions vested in him by this title, the Secretary of Agriculture is authorized to utilize committees and associations heretofore or hereafter established pursuant to subsection (b) of section 10 of the Agricultural Adjustment Act and to establish regional, State, and local committees and associations of producers of potatoes.

(b) The Secretary of Agriculture, out of any funds appropriated for administrative expenses under this act, is authorized to advance funds to the proper fiscal officer of associations established or utilized pursuant to subsection (a) of this section 22 of this act, for expenses incurred or to be incurred in the administration of this title, with the approval of the Secretary of Agriculture by such associations. Payment of such expenses of such associations shall be made upon such evidence and in such manner and at such time or times as the Secretary of Agriculture may direct, and the accounting therefor by the associations shall be solely administrative and to the Secretary of Agriculture only.

SEC. 23. Any person who knowingly sells, or offers for sale, or knowingly offers to buy, or buys, potatoes not packaged as required by this title, or any person who knowingly sells, or offers for sale, or who knowingly offers to buy, or buys, potatoes to the packages of which are not affixed or attached tax-exemption stamps or tax stamps as required by this title shall, upon conviction thereof, be fined not more than $1,000. Any person convicted of a second offense under the provisions of this title may, in addition to such fine, be imprisoned for not more than 1 year.

SEC. 24. Any person who, in violation of the regulations made by the Secretary of Agriculture, speculates in tax-exemption stamps, and any person securing tax-exemption stamps from another person by fraud or coercion, shall, upon conviction thereof, be fined not more than $1,000 or sentenced to not more than 1 year's imprisonment, or both.

SEC. 25. Whenever any potato container, to which are affixed tax stamps or tax-exemption stamps, is emptied, it shall be the duty of the person in whose hands the same is to destroy utterly the stamps thereon. Any revenue officer may destroy the tax stamps or tax-exemption stamps upon any emptied potato package.

SEC. 26. Any person who willfully violates any provision of this title, or who willfully fails to pay when due any tax imposed under this title, or who with intent to defraud, falsely makes, forges, orders, or counterfeits any tax stamps or tax-exemption stamps made or used under this title or who uses, sells, or has in his possession any such forged, ordered, or counterfeited tax stamps or tax-exemption stamps or any plate or die used, or which may be used in the manufacture thereof, or has in his possession any tax stamp or tax-exemption stamp which should have been destroyed as required by this title, or who makes, uses, sells, or has in his possession, any paper in imitation of the paper or other substance used in the manufacture of any such tax stamp or tax-exemption stamp, or who reuses any tax stamp or tax-exemption stamp required to be destroyed by this title, or who places any potatoes in any package which has been theretofore filled or stamped or otherwise identified under this title without destroying the tax stamp and tax-exemption stamps previously affixed to such package, or who gives away or accepts from another or who sells or buys any emptied package which had been previously filled and stamped or otherwise identified under this title without destroying the tax stamps and tax-exemption stamps previously affixed or attached to such package, or who makes any false statement in any application for tax-exemption stamps under this title, or who has in his possession any tax-exemption stamps or tax stamps, obtained by him otherwise than as provided in this title, shall, upon conviction, be punished by a fine not exceeding $1,000 or by imprisonment for not exceeding 6 months, or both.

SEC. 27. Any person who willfully violates any regulation issued or approved pursuant to this title, for the violation of which a special penalty is not provided by law, shall, upon conviction thereof, be punished by a fine not exceeding $200.

SEC. 28. All provisions of law, including penalties applicable with respect to the taxes imposed by sections 600 and 800 of the Revenue Act of 1926, except section 1121 of the Revenue Act of 1926, and except section 614 of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of the act, be applicable with respect to all taxes imposed by this act.

SEC. 29. In order to facilitate the making of apportionments and the collection of the taxes imposed by this title, every producer who sells potatoes during any allotment year, or who changes the form of potatoes, shall keep such books and records as the Commissioner, with the joint approval of the Secretary of the Treasury and the Secretary of Agriculture, shall by regulations require and such books and records shall be open to inspection by any authorized agent of the Secretary of Agriculture or the Commissioner.

SEC. 30. Whenever any potatoes, upon the sale of which a tax is required to be paid, are sold, without the use of the proper stamps, or whenever a change of form of potatoes upon which a tax is required to be paid occurs, without the payment of such tax, it shall be the duty of the Commissioner, within a period of not more than 2 years after such sale or change of form, upon satisfactory proof, to estimate the amount of the tax which has been omitted to be paid, and to make the assessment therefor, and certify the same to a collector. The tax so assessed shall be in addition to the penalties imposed by law.

EXPORTS

SEC. 31. Under such rules and regulations as the Commissioner, with the approval of the Secretary of the Treasury, may prescribe, the taxes imposed under subsection (a) of section 5 of this title shall not apply in respect to potatoes sold for export to any foreign country or for shipment to a possession or territory of the United States, and in due course so exported or shipped. Under such rules and regulations the amount of any such tax erroneously or illegally collected in respect to such potatoes so exported or shipped may be refunded to the exporter or shipper of the potatoes instead of the taxpayer if the taxpayer waives any claim for the amount so to be refunded.

IMPORTS

SEC. 32. In order to secure equality between domestic and foreign producers of potatoes and in order to prevent the taxes imposed by subsection (a) of section 5 from resulting in disadvantages to producers of potatoes in the continental United States, the Secretary of Agriculture is hereby authorized and directed to, from time to time by orders and regulations—

(a) For each allotment year or any part thereof that the taxes imposed by subsection (a) of section 5 of this title are in effect, establish quotas for the entry or the importation into the continental United States of potatoes produced in any territory or possession of the United States, or any foreign country. Such quotas shall be based upon that percentage of the annual average quantity of such potatoes brought or imported into the continental United States during the years 1929–34, inclusive, which is equal to the percentage that the quantity proclaimed by the Secretary under section 6 of this act is of the annual average of the quantity of potatoes sold in the continental United Sates during the years 1929–34, inclusive; and

(b) Allot the quotas provided for by subsection (a) to the importers of such potatoes in the United States in such manner as he may deem fair and equitable, having due regard to the respective amounts of potatoes imported during the years 1932–1934, inclusive, by such persons.

SEC. 33. After such quotas have been established, potatoes imported or brought into the continental United States in excess of any such quotas shall, in addition to any import duties, be subject to internal-revenue tax equal to the amount of the tax then in effect on the first sale of potatoes produced and sold in the continental United States. The tax levied by this section shall be represented by tax stamps and shall be paid by the owner or imported prior to release from customs custody and control, or entry into the continental United States.

SEC. 34. During any period the tax imposed by subsection (a) of section 5 is in effect all potatoes imported or brought into the continental United States from any possession or Territory of the United States or from any foreign country shall, prior to release from customs custody and control, in accordance with such rules and regulations as the Commissioner, with the approval of the Secretary of the Treasury, shall prescribe as necessary or desirable to facilitate the collection of the taxes levied by this title, be packed in closed and marked containers. The time and method of such packaging and the time and method of attaching or affixing the stamps required by the preceding section shall be established in accordance with such regulations as the Commissioner shall prescribe. All sales of such potatoes, after release thereof from customs custody and control or entry in the continental United States, shall be in packages in the same manner and under the same terms and conditions as required for the sales of potatoes harvested and sold in the continental United States.

SEC. 35. The provisions of sections 32 and 35 shall not be applicable to potatoes produced in the Republic of Cuba and imported and entered for consumption into the continental United States during the period from December 1 to the last day of the following February, inclusive, in any years: *Provided*, That if the Secretary of Agriculture at any time finds that the importation of potatoes from the Republic of Cuba during such period is, or threatens or results in, unduly depressing the potato market in or

for any potato-producing area of the continental United States, he shall proclaim such findings and the provisions of sections 32 and 33 shall be applicable to all potatoes thereafter imported into the continental United States from the Republic of Cuba.

Mr. BORAH. Mr. President, how many pages are there in this amendment?

Mr. BAILEY. There are about 30 pages in the amendment.

Mr. BORAH. I do not care to take the time to read it, but I should like to ask some questions about it.

Mr. BAILEY. I was about to explain the amendment, if the Senator will permit me to do so. If then there shall be questions, I shall be glad to answer them.

Let me say, in the first place, that I desire to modify the amendment on page 4 by striking out one sentence beginning with the words "The term" on line 21.

The VICE PRESIDENT. The Senator has a right to modify his amendment.

Mr. BAILEY. This amendment has been approved by the Committee on Agriculture of the House of Representatives. It was introduced in the House by Mr. WARREN, of North Carolina. It has also been approved by the Committee on Agriculture and Forestry of the Senate; and I request that the chairman make a statement indicating that he accepts the amendment.

Mr. SMITH. Mr. President, this matter came up, and after investigation by the committee it was approved by all the members present. There was almost a full committee membership present.

I think the terms of the amendment are proper, and that it should be agreed to in order to protect the potato growers of this country, who, perhaps more than the producers of any other necessary food element, have been the victims of a manipulated market.

Mr. BORAH. Mr. President, I understood that the Senator was about to explain the amendment. I wish to ask a question or two about it. Does the amendment provide for a processing tax?

Mr. BAILEY. No; it does not.

Mr. BORAH. Or a reduction of acreage?

Mr. BAILEY. Yes; a reduction of production on the basis of acreage.

Mr. BORAH. How is the allotment made?

Mr. BAILEY. The allotment is to be made equally amongst the States and the producers of potatoes on the basis of production in certain years. I read from page 2 of the committee hearings:

> The crop year is the 12-month period beginning December 1, but the first crop year is to begin 100 days after the effective date of the act and end November 30, 1935.
>
> The basis for allotment to States and in turn to growers is as follows: The 3 years of highest acreages of potatoes in each State in the period 1927–33 are averaged, and the 3 years of highest yields per acre in the same period are also averaged. These two averages are multiplied and the result is again multiplied by the percentage of the crop which was actually sold by growers in the State during the years 1929–33. This State figure is then compared with a similar figure from all other States. On the basis of these figures the percentage of sales for each State for a given total allotment shall be figured.
>
> From a total allotment for any year for the country as a whole, 2 percent may be deducted and used to adjust allotments between States which might otherwise be unfair.
>
> Allotments to individual growers shall be made upon application by the grower, but may be made by the Secretary of Agriculture when no such application is made by the producer. This allotment by the Secretary is based upon a fair period of any 2 or more years within the years 1929 to 1933, inclusive. Such allotments shall be uniform for all producers similarly situated. Provision is made for making allotments to producers operating farms other than those operated during the base period and to new producers.

In that sense the bill is more liberal than some bills of similar character heretofore passed here.

> Persons not bona fide producers of potatoes are excluded from allotments. State and local committees may be established to aid in the equitable distribution of allotments.

The whole principle of the bill is the principle of the Kerr-Smith Act which passed the Senate last year by unanimous agreement.

Mr. BORAH. What act?

Mr. BAILEY. The Kerr-Smith Act with reference to tobacco. The tax is imposed upon the crop of the farmer, but he is remitted the tax to the extent of the allotment he receives.

While the amendment seems to be long, that is the gist of it. All the rest of it is mechanics, analogous to the mechanics of the Kerr-Smith Act, but not analogous to the mechanics of the Bankhead Act, the mechanics here being much improved, as I see, by reason of the experience; first, under the Bankhead Act and, second, under the Kerr-Smith Act.

Now, if the Senator from Idaho has any further question to ask, I will be glad to yield to him.

Mr. BORAH. Is this what is known as the "Warren bill" originally?

Mr. BAILEY. That is correct; this is the Warren bill.

Mr. BORAH. I am somewhat familiar with it.

Mr. BAILEY. Mr. President, I should like to state the arguments for this amendment before I yield to further questions, as my time is limited to 15 minutes under the rule. Under the Cotton Control Act and the Kerr-Smith Act, with reference to tobacco and the provision with reference to peanuts——

Mr. KING. Peanuts!

Mr. BAILEY. The Senator from Utah makes a remark with reference to peanuts, but I wish to say that the provisions with respect to peanuts have had a very good effect in North Carolina. At any rate, under the operation of the Crop Control Act, farmers have continually been driven from cotton, tobacco, and peanut production, as well as the production of other crops, and have gone into the production of potatoes. It is an act of simple justice, practical justice, regardless of the questions that might be raised, constitutional or otherwise, to give the producer of potatoes some sort of protection against the operations of the other control acts. So I make my plea for this amendment and I have submitted it because of the considerations of practical justice to a very great number of potato farmers on our coast, I am sure, all the way from Florida to Maine. I do not think we can avoid the force of the appeal for practical justice in the matter.

The effect of the overproduction of potatoes in this country in the season just now coming to an end, beginning on the 1st day of May or the 15th of April and ending about now, is just this: Potatoes have been produced to such an extent that the price of potatoes in the State of Maine fell to 15 cents a barrel, and I may say rather gratefully to the State of Maine and to the Senators from Maine that the North Carolina farmers certainly appreciated the fact that the farmers of the State of Maine dumped, destroyed 7,000 carloads of their last year's potatoes without any reward whatever. I think the Senators from Maine will corroborate my statement.

There is, Mr. President, such a thing as producing farm commodities to such an extent that they are worth nothing. That is the justification for the control program. Certainly we cannot afford to limit the number of farmers producing cotton and induce them to go into the production of potatoes or something else that is not protected; limit the number of farmers going into tobacco or peanuts or other crops and drive them all over into the potato field. So that is the argument for the amendment, and I hope the Senate will adopt it.

Mr. BORAH. Mr. President, I quite agree with the Senator that the effect of crop-control legislation has centered largely upon potatoes, and that it seems necessary, if other control acts are to continue, that potatoes should receive the protection which it is supposed they will have under this proposal. However, I was going to ask, can the Senator from North Carolina advise us as to what extent the acreage of potatoes has been increased in the last year or two?

Mr. BAILEY. Yes; I have the data up to 1934, but I do not have them for the present year. There was an increase of about 100,000 acres in 1934. The acreage in 1933 was 3,194,000, and in 1934 it was 3,303,000 acres. That is an increase of a little more than a hundred thousand acres; the crop increased from 320,000,000 bushels to 385,000,000, and the price fell from 82.3 cents a bushel to 50 cents a bushel. That

was in 1934. I do not have the data for this year, because this year is not yet finished, and I could not possibly expect to have them.

While I am speaking on this point, I will send to the desk, and ask to have published in the RECORD, two exhibits which I have received from the Department of Agriculture.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

United States total acreage, production, season weighted average farm price of potatoes, and farm value, 1927 to 1934

Year	Acreage 1	Production 2	Farm price per bushel [1] 3	Total farm value [2] 4
	1,000 acres	*1,000 bushels*	*Cents*	*1,000 dollars*
1927	3,166	386,813	106.9	401,637
1928	3,469	425,626	57.2	243,458
1929	2,973	327,652	131.5	430,862
1930	3,030	332,693	91.5	304,414
1931	3,366	372,994	46.4	173,069
1932	3,379	357,871	39.5	141,359
1933	3,194	320,203	82.3	263,527
1934 [3]	3,303	385,287	50.0	192,644

[1] Weighted average season prices.
[2] Farm value obtained by multiplying production in column 2 by prices in column 3.
[3] Data for 1934 are preliminary.

Source of data: Columns 1 and 2: U. S. Department of Agriculture, Bureau of Agricultural Economics, Crop Reporting Board. Mimeographed Reports, July 15, 1933, Feb. 4, 1935, and Apr. 2, 1935. Column 3: U. S. Department of Agriculture, Bureau of Agricultural Economics, Crops and Markets, 1935. Column 4: Column 2 times column 3.

Monthly farm prices of potatoes, 1933 and 1934 seasons

Month	1933-34 season	1934-35 season
July 15	97.9	66.9
Aug. 15	131.0	68.0
Sept. 15	100.8	62.8
Oct. 15	74.9	49.0
Nov. 15	68.8	45.9
Dec. 15	69.4	45.4
Jan. 15	77.2	46.1
Feb. 15	87.7	45.2
Mar. 15	92.0	43.6
Apr. 15	83.4	49.1
May 15	73.7	44.1
June 15	64.4	40.9
Weighted average [1]	82.3	[2] 50.0

[1] Crop year average prices, by States, weighted by production to obtain weighted averages for the United States, 1933-34.
[2] Preliminary.

Source of data: United States Department of Agriculture, Bureau of Agricultural Economics, Crops and Markets, 1935.

Mr. BAILEY. I will reserve whatever time I have left remaining on this amendment.

Mr. McADOO, Mr. POPE, and Mr. HALE addressed the Chair.

The VICE PRESIDENT. The Chair had agreed to recognize the Senator from California.

Mr. McADOO. Mr. President, I should like to call up for consideration the amendment which I sent to the desk on July 10 concerning citrus fruits of California.

The VICE PRESIDENT. The Chair will state there is an amendment now pending, that offered by the Senator from North Carolina.

Mr. McADOO. I beg pardon.

Mr. POPE. Mr. President, in reference to the amendment which has just been offered by the Senator from North Carolina [Mr. BAILEY], I wish to insert in the RECORD certain communications I have received from potato growers in my State in favor of the amendment, which, as I understand, is the same as the Warren bill introduced in the House. I wish to read one telegram which I think is rather typical of those I have been receiving from my State in favor of this bill. It is signed by a very prominent citizen of my State, Mr. Joseph Andresen, of St. Anthony, Idaho, which is in the heart of the Idaho potato growing section. Mr. Andresen in his telegram says:

IDAHO FALLS, IDAHO, July 6, 1935.

JAMES P. POPE,
Washington, D. C.:

Meetings potato growers held Caldwell, Twin Falls, Pocatello, Idaho Falls, St. Anthony, and other places. Growers voted practically unanimous favoring Warren bill. Unreliable dealers refilling Idaho branded bags with potatoes grown in other States. We feel passage of Warren bill necessary to stop this practice.

JOSEPH ANDRESEN.

Also I have a letter from Mr. Ezra T. Benson, extension agricultural economist in Idaho, who speaks of having attended potato meetings practically all over the State.

Mr. McCARRAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Nevada?

Mr. POPE. I yield.

Mr. McCARRAN. In view of the fact that the Senator could not be heard very distinctly where I am sitting, let me ask him if he refers to a certain bill known as the "Warren bill"?

Mr. POPE. Yes; the Warren potato bill, as it is called, which was introduced in the House of Representatives.

Mr. McCARRAN. I wonder if the Senator would care to explain to those of us who probably do not understand it what that bill is?

Mr. POPE. The Senator from North Carolina has just explained his amendment, which is practically the same as the Warren bill, which was introduced in the House of Representatives. A similar bill was introduced by the Chairman of the Committee on Agriculture and Forestry in the Senate. The House bill was reported favorably by the committee of that body, and the Senate bill has been favorably reported by the Committee on Agriculture and Forestry. The Senator from North Carolina just explained it.

Mr. McCARRAN. Just one other question. Does that bill limit acreage?

Mr. POPE. I will say to the Senator that both bills to which I have referred, which are the same as the amendment offered by the Senator from North Carolina, make provision for allotments to potato-growing States upon a formula set out in the bill, which implies allotments to the individual grower. Roughly, the formula provides that the quantity of potatoes sold in the market and used and consumed in other ways shall bear a certain relation to the quantity of potatoes which are grown, and the allotment will be determined with reference to the relation between the quantity of potatoes which are used and the quantity of potatoes which are grown throughout the United States.

Mr. McCARRAN. I should like to propound one more question to the Senator. I do not care to take up his time, but should like to ask this question, in order that the situation may be clarified. Would that provision limit a farmer who is producing potatoes for the use of his own farm? I have known such a rule. I did not think it was within the province of the law.

Mr. POPE. My interpretation is that if the potatoes are grown for the use of the farmer himself for food for his family or for his livestock or other such purposes, there is no limitation. The limitation relates to the acreage on which potatoes are produced for sale in the market.

Mr. McCARRAN. I should like to illustrate to the Senator what I mean. As participating owner of a farm in eastern Nevada we have laid down to us the rule that we could only plant, that is, only seed, a limited number of acres. When we assured those in authority that we were only going to use our potatoes for our own consumption, had none for sale—and the fact is we never have sold any—we were told that we could not do it; that we had to go outside and buy potatoes at some place; and we left our land vacant accordingly.

Mr. POPE. Was it under a marketing agreement under the Agricultural Adjustment Administration?

Mr. McCARRAN. It was a rule.

Mr. POPE. As I understand, there have been only one or two marketing agreements attemtped in the case of potatoes, and they have failed.

Mr. McCARRAN. If I may interrupt the Senator again—and I hope he will pardon me, but I only do so for the Senator's enlightenment and not to interfere with his remarks—the same rule has been applied in another instance. We work probably 50 teams on that farm. We never sold a pound of oats, but we produced, or tried to produce oats for our own teams. We have been told that we cannot seed the land we owned to oats with which to feed our own teams, because it would exceed the quota.

Mr. POPE. I desire to submit one or two further observations. I was about to quote from Mr. Benson, who is well known in my State. He said:

From my observation, I believe that the program will be approved and receive the full cooperation of the growers of Idaho.

I ask to have his letter inserted in the RECORD as a part of my remarks, together with another letter including a resolution adopted by the potato growers at Idaho Falls, Idaho, in favor of the bill, and also a resolution adopted by the same growers at the same place on February 26.

There being no objection the letter and resolutions were ordered to be printed in the RECORD, as follows:

UNIVERSITY OF IDAHO,
Boise, March 1, 1935.

Hon. D. WORTH CLARK,
Member of Congress,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN CLARK: I acknowledge with appreciation receipt of the 10 copies of the Warren potato bill which you sent me. In view of the intense interest in this program in Idaho, I will be very happy to receive additional copies of this bill and any current information indicating recent developments.

You will be interested to know that we raised this question of potato adjustment program with the growers at two leadership week programs at Burley and Rexburg. At Burley a vote was taken which indicated, with the exception of one grower, unanimous approval of the program. The group at Rexburg also seemed to be strongly in favor of a program of this nature.

From my observation, I believe that the program will be approved and receive the full cooperation of the growers of Idaho.

I will appreciate your keeping this office on your mailing list to receive any current information pertaining to this or any other agricultural programs.

With very best wishes, I am, sincerely yours,

EZRA T. BENSON,
Extension Agricultural Economist.

IDAHO FALLS, IDAHO, *February 28, 1935.*

Hon. JAMES P. POPE,
United States Senator, Washington, D. C.

DEAR SENATOR POPE: A resolution concerning the Warren potato bill was mailed you yesterday. This resolution was submitted as a result of the unanimous approval of the following motion at a meeting attended by 85 representative Bonneville County potato growers at Idaho Falls.

"That this meeting go on record as favoring a reasonable control measure for regulation of the production and marketing of potatoes by making potatoes a basic commodity as proposed in the Warren bill; and that a committee of two growers be appointed to act with C. J. Carlson, chairman, along the lines proposed in this motion to draft resolutions and transmit them to our congressional delegation, the Agricultural Adjustment Administration, Secretary of Agriculture Wallace, the State Department of Agriculture, and others deemed advisable."

Other growers in Bonneville County were assembled at a second meeting held in the evening of the same day in the New Sweden section of the county. Thirty-five growers attended and endorsed unanimously the action taken at Idaho Falls and the resolution submitted you yesterday.

Bonneville County potato producers are solidly behind the proposal. One hundred twenty men, representing every potato-producing section of the county, have voted their approval. We urge that you use all the power at your command to secure passage of the proposed bill.

Sincerely yours,

CHAS. J. CARLSON,
A. H. BEASLEY,
W. L. SHATTUCK,
H. W. ARNOLD,
Bonneville County Potato Growers Committee.

IDAHO FALLS, IDAHO, *February 26, 1935.*

Whereas the potato industry of the United States has been in an unprofitable condition for several years past; and

Whereas the Congress of the United States is endeavoring to strengthen the position of the potato industry through the introduction of the Warren bill which is now before Congress: Now, therefore, be it

Resolved by the potato growers of Bonneville County, Idaho, That we favor the passage of the said Warren bill in such form as to regulate the production and marketing of potatoes in the United States by making potatoes a basic commodity under the administration of the Secretary of Agriculture.

Respectfully submitted.

CHAS. J. CARLSON,
W. L. SHATTUCK,
A. H. BEASLEY,
Committee.

Mr. POPE. Mr. President, I desire now to submit a few remarks in reference to the potato situation. Potatoes are raised in 48 States in the Union. It is the fourth largest crop produced in the United States. Potatoes comprise an important cash crop to about 3,000,000 farmers. The crop is strictly national, because no potatoes are exported and only an insignificant quantity are imported. The potato industry is not subject to any kind of control or regulation except, I might say, with reference to one or two attempted marketing agreements, but by reason of the peculiar character of the industry those agreements were not adaptable to it.

Mr. KING. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. KING. Who attempted to prescribe the marketing agreements and to enforce them along the lines suggested by the Senator from Nevada [Mr. McCARRAN]? Where was their authority?

Mr. POPE. Such marketing agreements as were attempted were initiated by the growers themselves, as they are in every instance. The Secretary of Agriculture testified before our committee that no marketing agreement was ever approved by him or made effective without an overwhelming number of growers and those interested in making application to him for it.

Mr. KING. Was the potato declared to be a basic commodity and therefore subject to the A. A. A.?

Mr. POPE. It is not a basic commodity, but it is subject to the marketing-agreement provision of the A. A. A.

Mr. KING. Under the A. A. A. may any commodity grown upon a farm be subjected to a marketing agreement according to the will of the A. A. A.?

Mr. POPE. Only those which are included in the law itself.

Mr. KING. That is what I understood, and potatoes are not included.

Mr. POPE. Vegetables, soybeans, and so forth are enumerated in the law itself.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. POPE. Certainly.

Mr. BAILEY. May I call attention to the fact that in the bill there are provisions for a referendum after the first year's trial and then to require two-thirds of those affected to carry on the program; that is, one-third can prevent it after a year's trial.

Mr. POPE. That is true. Whether the act shall be effective will depend upon a two-thirds majority of the growers themselves.

The 1934–35 crop was one of the most disastrous in the history of the industry. Potato farmers produced over 385,000,000 bushels, a surplus of 65,000,000 bushels over the amount produced in 1933, according to figures I have received from the Department of Agriculture. The potato farmers are receiving—mark this, Mr. President—about $160,000,000 for the total crop of 385,000,000 bushels, which is about $64,000,000 less than the amount received for the 1933 crop.

The growers of late potatoes are receiving approximately $40,000,000 less than the actual money spent in producing the crop for the year 1934. The average price of the 1934 crop of potatoes raised in Maine was 20 cents a bushel. I understand they are selling now for about 5 cents a bushel. In Michigan the average price of the 1934 crop was 28 cents a bushel, in Wisconsin 29 cents, in Colorado 55 cents, and in Idaho 49 cents. Sixty cents per bushel may be regarded as a fair price for potatoes, and it can thus be readily seen why the 1934 crop is so disastrous.

It is interesting to note that the years 1928, 1931, and 1932, as well as the year 1934, were depressing years for the po-

tato farmer. Keep in mind all the time that about 3,000,000 farmers—in other words, about half the whole number of farmers in the United States—are engaged in growing potatoes for cash income. The year 1929 was a good year. In the years 1930 and 1933 the potato farmer was barely able to receive the cost of production. The average annual production for the 4 bad years of 1928, 1931, 1932, and 1934 were 395,000,000 bushels. The average receipts were $174,000,000.

During the 3 years 1929, 1930, and 1933, in which the farmer got by, the average annual production was 336,000,000 bushels, and the average receipts were $330,000,000. In other words, during the 4 best years the farmers produced an average of about 60,000,000 bushels more of potatoes and received an average of $156,000,000 less per year. This shows what the economy of abundance has done for the potato farmer.

It has been repeatedly said that while potato farmers were suffering from low prices, the consumers were getting the benefit of them. This is true only to a very limited extent.

That is a very interesting thing with reference to the matter of the consumption of potatoes. Whether we have a good year, as we had in 1929, or a bad year, as we had in 1928, the amount of potato consumption varies very little. For instance, in 1932, when farm prices for potatoes were low and the receipts were only $126,000,000, one would think the consumption of potatoes would be large, but there was only an average amount of potatoes used. The amount consumed was 207,000,000 bushels in the United States. In 1933, when the price of potatoes was better and $224,000,000 was received for the crop, the amount consumed was 205,000,000 bushels.

The fact is that the consumption of potatoes varies very little from year to year. One reason is that the consumer pays almost as much for potatoes when the price to the farmer is low as when the price to the farmer is fair.

The VICE PRESIDENT. The time of the Senator from Idaho has expired on the amendment.

Mr. POPE. Very well; I shall take a few minutes of my time on the bill.

I have noted here in Washington that the price of Idaho potatoes this year at the grocery store is almost as high as it was last year, yet the prices received by the farmers in Idaho this year are considerably less than they were last year. The reason for this seems to be that charges for transportation and middlemen's profits are such as to make the price to the consumer about the same from year to year.

Therefore, in my State something must be done in order to regulate the supply of potatoes. The amendment now submitted by the Senator from North Carolina [Mr. BAILEY] has the approval of the potato growers of my State as the best thing that has been suggested or proposed to take care of the matter of surplus. It is said that if about 40,000,000 bushels of potatoes could be taken off the market each year, or the amount of production could be decreased that much, then we could have fair prices for our potatoes. That is the purpose of the amendment, and I am very strongly in favor of it, and, so far as I can tell, almost 100 percent of the potato growers in my State are likewise in favor of it.

Mr. HATCH. Mr. President, I send to the desk an amendment to the pending potato amendment, which I ask to have stated; and in explanation of my amendment I send to the desk resolutions from one of the counties of New Mexico, which I desire to have read.

The VICE PRESIDENT. The Senator from New Mexico offers an amendment to the amendment of the Senator from North Carolina [Mr. BAILEY], which will be stated.

The CHIEF CLERK. In the amendment of Mr. BAILEY it is proposed to add a new paragraph, as follows:

Provided, That any State which has never produced potatoes in any single year in excess of 720,000 bushels shall be excluded from the operation of this act, and all amendments thereto, insofar as the same relate to potatoes, their production, control, and regulation.

Mr. HATCH. Mr. President, I now ask to have the resolutions read.

The VICE PRESIDENT. Without objection, the clerk will read the resolutions.

The Chief Clerk read as follows:

RESOLUTIONS OF COLFAX COUNTY POTATO GROWERS ASSOCIATION

Whereas the yield of potatoes in New Mexico falls far short of the actual needs in the State and it is not likely that potato production will ever affect the outside market; and

Whereas due to the extreme drought in certain areas of the State many growers have not been able to plant or grow their usual crop of potatoes; and

Whereas there is much land in mountain areas on which potatoes alone can be raised with any certain, and to curtail the production of this crop would be very unfair to New Mexico farmers: Therefore be it

Resolved, That the potato growers of Colfax County, N. Mex., in assembly on March 27, 1935, resolve that:

1. New Mexico be excluded from the Warren Potato Act or any acts governing the sale or production of potatoes.

2. That New Mexico be allowed to produce at least sufficient potatoes to supply the State needs or approximately one and one-half million bushels.

3. That because of shortage of potato production in New Mexico farmers would not benefit from any such legislation.

4. That the cost of administering the Potato Act in New Mexico, where the acreage is small and the growers scattered over a large area, would far exceed any benefits.

Mr. HATCH. Mr. President, in explanation of this amendment, I will say that the resolutions which have just been read from Colfax County, N. Mex., have been in substance adopted by each and every county in New Mexico where potatoes are grown.

I have nothing to say about the regulation of potatoes in other States. I know nothing about the conditions in those States and would not seek to impose any restrictions or regulations upon the people in States which desire to come within the provisions of this act, but in the State of New Mexico we do not raise anything like the amount of potatoes we consume. The potato growers in our State are opposed to the Warren Potato Act and desire to be excluded from it. The production is small. The amendment I have suggested will not, I believe, injuriously affect any other State.

I will ask the Senator from North Carolina if he has any objection to this particular amendment.

Mr. BAILEY. Mr. President, I regret to differ with the Senator. I think his amendment would do very great injury to the whole plan contemplated in the amendment I have offered. The policy of exempting States on the basis of 720,000 bushels of annual production, and turning them loose to produce all they please while the other States are being restrained, would constitute an inequality, and, I think, would render the whole proposal unconstitutional.

If we are to have a program about cotton, tobacco, wheat, or any other farm product that I know of, we do not except particular States. We make the program universal. It applies to all people and all States. I see no reason why we should make an exception.

The Senator's State will have a perfectly square deal. It will have precisely the same ratio that other States have. The allotment will be the same. There will be no possibility of his State suffering under this amendment. The State of New Mexico will have its allotment on a percentage basis, and, I am satisfied, will have all it can produce.

Mr. HAYDEN. Mr. President will the Senator yield?

Mr. HATCH. I yield.

Mr. HAYDEN. If a States does not produce enough potatoes to supply the local demand, it seems to me it makes a very different picture than where the State is an exporter of potatoes. That is the situation both in my State and in New Mexico.

Mr. BAILEY. An amendment might be framed along those lines; but this amendment is on the basis of 720,000 bushels of annual production. A proviso might be framed that where a State does not ship potatoes in interstate commerce, and produces potatoes only for consumption within the State, it shall be excepted; but the moment we move into that we raise other questions of constitutionality.

On the other hand, the amendment I have proposed is fair. It is on a percentage basis. It is just as fair about potatoes as it is about wheat. We make no distinction in that regard.

Mr. KING. Mr. President, will the Senator yield?

Mr. HATCH. I yield to the Senator from Utah.

Mr. KING. The Senator has come to the wrong forum. The States, and State rights, have no place for appeal here; and the State of New Mexico must subject itself to the overlordship of the Federal Government.

Mr. HATCH. If the Senator from Utah will permit me, I will ask the Senator from North Carolina to listen while I dictate an amendment which will take the place of the one I have just offered, which I think will meet the views expressed by the Senator from North Carolina.

Mr. President, I modify my amendment as follows:

Provided, That no State shall be subject to the provisions of this act which State does not produce sufficient potatoes to supply the consumption within that State.

Mr. BAILEY. There we have the question of producing sufficient potatoes. A State might not produce sufficient potatoes for local consumption, and at the same time might ship a great many potatoes in competition with the States which are controlled.

Mr. HAYDEN. If the Senator will stop to think about the matter, he will realize that that would not be possible on account of the high freight rates.

Mr. HATCH. That could not be done from the Mountain States.

Mr. BAILEY. I would not say that the potatoes could be shipped far. I realize, however, that the question of freight rates is not a very important one in these days of trucks.

Mr. HATCH. I will say to the Senator from North Carolina that the fact of the matter is that we consume in the State of New Mexico about a million and a half bushels each year, and we produce less than 700,000 bushels.

Mr. BAILEY. With a low freight rate by means of a truck system, I think a State may ship potatoes in interstate commerce notwithstanding the fact that it does not produce all it consumes.

Mr. HATCH. Mr. President, the Senator from Washington [Mr. SCHWELLENBACH] has called my attention to the necessity of a change in the modified amendment; so I offer the following in lieu of the one previously offered by me:

Provided, That any State which produces less potatoes than are consumed within such State shall be excluded from the provisions of this act in so far as the same relates to potatoes, so long as such State produces annually less potatoes than are consumed therein.

I think there is nothing further to be said on the amendment, Mr. President. The situation is perfectly clear. It is simply this:

In New Mexico we produce less potatoes than we consume; and under that condition our people do not feel that there should be any curtailment or regulation of the production of potatoes within the State.

I submit that the amendment I have offered to the amendment of the Senator from North Carolina should be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. HATCH] to the amendment of the Senator from North Carolina [Mr. BAILEY].

Mr. KING. Mr. President, I find myself in disagreement with the Senator from North Carolina [Mr. BAILEY], who has been such an able defender of the rights of individuals and of the States, as well as of constitutional government. If I understand him, he is defending his amendment because legislation has been enacted dealing with cotton, wheat, peanuts, and a few other commodities, the result of which it is claimed has been to drive farmers, when they were restricted in the production of the commodities referred to, into the production of potatoes. This to me seems to be a novel and indeed unique ground upon which to justify his position. It is my recollection that some of the Senators from the cotton-growing States urged, when the Agricultural Adjustment Administration bill was under consideration, that cotton be declared a basic agricultural commodity and that the drastic provisions found in that measure were essential in order to make effective the policy which they were supporting. In other words they supported the plan of reducing the number of acres and of restricting the number of bales of cotton to be produced. Their contention was that it was necessary to increase the price of cotton and that objective could be reached only by materially reducing the production.

It was obvious that such a policy would make available lands which had produced cotton, for other purposes. It was not supposed that these lands would remain fallow or revert to their native state. It must have been evident that other agricultural crops would be grown upon these lands, and it must be said in passing that the reduction of the acreage devoted to the production of wheat and corn would make available the lands withdrawn from wheat and corn production for utilization in the production of other crops. It is now complained that some of the former cotton lands are now devoted to the production of potatoes, and therefore the Government must declare potatoes to be a basic agricultural commodity, and apply to potatoes a similar system of regimentation and control that is applied to cotton. Under this amendment the number of acres devoted to the production of potatoes is to be restricted. The complaint is that there are too many potatoes grown in the United States, and it is therefore imperative that the crop be materially reduced in order that the consumers may be compelled to pay higher prices for this indispensable food product.

May I say in passing, that, in my opinion, we have embarked upon an unsound economic policy, which in the end will result not only in disappointment but will prove injurious. We are adopting a policy which contravenes economic laws and which has proven injurious whenever and wherever it has been tried. We may not take the flattering unction to ourselves that this is a brand-new policy conceived for the first time by master minds, by men whose knowledge of economics and the practical and material things of life is so comprehensive and profound as to command universal acceptance without criticism or consideration.

This policy has in various ages—some of which we call the "Dark Ages", and in periods where autocratic power determined the lives, if not the thoughts, of subjects—been imposed upon the people. Powerful bureaus and great armies of officials were charged with the enforcement of decrees, rules, and regulations relating to the lives and conduct of individuals and communities. A system of regimentation was applied, not only in governmental affairs but in private concerns. Wages and prices were prescribed by the governing authority, and every conceivable rule formulated and enforced that would destroy the initiative and self-reliance of individuals, and reduce them to mere automatons in the social, economic, and political life of the Government.

When the Agricultural Adjustment Act was enacted it was declared that it was an emergency measure; but there is some evidence tending to prove that it will be expanded and its life prolonged. The amendment before us is corroborative of this statement, and we may expect at the next session of Congress to find measures offered to bring other commodities—perhaps carrots and cabbages and lettuce and tomatoes and all kinds of fruits and vegetables—under similar provisions as those found in the A. A. Act and in the pending bill. It may be said then, as it is said now, that the acreage which was devoted to potatoes having been restricted, the owners planted other crops—including carrots or cabbages or lettuce, or what not—upon the same land and that the production of these commodities was increasingly great, and that they must be subjected to control of the A. A. A. organization, and to the limitations and prescriptions to be found in the A. A. A. Act. Marketing agreements will be required until all agricultural products, including fruits, will be subjected to the overlordship of the Department of Agriculture.

We are now witnessing a most remarkable spectacle. The able Senator from New Mexico, which is a sovereign State, is compelled to appeal for the right of the people of his State to produce the potatoes which they need for their own consumption. It was supposed that this was a free country; that the States were sovereign and that they could determine their own internal and domestic affairs. I suggested a few moments ago that the Senator apparently had come to

the wrong forum for the protection of the rights of his own people, as it seemed evident from the attitude of the Senate that his appeal would be denied. I suggest that it is most extraordinary for the Congress of the United States to say what the people of New Mexico, or any other State, shall produce, and to impose upon the people of that and other States restrictions, regulations, and rules which interfere with individual rights and with local self-government.

We are adopting a system of regimentation under which the conduct of individuals, communities, and States is prescribed.

We are conferring authority upon Federal agencies to formulate rules and regulations which are to be applied to the control of individuals and communities with respect to their private and domestic affairs, and these rules and regulations have penal provisions so that infractions of the same will call for fines and imprisonment, or both.

Mr. President, I cannot help but believe that some of these measures which we are adopting are taking us and our country in the wrong direction and that the temporary and apparent benefits derived therefrom will be but slight compensation for the multitude of evils that are sure to follow.

The people of this Republic have courage and those fine qualities which build great nations and raise the people to high standards of civilization. We do not need regimentation; more than a million Federal officials and scores of bureaus and agencies to supervise our lives and conduct. The American people love freedom; not only political and civil liberty, but economic liberty.

As I stated a few moments ago, the policies which some persons are suggesting and attempting to put into effect have been applied where governmental tyranny prevailed but they did not and could not stand the rising tide of independence and liberty and individualism; and so policies which many suggest and which may obtain in our own country that are contrary to our conceptions of justice and freedom will pass away. The American people will assert themselves and demand that they shall have the right to order their own lives and conduct their own affairs so long as they do not interfere with the rights of others.

Mr. HALE. Mr. President, I should like to say that this amendment did not originate in my State. It is purely a southern proposal. My people are in favor of it, however, because they are in a very desperate situation. We think this is the only possible relief in sight for us.

The potato crop in the United States for 1934 reached three hundred and eighty-five-odd million bushels, some 70,000,000 bushels more than the 1933 crop, and thirty-odd million bushels more than the average crop of the country for the past 15 years. Few white or Irish potatoes are exported from this country. The national consumption of potatoes for food, and sold away from the farm, is in the neighborhood of 190,000,000 bushels. The home consumption on the farms is about 64,000,000 bushels. The seed consumption on the farms where grown is 32,000,000 bushels, and where sold outside, 8,000,000 bushels. Shrinkage in crop from waste and unfitness amounts to about 30,000,000 bushels.

Adding these items together, we find there is normally required a potato crop of 324,000,000 bushels instead of the 385,000,000 in the 1934 crop. A surplus of production of even a very few million bushels naturally breaks the market price, and a great overplus, like that of the year 1934, comes very near spelling ruin to the potato farmer.

In the years when the potato crop has been large the market price paid has been low. In years when it has been small, the market price paid has invariably been high. The average price all over the country for the year 1934 was less than one-half of the average price for the past 15 years, and the percentage of the parity price on potatoes for the past 6 months is far below that of any other agricultural commodity.

In my State it costs from 35 to 40 cents to raise a bushel of potatoes. With a third of our crop still unsold and on our hands, we are getting for potatoes at the present time, as has been said, from 10 to 15 cents a barrel, or less than 5 cents a bushel.

The effect of the emergency farm-relief legislation has been to increase the potato crop. Not only has the acreage increased, but through aids which the farmers have been enabled to get from the various emergency administrations the yield per acre has gone up, and that accounts in part for the surplus in this year's crop.

We see no outlook for the immediate future unless we can get some relief, and we are faced with an even larger crop this year than was produced last year. Potatoes have not before been made a basic commodity. This amendment makes them a basic commodity. As the able Senator from North Carolina has explained, the pending amendment, which has the very general approval of our potato growers, makes potatoes a basic commodity and provides a stamp tax on all first sales of potatoes, provides a fair allocation to each State based on former sales, and provides tax-exempt stamps up to the allotment on sales made.

Mr. President, our people are willing and ready to try the experiment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. HATCH] to the amendment of the Senator from North Carolina [Mr. BAILEY].

Mr. SHIPSTEAD. May we have the pending amendment stated?

The PRESIDENT pro tempore. The clerk will state the pending amendment.

The CHIEF CLERK. It is proposed by Mr. HATCH to add the following proviso to the amendment offered by Mr. BAILEY:

Provided, That any State which produces less potatoes than are consumed within such State shall be excluded from the provisions of this act, insofar as the same relates to potatoes, so long as such State produces annually less potatoes than are consumed therein.

Mr. BAILEY. Mr. President, I desire to be heard in opposition to the proposed amendment to my amendment.

The proposed amendment to the amendment is the first of all the amendments offered in the Senate since the agricultural program was started in 1933 by way of excepting any portion of the American people or any State from the operations of the act. In North Carolina we did not ask to be excepted from the operations of the act respecting wheat. We produce about six or seven million bushels of wheat in our State. We consume probably a great deal more than we produce. But we accepted the rule as one for the entire country.

In North Carolina we did not ask to be excepted from the corn and hog program. We considered it a national program. No Senator heretofore, and, so far as I know, no Member of the House of Representatives, has asked for an exception to the operation of the national policy with regard to crop production and crop control.

If we begin making exceptions, we will set a precedent which will justify exceptions all the way along the line. We cannot excuse ourselves on the ground that potatoes are a small crop. Irish potatoes constitute one of the major crops in the United States.

Mr. LONG. Mr. President, the Senator does not leave out sweetpotatoes, does he?

Mr. BAILEY. Sweetpotatoes are not in the bill. There is a Latin expression the Senator will find in the measure, which I am sure the Senator will understand, and he will see that that does not include sweetpotatoes.

Mr. President, what I wish to drive home is the thought that if we are to have a national policy in the agricultural program, this is the time to see to it that we do have such a program, and if we are to drive holes in the national policy, if we are to let North Carolina be excepted from the program as to wheat, or from the program as to hogs, and some other State excepted from the program as to cotton, and so on all the way around—and there are vegetables and fruits to be considered—if we are to have exceptions, then we will destroy the whole philosophy and the entire value of the legislation.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. BANKHEAD. Is not the enforcement of the proposed legislation to be based upon the taxing power in the Constitution of the United States?

Mr. BAILEY. Yes.

Mr. BANKHEAD. I call the Senator's attention to section 8, which provides that:

> All duties, imposts, and excises shall be uniform throughout the United States.

Mr. BAILEY. I may say to the Senator that I just mentioned that the amendment would seriously involve the constitutionality of the legislation. I think it is more important, and really a more valid argument, to direct the Senator's attention to the first effort to create exceptions to the application of the agricultural policy.

Suppose North Carolina should come tomorrow and ask to be excepted from the wheat program. We would have the same right the Senator from New Mexico has to have his State excepted. If we were excepted as to wheat, some other State would get excepted as to hogs. We heard no complaint about State rights with respect to wheat in Utah or with respect to sugar in Utah. We have been proceeding on a national policy.

Now as to the other question: If we leave 10 or 12 or 20 States free from the application of the act, the effect will be to induce them to increase their crops, and the whole purpose of the policy will be destroyed. So I must protest. In the name of the national policy and in the name of the effectiveness of this control I beg that the amendment offered by my good friend the Senator from New Mexico be voted down.

Mr. HATCH. Mr. President, I am somewhat surprised at the statements which have just been made in this Chamber to the effect that the Agricultural Adjustment Act contains no exceptions, and that here is a national policy applicable to all alike. I beg to disagree with my distinguished and able friend from North Carolina. There are exceptions contained in the Agricultural Adjustment Act. There are exceptions contained which relate to States. There are exceptions contained in the pending amendments which are many times more vital, and may I say more absurd and ridiculous, than the exception which I have offered here in the interest of the people of New Mexico.

When I say some of these provisions are absurd and ridiculous when it comes to exceptions, I mean exactly that.

Mr. BAILEY. Mr. President, may I interrupt the Senator?

Mr. HATCH. I yield.

Mr. BAILEY. I should like to have the Senator point out where in the entire agricultural policy any State has been excepted from the operation of the act with respect to wheat, or cotton, or tobacco, or fruits, or vegetables, or wherein there has been any exception with respect to the payment of any tax. There may be other exceptions, but, of course, we are talking about exceptions within the category of crop control.

Mr. HATCH. I have in mind long-staple cotton, which is grown in only a few States, and which is excepted.

Mr. BAILEY. That was not excepted from the operation of the act; it was simply not included. I take it the Senator sees the distinction there at once.

Mr. HATCH. I have in mind another exception.

Mr. BAILEY. There were other articles which were not included in the act. That is not an exception of a State, and I am sure the Senator will agree with me in that.

Mr. HATCH. I have in mind another provision which makes an exception, in effect, of certain States, which provision has caused in my State a feeling that New Mexico has been unfairly and unjustly discriminated against in the matter of cotton—a provision which I hope to cure by an amendment which I shall presently offer, which will make another exception as to certain States.

I will refer to this particular provision contained in the original Bankhead Cotton Act:

> That no State shall receive an allotment of less than 200,000 bales of cotton if in any 1 year of 5 years prior to this date the production of the State equaled 250,000 bales.

That is the language of the Bankhead Cotton Act.

Mr. BAILEY. May I ask the Senator from New Mexico whether that was not a favor to his State, rather than a discrimination? Other States were reduced pro rata; but where the State's production was low, an effort was made in the act to see to it that there was no corresponding pro rata reduction. I think that was a favor to the Senator's State.

Mr. HATCH. The figures were placed so high in that provision that the State of New Mexico was excluded from any benefit whatever under that act and under the amendment. The people of my State feel that it was an unjust and an unfair discrimination against them, and it has brought more criticism against the Bankhead Act than any other provision.

That, however, was an exception. I merely desire to point out one of the other exceptions I had in mind—an exception which the Senate made just the other day which is to my mind most incongruous, to say the least, when there were included in the bill vegetables and fruits, and then, at the request of the processors, the canners, the people who can send a lobby to come here and fight for their interests—the Senate excluded canned fruits and canned vegetables. That has in it an exception many times more far-reaching than the exception I ask.

Mr. BAILEY. I can see that canned goods are in a category by themselves. There are a great many articles which are not within the bill. My point is that once an article is in the bill there is no discrimination.

Mr. HATCH. Very well. We had just excluded canned fruits, and then we came back to the subject and put in olives and asparagus. Fruits are on the same basis; and there are many other provisions in the bill that make exceptions.

Mr. BAILEY. Mr. President, I am sure the Senator knows that all olives are on the same basis, and the argument here is that all potatoes are on the same basis.

Mr. HATCH. That was not the Senator's argument in the first place. He was not talking about individual things, but about States; and he was saying that there were no exceptions whatever under this measure—none at all; that it was just one broad general measure without exceptions.

Mr. BAILEY. Let me say in my defense that I meant to say that there is no exception in a given category. We were talking about the categories. I take it everybody understood that I meant that. There are exceptions in the bill here and there; but my point is that there is no exception of any State with respect to wheat or cotton or tobacco or anything else, and putting in an exception with respect to potatoes will open the door.

Mr. HATCH. Mr. President, after all, perhaps all discussion as to exceptions is beside the mark.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. FLETCHER. I inquire of the Senator how this amendment would affect the States where potatoes are grown in the wintertime; for instance, where they mature before May or June? Florida produces a great many potatoes. They are a winter crop.

Mr. HATCH. The amendment I have offered relates to the annual production, not to any seasonal production.

Mr. FLETCHER. How would that affect a State where potatoes are grown only in the wintertime?

Mr. HATCH. I do not think it would make any difference at all. Of course, there were other exemptions, such as citrus fruits, and one which was referred to in the committee which related to Florida alone.

After all, that is beside the point. There is but one proposition covered by my amendment, and it is simply this:

The State of New Mexico produces far less potatoes each year than we consume. Why should we be put under a curtailment program when we have to import potatoes into the State?

Mr. BAILEY. Mr. President——

Mr. HATCH. Pardon me; I am speaking under limitation of time, and there are some other matters I wish to touch upon before I conclude.

In New Mexico we have 78,000,000 acres of land. We have only about 1,000,000 acres of land in cultivation. We have rich valleys and fertile plains which can and should be put under cultivation, and which should produce crops of different varieties, such as cotton, which we are now prevented from producing because of the operations of the Agricultural Adjustment Act. We have no complaint of that. I have steadfastly sponsored and favored the actions of the Department of Agriculture in furthering agriculture in the United States, and I wish to say that, in my opinion, they have done a good job. They have done it well. The farmers have been benefited, and there is no criticism of the general program so far as concerns basic commodities. I believe in it.

However, I further believe, Mr. President, that that is a program which can be sponsored only as a temporary one. It cannot be considered as a permanent thing; and being from a Western State which has new lands and rich lands which need to be put under cultivation, I say that our salvation will not come from curtailment, but we must have expansion.

I desire to say that that thought is not contrary to the principle which today is actuating the Secretary of Agriculture. I have talked with him, and I know that he understands perfectly that our problem today is not so much a problem of overproduction as of underconsumption, and that whenever our people have their purchasing power restored to a point where they can buy the necessities of life in the way of food and clothing we shall not have a great agricultural problem.

I am informed that when that time shall come we can put into cultivation in the United States at least 50,000,000 acres more than are now under production and under cultivation; and that is the permanent program which we in the West speak for, and should strive for. To me, it seems perfectly reasonable and perfectly logical that in a State such as mine, which produces potatoes in such small quantities, so much less than we annually consume and import, our people should be encouraged to continue the cultivation and the development of that crop.

Mr. President, I submit the amendment as reasonable. It is fair and it is just. I hope it shall be agreed to.

Mr. LONG. Mr. President, I have only 15 minutes for a very important amendment which is intended to be offered, and I desire to have an opportunity to speak a little longer than 15 minutes. However, I am so impressed by the remarks just made by the Senator from New Mexico that at this point I wish to bring to the attention of the Senate wherein lies a great deal of the relief which the Senator from New Mexico has mentioned. He said that if we restore purchasing power, so that these people can consume, that will cure a lot of our agricultural troubles.

Mr. President, this bill almost partakes of the nature of a tariff bill. It has gone quite a circuitous course, but it is almost a farm tariff bill as it is now going, and the nearer it gets to a tariff bill the more it can be justified.

Personally, I favor the amendment offered by the Senator from North Carolina, and I do not believe I would injure the amendment by adding the amendment that the Senator from New Mexico talks about. But the amendment which the Senator from Nevada [Mr. McCARRAN] intends to offer, I have been told by him and others, is very necessary. It is not going to be any good to the people down in my part of the country or any other section of this country if, after we have put many provisions in this bill, these reciprocal agreements are going to wipe out all the benefits.

It does not make any particular difference what is in this bill. We may have protection here for the fruits of Florida, or for the cane of Louisiana or Florida, or we may have protection here for wheat, or for meat, for that matter; but, nonetheless, these reciprocal tariff agreements are wrecking this country, whether we pass the present bill or not.

Who is going to pay the prices for these goods? I represent a farm State, and I am presenting this matter to the Senate as a representative of a farm State. Who is going to buy these goods, who is going to pay these taxes, who is going to be able to stand the increased price which is being imposed on agricultural commodities to help the farmer? It cannot be done by the people in the East, or any other part of the United States, who depend upon manufacturing, unless we do something which will protect those people. We are undertaking now to continue to pull agriculture up by adding to the cost of agricultural products; but little has been said in this entire discussion as to where we are going to find a purchasing market for these agricultural products.

The Senator from New Mexico touches on that point. Where are we going to find the market? Is the easterner who finds the Japanese toothbrush taking away the market he had yesterday going to be able to purchase agricultural commodities of the South and West at an enhanced value? Can these commodities be sold to the people of my State, where the Cuban has taken away the market of our sugar refineries? Will it be possible to sell these goods to the man who has depended upon the clothing industry or the shoe industry, when a reciprocal tariff trade agreement has wiped out his business? Is the working man in the pulp mill going to be able to absorb this enhanced cost when we have been making reciprocal trade agreements day after day by which the pulpwood and the refined paper manufactured in foreign countries are closing down the domestic paper mills and paper manufacturing plants? Who is going to buy these things?

The time is coming, Mr. President, when we are going to be faced with our own law. We have an underconsumption, as the Senator from New Mexico points out. There is no overproduction of agricultural products. We do not produce in the United States enough meat to feed the people the meat they should consume; in some years we do not produce enough corn; we do not produce enough milk even now; we do not produce enough milk products. Agriculture is not today producing what America needs to consume, but because of the stagnated market conditions we actually have to impose restricted production upon a public that is already undersupplied. Therefore, the point is, who is going to pay the prices; who is going to absorb these costs?

Evidently we have got to look to somebody who is not engaged in agriculture. Therefore we have got to look to the manufacturing industries of the country; we have got to look to the laborer who must depend upon what this country manufactures to absorb to some extent these enhanced costs. And are we going to pass this bill imposing additional costs upon these people and leave them subject to the hazards that their entire purchasing power, even as low as it is at this time, may be wiped out? That is the problem that I hope the Senate will not fear to face in the consideration of this bill. If that should be done, if we could get back to that proposition, if this is to be an agricultural tariff bill and we are not going to destroy the other man's tariff, if this protection that is being given to agriculture can be made consistent and be given to the remainder of the people so that they may not wake up in the morning and find their market taken away with no such thing as a reasonable chance to protect themselves before the law-making power, then I think this bill might safely be regarded as an agricultural tariff bill, to some extent at least. On that basis, we could afford to support it if we struck from the law the present destructive system by which bureaucratic organizations may fix tariffs, levy taxes, and make or destroy markets at will.

Mr. President, a short time ago the people of my State were met with a manifesto or proclamation coming from Washington because of which they did not know whether it would be any use for them to plant cane from which sugar is made; they did not then know, and we do not now know. We live from day to day not knowing what is liable to be done. We do not know whether we ought to tell our people to go out in the field and prepare the ground so that in the springtime they may begin to plant a crop of sugarcane.

We do not know what is going to be the ruling; we do not know but what tomorrow morning someone may say to us, "There is not any need for sugar being raised in Florida, there is not any need for the beet crop in the West, there is not any need for the sugarcane crop of Louisiana." We do not know what morning we are going to wake up and be faced with some little bulletin or some announcement telling us that we have got no market and hence no purchasing power whatever to absorb these increased costs. So if we are going to levy these increased costs upon the people, let us make sure that the people are going to be able to buy something. Let us give them a purchasing power, as the Senator says.

Mr. BAILEY. Mr. President——

Mr. LONG. I yield to the Senator from North Carolina.

Mr. BAILEY. The Senator refers to bringing about an increase in the purchasing power of the people. What does he say about bringing about an increased purchasing power on the part of the farmers?

Mr. LONG. I am for that, too.

Mr. BAILEY. Does the Senator know of any way other of doing that than the way we are now following?

Mr. LONG. Yes; I know a way other than that which we are now following.

Mr. BAILEY. Has the Senator proposed a bill?

Mr. LONG. Yes; I have proposed a bill.

Mr. BAILEY. What bill is that?

Mr. LONG. The share-the-wealth bill. Back to the Lord. [Laughter.]

Mr. BAILEY. Yes; that is the universal remedy.

Mr. LONG. In other words, there are three remedies, back to the Lord, back to the Constitution, and back to me. [Laughter.]

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Kentucky.

Mr. BARKLEY. In the estimation of the Senator, which of that famous trio—the Lord, the Constitution, and "me"—is the most important?

Mr. LONG. Excluding my association with the Senator from Kentucky, I do not think it makes much difference.

Mr. BARKLEY. Which I am willing to do at all times. [Laughter.]

Mr. LONG. For the information of my friend from Kentucky and my friend from North Carolina, and in a serious vein, we have approached this matter from an entirely wrong viewpoint. Never should we have said to a people undernourished, never should we have said to a people in a land that produces too little to eat—not enough meat, not enough milk, not enough butter, not enough flour, not enough corn—never should we have said we are going to embark on a policy that will restrict production in a land whose people are undernourished. It was wrong in the beginning, and the whole philosophy of the bill is wrong, topside and bottom.

It is the only thing we can get; it is not a question of taking the best. We have been confronted by these fancy and fanciful schemes, one after the other, none of which have any fundamental basis of justice to support them. It is about the only thing that we can get; we are in a horse-swapping game trying to protect ourselves in what is going on. It is almost a tariff juggling proposition, and I myself am a tariff juggler in that sense, and so are about 95 percent of the other Members of the Senate with whom I am intimately acquainted, although none of them will admit it. [Laughter in the galleries.]

The PRESIDENT pro tempore. The Chair will admonish the occupants of the galleries that it is against the rules to indulge in laughter or demonstrations of any kind or in talking in the galleries. It may become necessary to close the galleries if the rules of the Senate are not obeyed.

Mr. LONG. Mr. President, when the original bill was before the Senate I declared I had no idea of supporting it. However, they put silver in the bill, put in a provision enhancing and expanding the currency, and I became a supporter and voted for the bill to get what I thought might be some expansion of the currency.

The same course seems to be taken about this bill now. Let us go the whole route now; let us agriculturalists be consistent. The only trouble is that half the time we cannot get the easterner to vote for anything except what affects the East; we cannot get the westerner to vote for anything except what affects the West; and we cannot get the southerner to vote for anything except what immediately affects the South. My friend from Michigan, after all the learned speeches he has made for the tariff, rose here yesterday when there was a tariff proposed to protect cotton and voted against the cotton tariff; and so all the southerners, after all their talk that they wanted free trade, the minute the proposition came up of putting a tariff on rayon and keeping down the competition with cotton, voted for a tariff on rayon. So, every one of us is a tariff man, but each is for a tariff on what affects particularly the section with which he is immediately concerned. So let us put in this bill at the proper time the McCarran amendment, and let this bill say what it means. Let the Congress make the exceptions and the exclusions under this bill and not have them made by reciprocal tariff agreements.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from New Mexico [Mr. HATCH] to the amendment offered by the Senator from North Carolina [Mr. BAILEY].

Mr. TRAMMELL. Mr. President, the amendment proposed by the Senator from New Mexico [Mr. HATCH] should be rejected. It provides that a State shall be excluded from the provisions of the pending measure if the State produces less potatoes than are consumed by it. Since this question arose I have not had an opportunity to secure the statistics as to crop production in my State, but in Florida we produce a large quantity of potatoes which are marketed in a period of from 6 to 8 weeks. As to whether or not in my State within the period of 8 weeks the production would exceed the consumption for a period of 12 months is a serious question. We produce and sell in the markets throughout the country during a period of 2 months a large quantity of potatoes. Then, for the remaining 10 months of the year, we purchase potatoes from other sections of the country.

I should dislike very much to see the pending legislation crippled in any such way, as it probably would be by the amendment proposed by the Senator from New Mexico. That would probably be the result in many States in which during only a certain part of the year at particular seasons are marketing operations carried on, and in which for the entire year the production may be less than the consumption, although during the particular marketing period of 2 months, as an illustration, they produce far more than they consume. Such States would be precluded from the benefit of the provision offered by the Senator from North Carolina. The amendment offered by the Senator from New Mexico is so hazardous as to many of the States that I am very much opposed to having it attached to the general amendment proposed by the Senator from South Carolina.

Mr. FLETCHER. May I interrupt my colleague?

The PRESIDENT pro tempore. Does the Senator from Florida yield to his colleague?

Mr. TRAMMELL. I yield to my colleague.

Mr. FLETCHER. I wish to call attention to the fact that the potatoes produced in Florida are produced at a time when they are not produced anywhere else in the country, and the production in 1933 was 2,232,000 bushels.

Mr. TRAMMELL. That is very true. They are produced at a time when they are not being produced in other States, and to that extent are not competitive, of course, although they are competitive so far as the total quantity produced in the United States is concerned. I do not think that our State would desire by the test proposed in the amendment offered by the Senator from New Mexico to be precluded entirely from the provisions of the general amendment submitted by the Senator from North Carolina.

Mr. WHITE. Mr. President, I hope the amendment offered by the Senator from New Mexico [Mr. HATCH] to the amendment offered by the Senator from North Carolina

[Mr. BAILEY] will not prevail. The amendment proposed by the Senator from North Carolina looks to a limited and controlled production of potatoes; the amendment offered by the Senator from New Mexico looks in just the opposite direction. It is utterly impossible, in my view, Mr. President, to assert and undertake to put into effect a uniform system of control throughout the United States and then to permit a single State to escape from the burden or the privilege, whichever it may be, of such control. If 1 State is to be excepted, why not 10 States; and if 10 States, why not 20 States? That statement, it seems to me, reduces to an absurdity the proposition that we may have control of this great crop and permit exceptions of any State or of any number of States from the operation of the law.

Mr. President, may I say just a brief word in behalf of the amendment of the Senator from North Carolina?

Mr. McCARRAN. Mr. President, will the Senator yield? I do not want to take the time of the Senator from Maine.

Mr. WHITE. I hope the Senator will not do so. I yield.

Mr. McCARRAN. During the course of his discussion, will he consider this question? Perhaps he was absent from the Chamber when I brought it up a little while ago.

Where within any given State there is perchance a farming unit which desires to produce for its own consumption only and under the rules in force under the provisions of the bill and those administering the act say "You cannot do it; we are going to limit your acreage;" what would the Senator suggest?

Mr. WHITE. If I understand the amendment of the Senator from North Carolina it does not reach potatoes raised for individual use at all, but reaches only those potatoes raised for commercial purposes.

Those who have studied the problem have testified that there are only three possible approaches to a solution of the difficulties which confront the potato growers of the United States. There are some 3,000,000 farmers raising potatoes and they live in every State of the Union. Their situation is critical. Their distress is great.

The experts who have testified say one possible method of approach is through marketing agreements. They add that it has been demonstrated with respect to the potato crop that marketing agreements are not a practicable solution of the difficulty confronting the farmer and that it would require radical changes in existing law if marketing agreements were to be made effective.

A second possibility, so they tell us, is through the making of potatoes a basic commodity and by the imposition of processing taxes. The experts say as to this that we cannot with any success apply the principle of processing taxes to the potatoes of America, because there really is no processing in connection with the growth and sale and use of potatoes. So they have come, I think with almost complete unanimity, to the belief that the application of the principles of the Kerr-Smith tobacco bill to the potato crop is the only way in which the benefits which are accorded the other basic agricultural commodities may reach and may inure to the potato growers and the potato crop.

I am not particularly familiar with the situation throughout the whole United States, but I know the situation in my own State where one county raised last year more than 57,000,000 bushels of potatoes, and where they have dumped on the ground this year potatoes to the extent of 10,000 carloads, and where potatoes have brought to the growers a price ranging lately from 10 to 15 cents a barrel, if they have been able to sell them at all.

It seems to me the suggestion made by the Senator from North Carolina is most helpful and one giving the largest measure of promise of benefit of any that has been brought to my attention. I hope his amendment will prevail.

Mr. SMITH. Mr. President, I do not want to delay the matter, but, as chairman of the committee, I hope the amendment proposed by the Senator from New Mexico [Mr. HATCH] will not be adopted because the distressing condition in which the potato market finds itself calls upon this body to do what it can to relieve the situation. We have worked out a plan which has appealed to a majority of the committee and I hope will appeal to a majority of the Senate.

Mr. McCARRAN. Mr. President, before the Senator from South Carolina takes his seat may I ask him a question in keeping with what I understand to be the policy of the Senator from New Mexico [Mr. HATCH]?

Mr. SMITH. Certainly.

Mr. McCARRAN. Where a State provides only sufficient potatoes for its own consumption and perhaps less than sufficient for its own consumption, should not the spirit of the amendment of the Senator from New Mexico prevail? In other words, if the Senator says "no", then he would say that New Mexico, if it produces less than its normal consumption of potatoes, must go into the market and buy under conditions to be imposed under the bill.

Mr. SMITH. All of us are thoroughly familiar with the fact that we cannot legislate for exceptions. There has to be a rule. I know that in the administration of the law certain very imperative and extraordinary conditions may be met. It may be, as the Senator from Florida [Mr. FLETCHER] pointed out, that there would be a period when New Mexico would desire to market a part of the potatoes she produced, while later on she would have to buy some for home consumption.

I am quite sure, in view of the fact that New Mexico raises so few potatoes, perhaps not enough for home consumption, that her Senators would not stand in the way of rendering effective a law which would affect a vast number of our people who produce that upon which perhaps a greater number of American citizens depend than on any other form of our production. It is almost a complete food. I hope the Senator from New Mexico will understand that those of us who are opposing his amendment are opposing it in an effort to obtain the greatest good for the greatest number.

Mr. HATCH. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from New Mexico?

Mr. SMITH. Certainly.

Mr. HATCH. Certainly we should not criticize the chairman of the committee for taking the attitude he does. However, I cannot agree that the adoption of my amendment would injuriously affect the program at all.

The question I desire to ask the Senator from South Carolina is this: He just stated that a majority of the committee approved the amendment of the Senator from North Carolina. As I recall, and if I am in error I shall be glad to be corrected, it is true that this particular potato bill was presented to our committee at the time we were considering the A. A. A. amendments, when we were considering committee amendments, and we decided at that time not to include the Warren potato bill, and when the A. A. A. amendments came to the Senate Chamber from our committee this amendment was not included and had been voted down in the committee?

Mr. SMITH. Yes; but there was no protest against the Warren bill. The length of the bill as an amendment and the fact that a great many members of the committee had not had an opportunity to study it was the determining element. Subsequently the matter was gone into exhaustively by different members of the committee, and it was agreed that if it was brought up here it would be accepted, because all of us who had made a study of it recognized that in justice to the potato growers of the country there should be some aid extended to them, and the Warren bill and the amendment introduced by the Senator from North Carolina [Mr. BAILEY] seemed to be the only method by which the situation could be controlled for the benefit of the producer.

There is no need for me to repeat what the Senator from Maine [Mr. WHITE] has already said. There is no processing in connection with potatoes. The potato goes directly from the producer through the channels of trade to the consumer without any intervening processing to render it available to the ultimate consumer.

Mr. HATCH. Mr. President, unfortunately I was unable to be at the subcommittee meeting when the bill was discussed, or I should have presented the amendment at that time. In fact, I did not know it was going to be discussed or considered by the committee further after it had once been voted down. The Warren bill does suggest a program for control and regulation of potato production. It would seem to be a complete and comprehensive program.

Mr. SMITH. Yes; it is almost in line with the tobacco-control bill. It is almost identical.

Mr. HATCH. But it eliminates, does it not, all question of the right of the potato grower to vote on the matter?

Mr. SMITH. No; I do not think so.

Mr. WHITE. It requires the Secretary of Agriculture to conduct a referendum, and it requires a two-thirds vote in order to make the program effective.

Mr. HATCH. But if 33⅓ percent should vote against the program, they, nevertheless, would be compelled, by the terms of the measure, to come within its provisions.

Mr. BAILEY. That is as in the Bankhead Act.

Now, let me ask the Senator from New Mexico a question. Would the Senator be willing to vote for an amendment to the pending measure, excepting from the application of the Agricultural Adjustment Act the State of North Carolina, if it should show that it did not produce exceeding 12,000,000 bushels of wheat last year? That is a fair question.

Mr. HATCH. I should be perfectly willing, for this reason: No individual producer is compelled to come within the wheat program. It is purely a voluntary arrangement. The humblest citizen of North Carolina can step from within the provisions of that program if he so desires; and I say to the Senator from North Carolina that if any of his people do not wish to enter into a contract with the Government for the control of wheat, they have the right to say so.

Mr. BAILEY. So the Senator from New Mexico would vote to except North Carolina from the program on wheat if its production did not exceed the amount I have stated? Is that correct?

Mr. HATCH. I should be perfectly willing to have the Senator's State have what it desires, one way or the other. That is correct.

Mr. BAILEY. Then, after voting for exceptions State by State, agricultural product by agricultural product, in what sort of shape would the A. A. A. be when we got through with it?

Mr. HATCH. I will answer the Senator by saying that I am intensely anxious for the A. A. A. program to prevail and to succeed; but, more than that, I am anxious for the rights of individual Americans to stand——

Mr. BAILEY. I will agree with the Senator as to that.

Mr. HATCH. And let them determine for themselves whether or not they shall come within a program.

Mr. GLASS. How can both happen? [Laughter.]

Mr. HATCH. I will say to the Senator from Virginia that both have happened in the wheat program.

Mr. BAILEY. But I asked the Senator in what sort of shape that would leave the A. A. A. program. He speaks of individual rights. He did not tell me what the consequences of this course would be. Now I ask him if it would not shoot the A. A. A. full of holes.

Mr. HATCH. I believe not. It has not done so in the case of wheat. The wheat program has been a success.

Mr. BAILEY. North Carolina is not asking to be excepted from the application of the wheat program. I am assuming that every State has something it would wish to except. The Senator will agree that that would shoot the A. A. A. to pieces.

Mr. HATCH. Not necessarily. If the citizens of a State do not wish to come within the program, I do not believe they should be compelled to enter it.

Mr. BAILEY. Any part of it?

Mr. HATCH. Yes, sir.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from New Mexico [Mr. HATCH] to the amendment of the Senator from North Carolina [Mr. BAILEY].

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from North Carolina [Mr. BAILEY].

The amendment was agreed to.

Mr. McCARRAN. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. No foreign trade agreement entered into after the date of enactment of this act under the provisions of section 350 of the Tariff Act of 1930 shall become effective until ratified by the Senate in the manner provided in the Constitution.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Nevada.

Mr. McCARRAN. Mr. President, first of all, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pope
Ashurst	Coolidge	La Follette	Radcliffe
Austin	Costigan	Logan	Reynolds
Bachman	Davis	Lonergan	Robinson
Bailey	Dickinson	Long	Russell
Bankhead	Donahey	McAdoo	Schall
Barbour	Duffy	McCarran	Schwellenbach
Barkley	Fletcher	McGill	Shipstead
Bilbo	Frazier	McKellar	Smith
Black	George	McNary	Steiwer
Bone	Gerry	Maloney	Thomas, Okla.
Borah	Gibson	Metcalf	Townsend
Brown	Glass	Minton	Trammell
Bulkley	Guffey	Moore	Truman
Bulow	Hale	Murphy	Tydings
Burke	Harrison	Murray	Vandenberg
Byrd	Hastings	Norbeck	Van Nuys
Byrnes	Hatch	Norris	Wagner
Capper	Hayden	Nye	Walsh
Caraway	Holt	O'Mahoney	Wheeler
Carey	Johnson	Overton	White
Chavez	Keyes	Pittman	

The PRESIDENT pro tempore. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. McCARRAN. Mr. President, for several days, if I correctly interpret the present condition and activity of the Senate of the United States, we have been trying to legislate to build up and promote production in this country. We have been trying, first of all, to see to it that he who produces from the soil shall have guaranteed to him the cost of production. Then, again, industry in its various forms has been enlisted, so that those engaged in any line of industry in this country shall not be discouraged as they enter into engagements. Behind that, and in keeping with the present law, we have that which has sought to inject itself into this country, known by the term of "internationalism."

Mr. President, we are either going to be internationalists or we are going to be nationalists. If we are going to indulge in the great utopian theory of being internationalists, then indeed we may take our guidance from the past, because whenever we have sought to become internationalists we have lost. Will Rogers expressed it in homely terms when he said that we have never lost a battle and never won a conference.

Internationalism is merely something that we have cultivated within our own midst, but when we come to deal with foreign countries we find that nationalism is the thing which is uppermost. Witness the situations which have grown out of the reciprocal trade agreements.

The greatest reciprocal trade agreement, that which is most boasted of by the State Department, is that with Cuba. If I were to read to the Senate the results of the Cuban agreement, we should find America the loser from beginning to end.

Then there was the Brazilian trade agreement. I am not referring to them in order, but as they come to my mind. What was the result of the Brazilian trade agreement? First of all, Brazil, although we offered the trade agreement to her, has not yet accepted it by act of her congress. So

she was not very much won by it. But the Brazilian trade agreement would have struck down industry in 22 States of this Union. I say it would have struck down industry in 22 States of this Union, and I refer to them as the States of the West, and the East, and the South. In the manganese industry alone it would have stricken from the pay rolls of 22 States of the Union thousands upon thousands who would have had to go on the relief rolls.

Manganese comes from the West. Naturally, when a Senator who is from the West rises here, it is thought he is fighting for the West. But let the great New England States look into their production of manganese. Let Arkansas look into her production of manganese. Let Virginia look into her production of manganese. The great South is equally affected by this agreement.

The Golden West—California, Oregon, Idaho, Montana, Arizona, New Mexico—every one of those States will have to put more men and women on the relief rolls if the Brazilian trade agreement shall go into effect, and our State Department is urging that it shall go into effect.

Then what is to be done in the great States which produce matches, an industry in which some 25,000 or 30,000 human beings are today making their living and supporting their dependents? Senators who are listening to me today are interested in that very problem. Every match factory of this country will be closed down if the Russian trade agreement shall continue in effect, for, as I understand, it has already gone into effect.

Again let me refer to a matter about which we did not think when we voted for the act which is permitting this thing to be done. I am one who voted for it, and it is the one regrettable thing in my short career in the Senate. I voted for it, and I am sorry I did, but I voted for it because there were those out in the lobby who were telling me that there would first be hearings before these agreements would be entered into.

The correspondence in my office will show that I have asked time and again, "Why cannot we be advised when agreements as to products which affect the life of our respective States are negotiated? Can we not be advised so that we may bring the best information before the State Department?"

I was told that was not possible. I am not now quoting literally; I am giving the substance. I was advised it was not possible because it would bring a flood of opposition. Naturally it would. Would not the match-producing States oppose admitting Russian slave-made matches into this country to destroy the domestic industry? Would not the manganese-producing States oppose anything that would bring in manganese to close down the mines of this country?

Mr. President, I have but 15 minutes, and I must of necessity skim over the argument. We appropriated $4,800,000,000 of the taxpayers' money to take those on relief off the relief rolls and put them to work. How can we carry out the spirit and policy of that great law, the greatest appropriation ever made by any nation in the history of the world, if, while we are trying to take people off relief at the same time we are turning others out of employment? And we are doing that every day and every hour so long as the reciprocal trade agreements go into existence as they now are proposed.

Mr. President, I shall now deal with another phase of the question.

Mr. SCHALL. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield for a question.

Mr. SCHALL. I did not know but that the Senator might like the information that in my State the farmers are having trouble in getting help to shock their grain, yet 1 out of 5 is on relief. Also, I wish to state what is apropos to this discussion, that the match deal with Russia has thrown out of employment about a thousand people in my State.

Mr. McCARRAN. I do not wish to be rude to the Senator from Minnesota, but my time is limited.

Mr. President, the organic law provides that before a treaty shall become effective it shall be passed upon and ratified by the Senate of the United States. Let us deal with that phase of the question.

Into the reciprocal trade agreements as they have been promulgated the Secretary of State has read the provision of the most-favored-nation clause. Therefore, the Secretary of State has read into the reciprocal-trade agreements the very meaning that they are treaties. As a matter of fact, it did not require the action of the Secretary of State to convince me of that situation when it was handled as it has been. They are treaties between the respective countries, and being treaties, this body alone has the right to ratify them. So we set aside our constitutional oath-bound prerogative when we provided that the State Department should control this matter without one word of dictation or guidance from the Senate.

Assuming that I might be wrong in my theory, in my idea, which theory and idea have been supported by the Secretary of State, let us assume that this is a revenue matter. If it is a revenue matter, it belongs in the Congress of the United States, under the organic law, and, belonging in the Congress of the United States, should arise in the House of Representatives.

I defy anyone to get away from either one of those two dilemmas. It is either a treaty and belongs here——

The VICE PRESIDENT. The time of the Senator on the amendment has expired.

Mr. McCARRAN. I have 30 minutes on the bill. As a matter of parliamentary procedure, I ask the Senator from Arkansas, in keeping with the agreement, may I divide my 30 minutes? May I take 15 minutes now?

The VICE PRESIDENT. As the Chair understands the Senator's parliamentary inquiry, he cannot divide his time on the bill. He may divide his time on an amendment.

Mr. ROBINSON. Mr. President, I think the Chair, in answer to the inquiry addressed to me by the Senator from Nevada, has correctly interpreted the unanimous-consent agreement.

The VICE PRESIDENT. The agreement provides that a Senator shall speak only once on the bill and 15 minutes on any amendment.

Mr. VANDENBERG. Mr. President, I suggest to the Senator that he take his 30 minutes on the bill first.

Mr. McCARRAN. Very well. There is nothing more serious before the American people today than the amendment I have offered here, which must be considered by the Senate. I say there is nothing more serious because, tax ourselves as we will, tax every agriculturist, whether he be a rancher or a farmer, as we will, in the long run, if we open the gates to importations which destroy the very life of the farmer; why tax him any further? He is taxed to death now; he is gone.

Mr. President, we cannot afford to open the gates of this country to the products of Russia; and why can we not? Need I go into sophistry? I hope to avoid it. I want to discuss only facts. I might, if I saw fit to go into a sophistical argument, say that they did not deserve any consideration from us, but I am not going to touch upon that. I am going to refer to something which touches the heartstrings of industry of this country, that is, that labor, which has persisted through 50 years of struggle in this country in the effort to maintain a wage structure, cannot compete with the slave labor and the imprisoned labor of Russia. Neither can labor in America compete with the inhabitants of the steppes of Russia, who do not know that there exists another country outside of the little domain in which they live.

That is not all, Mr. President. If we continue with this policy which has been declared by the State Department, under the most-favored-nation clause, then the American laborer must compete with the Japanese laborer, who knows only the Mikado. He does not care any more for the outside world than a Hindu cares for skates. He knows that the Mikado exists, and the Mikado is god to him, and a handful of rice and a mat on which to lie are sufficient for him. Against such labor American labor must compete. American labor, which seeks to support a family and educate little boys and little girls to lead on the world, American labor which wants to know whether or not this Nation



is to continue its leadership in the sisterhood of nations, today pleads with the Senate to adopt this amendment, so that at least the sovereign States of this Union shall have a right to say whether or not a State Department, wedded to a policy of free trade, to which I will never lend myself, and to which I never intended to lend myself, shall tear down the wage structure of this country.

Labor is listening today, listening as it never listened before, because it knows what will happen to it when America shall be flooded with the products of slavery from Russia and the products of the rice eaters of Japan, who know only one god and one nation, and that is the Rising Sun of Japan. I admire them for their nationalism, I admire them for their ideas; but let not America embark upon international Utopianism until that hour of Utopia comes. The sun of Utopia has not yet arisen, and it will be centuries yet beyond before it will arise. Utopia is a beautiful thing. The Brotherhood of Man is a beautiful thing; it is a wonderful thing; it arises from the great heart of America; but America found that she could not bring it about. She sent one of the biggest hearts in the world over to Versailles to bring about the brotherhood of man, and he failed. Now it is proposed to tear down American life; to tear down the wage structure of this country so that there may be imported here under the mandate of one department—the Department of State—every product which will come in competition with the commodities produced by the toilers of America.

I wonder if, as Senators representing sovereign States, we can afford to do other than adopt this amendment? What does it provide? Nothing more than is provided by the organic law, which has come down for 147 years, and has been found basic to our success—that the reciprocal trade agreements shall be submitted to the Senate for adoption before they shall become the law of the land.

What is fairer? What is more frank? Are we to represent sovereign States or are we to resign our constitutional privileges and duties and say, "We delegate this authority to an appointee", with whose appointment all we had to do was to confirm—an appointee who may go out 2 years from now and walk away while you and I, representing the life of sovereign States must go on if we have any ideas in keeping with the things that we believe best for those sovereign States.

Mr. President, with all the seriousness that I ever possessed, with all the ideas I have for the uplift of my country, with all the motives inherent to me to maintain a fair wage scale in this country and not allow the wage structure to be torn down, I submit this amendment.

Mr. ROBINSON. Mr. President, it does not appear to me that this amendment, or the reciprocal-tariff act which it proposes to repeal, involves either the question of internationalism or free trade or the destruction of fair-wage scales in the United States.

It seems to me the argument submitted by the able Senator from Nevada [Mr. McCARRAN] discloses the misconstruction that is sometimes placed on the Reciprocal Trade Agreement Act. That statute was passed by the Congress after a prolonged discussion in the Senate, in which every phase of the subject touched upon by the Senator from Nevada was amplified. His amendment, in my opinion, is a mere revival of the arguments which were made and the assertions which were considered at the time the statute was enacted about a year ago. It is impractical, to say the least, to repeat that discussion while the Agricultural Adjustment Act is under consideration.

Mr. McCARRAN. Mr. President——

Mr. ROBINSON. I yield for a question.

Mr. McCARRAN. I give this to the able Senator from Arkansas that he may evolve the thought——

Mr. ROBINSON. I cannot yield for a speech. The Senator himself, when he had the floor, refused to yield for a speech.

Mr. McCARRAN. Is it not true that since the law was enacted there has come down from the Supreme Court of the United States the poultry decision, which has entirely changed the views which were presented to the Senate at the time the bill was under discussion?

Mr. ROBINSON. No, Mr. President; I do not think the statement just made by the Senator from Nevada has very much relevancy to the subject which is now being considered, and I reassert that he is merely attempting to revive the old controversy which was so fiercely waged here a year ago. There is not anything in what has been done under the Reciprocal Tariff Act to justify the fear that the Government is going to be destroyed or that wage scales are going to be disrupted or that internationalism is to be promoted.

The object of the Reciprocal Tariff Act is to promote the foreign commerce of the United States. Under that act an agreement with Cuba was concluded, and the weight of the evidence seems to be that the result of the agreement has been gratifying. An agreement was signed early in the present year between the United States and Brazil. That agreement has not as yet been ratified. Hearings have been held on proposed agreements with 12 or more other countries, including Belgium, Haiti, Colombia, Costa Rica, Guatemala, Honduras, Nicaragua, San Salvador, Sweden, Spain, Switzerland, and the Netherlands. Negotiations concerning these agreements are in progress, some of them having been practically completed.

Hearings are in contemplation for proposed agreements with other countries, including Canada, Finland, and Italy. The Colombian agreement is practically completed. It awaits action by the Colombian Parliament. Preliminary conversations have been held with five or six other nations.

There has been a misunderstanding as to how tariff trade agreements are made. Much misinformation has been disseminated with regard to the manner in which reciprocal tariff agreements are negotiated. Some of it probably constitutes deliberate misrepresentation; some may be due to lack of complete knowledge of the subject.

In the first place, the Committee on Foreign Trade Agreements is composed of representatives not only of the Department of State but also of the Treasury, Agriculture, and Commerce Departments, the Tariff Commission, and the office of the special adviser to the President on foreign trade. In this committee all questions relating to agreements are fully discussed. When it is learned through the usual diplomatic channels that a foreign country wishes to enter into negotiations for a reciprocal-tariff agreement with the United States, formal notice is given by the Department of State. At the same time dates are set for the presentation of views by those interested in the commerce between the two countries to the committee for reciprocity information, which has been set up for that purpose. A final date is set for filing of briefs, and another for a public hearing, which is usually a week later than the limit for filing briefs.

Meanwhile a subcommittee, called the "country committee", is formed to make a thorough and expert study of the trade between the United States and the country concerned. On this subcommittee, as on the parent committee, are representatives of the different departments. This committee uses all available material and examines with utmost care all the briefs and testimony submitted to the committee for reciprocity information.

When the subject has been completed, which requires weeks, a report is made to the full committee. In the formulation of these reports the Department of Commerce suggests what concessions should be asked of the other country and the Tariff Commission suggests what concessions can be made by us without injury to domestic commerce. Thus not only is the fullest opportunity given to everyone to be heard but every aspect of the question is given most careful consideration by every department of the Government concerned.

While the United States is preparing its case the other country is doing the same for itself according to its own method. When both are ready, actual negotiations begin, and through these the final agreement is reached.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield for a question.

Mr. VANDENBERG. Can the Senator tell whether the process thus described was pursued in the case of the Russian treaty?

Mr. ROBINSON. The Russian treaty was not negotiated under the reciprocal-tariff act. It constitutes a mere exchange of notes and does not involve the interpretation or application of the reciprocal-tariff act.

Nothing could be less captious or summary than the process of making these agreements. Instead of being framed hastily in the dark, as some have suggested, they are the result of painstaking labors by experts with open minds and by representatives of various departments of the Government.

Mr. McCARRAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Nevada?

Mr. ROBINSON. I yield for a question.

Mr. McCARRAN. Is it not true that whatever was granted or conceded to this country by Russia was made after passage of the identic notes to which the Senator has referred?

Mr. ROBINSON. I do not know what the Senator means by concessions being made "after passage of the identic notes." The Russian trade agreement merely constitutes an understanding that Russia, in the next 12 months, will purchase goods to the value of $30,000,000 in the United States. This figure represents an increase of more than 100 percent over the value of American exports to Russia in 1934 and an increase of more than 150 percent over the average exports during the 3-year period 1932–34.

Mr. McCARRAN. Mr. President, will the Senator yield for a question?

Mr. ROBINSON. I cannot yield just now. I am making a statement in reply to the Senator's interrogation. He will please refrain for the present. I shall yield later.

On its part the Government of the United States extends to the Soviet Union the tariff concessions which have been granted under trade agreements with Belgium, Haiti, and Sweden, and has agreed to extend to the Soviet Union the benefits of tariff concessions made under trade agreements with other countries which may be proclaimed during the life of the present agreement. In other words, no special concession is made to the Soviet Union under this exchange of notes. The Soviet Union is merely granted the same consideration that is granted other States or nations.

I now yield to the Senator from Nevada for a question.

Mr. McCARRAN. Is the Senator from Arkansas able now to state to the Senate what we will receive in imports to our country and what the difference will be between the value of what we will export and what will be imported into our country?

Mr. ROBINSON. Mr. President, I cannot say in detail what may be imported into the United States from Russia. In the main it will consist of commodities which are not produced in large quantities in the United States. In the main it will not interfere with American industry substantially. I have that assurance and feel certain that it is true.

Mr. McCARRAN rose.

Mr. ROBINSON. Mr. President, the Senator from Nevada refused to yield when he was addressing the Senate, and I have repeatedly yielded to him. I wish now to state the reasons which prompt me to make a motion to lay on the table the amendment of the Senator from Nevada.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. ROBINSON. Yes; I yield.

Mr. McCARRAN. I think the Senator probably is in error in his recollection. I did not refuse to yield.

Mr. ROBINSON. I have yielded to the Senator. What is it the Senator wishes to know?

Mr. McCARRAN. In reading the Senator's prepared statement——

Mr. ROBINSON. No; my address is not prepared.

Mr. McCARRAN. I thought the Senator was reading.

Mr. ROBINSON. I have read memoranda. Does the Senator think that detracts from the value of my statement?

Mr. McCARRAN. No criticism was intended excepting——

Mr. ROBINSON. If the Senator wishes to ask a question he will be good enough to do it and not to lecture me on how I should proceed in making an address to the Senate.

Mr. McCARRAN. I do not want to be lectured by the Senator from Arkansas, either.

Mr. ROBINSON. I decline to yield further to remarks by the Senator from Nevada.

The VICE PRESIDENT. The Senator from Arkansas declines to yield.

Mr. ROBINSON. If the Senator wishes to ask me a question he may do so.

Mr. McCARRAN. I shall ask it now.

Mr. ROBINSON. Very well.

Mr. McCARRAN. Does the Senator realize that by the Russian trade agreement we will close down every manganese-producing property in America, we will close down every match-producing industry in America, any by the most-favored-nation clause written in, we will likewise close down other industries in this country?

Mr. ROBINSON. No, Mr. President; I do not think the exchange of notes between Russia and the United States will result in the closing down of any industry. I am sure it will not materially affect the manganese industry, because in this country we produce only a very small percentage of the manganese which we are compelled to have. It is necessary for us to obtain manganese from some foreign country, and since the concession to Russia under the exchange of notes——

The VICE PRESIDENT. The Senator's time has expired.

Mr. ROBINSON. I move to lay on the table the amendment of the Senator from Nevada.

Mr. VANDENBERG. Mr. President, will not the Senator withhold his motion until I can discuss the amendment submitted by the Senator from Nevada? The motion of the Senator cuts off debate.

Mr. ROBINSON. I do not believe I can do that without withholding it until every other Senator has discussed it who might desire to do so, and, as I stated in the beginning, the object is to bring the subject to an issue. I think I must decline to withhold the motion.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] to lay on the table the amendment offered by the Senator from Nevada [Mr. McCARRAN].

Mr. VANDENBERG. On that motion I call for the yeas and nays.

The yeas and nays were ordered.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll to ascertain the presence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Johnson	Overton
Ashurst	Chavez	King	Pope
Austin	Connally	La Follette	Radcliffe
Bachman	Coolidge	Logan	Reynolds
Bailey	Costigan	Lonergan	Robinson
Bankhead	Davis	Long	Russell
Barbour	Dickinson	McAdoo	Schall
Barkley	Donahey	McCarran	Schwellenbach
Bilbo	Duffy	McGill	Shipstead
Black	Fletcher	McKellar	Smith
Bone	Frazier	McNary	Steiwer
Borah	George	Maloney	Townsend
Brown	Gerry	Metcalf	Trammell
Bulkley	Gibson	Minton	Truman
Bulow	Guffey	Moore	Tydings
Burke	Hale	Murray	Vandenberg
Byrd	Harrison	Norbeck	Van Nuys
Byrnes	Hastings	Norris	Wagner
Capper	Hatch	Nye	Walsh
Caraway	Holt	O'Mahoney	White

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] to lay on the table the amendment offered by the Senator from Nevada [Mr. McCARRAN]. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). On this question I have a pair with the Senator from Missouri [Mr. CLARK]. My understanding is that if he were present he would vote "yea." If I were at liberty to vote I should vote "nay." I withhold my vote.

The roll call was concluded.

Mr. AUSTIN. I announce the necessary absence of the Senator from New Hampshire [Mr. KEYES] and the Senator from Utah [Mr. THOMAS], who are paired on this question.

If present, the Senator from New Hampshire would vote "nay", and the Senator from Utah would vote "yea."

Mr. NYE (after having voted in the negative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably absent. Having voted, I am under compulsion to withdraw my vote. Were I at liberty to vote I should vote "nay", and were the Senator from Virginia present he would vote "yea."

Mr. ROBINSON. I desire to announce that the Senator from Missouri [Mr. CLARK], the junior Senator from Illinois [Mr. DIETERICH], the senior Senator from Illinois [Mr. LEWIS], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS] are unavoidably detained from the Senate. If present and voting, these Senators would vote "yea."

I also wish to announce the unavoidable absence of the Senator from New York [Mr. COPELAND].

I wish further to announce that the Senator from Oklahoma [Mr. GORE], the Senator from Virginia [Mr. GLASS], the Senator from Indiana [Mr. MINTON], and the Senator from Missouri [Mr. TRUMAN] are detained in committee meetings. I am advised that if present and voting, these Senators would vote "yea."

I wish further to announce that the Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Montana [Mr. WHEELER] are detained on departmental matters.

Mr. ASHURST. I desire to announce that my colleague [Mr. HAYDEN] is detained on important departmental matters.

Mr. HOLT. I wish to announce the necessary absence of my colleague [Mr. NEELY].

The result was announced—yeas 47, nays 30, as follows:

YEAS—47

Bachman	Caraway	Holt	Pope
Bailey	Chavez	King	Radcliffe
Bankhead	Connally	La Follette	Reynolds
Barkley	Coolidge	Logan	Robinson
Bilbo	Costigan	Lonergan	Russell
Black	Donahey	McAdoo	Schwellenbach
Bone	Duffy	McGill	Smith
Brown	Fletcher	McKellar	Tydings
Bulkley	George	Moore	Van Nuys
Burke	Guffey	Murphy	Wagner
Byrd	Harrison	Norris	Walsh
Byrnes	Hatch	O'Mahoney	

NAYS—30

Adams	Davis	McCarran	Shipstead
Ashurst	Dickinson	McNary	Steiwer
Austin	Frazier	Maloney	Townsend
Barbour	Gerry	Metcalf	Trammell
Borah	Gibson	Murray	Vandenberg
Bulow	Hale	Norbeck	White
Capper	Johnson	Overton	
Carey	Long	Schall	

NOT VOTING—19

Clark	Gore	Minton	Thomas, Okla.
Copeland	Hastings	Neely	Thomas, Utah
Couzens	Hayden	Nye	Truman
Dieterich	Keyes	Pittman	Wheeler
Glass	Lewis	Sheppard	

So Mr. MCCARRAN's amendment was laid on the table.

Mr. VANDENBERG. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert a new section in the bill to read as follows:

Section 350 of the Tariff Act of 1930 (relating to reciprocal foreign trade agreements) is hereby repealed; and no foreign trade agreement heretofore entered into under such section 350 shall have any force or effect after the date of the enactment of this act.

Mr. VANDENBERG. Mr. President, I regret the necessity of embracing this method of getting an opportunity to express my views to the Senate respecting the proposition submitted by the Senator from Nevada [Mr. MCCARRAN]. But apparently there is no other recourse, since the adoption of this cloture motion. Therefore, I address myself to the amendment as I have submitted it, which was the original form in which it was submitted by the Senator from Nevada. I insist I am entitled to be heard on a matter of this significance, although I can appreciate how the defenders of these so-called "tariff bargains" might be better content if they be not ventilated by debate.

The able Senator from Arkansas [Mr. ROBINSON] says that this is only a renewal of the same old quarrel and the same old argument regarding these tariff bargains and that the subject offers no new considerations. I think the Senator from Arkansas totally ignores the fact that there are at least two major reasons why it is not the same old contemplation and is not the same old argument.

The first reason is that the Supreme Court of the United States has stated in no uncertain terms, with very definite implication to the tariff-bargain law, if I may be permitted a layman's view to that end that this tariff authority which has been delegated to the President and his Secretary of State is without color of constitutional warrant. This is still an important consideration with some of us.

Secondly, since we had the last argument on this subject we have seen the President and his Department of State operate under this tariff-bargain act. We now know what these tariff bargains are like. When the law was in this forum in its making, time and time again we sought for information relative to the type and nature of the agreements which were to be made. We never were able to procure any remote, intimate, or definite information. It was all an optimistic prospectus, and nothing more.

Now, we know what happens under the law, and we are in a position today to pass upon this problem, first, in respect to its constitutional phase; second, in respect to its economic and practical phase, with a degree of information which was totally lacking in the initial consideration. This creates a wholly different problem, which the Senate, so long as it still believes in free speech, should not foreclose to honest and legitimate debate, and it will not be foreclosed so far as I am concerned.

Mr. President, I advert first to the constitutional phase of the matter, in spite of the ironical references of my friend the senior Senator from Nebraska [Mr. NORRIS] earlier in the day, when he discussed my interest in constitutional contemplations. I would not presume to present a constitutional argument based upon my own views, because I am not a lawyer. But when I can submit almost incontestable authority, I think I am entitled to challenge the conscience of the Senate to the constitutional content or lack of it in any of these amazing things which we are constantly asked to do.

So far as the A. A. A. amendments, and the processing tax and the beneficial payments and my earlier reference to their unconstitutional phase are concerned, my opinion was based upon the judgment rendered by the United States Circuit Court of Appeals at Boston, Mass., last week, and if that decision does not raise at least a constitutional implication which is of far greater authority than the opinion of any individual Senator on this floor, then I have less respect for the courts than I think I have.

How about this particular power, this power which has been delegated to the State Department and the Executive, to write tariff bargains, to legislate in respect to our revenue laws, and to bind our people in both of these aspects?

Mr. President, after the Supreme Court decision in the Schechter case I submitted this matter for specific opinion to three of the best lawyers in the United States, and I think that when they are named no Senator will impute to them less than sound and respectable judgment. I asked for the opinion of the Honorable James M. Beck, of Philadelphia, Pa.; I asked for the opinion of former United States Attorney General William D. Mitchell, of New York;

and I asked for the opinion of Judge Thomas D. Thacher, former Solicitor General of the United States, than whom probably no more respected Solicitor General ever dealt with constitutional questions in the Department of Justice.

The answer from all three, unanimous and without reservation and without equivocation, is that in the light and purview of the Supreme Court decision in the Schechter case and its related decisions there is no shade of constitutionality left in the delegation of this tariff power. If this be so, I should prefer that Congress run its own laundry instead of waiting for the Supreme Court to do it.

Mr. President, if Senators desire the details in respect to these opinions, I refer them to the CONGRESSIONAL RECORD of June 25, 1935, at page 10027, when I caused to be inserted in the RECORD in whole the opinion of Judge Thacher. Senators will not expect me to argue the constitutional technique of this contemplation. I merely bring my authorities and lay them at the bar of the Senate, and I ask for any authority comparable by way of defense of those arguments which these distinguished gentlemen present.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield for a question. The Senator understands I am under limitation.

Mr. CONNALLY. Did the Senator from Michigan vote against the flexible tariff act of 1930?

Mr. VANDENBERG. The Senator from Michigan voted in favor of the flexible tariff act and against the reciprocal tariff, because the flexible tariff act included a specific rule of conduct. The tariff-bargain law included no specific rule. Most of the Senators—and I think the Senator from Texas included—voted against the original flexible law on the theory that it was unconstitutional, and then proceeded to vote for the tariff-bargain act, although it lacked any of the definite nature of restriction and jurisdiction and formula and rule of action which was contained in the flexible tariff act.

I refer the Senator from Texas [Mr. CONNALLY], who is an able lawyer, to Judge Thacher's opinion in the RECORD at the point which I have indicated. I do not desire to invade my own time or take the Senate's time to read Judge Thacher's opinion, but I do read two sentences so that there may be no question as to what conclusion it is that Judge Thacher has reached:

> Upon the principles laid down in the oil and poultry cases the act—

Referring to the tariff-bargain act—

> clearly appears to be an unconstitutional delegation of legislative power to the President.

I read again:

> No such unfettered delegation of legislative powers appears in any of the tariff acts, and upon the principles repeatedly declared by the Supreme Court of the United States I am of the opinion that the statute is unconstitutional.

Mr. President, those who know Judge Thacher know that he does not lightly commit himself to so unequivocal a pronouncement as that which I have just read.

It is not enough, so far as the Senate's responsibility for constitutional legislation is concerned, for us to rely upon the difficulty of a citizen getting into court to find out about the constitutionality of some of these measures. I strongly suspect that those who so bravely contend for the constitutionality of the tariff-bargain act rely largely upon the exceeding difficulty of getting into court to find out about it.

That is a species, however, of cheating the citizen. Insofar as our responsibility goes it is something else. This is one phase of this problem which was not before the Senate in any such completed form when last we passed upon this measure. That is one phase of this problem which needs review, and which needs a new vote in order to determine whether or not the Senate wants to persist in this particular invasion of the constitutional power and authority.

If it be desired to pass from the constitutional phase—although that inevitably must be controlling to a man who realizes the import of his oath—and proceed to the economic phase, let us consider that for a moment.

I think I ought to say at this point that my economic views regarding these tariff bargains completely differ from the opinion of the great automobile industry in my own State of Michigan. The State Department has been exceedingly generous in its treatment and consideration of the automobile industry, and I am bound to make public acknowledgment of that fact. I appreciate it. I am not surprised that the automobile industry, therefore, finds in this tariff-bargain prospectus some things of apparent advantage to itself. But regretfully I must disagree with this great industry from my own Commonwealth in respect to the alleged advantage of these treaties, in respect to the alleged advantage of these bargains, and I think that before the end of the chapter is reached the automobile industry itself will agree that it has been misled by pure economic superficialities.

In the first place, foreign trade is not and cannot be the basis of our recovery, and there is no greater sophistry than to pretend that foreign trade is the basis of our hopes in this regard. Of course we want whatever export advantages we can get. Of course we want foreign trade in whatever degree it may be available. But so far as the fundamental recovery of the American people is concerned in this economic depression, the recovery depends primarily and fundamentally upon domestic prosperity recurrent in our own continental United States.

When we are at the peak of our prosperity we get 93 percent of that prosperity from our home market, and we get just 7 percent of it from the foreign market. In other words, the ratio runs about 13 to 1 in emphasis upon domestic trade. Senators asked for percentages this morning and Saturday when I was speaking upon another phase of this matter. There is the fundamental percentage covering the question of whether or not a recovery program built upon primary reliance on recoupment of foreign trade is calculated to succeed, if the reliance in any substantial degree jeopardizes domestic trade.

We bait our hook, Mr. President, with 93 percent of our economic prospectus and we go fishing for 7 percent; and the chance inevitably is, under the law of averages, that we will come home the loser without either fish or bait. I think it can be demonstrated that the State Department, in spite of its highly honorable and zealous anxieties and intentions, has usually come home with the worst of it whenever they have written one of these bargains.

If there is any doubt about the inadvisability of attempting to rely so largely upon the recapture of foreign trade as the basis for our recovery, I just want to remind the Senate of Mr. Paul Mallon's quotation of the President of the United States himself last June. The President is speaking to some textile representatives who had just called upon him, and I read as follows:

> The President is said to have left them with the idea that foreign trade was a thing of the past. Whether rightly or wrongly, they got the view that the President believed the United States would eventually have to reconcile itself to the prospect of living largely within itself. Most foreign-trade experts have come to that view, although they do not dare say so openly.

Mr. President, most foreign-trade experts who have examined the international balance sheets prepared by the Honorable George N. Peek, who but recently was special foreign-trade adviser to President Roosevelt—most foreign-trade experts who have assessed and studied those international balance sheets have come inevitably to the conclusion that our great foreign trade—this five- or six-billion-dollar thing which is constantly held up now as the largest target toward which this tariff-bargain process is aimed—those foreign-trade experts have come to the conclusion that this swollen export trade was the result of one of two things—either it was the result of war, on the one hand, or it was the result of a process of foreign loans on the other hand—loans with which we gave to the Old World the money with which to buy our goods. We are not going back into process of fertilizing foreign trade either by war or by foreign loans. I believe that is an axiom.

The PRESIDENT pro tempore. The time of the Senator on the amendment has expired.

Mr. VANDENBERG. I am using my first 30 minutes speaking on the bill.

Mr. President, since that is the indisputable conclusion which must be drawn from these international balance sheets, I submit that it is perfect folly to plan the recovery of America on the basis of these external aspirations and situations.

The thing which primarily must be defended is the American's right to his own home market; and anything that defeats him in the control of his own home market is a thing which is militating against the permanent recovery of this land. These tariff bargains which are being written do militate against adequate control of his own home market by the American producer.

If we are going fishing for foreign trade, baiting our hooks with 93 percent of our market while fishing for but 7 percent, I want to submit that the tariff bargains thus far made by the State Department clearly demonstrate a thing which was argued upon this floor at the time the law was passed, namely, that we cannot hope to get any advantage to our own country so long as we try to create these tariff bargains under the most-favored-nation treaty theory of international relationship.

We have most-favored-nation relationships with 60 foreign countries or thereabouts. Every time we make a tariff bargain with one country, giving that one country some advantage in America in return for some alleged advantage that America gets in the other one country, every time we make one of these deals we immediately have to turn around and give to 59 other countries around the globe every advantage we contracted away to that one country, and give it for nothing.

What happens? The very same things that happened in connection with the Belgian tariff bargain. A tariff bargain was made with Belgium which involved, for example, parchment paper in Belgium, but the moment the parchment-paper favor was given to Belgium that moment the same parchment-paper favor had to be given to England and Finland, where the major menace to the American parchment-paper industry at present and potentially resides. We cannot hope to deal and bargain ourselves into any net advantage so long as the chances are 60 to 1 against us in this aspect, and we should realize that we are going to get the worst of it. The chances first are 13 to 1 against us on account of the greater value of our domestic markets. Then the chances are 60 to 1 against us on account of these most-favored-nation relationships. Thus the chances finally are something like 780 to 1 against us.

Mr. President, I said the situation is different today than it was when this program was last before the Senate because we have a few of these treaties now to examine. We did not have anything to look at when we passed this law. We could not get any information as to what kind of bargains were going to be made. We heard a lot about a Colombian treaty which was in the offing, but in spite of every effort that could be made nobody was permitted to see the so-called "Colombian treaty" until after the Congress had committed itself to this tariff-bargain philosophy.

Now we have had a few of these bargains and we can see what we get out of them. The first one is the Cuban bargain. What do we get out of the Cuban bargain? Let me state what we get out of the Cuban bargain. From September 1, 1934, when the tariff bargain became effective, to June 1, 1935, our exports to Cuba increased $17,000,000. That is pointed to as a great achievement traceable to tariff-bargain writing between Cuba and the United States. It increased our exports to Cuba $17,000,000.

While it was increasing our exports to Cuba $17,000,000, how much was it increasing Cuba's exports to us? How much was it increasing our imports from Cuba? That figure is $41,000,000. In other words, the net result of the first 9 months of the tariff-bargain relationship is that our balance of trade with Cuba is $24,000,000 worse off than it was when the tariff bargain was made.

Mr. President, if that is a victory, it is one of the Pyrrhic victories the like of which the old commander once said, "Another such victory and we are undone."

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield for a question only.

Mr. McKELLAR. What were the figures for the 9 months prior to the time it went into effect? What were our imports for the like period of time, and what were our exports to Cuba?

Mr. VANDENBERG. Our exports to Cuba were $25,000,000 and are now $42,000,000, speaking of the two relative 9 months' periods. Our imports were $45,000,000 and are now $86,000,000. The net result of the entire computation is that we are $24,000,000 worse off than when we started in respect to our balance of trade.

Then we made a treaty with Brazil. The treaty with Brazil is not as yet effective because apparently Brazil still thinks that her home folks should have something to say about the fiscal legislation which shall control the trade and the taxation of its nation. Brazil requires that these trade agreements shall be returned to Brazil for approval before they become effective.

Nothing like that over here. The Senator from Arkansas read a pious formula under which our manufacturers or producers are notified of the expectation that a particular agreement is to be formulated, and that is all true; but there is never a point in the entire negotiations when any manufacturer or producer in the United States or any representative of an agricultural commodity in the United States ever knows what particular threat is to be aimed at him so that he may argue in rebuttal against it.

In Brazil it is different. Apparently they have more democracy there than we have here. The net result is that Brazil has not yet ratified this trade agreement, which is the second most important agreement of those which are recommended to us as the personification of this great and glorious principle.

Why not? That is only a matter of speculation. The State Department declines to say why the ratification at the other end of the line is suspended. But those who are familiar with the facts cannot escape the belief that since Brazil is chiefly interested in our coffee market, and since we have given Haiti the benefit of our coffee market under the Haitian agreement, therefore, under the most-favored-nation clause Brazil gets the coffee advantage and the great market of the United States, worth more than $100,000,000 a year to her under the most-favored-nation treaty theory of things, without the necessity of signing any bargain, or giving any advantage whatever to us. That is a fine demonstration of the futility of trying to advance American foreign trade under the most-favored-nation treaty policy.

Mr. President, I suppose the Russian agreement, the most recent agreement, is rated as the next most important contribution to this trade-expansion philosophy which is promoted by the tariff-bargain treaty theory, even though the Russian agreement, as stated by the able Senator from Arkansas, does not fall within the tariff-bargain law literally. Of course, it could not fall within the tariff-bargain law literally, because if it did the State Department would have had to give some notice to the people of the United States that it contemplated doing this thing which it has subsequently done, for the reason that under the tariff-bargain law there is at least a poor, feeble protection by way of a promise of a theoretical right of hearing.

There were no hearings in the Russian matter. The first notification the American people had that its President and its State Department had admitted Soviet Russia to every advantage, every tariff benefit, contained in all of the other tariff bargains we have made with all the other powers—the first notice the American industrialist and the American agriculturist had was in the morning newspaper, and that was all the notice they had.

Mr. President, of course that bargain was not made under the tariff-bargain law, because, if it were, it would have violated the very fundamentals of it. If it was not made under the tariff-bargain law, under what law was it made?

Is it a treaty? If it is a treaty, it should come back into this forum to be ratified by two-thirds of the Senate of the United States—the precise formula demanded by the amendment submitted by the Senator from Nevada [Mr. McCARRAN], which the Senate has just cavalierly rejected by the recourse of cutting off debate.

What is the authority for making this agreement? Is it just a casual, conversational sort of a thing? Apparently, it is when we read its text. Russia does not bind herself to do anything specifically to our advantage. We do bind ourselves to do something everlastingly to the benefit of Russia. So there is not any Russian promise except that collateral, conversational statement by and to Ambassador Bullitt that this is expected to produce about $30,000,000 worth of additional American trade. There is not any Russian commitment. Well, at least that is a good thing. At least that saves us from sophistry and hypocrisy, because the last time we undertook to promote our foreign trade by dealing with Soviet Russia we were told that recognition would produce $500,000,000 a year of American-Russian trade; and it has not even produced 10 percent of it, much less the amount predicted. Yes; and the last time we made one of these bargains with Russia, we were promised that all subversive propaganda in the United States would cease and stop, and it has neither ceased nor stopped. If I were in the State Department of this country, contemplating another Russian agreement, the first thing I should want to know before I accepted any further Russian promises or gave any further Russian advantages under the Stars and Stripes would be, "What has happened to those previous agreements; and, by the way, what do you propose to do about the $700,000,000 that you owe us?"

Mr. President, it seems to me that these contemplations, the knowledge we now have as to what the Executive and the State Department propose to do when they use this unconstitutional tariff bargain power, present a totally different proposition than it was when it was submitted to us in the first instance. I think the Senator from Nevada [Mr. McCARRAN] was wholly justified when he asked for a review by the Senate of the United States of the decision which it originally made in sheer ignorance of the ultimate possibilities and probabilities.

Under the circumstances, I should have been well satisfied to have rested the case on the amendment proposed by the able Senator from Nevada, who merely sought to require that these trade agreements shall come back to the Senate of the United States for ratification under the power and authority intended to be given to this body by the great fundamental charter of the Republic; but since that has been detoured by a parliamentary stratagem I have no alternative except to raise the issue anew in a more direct and fundamental form. In that spirit, and for that reason, I have submitted the amendment.

Mr. McCARRAN. Mr. President, as a substitute for the amendment of the Senator from Michigan, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment, in the nature of a substitute, offered by the Senator from Nevada will be stated.

The CHIEF CLERK. As a substitute for the amendment offered by Mr. VANDENBERG, it is proposed to insert at the end of the bill the following:

SEC. —. No foreign-trade agreement entered into after the date of enactment of this act under the provisions of section 350 of the Tariff Act of 1930 shall become effective until ratified by the Senate in the manner provided in the Constitution. Foreign-trade agreements arrived at during the recess of the Senate shall be effective only until the Senate rejects or ratifies such agreements, and all agreements arrived at under this statute shall be submitted to the Senate immediately on the convening of the Senate either in special or regular session.

Mr. McCARRAN. Mr. President, I desire to address myself to the substitute which I am offering for the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

Whatever may be my feeling in this matter, perhaps it grows out of inexperience. It is rather rare, I take it, that legislative consideration is cut off; but, inasmuch as it has been cut off by a motion from my most able leader, I must go forward with that which is American—the right of the greatest deliberative body in the world to discuss the most important thing that ever came before that body, namely, its own national life.

You may table that if you wish, but the toilers of this country will not table it. They will keep it on the table at the breakfast and the luncheon and the supper hour. It will be there, and you will pray to God that it was not there. If we are going to tear down the wage structure of this country, let us tear it down after 96 men, representing 48 sovereign Commonwealths of this Nation, shall have had an opportunity to consider it. Let us not curtail their consideration any more than we have curtailed consideration on bees and other commodities.

This proposal involves the very life of this country. It means the upbuilding of this Nation. It means its continuation in the leadership of the sisterhood of nations.

What did the organic law say as regards the powers, the privileges, the rights, and the duties of the Senate of the United States? Did it say that we should discharge all, and lay them on the shoulders of a man whom popular passion led into a place of power? When I say "popular passion", I do not mean to retract that expression. Popular passion placed him there. Why should he take more of a burden than the organic law placed upon him? Why should we resign the duties that belong to us? Where is our oath of office?

We may talk about progressivism. We may say that we will go beyond the Constitution. There may be those who will say, "Let the Constitution stand aside; we shall put this bill through anyway." Mr. President, the day is dawning when the organic law of this country will be the uppermost thing, and any group that stands behind it will be the group that will take possession and control of the Government. Any group that relinquishes its obligation, as conferred by the organic law, will find itself back with Mr. Hoover and others who have been lost sight of.

Mr. HARRISON. Mr. President, will the Senator yield for a question?

Mr. McCARRAN. I yield for a question.

Mr. HARRISON. Did the Senator vote for or against the law he now seeks to repeal?

Mr. McCARRAN. I am sorry the Senator from Mississippi was not in the Chamber when I referred to that matter. I stated that I did vote for it, and I stated why I voted for it. I will state again a propaganda was going on around here that the reciprocal trade agreements would be submitted to the Senate, and that we would have an opportunity to understand them before they were officially consummated.

Mr. HARRISON. May I ask the Senator how he voted on the amendment to bring the matters back to the Senate for confirmation before they were ratified?

Mr. McCARRAN. I beg the Senator's pardon.

Mr. HARRISON. How did the Senator vote when the question was before the Senate, while this whole matter was being considered from every angle, and an amendemnt was offered providing that the reciprocal-trade agreements should be brought to the Senate before they should become operative? How did the Senator vote on that question?

Mr. McCARRAN. I cannot recall my vote, but, in keeping with the promises made to me, I hope that I voted for the return of the proposed treaties to the Senate. If I did not, then I made one more mistake. I have admitted one mistake; I may have to admit another one.

I have admitted one mistake, one action I regret, one vote I only wish I could recall, but that vote was cast as it was because I thought the State Department would be fair enough to the constituted authority to bring these reciprocal

trade agreements back here in order that we might consider them. But I find that fairness does not prevail even there.

As a matter of fact, my correspondence shows that they will not even tell me what commodities are to be considered in the reciprocal-trade agreements under consideration. As a matter of fact, we cannot get any concerted or intelligible reply from the State Department on this subject, if I am to judge from my own experience.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McCARRAN. In just a moment. I take it as a matter of fact that the State Department does not want our views on the subject, and more than that, I take it that they do not want the views of the most intelligent man today on this subject in the Union, that is, Mr. Peek, of the Export-Import Bank, who has repeatedly criticized the whole situation.

They do not want such views. They would rather close down the mines of Nevada, when we are borrowing $1,500,000 in a little district that will have to stretch its taxing system so that it may go on with the manganese industry in order that we may develop a great body of manganese. They would rather crush that whole industry, they would rather close the silica sand mines of southern Nevada and place every one of the people employed there on the relief rolls, than to say that the Senate of the United States should pass its judgment upon this subject.

I now yield to the Senator from Louisiana.

Mr. LONG. Mr. President, inasmuch as the Senator was interrogated by my friend the Senator from Mississippi, does the Senator recall that the Senator from Mississippi presented a bill here to repeal the flexible tariff act, that we Democrats voted for it, and that later on the Senator from Mississippi came back and voted for this other bill?

Mr. HARRISON rose.

Mr. McCARRAN. I yield to the Senator from Mississippi to make answer.

Mr. HARRISON. The Senator from Nevada will recall that he, as well as the Senator from Louisiana and the Senator from Mississippi and the members of the Democratic Party solidly—and I congratulate my friend from Louisiana—voted for a substitute to repeal the flexible provision of the law.

Mr. LONG. I just wanted to bring that out. The Senator from Nevada is now standing as the Senator from Mississippi and I once stood, and as the Senator from Mississippi is no longer standing. That is the situation.

Mr. HARRISON. Mr. President, will the Senator yield further?

Mr. McCARRAN. I yield.

Mr. HARRISON. I desire to say that the Senator from Louisiana, when we enacted this provision of the law which is now sought to be repealed, did not stand with us on this side.

Mr. LONG. Oh, no!

Mr. HARRISON. He voted the other way. The Senator refused to go along, but the Senator from Nevada did, and among the amendments offered at that time was one having to do with the protection of labor, providing that before anything should be done——

Mr. McCARRAN. Do not attribute that to me.

Mr. HARRISON. The Senator from Nevada even voted against that labor amendment.

Mr. McCARRAN. It was a labor amendment which would have destroyed the labor structure of this country.

Mr. HARRISON. It was offered by a Republican in order to destroy the proposed legislation. The Senator from Michigan on the other side talked for 3 days on this proposition.

Mr. McCARRAN. Mr. President, I refuse to yield further. I wanted to give the Senator from Mississippi an opportunity to reply to the Senator from Louisiana.

Mr. BARKLEY. Mr. President, will the Senator yield for a question?

Mr. McCARRAN. In just a moment, as soon as I reply to what is before me. Now that the Senator from Louisiana has demonstrated what a magnificent acrobat the Senator from Mississippi is, I hope I may proceed.

Mr. HARRISON. May I say to the Senator that he was an acrobat at the same time, turning right with me.

Mr. McCARRAN. No; I never turned.

Mr. HARRISON. Oh, yes; the Senator voted exactly as I voted, because from a Democratic caucus we brought out a substitute to repeal the flexible provision, and the Senator stood here like a man, voting as a Democrat for that proposition.

Mr. McCARRAN. I beg the Senator's pardon; I never attended a Senate caucus.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HARRISON. Will the Senator yield?

Mr. McCARRAN. In just a moment. The Senator from Mississippi is in error, or I was remiss. I did not attend a Democratic caucus in which this matter was brought up, or if I did, the record will show that I reserved the right to vote as I saw fit.

Mr. HARRISON. The Senator always has that right, but he carried out the spirit and here is the RECORD, if the Senator wishes to refresh his recollection.

Mr. McCARRAN. I carried out the spirit of what this administration said should be, but this administration does not carry out any spirit. It simply goes on from day to day, and tomorrow it will not be what it is today.

Mr. BARKLEY and Mr. HARRISON addressed the Chair.

The PRESIDENT pro tempore. Does the Senator yield, and if so, to whom?

Mr. McCARRAN. I yield to the Senator from Kentucky.

Mr. BARKLEY. I do not want to get too far away from the statement the Senator made a while ago, referring to some mine in Nevada. He did not tell us what sort of mine it is. What does it produce?

Mr. McCARRAN. The mines of Nevada and the mines of 22 other States of the Union produce manganese, and among those States is the State of the Senator from Kentucky.

Mr. BARKLEY. It produces so little that I never heard that it produced any.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. HASTINGS. I merely wanted to express the hope that Senators on the other side will not begin this late in the session to explain their many inconsistent positions. If they do, it is certain there will be no adjournment before Christmas.

Mr. McCARRAN. Mr. President, how much time have I remaining?

The PRESIDENT pro tempore. The Senator has 2 minutes remaining.

Mr. McCARRAN. That is scarcely worth while for an Irishman. As a rule, he has to have more time than that to get into action. But in leaving this proposal, I say that to my mind is worth while, because it is fair, because it is reasonable. I would not cut off the law as it now exists, but would provide that anything proposed under it should be brought back to the body which the organic law says should consider it. That is the substance of my substitute for the amendment offered by the Senator from Michigan.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. McCARRAN] in the nature of a substitute for the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. The Senator from Louisiana.

RECESS

Mr. ROBINSON. Mr. President, if it is agreeable to the Senator from Louisiana, I now move that the Senate take a recess until tomorrow morning at 10 o'clock.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, July 23, 1935, at 10 o'clock a. m.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 22, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father in Heaven, how beautiful and wonderful are the works of Thy hands; how enriching and exalting to the contemplative soul. We thank Thee for every good thought, for every heroic spirit, and for every spiritual power with which we have been blest. We bear to the altar of prayer the Members who are ill and weary in work; let the accents of Thy presence comfort them. Bless them with Thy graciousness and sustain them with Thy fellowship. Be with any who feel the burden of life, who find the cares of the world heavy, and with any who are worried with their daily duties. As we travel life's common way be Thou our guide and inspiration. In the Redeemer's name. Amen.

The Journal of the proceedings of Thursday, July 18, 1935, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill and joint resolution of the following titles, in which the concurrence of the House is requested:

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934; and

S. J. Res. 163. Joint resolution to authorize the acceptance of bids for Government contracts made subject to codes of fair competition.

TEXAS CENTENNIAL EXPOSITION

Mr. SANDERS of Texas. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 335, to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff, and for other purposes.

Mr. Speaker, I may say that this resolution is similar to one introduced in the case of the exposition at San Diego. It provides that in connection with the Texas centennial celebration of next year importations from foreign countries may be admitted free of duty but that if they are used in the United States then the duty shall be imposed. My good friend the gentleman from Massachusetts [Mr. MARTIN] is familiar with these resolutions.

Mr. MARTIN of Massachusetts. We have had similar resolutions many times in the past.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That all articles which shall be imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be held in Texas beginning in June 1936 or for use in constructing, installing, or maintaining foreign buildings or exhibits at the said exposition and celebrations, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition and celebrations, to sell within the area of the exposition and celebrations any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles, which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at any time during or within 3 months after the close of the exposition, any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: *Provided further*, That articles, which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond, and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition and celebrations under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That the Commission of Control for Texas Centennial Celebrations and Texas Centennial Central Exposition shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for, articles imported under the provisions of this act, shall be reimbursed by the Commission of Control for Texas Centennial Celebrations and the Texas Centennial Central Exposition to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALCOHOLIC BEVERAGE CONTROL

Mr. SABATH, from the Committee on Rules, submitted the following resolution (Rept. No. 1556), to accompany House Resolution 305, which was referred to the House Calendar and ordered printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8870, a bill "To further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce, and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes"; that after general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

PERMISSION TO ADDRESS THE HOUSE

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mrs. NORTON. Mr. Speaker, reserving the right to object, and I shall not object, I should like to serve notice that the District Committee has 14 bills to be considered today, and I sincerely hope the Membership of the House will not embarrass me by making it necessary for me to decline to yield for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, I am sure Americans everywhere deplore and denounce the terrifying scenes that have occurred in Berlin during the past few days. I cannot let the occasion go by without voicing indignation at the insults to the people of my faith and those of the Catholic faith. The bullying, the hectoring, the bloody deeds and atrocities of which the Hitler hoodlums and the storm troopers are guilty cannot go by unnoticed. The deeds were committed with the connivance and encouragement of the German storm troopers and Government officials.

Germany wishes apparently to remain the pariah of nations.

Ferdinand Fried, of the Living Age, issued, in part, the following statement in connection with the anti-Jewish rioting:

I saw one man brutally kicked and spat upon as he lay on the sidewalk, a woman bleeding, a man whose head was covered with blood, hysterical women crying, men losing their temper at the police or the storm troopers and being kicked or dragged off, women begging their men to keep out of the fight and crying and pleading.

Nowhere did the police seem to make any effort whatever to save the victims from this brutality.

Furthermore, E. W. Wood, a midshipman of the United States battleship *Wyoming*, was drawn into a street fight when questioned for comment on the Nazi attitude toward Jews. The midshipman said he was standing on the steps of a cafe, when he saw a woman felled by the fists of a Nazi policeman. Wood, when asked what he thought of that atrocity, expressed his disapproval, whereupon he himself was struck and in turn hit the policeman. He was taken to jail. Later, after payment of a $20 fine, he was released.

When are these brutalities to end? When will Germany cease her cowardly and diabolical attacks against a defenseless race? Surely the civilized nations cannot remain complacent while the Jews in Berlin live in constant terror of the Nazi raids. I call upon my State Department, in the light of precedents of distinguished Secretaries of State, at least to voice disapproval to the German consul resident in our Capital.

Further, the Vatican, after great patience and forbearance, is now compelled to assail the violations of its concordat with Berlin. Nazi sterilization and brutalizing of Catholics, depriving them of free speech and press in religious matters, have very properly stirred up the Vatican. Rome has sent a vigorous note protesting on three grounds:

First. Hitler forces Catholics to abide by the Nazi sterilization law.

Second. He encroaches on the free existence of Catholic lay organizations.

Third. He attacks the freedom of the Catholic press.

We must indeed applaud the courage of the Vatican in thus voicing disapproval of the insane and brutal actions of Hitler and his gang.

It is well to recall the statement of our President before a committee of Congress, of which I was proud to be a member, which visited the President at the White House to protest against Mexican atrocities against Catholics. What the President said may well be restated in reference to German brutalities against Jews and Catholics. The statement is as follows:

The President stated that he is in entire sympathy with all people who make it clear that the American people and the Government believe in freedom of religious worship not only in the United States but also in other nations.

If the Germans, however, under their blood-thirsty Hitler continue their campaigns against Catholics, Jews, and other denominations that refuse to worship at the Nazi shrine, then President Roosevelt and Secretary of State Hull, in the light of the precedents—there are many of them where we protested on high and lofty humanitarian grounds religious bigotry and persecutions in Russia, Rumania, Sicily, Japan, Hawaii, Morocco, Spain, Austria-Hungary—will be compelled publicly to voice protest and indignation.

Meanwhile I ask Catholics, I ask Jews, I ask Protestants everywhere in this country to mete out some punishment to Germany. It is within our rights to do so. I believe that Germany should be thoroughly boycotted. Germany is an industrial nation. She cannot live without foreign trade. She would feel, indeed, the scourge of a boycott. Not until she is deeply stirred will she come back to a sense of her responsibility and cease these brutal attacks upon defenseless people of the Catholic faith and the Jewish faith and of other sects that refuse to adopt Nazi ritual and worship Nazi leaders.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. CELLER. I yield.

Mr. CONNERY. The gentleman referred to the Catholics and the Jews. According to the papers the Nazis are not confining their brutality just to the Catholics and the Jews, but it extends generally to those who do not subscribe to the ideas of that Nazi Government, to those who resent Nazi interference in their religious worship.

Mr. CELLER. I thank the gentleman for his contribution. Of course, many other denominations are under the heel of oppression, including Masons. [Applause.]

DONATION OF CERTAIN ARMY EQUIPMENT TO VETERANS OF FOREIGN WARS

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 7199) to provide for the donation of certain Army equipment to posts of the Veterans of Foreign Wars.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, and I merely do this to establish the record, as I understand it, this is an amendment to a bill passed last year in which we expected all veteran organizations to have this privilege, but as it turned out, only the American Legion benefited?

Mr. HILL of Alabama. The gentleman is absolutely correct.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to provide for the donation of certain Army equipment to posts of the American Legion", approved May 29, 1934, is amended (1) by inserting after the words "American Legion" where they appear the first time in such act, the words "and to each post of the Veterans of Foreign Wars in the United States", and (2) by inserting after the words "American Legion" where they appear the third time in such act, the words "and to posts or the Veterans of Foreign Wars in the United States."

With the following committee amendment:

On page 1, line 5, after the word "by" strike out the remainder of the page and insert in lieu thereof the following: "striking out the words 'of the American Legion' where they appear the first time in such act, and adding the words 'or camp of organizations composed of honorably discharged soldiers, sailors, or marines,'; (2) by striking out the comma after the word 'post' where it appears in the expression 'now held by such post' and adding 'or camp,'; and (3) striking out the words 'of the American Legion' where they appear the third time in such act and adding the words 'or camps or organizations composed of honorably discharged soldiers, sailors, or marines.'"

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

BELVOIR MILITARY RESERVATION, VA.

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8444) to authorize the transfer of a certain military reservation to the Department of the Interior.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, this is a unanimous report from the Committee on Military Affairs?

Mr. HILL of Alabama. It is.

Mr. MARTIN of Massachusetts. Has the committee given any consideration as to what the eventual cost will be to the Government?

Mr. HILL of Alabama. The bill provides no costs whatever, but simply permits this military reservation to come under the National Parks System of the Department of the Interior. I may say frankly to the gentleman that from the evidence presented to the committee it is thought the Department of the Interior will spend some money perhaps fixing up this old Fairfax home, because it is of particular significance in rounding out the picture that the Department of the Interior is trying to give of the life of George Washington. It fits right in with the work that has already been done down there.

Mr. MARTIN of Massachusetts. But no estimate was made as to how much money will be expended?

Mr. HILL of Alabama. That will depend on how much the Congress will give to the National Park Service for the preservation of these historical spots.

Mr. MARTIN of Massachusetts. This bill only transfers the land from one department to the other?

Mr. HILL of Alabama. Yes; and authorizes the appropriation of no funds whatsoever.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to transfer to the Department of the Interior the mansion site and such portions of the grounds of Belvoir, part of the estate of Lord Fairfax, located within the Belvoir Military Reservation, Va., as may be necessary for the restoration and operation of the historic home and grounds for the benefit and inspiration of the people.

Mr. HILL of Alabama. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HILL of Alabama: On page 1, line 9, after the word "people", strike out the period, insert a colon and the following: "*Provided*, That upon cessation of such use the premises so transferred shall revert to the jurisdiction of the War Department."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. WOOD. Mr. Speaker, I ask unanimous consent that on tomorrow after the reading of the Journal and disposition of business on the Speaker's desk I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. TAYLOR of Colorado. Mr. Speaker, reserving the right to object, my understanding is that on tomorrow the alcohol-control bill will be brought before the House for consideration. If that is the order of business I feel that the House ought not to grant the first 20 minutes for a speech.

Mr. WOOD. If the gentleman objects, I ask unanimous consent to address the House on Wednesday after the reading of the Journal and disposition of business on the Speaker's table.

The SPEAKER. The gentleman from Missouri changes the request from Tuesday to Wednesday. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us what subject he is going to discuss?

Mr. WOOD. I desire to address myself to the forgotten man. I shall take up a bill which I introduced in the Seventy-third Congress, as well as this Congress, known as the "farm tenant" bill. I shall also discuss the Bankhead-Jones farm-tenant bill.

Mr. RICH. Mr. Speaker, reserving the right to object, I believe the gentleman from Massachusetts [Mr. MARTIN] knows now who is the forgotten man.

Mr. TAYLOR of Colorado. Mr. Speaker, may I call attention to the fact that the Speaker has made a rule here that he would not grant consent 2 days in advance.

The SPEAKER That is true.

Mr. TAYLOR of Colorado. Mr. Speaker, in compliance with the order of the Speaker in this situation, I object.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. Was an objection made to the gentleman's request?

The SPEAKER. An objection was made.

Mr. ELLENBOGEN. Mr. Speaker, I make the point of order that the objection came too late.

The SPEAKER. The gentleman was on his feet and the Chair recognized him.

FEDERAL-REGISTRY BILL

Mr. CELLER. Mr. Speaker, I call up the conference report on the bill (H. R. 6323) to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6323) to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, and 5, and agree to the same.

HATTON W. SUMNERS,
EMANUEL CELLER,
RANDOLPH PERKINS,
Managers on the part of the House.

ALBEN W. BARKLEY,
KENNETH MCKELLAR,
PETER NORBECK,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6323) to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: This amendment is to section 2, and strikes out "at all hours for that purpose", after the word "open", and inserts "for that purpose during all hours of the working days when the Archives Building shall be open for official business." The effect of the amendment is to change the requirement that the division should be open at all hours to receive documents for filing to the requirement that the division should be open for that purpose during the entire time when the Archives Building is open for official business.

On amendment no. 2: This amendment strikes out "by the Archivist" after the word "required" in section 3. The effect of this amendment is to provide that it is the duty of the Public Printer to make available the facilities of the Government Printing Office in the manner and at the times required in accordance with the provisions of the act rather than in the manner and at the times required by the Archivist in accordance with the provisions of the act.

On amendment no. 3: This amendment is in section 7, and after the words "shall be" the word "effective" is replaced by the word "valid." This change was made to avoid the possibility of any ambiguity. Documents which are valid only when filed as required in the act may relate back and be effective as from a date prior to the date of filing.

On amendment no. 4: This amendment is in section 9, and strikes out "by the general appropriation to the Government Printing Office and such appropriation is hereby made available, and is authorized to be increased by an amount equal to the amount so covered into the Treasury and such additional sums as are necessary for such purposes" and inserts in lieu thereof "by the appropriations to the Government Printing Office and such appropriations are hereby made available, and are authorized to be increased by such additional sums as are necessary for such purposes, such increases to be based upon estimates submitted by the Public Printer." The effect of this amendment is to make the appropriations available for the purposes of the act accord better with the existing accounting system of the Government Printing Office.

On amendment no. 5: This amendment is in section 10, and adds, after the word "thereafter", the following proviso: "*Provided*, That the appropriations involved have been increased as required by section 9 of this act." The effect of this amendment is to modify the time when the provisions of section 2 of the act should become effective, so as not to require publication before the necessary appropriations are available.

To all of these amendments the House recedes.

HATTON W. SUMNERS,
EMANUEL CELLER,
RANDOLPH PERKINS,
Managers on the part of the House.

Mr. CELLER. I may say that this is the Federal registry bill, with which, I think, Members of the House are familiar.

Mr. MARTIN of Massachusetts. Are all the conferees in agreement about the bill?

Mr. CELLER. Yes; there is no controversy in the matter at all.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SHALL WE DESTROY THE STATUE OF LIBERTY AND ERECT AN ALTAR TO NAZI-ISM?

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, on Saturday the newspapers carried an item stating that Mussolini had promoted 1,000 army officers. I would like to call attention to the fact that there is a bill pending in the Congress now to promote 1,412 high ranking field officers in the American Army and two or three thousand other officers, entailing a potential expense to the taxpayers of the country of from $9,000,000 to $12,000,000 annually or more.

I maintain it is wrong for us to enact legislation increasing the salaries of officers already well provided for. The people of my district are suffering. They are desperate. And for the reasons stated I protest the enactment of legislation upping the salaries of men already receiving from $379 to $500 a month, plus free quarters, subsistance, and various allowances. I received today a letter from Los Angeles clearly expressing the distress and the serious views of millions of our citizens. Quoting from it briefly my correspondent states:

> If we ever start for Washington, D. C., we intend coming on business. It might be a good idea for us to come to give some of you courage.

Now, may I ask, are we doing our duty to the American people and to our distressed citizens if we vote for a bill in this House increasing the salaries of men who are already receiving from $379 to $500 per month?

In addition to this, they receive free palatial quarters, free medical and dental attention for themselves and families; they buy their supplies at from 10 to 40 percent less than you and I can buy them; they have unlimited sick leave, 1 month a year of annual leave, and many other advantages; and there is no reason in the world why the Congress of the United States, in time of peace, should emulate Mussolini in wholesale promotions of Army officers. Mussolini is preparing to go to war. His promotion of army officers at this time is a part of his military program, and from his viewpoint justified on that basis; but how can we justify the retirement of able-bodied men at high retired pay for the rest of their lives after only 15 years of service?

Mr. Speaker, from the press reports pertaining to the European situation and from legislation before the Congress and the acts of many of our bureaucrats, it would appear that the Statue of Liberty, which we have always honored and revered, may soon be out of place in our beloved America.

Dictators and tyrants have always catered to the military, recognizing that if they lose the loyalty and support of the military, their regimes may be short lived.

We have witnessed the abolition of the Reichstag in Germany, the practical effacement of the parliamentary body of Italy, and we find Hitler ruling by might rather than right. Mussolini, who is preparing to engage upon a program of murder, according to the press, has promoted 1,000 Army officers.

Notwithstanding that President Hoover sought to save the taxpayers unnecessary burdens through the reduction of the number of Army officers and notwithstanding that the Democratic Members of Congress, in some instances, acquiesced in President Hoover's efforts as a matter of economy, we now find a complete reversal of this policy and are about to subscribe further to the policy of—shall I say—buying the loyalty of the Army and Navy by unnecessary promotion and the retirement of able-bodied officers. In the interest of economy, the Seventy-third Congress permitted only 50 percent of the graduates of Annapolis to be commissioned. Notwithstanding that our Nation has been in the throes of a most desperate depression, and continues in this depression, we now find midshipmen who were denied a commission in 1933 brought back to the service and commissioned, and in addition, we find the Navy Department actually commissioning a large number of midshipmen from Annapolis who are physically disabled and who have heretofore been denied a commission because of their serious disabilities.

ARMY OFFICERS' PROMOTION BILL A TREASURY RAID

There will soon come before the Congress S. 1404, "an act to promote the efficiency of national defense", which title is a misnomer, for the measure is nothing other than an act to raid the Treasury of the United States. This bill will not increase the efficiency of the service, but it will add to the burdens of the taxpayers to a potential figure of from $9,000,000 to $12,000,000 annually.

The report accompanying S. 1404 contains information which is only half truth, or, may I say, it appears to be a deliberate evasion or suppression of actual facts. To suppress the truth or to fail to give the whole truth in reference to legislation before the Congress of the United States is, in my opinion, criminal. It is criminality of the most malicious type, for it involves the interests of all our people. Because I am convinced, after a careful analysis of this measure, that it is highly discriminatory, inimical to the interests of the taxpayers, and absolutely unjustified at this time, I shall oppose this measure, and I hope the Members of the House will consider my argument in substantiation of these statements.

INVESTIGATION OF ARMY IRREGULARITIES

The investigations which have taken place before the Military Affairs Committee in the Seventy-third and Seventy-fourth Congresses and the indictment and conviction of Army officers would appear to be sufficient proof of the fact that all of the Army officers here in Washington are not above suspicion. A retired colonel, whose name I will not divulge, writing in reference to the General Staff, stated:

> They get around every Secretary of War and awe him with their intangibles. I have been through all their schools from West Point, Leavenworth, and the War College, and I know they have weaknesses.

Writing further, this same retired colonel stated the following as it pertains here in Washington in reference to Army circles:

> The methods of approach include not only the merit route, but the social route, the political route, the financial route, and more often some combination of these.

I might present many other pertinent facts in this connection, but for obvious reasons I will not discuss them now.

WHERE IS OUR LIBERTY?

Those in high political office who criticize the Supreme Court and who condemn worthy citizens who appeal to the various courts for redress from the application of various new-deal measures, in my opinion, are doing more to contribute to lawlessness and lack of faith in Government than the most vociferous soap-box orator.

Referring to legislation reported to the House whereby citizens may be imprisoned for 2 years and fined $1,000 if they act in any way to discredit the officers of the Army, Navy, or Marine Corps with the enlisted men of the service, as a retired enlisted man myself I must state that I consider such legislation is a distinct affront to the high type of loyal, patriotic, enlisted men with whom it has been my honor to be associated since 1898. If the treatment accorded the enlisted men by the Congress of the United States and by the officers over them is so palpably unfair and discriminatory that a mere reference to it may cause a disloyal thought on the part of the enlisted man, to me the need appears to be for Congress to remove the present discriminations against enlisted men instead of exercising the strong arm of repression and intimidation against them.

The enlisted man, who has had his reenlistment bonus taken from him and who is denied other consideration, is inclined to view this bill, S. 1404, whereby the officers alone will profit, as a basis for resentment. I know the problems

of the service from actual experience as an enlisted man and as an officer, and I feel that the Congress and the War Department should be more considerate of the plight of the enlisted man, and then it would not be necessary to enact legislation in peacetime so abhorrent and obnoxious to the spirit of a liberty-loving and free people.

Another bill before the Congress is equally obnoxious in that under its provisions private citizens would be denied liberty of expression under penalty of 5 years' imprisonment. In Nazi Germany and Fascist Italy legislation of this kind may be warranted from their standpoint as protection for their forms of Government, but it appears to me that in a democratic form of government such as ours, after having gagged the Congress of the United States, we ought to be satisfied not to gag the people who sent us here!

I am an advocate of the complete freedom of the press, of the radio, and of speech. We can safeguard our liberties best if we permit the distressed citizen to give vent to his views and feelings without restraint, as long as he does not commit an overt act against our institutions or our laws. To deny any citizen the right of free expression, whether his expressions are directed to enlisted men of the Army or to any other citizen, is an indication that "there is something rotten" in our internal body politic. Rather than enact coercive measures to suppress the expressions of a free people we should enact legislation assuring to every individual the opportunity for a job at a saving wage so that he may become a home owner and an independent, respected citizen.

We cannot permit intolerance, whether it is religious or civil. Our Nation was founded upon the sacred principle of free speech and free worship; and if we deviate from that principle much further, it will not be long ere we will have the swastika or the Blue Eagle in the place of our beloved Stars and Stripes and our constitutional government and law, as we now know it, will have become a thing of the past.

How can we—and how dare we—view our beloved flag and utter the words:

My country, 'tis of thee,
Sweet land of liberty.

While at the same time the un-American forces in our midst are seeking by every power at their command to destroy the liberty for which countless thousands of our American citizens have given their lives since the landing of the first settlers at Jamestown in 1607.

Members of Congress, wake up! We are not doing our duty to the distressed citizen if we enact S. 1404, which will add further to the burdens of the taxpayers, and will at the same time grant additional benefits to a class already overprivileged.

In addition to combating such extension of benefits to the overprivileged, we must combat undemocratic activities and legislation which seek to muzzle the free-born American citizen, legislation which, in less trying times than these would be considered the height of imbecility in a government constituted as ours. With a free ballot there is no reason for any individual to resort to violence against the Government; if any do, we already have laws for their punishment. The imperative need now is that every American citizen should have an opportunity to work and to have a home of his own. To provide such opportunities for our people is, in my opinion, the principal obligation of the Congress of the United States. We should legislate to develop and enlarge the possibilities of the citizen rather than legislate to suppress free thinking and restrict the opportunities for the development of our people.

PERMISSION TO ADDRESS THE HOUSE

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, we are regaled daily by the protests coming from our colleagues here about this foreign power and that foreign power. Some of us do not like the way Mussolini is running his government. Some of us do not like the way Hitler is running his government. Some do not like the way Stalin is operating. Many do not like the way things are going on in Mexico and they are raising cain here on the floor every day about it. Where is this going to end?

What would we do if legislators of these foreign countries were all the time attacking and deviling the life out of us about the way we are running our country? In my judgment, we ought to attend to our own business. We ought to look after the business of the United States Government and see that it is well run and let foreign countries alone. [Applause.]

Let Hitler run Germany. Let Stalin run Russia. Let Mussolini run his government. I do not like the way he is now bulldozing little Ethiopia. Every colored person in this country could rise up and protest against him, but what good would it accomplish? We have no control over him. We have no right to tell him how to run Italy.

We ought to let foreign countries alone. We ought to quit criticizing them. We ought to quit affronting them or we are going to be involved in all sorts of difficulties. If we do our own business here and do it well during this hot weather we have a man's job to perform here at home. [Applause.]

[Here the gavel fell.]

INSPECTION OF MOTOR VEHICLES IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill—H. R. 8582—to provide for the semiannual inspection of all motor vehicles in the District of Columbia, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. PATMAN. Mr. Speaker, reserving the right to object, this is a rather important bill. As I understand, it establishes a new organization here that will be permitted to collect $1 a year from every automobile owner. If I understand the bill correctly, they will not be accountable to Congress directly. They will just collect the money and expend it for the purposes indicated. I think under the circumstances I shall be compelled to object.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Under my reservation of objection, I yield.

Mr. BLANTON. With an amendment I shall offer adopted, they will have no more control over this fund than they have over the $1 license tax or the gasoline-tax money. This will be controlled absolutely by Congress, and this inspection is something that will do almost as much to stop accidents as anything else in the world.

There are a lot of old broken-down cars that have no business on the highways; they have no brakes, and the steering gear is out of order.

Mr. PATMAN. Mr. Speaker, I object.

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8582) to provide for the semiannual inspection of all motor vehicles in the District of Columbia, and pending that, I ask unanimous consent that debate be limited to 30 minutes, 15 minutes to be controlled by the gentleman from Illinois [Mr. DIRKSEN] and 15 minutes by myself.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

Mr. PATMAN. Reserving the right to object, I would not be allowed any time, and I would like 15 minutes if the lady will change it to 45 minutes.

Mrs. NORTON. The gentleman wants 15 minutes?

Mr. PATMAN. Yes.

Mrs. NORTON. On this bill?

Mr. PATMAN. That is a matter for me to decide.

Mr. MOTT. I object.

The SPEAKER. The question is on the motion of the lady from New Jersey that the House resolve itself into the Committee of the Whole House on the state of the Union.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. WALTER in the chair.

The Clerk read the bill, as follows:

Be it enacted, etc., That at the time of the registration of each motor vehicle there shall be levied and collected a fee known as the "inspection fee" of $1 for the calendar year 1936 for each motor vehicle registered in the District of Columbia, including electrics, and that during 1937 and each year thereafter inspection fee thus levied shall be 50 cents on each vehicle.

SEC. 2. The inspection fee shall be paid to the collector of taxes and shall be deposited in a special fund on deposit in a Government depository to the credit of the District of Columbia.

SEC. 3. From the inspection fund thus established a sum of not to exceed $65,000 for the calendar year 1936 is hereby made available for the construction and/or rental and/or leasing of ground and buildings and for the purchase of equipment and supplies, and a sum of not to exceed $75,000 is made available for the payment of salaries of such mechanics, laborers, clerks, and other employees as may be necessary to carry out the semiannual inspection of all motor vehicles in the District of Columbia. During 1937 and each year thereafter the sum of not to exceed $75,000 shall be made available from the inspection fund for the purchase of such supplies, equipment, salaries, and labor as may be necessary for the operation of inspection stations. Any funds remaining in the special fund at the end of any calendar year shall be paid into the Treasury of the United States to the credit of the District of Columbia in the same proportions as appropriations for the District of Columbia are paid from the Treasury of the United States from the revenues of the District of Columbia during the fiscal year in which the fees are collected.

SEC. 4. All motor vehicles owned and officially used by the Government of the United States or by the government of the District of Columbia or by the representatives of foreign governments shall be subject to semiannual inspection, such inspections to be furnished without charge.

SEC. 5. The Commissioners of the District of Columbia or their designated agent may refuse to register any motor vehicle or trailer which has not been inspected as required, or which is unsafe or improperly equipped, or otherwise unfit to be operated, and for like reason they may revoke or suspend any registration already made: *Provided*, That the provisions of section 13 (a) of the traffic acts, District of Columbia, shall be applicable in all cases where registration is refused, revoked, or suspended under the terms of this act.

SEC. 6. Any individual, partnership, firm, or corporation found guilty of using or permitting the use of any unregistered motor vehicle or trailer, or who is found guilty of using or permitting the use of the same during the period for which any such vehicle's registration is revoked or suspended under the terms of this act shall, for each such offense, be fined not more than $300.

SEC. 7. The Commissioners of the District of Columbia shall make such regulations as in their judgment are necessary for the administration of this act, and may affix thereto such reasonable fines and penalties as in their judgment are necessary to enforce such regulations.

Mrs. NORTON. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I could have taken an hour on a question of personal privilege, but I did not want to take up the time; but I do want to answer a statement made in the newspapers a day or two ago, where it says that the chain-store head charges that I gave certain information and documents belonging to his rivals.

Mr. DIRKSEN. Mr. Chairman, I make the point of order that the gentleman is not confining himself to the bill. I understand the time was yielded particularly and specifically for the purpose of discussing the bill.

The CHAIRMAN. This is general debate.

Mr. PATMAN. Oh, the gentleman from Illinois is mistaken. I could probably get a hearing under a claim of personal privilege or could get an hour under one of these other bills.

Mr. DIRKSEN. I do not think the gentleman ought to take the time of the District Committee to discuss something not germane to District business.

Mr. PATMAN. I want only a very few minutes.

Mr. Chairman, the charge is made that the committee of which I am chairman, which is investigating the chain-store organizations, seized certain records and files belonging to Mr. Logan's concern, and that some member of the committee permitted two or three or four letters to be taken out of the files and turned over to a rival organization.

I yield back the remainder of my time, and ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PATMAN. The Washington Herald, Friday, July 19, 1935, had a headline as follows:

Chain-store head charges United States gave secrets to rival. Logan asserts Patman committee violated rights.

In the article it was stated:

Private letters and documents seized from the national chain stores by a committee of Congress have been turned over to their business and political rivals with whom they are engaged in a desperate battle.

This sensational accusation was made in a striking protest to Chairman WRIGHT PATMAN, of the House committee which is investigating chain stores, by John A. Logan, executive vice president of the Food and Grocery Chain Stores of America, Inc., it was learned last night.

STRUGGLE REVEALED

Mr. Logan's letter of protest was replete with serious charges which attack the integrity of the Patman committee and which reveal the bitter struggle now in progress among the chain stores, the so-called "voluntary chains" and the "independents."

* * * * * * *

Mr. Logan said that the files of his organization in Washington were seized by the Patman committee and held for more than a month, thus preventing him from conducting the ordinary business affairs of the organization. He declared that to his great surprise some of the letters which were seized by the Patman committee but not put into evidence were circulated in photostatic copies by the United States Wholesale Grocers.

These charges are rather sensational, and I will state now that no Member of Congress had a right to be a party to seizing the papers belonging to one concern and then delivering them to a competitor. The facts were disregarded in this statement. Our committee investigating the American Retail Federation is composed as follows:

Wright Patman, chairman.
Sol Bloom, New York.
John F. Dockweiler, California.
Scott W. Lucas, Illinois.
Donald H. McLean, New Jersey.
W. Sterling Cole, New York.
Gerald J. Boileau, Wisconsin.

Here and now I want to exonerate every other member of this committee of having anything whatsoever to do with the delivery of any papers that might remotely come within the accusation.

LOGAN'S PAPERS SEIZED

June 4, 1935, Mr. John A. Logan, executive vice president of the Food and Grocery Chain Stores of America, Inc., refused to allow our committee's representative the right, which was granted us under House Resolution 203, to examine his papers in the office of his company in the National Press Building in Washington. The committee ordered the papers seized and had them brought to the House Office Building for inspection and examination. These files contain much damaging evidence. Mr. Logan's concern, the Food and Grocery Chain Stores of America, Inc., represents 160 chain-store organizations in America. It is a lobbying organization for the purpose of influencing legislators in the States and Congressmen in Washington, D. C. This organization was working hand-in-glove with the new American Retail Federation and other lobbying organizations.

When Mr. Logan's papers were seized, they were examined by representatives of the Federal Trade Commission and the clerk of our committee. No one else was allowed to see them except the members of the committee. The documents we expected to use were taken from the files and inserted in the records of the proceedings of the committee when properly identified.

LETTERS REFERRED TO PART OF PUBLIC RECORD

Evidently Mr. Logan refers to two or three letters that were inserted in the record, and which involved the correspondence between himself and the National American Wholesale Grocers' Association. This correspondence disclosed that, although the National American Wholesale Grocers' Association claims to be for the independents, that it was being influenced by the big chain organization. When this correspondence was offered for the record and ordered to be inserted in the record, newspaper reporters, as usual, desired to see the original letters. This privilege was granted to them. It is not unusual for it to be granted. There is nothing wrong or irregular about it, as the correspondence was shown in the

printed proceedings of the hearings. I was told by the clerk of the committee that one person wanted a copy. I replied that it would be all right to let him have a copy, provided the original documents did not leave his possession; so, instead of having them copied then and there, the clerk permitted them to be photostated. Any newspaperman could have gotten a copy if he had wanted them, as they were available, or any other person, upon request, could have received copies. There was no secret to anything in them, as they had already been introduced in evidence.

NO FOUNDATION IN FACT

The printed hearings came out the next day, which could not have been more than a few hours after the copies were delivered. Nothing was contained in the letters that was not inserted in the record and subject to public inspection. Therefore, any charge that our committee has permitted secret files to be delivered to a competitor of the organization from which they were taken is absolutely without any foundation in fact.

UNAVOIDABLE DELAY

It was necessary to hold the files quite a long time. However, the committee's investigators and clerk were very considerate of Mr. Logan's wishes and permitted him to withdraw a considerable part of the correspondence at different times and delivered it back to him as quickly as possible. Several representatives of the Federal Trade Commission were assisting us in the investigation at first. They were soon thereafter withdrawn because their duties at the Federal Trade Commission required their immediate return. The committee has been handicapped because of the lack of funds to employ sufficient personnel, which has caused a delay in returning all files.

WHY EFFORT MADE TO IMPEDE INVESTIGATION

I will discuss some of the accomplishments of the committee, which are sufficient to disclose many good reasons why Mr. Logan and his chain-store organization would like to handicap and impede the investigation.

Mr. Charles O. Sherrill is president and general manager of the American Retail Federation. The American Retail Federation is composed of the largest department-store and chain-store owners in America. The 10 organizers represent companies that spend $40,000,000 a year for advertising and make net profits aggregating more than $44,000,000 a year. The capitalization of their companies aggregate more than one-third of a billion dollars. Sherrill, the head of this organization, who was expecting to commence lobbying on a big scale in the Nation's Capitol for the purpose of protecting chain-store interests, was working closely with John A. Logan. In fact, Logan's organization had already decided, through its executive committee, to join the American Retail Federation. The announcement was withheld until official announcement of the federation was released by its organizers.

INVESTIGATION MUST BE WELL DIRECTED AND PROPERLY COMPLETED

Before my appointment as chairman of the special committee was announced Logan wrote the president of his organization as follows:

Last week, however, the Speaker appointed Congressman WRIGHT PATMAN to be chairman of the committee to replace Cochran, who resigned, and also appointed Congressman SOL BLOOM, of New York, to be a member of the committee. Colonel Sherrill was out of town, but I had his office communicate the information to him before the appointments were made in order that he might adjust his plans accordingly.

Needless to say, under the terms of the resolution this investigation could be quite far-reaching and could conceivably be damaging to the chain-store industry unless it is well directed and properly completed. I have, therefore, discussed certain phases of it with Colonel Sherrill and made some suggestions which I hope will lead to a vindication of the federation for the sake of our branch of the industry.

Incidentally, Fraser Edwards has been identified with the Veterans of Foreign Wars in their fight for the bonus and consequently has been working almost day and night with Congressman PATMAN, who sponsored the bonus legislation. Therefore I suggested to Sherrill that Edwards would be very useful to him in accomplishing the desired objective and proposed Sherrill take Edwards on at least temporarily to assist him in guiding the investigation to insure the inclusion of such information as may be beneficial.

This plainly shows that Logan was making an effort to get someone who was close to the chairman of this committee, who "would be very useful to him (Sherrill) in accomplishing the desired objective", and Logan wanted someone close to the chairman who could assist Sherrill in guiding the investigation.

SPY PLACED IN OFFICE OF COMPETITOR

The testimony discloses that a national anti-chain-store league was being organized in Washington in February 1935 with offices in the National Press Building, the same building in which Logan's office was located. An advertisement by the antichain organization was inserted in a local newspaper for an aggressive field representative. Logan had his own attorney apply for the place and pretend that he wanted a job looking after organization work in the State of Iowa for the National Anti-Chain League. In this way much information was obtained on the practices and purposes of the Anti-Chain League. Later Logan bribed one John Barr, who was a trusted employee and publicity director of the National Anti-Chain Store League, by paying him $50 a week to keep him (Logan) informed on everything that the National Anti-Chain-Store League did, in order that he—Logan—might offset it and finally cause it to quit, as the promoters had little funds.

The testimony is full of letters written by this man John E. Barr, who was working for Logan at $50 a week, and also working and receiving a salary from the National Anti-Chain Store League, to the effect that he made reports to Logan almost daily of what the Anti-Chain Store League was doing. The sad part about this is that the executive committee of the Food and Grocery Chain Stores of America, Inc., composed of some of the real big business men of the United States approved of this snooping, stealing, treachery, and bribery. A resolution was passed by the committee approving Logan's actions in bribing this National Anti-Chain Store League employee to disclose information to the chain-store organization. I quote a part of the testimony in regard to this matter:

The CHAIRMAN. You wanted some hold on it, or you wanted somebody on the inside, did you not? You wanted to have somebody on the inside to give you information, did you not?

Mr. LOGAN. We wanted to know what was going on.

The CHAIRMAN. And you were willing to pay somebody for that service.

Mr. LOGAN. We paid this man and got information from him.

I quote another part of the testimony on page 19 of the hearings of June 25, 1935, which refers to Logan and Barr:

Mr. LUCAS. He had some connection with the National Anti-Chain Store group at the same time you were paying him this salary of $50 per week?

Mr. LOGAN. Yes, sir; that is right.

The CHAIRMAN. Did you pay him by check or in money?

Mr. LOGAN. In money.

The CHAIRMAN. You did not pay him by check?

Mr. LOGAN. No, sir.

The CHAIRMAN. How did you carry him on your books?

Mr. LOGAN. I do not think he was carried on the books.

Mr. BLOOM. Do you say the $50 was not charged on the books? You did not pay him out of your own pocket, did you?

Mr. LOGAN. No, sir.

Mr. BLOOM. Then you carried him on the books.

Mr. LOGAN. It was carried a part of the time, I think, as miscellaneous expense.

Mr. BLOOM. You say he was carried that way a part of the time. How was he carried the balance of the time?

Mr. LOGAN. I do not know. The checks were simply made payable to me or payable to cash, perhaps, and then I got him the cash.

The CHAIRMAN. Who authorized you to make those payments?

Mr. LOGAN. The committee.

The CHAIRMAN. When was that?

Mr. LOGAN. Sometime prior to the time these payments were made.

I insert additional testimony on page 39 of the hearings of June 25, 1935, in which Logan's employment of this spy to go into a competitor's office was discussed:

Mr. BLOOM (interposing). That was the most despicable thing I ever heard of—going into the office of your competitor and hiring their people for such purposes.

Mr. LOGAN. That was the purpose of the information; the basis of it. The first two letters, or several letters, you read were sent to me before any arrangement was made to have the man in there.

Mr. BLOOM. It was 4 days before. Your resolution was March 11. That letter was written March 7. You still say that was honorable on your part and the part of your board of directors? Do you say it is?

Mr. LOGAN. Under the circumstances; yes.

Mr. BLOOM. Do you say it is honorable? Do you think it is honorable to do such a despicable thing; the hiring of a man in their office and paying him secretly, hiring him to give you such information?

Mr. LOGAN. It was, because of the other information that came to me. Now, I will ask you if that is not done quite frequently in political organizations, working to get information?

Mr. BLOOM. I never knew of a thing of that kind being done. I never heard of it being done in any place.

The CHAIRMAN. I never heard of it in any place. I think racketeering is the name for it.

A typical letter that was written by this man, John E. Barr, to Logan reporting on the activities of the organization that he was spying on is as follows. It is dated May 16, 1935. You will notice that Barr, who was working for Ackerman, president of the Anti-Chain League, preparing the publicity, states: "When I do write it, I'll make it so strong no paper will touch it":

DEAR MR. LOGAN: William J. Smith opened his office today in Philadelphia. I'll send you the address as soon as he sends it down. It will undoubtedly be here by Saturday. In case you want the date of the meeting of the Philadelphia North Side Business Men's Association, at which time he is going to talk, I'll give you that.

I see the Florida antichain law passed the House yesterday and is referred back to the Senate for amendments. Did you get in touch with your people about the pamphlets being sent through the mails? Both the Speaker and the President of the Senate have plenty of copies.

Ackerman has been financing himself by the sale of some water-front property he has. He is determined to put this proposition over and is arranging to handle 40 acres of additional water-front land, which he estimates will net him some $10,000.

Ackerman wants me to prepare some copy for the Philadelphia papers announcing the fact that we are now in the field in Pennsylvania, determined to carry the antichain fight to the stronghold of the vested interests, and all that sort of rot. He thinks Smith can get it published there. I know better, for any paper with an eye to advertising policy will not publish it. When I do write it I'll make it so strong no paper will touch it.

Our North Carolina man will report on Saturday and I will let you know what he has accomplished in the way of membership.

Nothing else at present.

Sincerely yours,

J. E. BARR.

Another report on May 21, from Barr to Logan, contained the following statement:

DEAR MR. LOGAN: Attached please find a letter from W. J. Smith, our Philadelphia representative, which you will find self-explanatory.

I have just returned from that city and find that Smith is really doing some business there. He has secured some thirty-odd members in 3 working days and has hopes of securing practically the entire membership of several of the various business men's associations.

I have talked with a number of them, and they seem to feel, as Ackerman does, that the answer to their problem is a legislative one and that they should, by all means, be represented by a national organization in Washington. They feel that every line of business there is well represented here, and that these representatives have accomplished something for those they represent.

As soon as Feldman sets the date for his mass meeting in Philadelphia I'll advise you, as you might want to nip this in the bud by having someone there to answer Delano, who, incidentally, is a convincing talker.

We are opening an office at 11 West Forty-second Street, New York City, on June 1. Murrah is to take charge of that branch. Ackerman is still messing around with beach-front property and seems to be making enough to keep the ball rolling.

You will notice that this employee of the Anti-Chain was keeping Logan, the chain-store representative, advised at all times how to destroy his competitor's business. In this same letter there was another paragraph indicating that Barr's opinion was that Logan should close in on the Anti-Chain and throw it in the hands of a receiver:

Inasmuch as he is now actually operating, don't you think it advisable to do as I suggested sometime ago and have this thing shut down by having someone buy three or four shares of stock and then after a short time charge him with mismanagement, misapplication of funds, and ask for a temporary injunction?

ATTEMPT TO APPOINT COMMITTEE'S INVESTIGATORS

One, Merrill Sickles, is an employee of one of the largest grocery chain stores in America here in Washington. He is also employed by an organization, many of whom are members of Logan's organization. The testimony discloses that Sickles, Logan, and Sherill were working very closely together. Immediately after my appointment as chairman of the committee, Sickles applied to me for a position to do the investigating for the committee. He also contacted Representative BLOOM, of New York, and other members of the committee. We requested him to submit his proposal in writing which was to embody a plan and price. Experienced investigators inform me that the work Sickles promised to do in his written plan would ordinarily cost about $20,000, yet he was offering to do it for $2,250. He knew that the appropriation allowed the committee at that time was only $2,500. A little investigation disclosed that if we had given the job to Sickles to become our investigator, we would have been placing the investigation in charge of those who were to be investigated. Sickles suggested that his organization that would do the investigation should first make a prior investigation before going ahead under the resolution. It was a beautiful theory. If we had let Mr. Sickles make the prior investigation, I am personally convinced there would have been a complete whitewash in a very short time. This information is given to let you know the extent that Logan and the national chain-store organization and others will go to carry their points.

ANTI-CHAIN-STORE PICTURE STOPPED

There was a five-reel motion picture entitled "Forward, America." It was in favor of independent merchants and against chain stores. Mr. Logan and his organization were strong enough with the code authorities to get the showing of this picture stopped in the United States. It would be interesting reading to anyone who has the time to read the testimony in the hearing to know how cleverly this was done. In other words, an arm of the Government was used to protect the chain stores and prevent the showing of the picture that was considered against the chain-store interests, although it could not be claimed that a single misstatement of fact was presented either by sound or by the picture.

CORNSTALK BRIGADE

The Cornstalk Brigade was organized by chain-store executives; that is, where key farm leaders were bought by them and paid to try to deceive the farmers. Deceit was admitted, and fraud was evident. I discussed this in a speech before the House on June 10, 1935.

NO LIP SERVICE OR WHITEWASH

This investigation has gotten under the skin of some of the largest concerns in America that have been using the credit of this Nation free and almost free to crush the independent merchants. This committee has been getting pay dirt, and it is realized by those involved that it must come to a halt, or that it will be very detrimental to Logan and the 160 chain-store organizations that he represents, as well as many others. We have just scratched the surface. We will show before this investigation is over, I am convinced, that one of the biggest lobbying organizations in America is right under the Capitol dome; that its representatives are daily contacting Members of the House and Senate, securing confidential information that they and their clients capitalize on; that they have an office in a Government building on Capitol Hill; that they do not pay any rent for it, and that they use Government telephones in their offices free of charge.

CONSPIRACY

I am convinced that this investigation will also show before it is over that there is a conspiracy existing between a few Wall Street bankers and some of the heads of the biggest business institutions in this Nation to absolutely get control of retail distribution. They expect to do that through the chain-store system. When it is done they will not only set the price that the consumer must pay, but they will also set the price that the producer must sell for. They expect to control information that is disseminated to the people through newspapers that they support through advertising allowances.

INDEPENDENT SQUEEZED OUT

One large chain receives more than $8,000,000 a year in rebates, allowances, and discounts that the independent merchants do not receive. One-half of the profit to this large concern comes from secret rebates. The evidence before the committee discloses that the chain stores can sell their goods for the same price that independent merchants must pay for their goods and at the same time make enormous dividends and profits and pay high salaries. At this stage of the investigation it is evident that chain stores are allowed to purchase at such a small price that independent retailers must pay a higher price in order to make up the loss.

What Mr. Logan is concerned about is the request of our committee for appropriation of $25,000 to make a real investigation of the following: First, lobbying activities of the American Retail Federation, its members, and those cooperating with it; second, discriminations in price that are beneficial to large buyers and detrimental to independent merchants.

LOGAN WANTS TO STOP COMMITTEE

Mr. Logan has filed a statement with the Committee on Accounts protesting against any further appropriation for our committee. Obviously he does not want the committee to continue to function. Unless the committee can get more funds it will be forced to quit as the Federal Trade Commission cannot permit us to use their investigators in view of the emergency that is existing at the Commission at this time. Therefore, we will either have to get the appropriation or please Logan and his bunch of chain-store executives by quitting the investigation.

CONSTRUCTIVE WORK AHEAD

It is up to the Committee on Accounts and the House of Representatives to either continue or stop our investigation. If it is continued I predict that constructive work will be done that will not only save the independent merchants of the country, but will prevent a policy being adopted that will absolutely destroy our Nation.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I rise to express myself in favor of H. R. 8582, because I believe the time has come when we must make at least some reasonable attempt to regulate the traffic upon our streets and highways. This is not intended in any way to deny the poor man the use of the streets or highways. The intent of the bill, as I understand it, is to insure safety and to prevent accidents. We know that accidents on our highways are frequently brought about not because of our own personal recklessness but because of the carelessness of the mechanical defect of the machine in the possession of the driver on the opposite side of the road. There are a good many cars with four wheels and no brakes, which are a menace to the owner and to all others using the streets and highways. There is no method or means by which we can have a vehicle examined unless we stipulate that the owner must submit to periodic inspection, have his car passed upon by an agency of Government and its experts. A nominal fee is levied upon the owner for this worth-while service. When dangerous mechanical defects are found the owner is forced to correct these for the safety of all.

Violations, so far as safety measures and mechanical defects are concerned, which affect the innocent automobile driver, are not common only to the man who has a low-priced car. They apply alike to all classes. I think this House should go on record in support of the bill. I think the chairman and the committee are pursuing the proper course.

At the present time certain States throughout the country have local regulations. Other States are considering just such legislation as is being considered here and now. I think it is high time that we take this step; I consider it in the proper direction and extremely important.

Mr. SNYDER. Will the gentleman yield?

Mr. DINGELL. I yield.

Mr. SNYDER. We have a law in Pennsylvania by which our cars are inspected every 6 months, January 1 and July 1. It has proved a great factor in preventing accidents.

Mr. DINGELL. I agree with the gentleman. I believe it will reduce the number of accidents on our highways and on the streets of our cities. I certainly hope that the House will without very much argument pass this bill.

Mr. Chairman, I yield back the balance of my time.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. ELLENBOGEN].

Mr. ELLENBOGEN. Mr. Chairman, under H. R. 8582 it is proposed to establish an inspection service for automobiles in the District of Columbia. We have had a similar law in the State of Pennsylvania for several years and it has worked to the satisfaction of everybody. I do not know of any objections which have been made to that law. H. R. 8582 is a very wholesome law, a very good safety law, and certainly should be passed without any debate.

UNEMPLOYMENT COMPENSATION FOR THE DISTRICT OF COLUMBIA

Mr. Chairman, I should like to call the attention of the House to a newspaper notice that appeared several days ago in the Washington Star, in which is quoted a letter by Mr. E. C. Baltz, chairman of the board of the Washington Taxpayers Association. I do not know who that association is and whom Mr. Baltz represents, but I do say that in his letter he has made misrepresentations. For instance, he says that if the bill establishing an unemployment-compensation system in the District of Columbia should pass in the form in which it passed this House, it would increase real-estate taxes in the District of Columbia. I want to call the attention of the Committee to this language in the letter:

For example, it could increase by $5.40 the tax on the house having a $75 a month rental value.

I want to show how cleverly this letter uses the term "could" instead of "would", how cleverly this gentleman says that the tax on such a house "could" be increased in the District of Columbia by 45 cents a month, for $5.40 a year amounts to 45 cents a month. I want to say, as chairman of the subcommittee on fiscal affairs, that my subcommittee has no intention of increasing the real-estate tax in the District of Columbia. I believe that as long as the subcommittee consists of the present membership, no bill will be brought into this House contemplating an increase in real-estate taxes.

Mr. Chairman, there has been malicious propaganda by reactionary interests in the District of Columbia against the unemployment-compensation law. It would be a disgrace if this Congress should pass the Federal social-security bill and then go home without passing a proper and adequate unemployment-compensation law for the District of Columbia. The House has passed such a law. I think it is a splendid law, and I hope it will be passed by both Houses before we adjourn.

Mr. DUNN of Pennsylvania. Will the gentleman yield?

Mr. ELLENBOGEN. I yield.

Mr. DUNN of Pennsylvania. In the bill to which the gentleman has referred as giving adequate compensation for unemployment, what will be the compensation?

Mr. ELLENBOGEN. The compensation will depend upon the wages received. It will be a maximum of $15 per week for 26 weeks, depending on the number of weeks at which the employee was previously employed.

Mr. DUNN of Pennsylvania. If $15 is the maximum, what will be the minimum?

Mr. ELLENBOGEN. That depends on the wage. It is to be a sliding scale, depending on whether the employee is single or married, beginning at 40 percent and increasing to 65 percent of his wages. The normal amount would be $15.

Mr. DUNN of Pennsylvania. I hope, if the bill passes, it is adequate. Although I voted for the Security Act, and it is a good measure, nevertheless it is not adequate.

Mr. STEFAN. Will the gentleman yield?

Mr. ELLENBOGEN. I yield.

Mr. STEFAN. I am very much interested in the real-estate tax. Does the gentleman say that the taxes are not going to be increased as long as he is chairman of the committee?



Mr. ELLENBOGEN. There is no intention that I know of to increase the real-estate tax. We are going to levy a tax, because we need it to pay old-age pension and other necessary expenses, but there will not be an increase in real-estate taxes if I know the minds of the members of the subcommittee.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. ELLENBOGEN] has expired.

Mrs. NORTON. Mr. Chairman, I yield 2 additional minutes to the gentleman from Pennsylvania.

Mr. STEFAN. Will the gentleman yield further?

Mr. ELLENBOGEN. I yield.

Mr. STEFAN. What are the real-estate taxes here now?

Mr. ELLENBOGEN. At the present time in the District of Columbia there is a tax of $15 per thousand valuation, practically the lowest tax of any large city in the Union.

Mr. BLANTON. Will the gentleman yield there?

Mr. ELLENBOGEN. I will gladly yield.

Mr. BLANTON. This fact must also be taken into consideration in connection with the $1.50-per-hundred tax. Year before last they reduced arbitrarily the assessed valuation $80,000,000. Last year they again reduced the assessed valuation $50,000,000. So in the last 2 years they have arbitrarily reduced the assessed valuation of taxable property $130,000,000 and yet the tax rate is only $1.50 per hundred, and it is estimated we will have $3,000,000 surplus this year.

Mr. STEFAN. There will be no effort made to increase that tax this year?

Mr. BLANTON. It was voted on the other day, and it was voted $1.50 again.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. ELLENBOGEN] has again expired.

Mrs. NORTON. Mr. Chairman, in just a word, the purpose of this bill is to prevent accidents in the District of Columbia. Those of us who have lived here any length of time realize there are more accidents in this city than in almost any other city in the country. One reason for that, probably, is the many circles we have here and the greater driving hazards that exist in the District of Columbia, as compared to many other modern cities. For this reason, Mr. Chairman, we hope this bill will pass, in order to help prevent accidents. It is certainly a big step in the right direction. As the gentleman from Pennsylvania stated, accidents are not so often caused by people as they are by some part of a car not working satisfactorily. Certainly no one will object to paying $1 additional in order to satisfy himself that his car is in good condition.

Mr. Chairman, I sincerely hope this bill will pass.

Mr. McFARLANE. Mr. Chairman, will the gentlewoman yield me 5 minutes?

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, I have been interested in the statements which have been made concerning this bill. Let us seriously consider just what the bill does. In speaking on the bill, if you will turn to page 2, you will find that it appropriates out of the Treasury $85,000 for next year to be spent for construction or rental purposes to house whatever they are going to house or to buy for this inspection service. In line 8 another $75,000 is appropriated for the salaries of those to be employed in this inspection service. You are starting a new bureau here that you never in the world will be able to get rid of. I have listened to all the statements that have been made, to the statements of the gentleman from Pennsylvania and of the gentlewoman from New Jersey, but what information have we received to justify the expenditure of $160,000 to start and the Lord only knows what to stop?

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mrs. NORTON. The gentleman speaks of $85,000. This sum is to start this bureau, but through the $1 contribution the first year and 50 cents annually thereafter it is intended to make this bureau entirely self-supporting.

Mr. McFARLANE. I understand that, I may say to the gentlewoman from New Jersey. It takes money from the class who cannot afford to give it. My car is not registered in the District, so I am not affected. Cars today are necessities. The result will be that this burden will have to be assumed by the poor people of the District who are unable to assume it. That is what I wanted to call to your attention.

In Texas we had experience with regard to legislation of this kind, and experience has been had with it in other States. When I was in the senate in Texas we passed a bill which provided for taking 25 cents away from each car owner in Texas to inspect the lights. This bill is for the inspection of lights and brakes. Under the Texas law inspection was required once a year. Under the pending bill inspection is required twice a year. The law became so unpopular in Texas that during the State campaign a few years ago repeal of the law became an issue. They did not want the legislation, and it was taken off the statute books. It became so obnoxious and so unreasonable in the minds of the people of Texas and so unnecessary that in the governorship and legislative races one of the issues was repeal of the headlight-testing law, and it was repealed.

Now, you are taking this money out of the pockets of the poor people. We have not been shown the necessity for passing this bill. None of us know how many cars there are in the District or any information on which to form judgments and conclusions. We have just learned, however, that the property owners are asking that these nuisance taxes be placed on the poor people while the property owners have succeeded in having their real property valuations reduced about one-third. There is a great hooray over that, notwithstanding the fact several millions of dollars in revenue have been lost by reductions in the valuation of property. In the face of that you are sandbagging the people of the Nation to take care of what? To take care of an inspection which, if the people had a chance to vote for it, would be turned down 10 to 1, just as it was turned down in Texas.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. BLANTON. This will not cost the people of the Nation one penny, not a dollar. It will be paid by the automobile owners of the District of Columbia.

Mr. McFARLANE. Well, it is going to cost the people of the District a lot of money for something which, as I say, if they had a chance to vote on, would be turned down very promptly.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mrs. NORTON. Mr. Chairman, I would inform the gentleman that we have not heard any complaints from the people most interested in the District; we have not heard one single complaint from anybody in the District, because the people in the District realize the good to come from such a measure and are perfectly willing and glad to pay $1 a year apiece to make the streets a little safer than they have been in the past.

Mr. McFARLANE. Mr. Chairman, answering the gentlewoman from New Jersey, I call attention to the very brief report accompanying the bill, a report that tells exactly nothing as to why this bill should be passed. Further, I asked for hearings on the bill and was informed that there were no printed hearings. In view of this, how could the people of the District know that anything like this was going to be thrown upon them? They do not know anything about it; they are just like 90 percent of the Membership of the House, which does not know anything about it. If the people of the District had a chance to vote on this, they would vote it down 90 percent.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mrs. NORTON. Is the gentleman sure he has the right report? If he has and has read the last two paragraphs I

am sure he would not have made the statement he did just a minute or so ago.

Mr. McFARLANE. Yes; the so-called "Memphis plan"; but what is the Memphis plan? What does it do? I have the correct report. They take a dollar out of the pockets of the people of the District. That is what this does. What do the people get in return? Nothing. There are plenty of laws on the statute books now which provide fines for people whose automobile brakes are not adjusted and whose automobile lights are not proper. This is one of these infamous laws, if you please, and will make the poor people of the District of Columbia liable for the violation of a lot of laws and be bled for another nuisance law that is put on the statute books. You are taking this dollar out of the pockets of the taxpayers of the District who are not able to pay it. No showing is made as to how many accidents have been caused in the District by lack of proper headlights or on account of improper brakes. We read in the morning paper that they arrested seven drunken drivers yesterday. This is not going to correct that condition. We should stop the sale of liquor in the District to stop these traffic violations.

It is hard to mix liquor and wobbly automobiles, but this bill does not correct that situation. It is simply putting $1 of additional taxes on the people of the District that ought not to be placed there. There are plenty of criminal laws on the statute books if they are enforced. We have too many enforcement officers in the District not on the job. You are putting a tax on the people when there is no necessity for such a tax, and if the people had a chance to vote on this question they would vote it down overwhelmingly.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. McFARLANE. I yield to the gentleman from Pennsylvania.

Mr. ELLENBOGEN. I listened with a great deal of interest to what the gentleman had to say about the people of Texas. May I say that we have a very similar law in the State of Pennsylvania providing for a semiannual inspection at 50 cents apiece. I have never heard a single objection to that law. I would also like to point out to the gentleman that the license fee for an automobile in the District of Columbia is only $1.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield the gentleman from Texas [Mr. BLANTON] 5 minutes.

Mr. BLANTON. Mr. Chairman, my colleague, the gentleman from Texas [Mr. McFARLANE], is all right when he understands a proposition, and when he thoroughly understands it he is just as strong for something good as he is against it when he thinks it is bad.

The Memphis plan I thought was known to every expert on traffic laws in the United States, and this bill is nothing in the world but the Memphis plan.

Mr. McFARLANE. Will the gentleman explain what the Memphis plan is?

Mr. BLANTON. Each automobile is carefully inspected twice annually. Each owner pays the inspection assessment when he pays for his license tags. The cost the first year is $1, to enable the building of inspection stations, but after the first year the charge will be only 50 cents annually. This $85,000 is going to be spent for three servicing plants in three different parts of the city of Washington. You may drive your car in any one of these three inspection stations. They will have experts there who will take charge of it just as soon as the car gets in, just like the oilers and washers do down here in the Standard Oil place on Constitution Avenue. Just as you can drive your car in this Standard station and get it oiled and washed in 10 minutes, you will get your car thoroughly inspected in about 10 minutes under the provisions of this bill. That is the way the service will be performed in these three plants. The experts there will examine the brakes, including the foot brakes and the emergency brake, the chassis connections, the radius rods underneath the car, as well as the battery and lights; they will examine the steering gear and everything about it to see that the car is in good, safe running order and can be kept under the control of a driver. That is what the inspection service will be under this bill.

The above is the Memphis plan, which provides for paying so much a year when they get their license tag. They then pay for two inspections, 6 months apart. They do not pay a cent afterward during that 12 months. They are entitled to these two inspections after making the payment.

The automobile license tags here cost only $1. Down in the State of Texas it costs about $10 for license tags for a Ford or Chevrolet. Here it costs $1, whether the tag be for a Ford or a Rolls Royce. By paying this extra dollar, which totals $2 a year for the license tag and this inspection service, anyone in the District of Columbia ought to be glad to get the license tag and the inspection service furnished to him for that amount. That is all it costs. It is not unreasonable.

We do not appropriate the $85,000 out of the Federal Treasury. The $1 charge the first year will furnish enough money to build the three service plants, and also enough money to provide the necessary experts to do this inspection service for a whole year. This appropriation, as I told my other colleague from Texas, is to be under the control of Congress, with an amendment approved, which I shall offer. When this money is taken in it goes into the Treasury of the United States to the credit of the District of Columbia, and before it may be spent Congress has to say so. Congress has to make the appropriation. Congress has to appropriate every dollar spent by the District. Congress will still control this money and appropriate the necessary amount for the service.

Mr. HEALEY. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Massachusetts.

Mr. HEALEY. Is it compulsory for the car owner to have this inspection at least twice a year?

Mr. BLANTON. Certainly. If this were not compulsory, the proposed inspection would not be worth 5 cents.

Now, I am a careful driver. I was driving down the streets of Washington about 15 years ago, going down hill, when all of a sudden my steering wheel became disconnected. I was sitting there with the steering wheel in my hand. The car ran up on the sidewalk. About 12 years ago I was driving down the street here one day and one of the radius rods came loose. The car ran up on the sidewalk. If I had had a good inspection service on my car then that would not have happened. This happens to the very best of drivers. This is a good bill, and we ought to help pass it.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER. Mr. Chairman, may I say to the Members of the committee that the fee provided in this bill is $1 for the first year, and thereafter it is only 50 cents. As far as any reasons contained in printed reports are concerned, the matter involved in this legislation is something that comes within the common knowledge of everyone in the District of Columbia. Any legislation that will give us protection and prohibit accidents in the District has behind it not only common sense but good judgment.

So I think that common sense and good judgment are the best arguments we can have in favor of the passage of this bill.

Mr. ELLENBOGEN. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER. I yield.

Mr. ELLENBOGEN. I think this is a very splendid bill, but I think the inspection service should be performed by every garage that is competent. I do not see why an automobile owner should be required to go to a central place for this inspection or why you need to construct a particular place for it. Every garage that is competent should receive a license to perform this work and keep the money that is paid for the inspection.

Mr. KELLER. The gentleman is correct.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER. I yield.

Mr. MICHENER. What effect, if any, will this bill have on an out-of-town car that is operated here?

Mr. CARPENTER. It does not have any. If the gentleman will examine the bill he will find that it refers to cars registered here in the District of Columbia.

Mr. MICHENER. It simply refers to registered cars in the District here?

Mr. CARPENTER. Yes.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER. I yield.

Mr. KELLER. I am asking the same question that the gentleman from Pennsylvania [Mr. ELLENBOGEN] asked. Why do we not, as a matter of fact, license the various garages here that have competent men so that those of us who do have our cars inspected, anyway, can go wherever we please, instead of setting up a new agency here to compete with business that is already established?

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CARPENTER. I realize there is weight to the gentleman's argument, but, on the other hand, I can think of a great many arguments against it. It is desirable to have a standard inspection and to have the inspection uniform throughout the District. If we begin to dole this work out to the various dealers here, there will be some who will have the right to do it and others who will not and this will create competition and ill feeling among the various dealers.

Mr. KELLER. Would it not be very easy to require each garage that wants to establish this inspection service to show to the proper department of the District that it is competent to do so and not set up a new establishment? I am for the idea because I have my car inspected three or four or five times a year. I do not go around with my steering wheel in my hand. I keep it where it belongs.

Mr. CARPENTER. I am afraid the gentleman's idea would mean the setting up of too much machinery.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER. I yield.

Mr. McFARLANE. In Texas we had a system whereby the car owner, before he could register his car, was required to present his light-inspection receipt, and proper inspection stations were placed throughout the State and any garage could qualify by meeting the standards that were established. Where they do this the garage receives the fees for the service, which in this case were 25 cents. Under this situation the people in Texas became so disgusted with it they demanded that the legislature repeal it, and it was repealed, practically, without any protest whatever. However, I do think if you are going to have this system, you should have it so that the garage that furnishes the inspection service receives the fee. It should not be necessary for the Government to spend $160,000 to set up these inspection service stations, but allow competent garage men to furnish this service. In this way you eliminate a great deal of red tape and prevent the establishment of another useless and expensive bureau here.

Mr. CARPENTER. I do not know what happened in Texas, because I was not there, but I thank the gentleman for his contribution.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER. I yield.

Mr. BLANTON. We would have 1,087 different kinds of inspections here if we put it under all the garages, which would weaken the bill and almost ruin it.

Mr. CARPENTER. And we want to have a uniform inspection service, and I am afraid if we amended the bill in the manner suggested we would kill the purpose of the bill and not accomplish what we have in mind, which is the prevention of accidents.

Mrs. NORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. MORITZ].

Mr. MORITZ. Mr. Chairman, this bill appeals to me because we have a similar law in Pennsylvania, and the city of Pittsburgh for the third time has the record of having had the fewest accidents of any comparable city in the United States.

We ought to amend the bill so that this inspection will be carried on in the garages, as we have it in Pennsylvania. We also have a provision in our law that if any garage man gives a sticker guaranteeing a machine to be all right, when, as a matter of fact, the State officer finds it is not, the garage man has a stiff penalty to meet and sometimes is punished by imprisonment.

I think this would cover the entire situation.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. MORITZ. I yield.

Mr. BLANTON. The trouble about the Pennsylvania system is that you have no way of checking up to see what cars have not been inspected. Where you have it under Government control, as proposed by this bill, the Government has the records and can tell what cars have not been inspected. Moreover, there should be uniform inspection, which is impossible where several hundred garages do it.

Mr. MORITZ. All cars have to be inspected in Pennsylvania, brandnew cars as well as old cars, and every owner gets a new sticker every 6 months. In this way they can tell whether your car has been inspected or not.

Mrs. NORTON. Mr. Chairman, this concludes the general debate on the bill, and I ask that the bill be read for amendment.

The Clerk read as follows:

SEC. 3. From the inspection fund thus established, a sum of not to exceed $85,000 for the calendar year 1936 is hereby made available for the construction and/or rental and/or leasing of ground and buildings and for the purchase of equipment and supplies, and a sum of not to exceed $75,000 is made available for the payment of salaries of such mechanics, laborers, clerks, and other employees as may be necessary to carry out the semiannual inspection of all motor vehicles in the District of Columbia. During 1937 and each year thereafter the sum of not to exceed $75,000 shall be made available from the inspection fund for the purchase of such supplies, equipment, salaries, and labor as may be necessary for the operation of inspection stations. Any funds remaining in the special fund at the end of any calendar year shall be paid into the Treasury of the United States to the credit of the District of Columbia in the same proportions as appropriations for the District of Columbia are paid from the Treasury of the United States from the revenues of the District of Columbia during the fiscal year in which the fees are collected.

Mr. McFARLANE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 11, after the word "Columbia", strike out the period and insert: "*Provided*, That no person under the provisions of this bill shall receive more than $300 per month."

Mr. McFARLANE. Mr. Chairman, there should be no objection to this amendment. The bill does not specify how the salaries from the $75,000 shall be expended. My amendment limits any one employee to receive not to exceed $300 per month. It occurs to me that that is a fair limitation for this kind of work.

Mr. BLANTON. Will the gentleman yield?

Mr. McFARLANE. Yes, sir.

Mr. BLANTON. The only employees receiving pay will be the clerks, mechanics, and inspectors. They are controlled by the Classification Act in force in the District. The gentleman's amendment would authorize each one of these clerks to receive as much as $300 a month, because when you fix a maximum it becomes the minimum.

Mr. McFARLANE. What is the gentleman's question?

Mr. BLANTON. My question is: Does the gentleman think that he ought to do that?

Mr. McFARLANE. In answer to the gentleman, let me say the bill appropriates $75,000 for the payment of salaries of mechanics, laborers, clerks, and other employees as may be necessary to carry out the semiannual inspection, and so forth. My amendment is not authorization but a salary limitation that no employee shall receive more than $300 a month.

Of all people that should raise this question, the gentleman from Texas, is the last one. He has stood here in the Well time after time and tried to put a limit on the amount of salaries that employees shall be paid in every bill that has come up. Now, he comes in under this bill and wants to throw this $75,000 wide open as to salaries.

Mr. BLANTON. I did not want my colleague to get an amendment on this bill that would pay $3,600 salary to an $1,800 clerk. That is what they would receive under his amendment.

Mr. McFARLANE. I do not agree with that.

Mr. DUNN of Pennsylvania. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. DUNN of Pennsylvania. Does not the gentleman think that his amendment might interfere with the union wage?

Mr. McFARLANE. No. I made it sufficiently large so that I do not think that it would interfere. If any gentleman here will state that these employees will come under the Civil Service Classification Act, which the bill does not provide, I would be glad to withdraw my amendment.

Mrs. NORTON. An amendment to that effect would be satisfactory.

Mr. McFARLANE. Then, Mr. Chairman, I will withdraw my amendment.

Mr. BLANTON. Mr. Chairman, I offer the following substitute for section 3.

The Clerk read as follows:

On page 2, beginning with line 3, strike out all of section 3 and insert a new section, as follows:

"SEC. 3. From the inspection fund thus established there is hereby authorized to be appropriated for the fiscal year 1936 and each fiscal year thereafter such sums as Congress may determine necessary for the construction and/or rental and/or leasing of ground and buildings, the purchase of equipment and supplies, and the payment of salaries of mechanics, laborers, clerks, and other employees to carry out the semiannual inspection of all motor vehicles in the District of Columbia. Any funds remaining in the special fund at the end of any fiscal year shall be paid into the Treasury of the United States to the credit of the District of Columbia in the same proportions as appropriations for the District of Columbia are paid from the Treasury of the United States from the revenues of the District of Columbia during the fiscal year in which the fees are collected."

Mr. BLANTON. Mr. Chairman, this amendment was prepared by the clerk to the Committee on District Appropriations. He calls my attention to the fact that this amendment is necessary. This merely changes the verbiage so as to make it clear that each year Congress shall appropriate out of District funds a sufficient amount of money to carry out the purposes of this bill. For instance, if it takes $75,000 to do it, Congress will appropriate that amount out of the District funds derived from these fees.

Mr. PALMISANO. Does the Disurict have control of the license fee in the District?

Mr. BLANTON. No; that goes into the Treasury to its credit and Congress appropriates it every year, as the District needs it. This will be handled exactly like the license fee.

Mrs. NORTON. And this amendment keeps it within the control of the Congress?

Mr. BLANTON. Yes; but it is still the District of Columbia funds, in the Treasury, to the credit of the District of Columbia.

Mrs. NORTON. Mr. Chairman, the committee accepts the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The amendment was agreed to.

Mr. McFARLANE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: Page 2, line 22, after the word "collected", strike out the period, insert a colon and the following: *Provided*, That all employees under this act shall come under the Classified Civil Service Act as amended.

Mr. PALMISANO. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PALMISANO. The amendment refers to language after the word "collected."

Mr. McFARLANE. It strikes out the period and adds a provision.

Mr. PALMISANO. I understand that that provision is entirely stricken out.

Mr. McFARLANE. The gentleman is correct, but it also states "after the period." That would meet the situation. It would follow the Blanton amendment.

Mr. Chairman, I assume the amendment will be agreeable to the chairman of the committee in that it places all employees under this authority under the Classified Civil Service Act as amended. I assume there will be no objection to the amendment.

Mr. CARPENTER. Will the gentleman make his amendment in harmony with the amendment introduced by the gentleman from Texas [Mr. BLANTON]?

Mr. McFARLANE. I assume it is in harmony. It adds another sentence to the end of section 3.

Mr. ELLENBOGEN. Does the gentleman propose that a union man who was not in the District of Columbia who comes into the District shall be barred from doing this work?

Mr. McFARLANE. No.

Mr. ELLENBOGEN. That is what the amendment will do; and does the gentleman mean to say that such a man must have to wait for years for the holding of a civil-service examination before he could exercise his profession as a mechanic? I hope the gentleman will withdraw his amendment.

Mr. McFARLANE. I do not so understand that my amendment has that effect. If that was true, almost every emergency commission and bureau and board that we have set up under this administration in this and the last Congress would be subject to the same criticism that the gentleman advances.

Mr. ELLENBOGEN. But they are not under civil service.

Mr. McFARLANE. Quite a number of the boards and commissions for years in the Seventy-third and Seventy-fourth Congresses are under the civil-service law. That is all this amendment does for this law. It places it under the Civil Service Act. The gentleman from Texas [Mr. BLANTON] just said they are all under civil service. As fast as I jump onto one limb, you jump onto another, and I want to get you nailed down.

Mr. BLANTON. Is it not a fact that right now under the present law every employee of the District comes under the Classification Act?

Mrs. NORTON. That is my understanding. Certainly this amendment is not necessary.

Mr. McFARLANE. Why does the gentleman object to it then?

Mr. BLANTON. Why does the gentleman want to duplicate a law that is already in existence?

Mr. McFARLANE. This does not do that.

Mr. BLANTON. Oh, but the present existing law says so.

Mr. McFARLANE. But we are passing new laws every day. This bill, section 7, reads:

The Commissioners of the District of Columbia shall make such regulations as in their judgment are necessary for the administration of this act, and may fix thereto such reasonable fines and penalties as in their judgment are necessary to enforce such regulations.

I think that provision is unconstitutional, but if it is going to be the law that we are supposed to operate under, by this bill, then we must specify what we are going to pay these folks. I try to limit the pay and the gentleman says they are under the classification service, but this bill does not say that. All the other bills we have passed are clear on that.

Mr. BLANTON. If you would take these employees out of the classification service you would have to so provide in this bill. Where you do not provide it, the law is in force and effect now and makes all employees come under the classification act. The gentleman is not getting around it.

Mr. GRISWOLD. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. GRISWOLD. Is it not true that putting them under the Classification Act does not make them come under all the rules of the Civil Service Commission? The Classification Act does not make them take competitive examinations and those other things that are required by the rules of the civil service.

Mr. McFARLANE. I am not as well versed in that as the gentleman is.

Mr. GRISWOLD. It classifies them without making them come under the rules which the Civil Service Act makes them come under.

Mr. McFARLANE. Under this act we turn this wide authority over to the District Commissioners. I would rather turn it over to the Civil Service Commission. I see no reason why there should be any objection to it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mrs. NORTON. Mr. Chairman, I certainly hope that this amendment will not be passed. It is an unnecessary amendment and has no justification whatsoever.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. McFARLANE].

The question was taken; and on a division (demanded by Mr. McFARLANE) there were—ayes 4, noes 47.

Mr. McFARLANE. Mr. Chairman, I object to the vote on the ground that there is no quorum present.

Mr. BLANTON. That does not get a record vote. We are in Committee of the Whole. We will just waste 20 minutes.

The CHAIRMAN. The Chair will count.

Mr. McFARLANE. Mr. Chairman, I withdraw my point of no quorum. [Applause.]

Mr. ELLENBOGEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN: Page 2, after line 22, insert a new section, as follows:

"Employees under this act shall not be subject to the civil service or to the Classification Act."

Mr. ELLENBOGEN. Mr. Chairman, most employees that would be called upon to inspect automobiles would be mechanics, and most of them would be union mechanics, who today are not under civil service. Why should we require them to wait until civil-service examinations are held and they can qualify before they can be employed? I say that the mechanics to be employed under this act should not be subject to the civil-service law or to the Classification Act. That amendment provides for that, and I hope it will be adopted by the committee.

The provision that the civil-service laws must apply to this branch of service would prevent most automobile mechanics from obtaining employment under this act.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment, in my judgment, should be defeated. By this amendment we would do just what the gentleman from Texas [Mr. McFARLANE] was afraid of doing. Under the present law the personnel provided for in this bill will be under the existing traffic department of the District of Columbia. These new employees will be traffic department employees. They all come under the director of traffic. They will all be under Mr. Van Duzer. If we pass this bill as it has been drawn, they will all be controlled by the present laws that control all of the other employees in Mr. Van Duzer's office, who are under civil service and under the Classification Act. They are well taken care of under existing circumstances, but if the amendment offered by the gentleman from Pennsylvania [Mr. ELLENBOGEN] is passed, it would permit the District Commissioners, if they wanted to do it, to hire some employee and pay him $5,000 for a clerical position. I do not think they would do such a thing, because I have confidence in them, but that would be the effect of such an amendment.

If we take them out of the classification service and from the civil-service rules, we would permit the Commissioners to pay any kind of a salary they wanted for any kind of an insignificant position. I am not in favor of that.

This bill was carefully drawn for the Commissioners of the District of Columbia. It comes to the committee with the sanction of the authorities of the District of Columbia. They had it carefully drawn by their legal department. They know what they need to stop these traffic violations, to stop these numerous accidents. Do you know that since January 1 up until today 65 people have been killed by automobiles in the District of Columbia, and 7 of them were children? Sixty-five people lost their lives by automobile accidents in the District of Columbia since the 1st of January.

The superintendent of police is carrying on an intensive campaign now to stop it. He is seeing that the people do not violate traffic laws. They have stopped giving them tickets. When they violate the law now they take them to the court and make them give collateral of $500; and it is stopping it.

You do not want to wreck the bill. The chairman and her committee have brought in a good bill. They have not considered this Ellenbogen amendment. The District officials have not passed on it. The gentlewoman from New Jersey has not passed on it, and her committee has not passed on it. Why do we not pass their bill? It is a bill designed to stop accidents. It is a bill to require that unsafe, rattletrap automobiles shall be put in good running condition before they may be run on the streets of Washington, menacing the lives of all little children and elderly persons.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. PALMISANO. I notice the gentleman praises the District Committee for its splendid bill.

Mr. BLANTON. When its bills are not splendid I do not praise them. I do praise their good bills. The committee is going to call up one bill that I am not going to praise; I am going to help kill it.

Mr. PALMISANO. The gentleman praises this bill the District Committee has brought in as a splendid bill, and he praises the District Commissioners for recommending it.

Mr. BLANTON. Yes; it now is a good bill.

Mr. PALMISANO. If it is so good, why did the gentleman offer a motion to strike out an entire section?

Mr. BLANTON. That was in the interest of the Government of the United States and of the Appropriations Committee, and naturally we do not expect the District Commissioners to look out for the Government. They view the matter from the District's angle.

Mr. FADDIS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, the gentleman from Texas cannot show where the civil service has ever produced anything but inefficiency among its employees. I can show the gentleman from Texas instances where placing men from civil service into the Army Transport Service has absolutely stopped their operation. I can show the gentleman where placing employees under the provisions of the civil service ends all efficiency, for they are in a groove; all they have to do is to stay there; they do not need to exercise any initiative or strive for self-advancement. If they just stay in the groove advancement will come.

I think it is time we forgot all this foolishness about civil service and put in men who are really qualified to do the work, not somebody who has taken a nonsensical test conjured up by some fanciful college professor.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. BLANTON. I will vote to do away with the civil service entirely; but that issue is not before us now.

Mr. FADDIS. Here is a good chance to start; start in right now and go down the line as other bills come up.

Mr. BLANTON. There were 876 lawyerettes in the Veterans' Administration, the last time I checked them, who came to it through the civil service; and out of the whole 876 I doubt if there are more than 15 good experienced lawyers.

Mr. FADDIS. Furthermore, the civil service of the United States is keeping a lot of married women in jobs that should

be held by unemployed heads of families. It makes for multiplication of jobs within families. This condition is an insult to the people of the country. Let us start correcting it right now.

Mr. BLANTON. But as to men to be employed in this traffic service, I think we can get good ones through the civil service.

Mr. FADDIS. I think the men to be employed in it should be selected outside of civil service. Practical, not theoretical men.

Mr. BLANTON. You cannot get good lawyers through the civil service, nor good doctors, nor can you get good engineers.

Mr. FADDIS. And you will not get good mechanics through the civil service.

Mr. BLANTON. Oh, yes; you can get good mechanics through the civil service.

Mr. FADDIS. You are not going to get them through the civil service as the result of some nonsensical test.

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. FADDIS. No; I yield to nobody.

Under the civil service jobs are given to people who pass some fanciful test, but the men of real ability are not acceptable if they have not taken this nonsensical test which does not tell whether or not the men are qualified.

In my opinion the amendment of the gentleman from Pennsylvania is one of the most meritorious propositions I have heard advanced on the floor of the House. If it had been operative with regard to the Steamship Inspection Service of the United States the *Morro Castle* disaster would never have occurred. If the principle of the gentleman's amendment were operative with regard to mine inspectors and we had a decent mine-inspection system, there would not be one mine disaster in the United States where today we have 50. The civil service is productive of disasters because it encourages inefficiency. It is time we made a change, and here is an opportunity to begin.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. ELLENBOGEN. Mr. Chairman, my time has not been exhausted. I desire to use the balance of my time.

The CHAIRMAN. The gentleman resumed his seat. The gentleman's time is exhausted.

Mr. ELLENBOGEN. Mr. Chairman, I used only two of my 5 minutes.

The CHAIRMAN. The Chair has ruled.

The question is on the motion of the gentlewoman from New Jersey.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. FADDIS and Mr. DUNN of Pennsylvania) there were—ayes 13, noes 35.

So the amendment was rejected.

The Clerk read as follows:

SEC. 4. All motor vehicles owned and officially used by the Government of the United States or by the Government of the District of Columbia or by the representatives of foreign Governments, shall be subject to semiannual inspection, such inspections to be furnished without charge.

Mr. DUNN of Pennsylvania. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Pennsylvania, Colonel FADDIS, made a statement about married women being employed in the Government service. May I say that in my opinion most of the married women who are employed should be employed. If the Government would see to it that their husbands received sufficient wages it is my candid opinion that the married women would be glad to give up their work and go home. But married women should be permitted to work as long as their husbands are not getting adequate wages.

Mr. ELLENBOGEN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, since I did not get the floor and complete my statement in reference to the amendment I previously offered, I should like to add a few observations, although the amendment has been voted on, because I do not like to have this matter under a misapprehension. I did not intend to strike a blow at the civil-service system. I only intended to advance a common-sense proposition. When a mechanic comes from Texas, from Maryland, from other States, or from my own State, he ought to be able to get employment in the District of Columbia in the line of his profession. That was the purpose of the amendment. I think the amendment was sound and I am sorry it was defeated.

The Clerk concluded the reading of the bill.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to, and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WALTER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8582) to provide for the semiannual inspection of all motor vehicles in the District of Columbia, had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

Mrs. NORTON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WHAT WE NEED NOW IS NOT MORE TAXES—NEITHER SOAK-THE-RICH TAXES NOR SPARE-THE-RICH TAXES. WHAT WE NEED IS A CLEAR STATEMENT OF WHAT THE ADMINISTRATION INTENDS TO DO; WHETHER MORE EXPERIMENTS ARE TO BE TRIED; HOW SOON AND HOW MUCH THE ORGY OF SPENDING IS TO BE CURTAILED; WHAT THE OUTLOOK IS AS TO DEFICITS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a statement.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Speaker, I am pleased to extend my remarks by including an editorial in the Adrian Telegram of Adrian, Mich., one of the leading small-town dailies of the country. I include this editorial because it states in an understandable way the facts in reference to pending tax legislation as I see them. The editorial is as follows:

TAX BUNGLING

The outlook for sound and sensible tax legislation at Washington just now is anything but encouraging. On the contrary all signs point to a feverish period of wrangling and bungling.

The Democrats generally are for adhering strictly to the President's recommendations. They are trying to frame a bill but they don't know what rates to write. That is because they don't know how much money to raise. And that in turn is because they don't know how much is needed. They have 29 (!) different schedules to juggle with, designed to raise anything between 118,000,000 and 901,000,000 a year. They don't know which to do first—to decide what rates to adopt, or to decide how much money to raise. And they don't know how much they want to raise, or how much they ought to raise, or how much they have got to raise.

To this muddle the Republicans are adding complications. They are talking about a general sales tax, tariff changes, and repealing some of the "nuisance" taxes. There may be strenuous drives for some such changes. Is a general sales tax desirable? And if so, how much should it raise? How much of this year's deficit should be raised by taxation, and how much of next year's? And what are those deficits going to be?

The whole performance is a travesty on sound fiscal policy. For a nation, as for an individual, the first step is to find out how much money is needed and then provide it. In this case it means for the administration to first tell the Congress how much longer it proposes to spend more money than it takes in, how much the deficit is and how much it will be next year. The next step

would be to recommend to Congress how fast we ought to try to catch up with the deficit and how fast we should pay off the debt. Then Congress would have definite figures to go by, and a definite policy to discuss. It could proceed to frame such taxes as seemed best to serve the purpose.

As it is, there is no clear policy—only groping and confusion. The President gave Congress several highly controversial tax proposals, with nothing definite as to how much they should be made to produce. If wise, or even intelligent, legislation can come out of such a muddle it will be a wonder.

What we need now is not more taxes—neither soak-the-rich taxes nor spare-the-rich taxes. What we need is a clear statement of what the administration intends to do; whether more experiments are to be tried; how soon and how much the orgy of spending is to be curtailed; what the outlook is as to deficits. That information is needed, not to frame tax bill, but so that the Congress and the American people can have some idea of where they are going to get off.

As to taxation, there is no need of excessive or confiscatory taxation in any form whatever. Whatever the deficit may be for this year and next, we don't have to catch up with it in 1 year, or 2, or 5. If these deficits are going to end in 2 or 3 years (and they have got to) they should be added to the debt. Then enough revenue should be raised to pay running expense, and to pay the interest and some of the principal of the debt each year. That would put us on a sound fiscal basis. Taxation would be easily borne. And—most important of all things—confidence would return.

There is nothing unsafe or unsound about such a plan. It is what is done in private business. If a company has several bad years and gets a lot of notes in the banks it doesn't cripple itself by trying to pay them all off in a hurry; it refunds them in the form of bonds or a mortgage running over a long term of years, paying the interest and part of the principal each year. That makes a reasonable load, which the company can carry and still prosper. The country can carry its national debt and prosper, if it carries it that way. Once the Budget is balanced—expenses brought within income—there will be nothing to worry about.

The way for Congress to deal with the present tax problem is to go home and leave it until January. Then let the President give Congress definite figures, reliable estimates, and suggest a clear-cut policy—one that is designed primarily to put the Government on a sound fiscal basis. The tax problem can wait very nicely that long.

PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD CO.

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 8078) to repeal sections 1, 2, and 3 of the act approved February 3, 1909, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole House on the state of the Union.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to substitute Senate bill 2830 for the House bill. The bill has passed the Senate and has been accepted by the committee.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909, are hereby repealed; and, upon the completion by it of the substitute facilities authorized by section 2 hereof, the Philadelphia, Baltimore & Washington Railroad Co. is authorized, without any further or other authority, to abandon and remove the Seventh Street substation built and maintained by it pursuant to the requirements of said act of February 3, 1909, and to abandon the ticket agency and baggage accommodations maintained by it pursuant to the requirements of said act.

SEC. 2. That in lieu of the said substation and facilities maintained at the intersection of the Seventh Street and C Street SW., in the city of Washington, the Philadelphia, Baltimore & Washington Railroad Co. is authorized to construct and maintain on the train platform an enclosed waiting room for passengers, with convenient means of ingress and egress leading from and to the street level below.

SEC. 3. That the area in the square south of 463 on the map of the city of Washington heretofore used for station purposes shall revert to the District of Columbia upon the completion of these improvements: *Provided*, That the said Philadelphia, Baltimore & Washington Railroad Co. shall construct and maintain thereon, subject to the approval of the Commissioners of the District of Columbia, adequate walkways to the adjacent streets.

SEC. 4. That Congress reserves the right to alter, amend, or repeal this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 8078) was laid on the table.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in committee and to include therein certain facts and excerpts of testimony before a special committee.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS—S. 2830

Mr. CARPENTER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the bill which just passed and to include therein part of the hearings.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CARPENTER. Mr. Speaker, it is stated on page 2 of the committee report as follows:

As originally introduced the bill merely authorized the abandonment of the substation. Protests were forthcoming from some residents of Virginia, who commute to Washington and use this substation in their daily trips. After further consultation and consideration the railroads agreed to erect an enclosed shelter at the track level at a point which would adequately serve the people using the station. This arrangement proved satisfactory to the protestants, and is authorized by the amended bill.

Inasmuch as the hearings on this bill were not printed, I believe, in order to perfect the record, that the agreement of the railroad companies should be made a part of the record, so that it may be accessible hereafter.

I quote from the statements of H. E. Stephenson and W. T. Joyner, who appeared before the Subcommittee on Public Utilities of the District of Columbia, which met at 10:30 a. m., Monday, June 24, 1935:

FURTHER STATEMENT OF H. E. STEPHENSON

Mr. STEPHENSON. Mr. Chairman, since the last meeting of the committee the Senate has reported a corresponding bill to the one which is before you now. The Senate bill and report is on S. 2830. As I say, it has been reported favorably.

Subsequent to this report, I might say that Mr. White, a representative of the Fairfax Chamber of Commerce and representing also a number of commuters that use the afternoon train has brought up the question of heat within the station. For Mr. White's benefit, I should like to have Mr. Joyner, who is the assistant general attorney of the Southern Railway, put a statement in the record concerning heat for this station.

Mr. CARPENTER. We shall be very glad to hear Mr. Joyner at this time.

STATEMENT OF W. T. JOYNER, ASSISTANT GENERAL ATTORNEY, SOUTHERN RAILWAY

Mr. JOYNER. Mr. Chairman, I am authorized to speak for the R., F. & P., which jointly uses this station with the Southern. Mr. Stephenson and I have agreed on a statement to go into the record which, as I see it, does this. The present bill is permissive. Our statement puts the obligation on the railroads before they shall take advantage of that permission and abandon the station, to work out among themselves a satisfactory arrangement for heating. The statement that we have agreed on is this:

"Before the present station is abandoned pursuant to the permissive authority of this bill, provision will be made for the installation of heating facilities and for the adequate heating of the platform enclosure for the period of use by passengers for the afternoon commuter trains."

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 8577) to amend the Teachers' Salary Act of the District of Columbia, approved June 4, 1924, as amended, in relation to raising the trade or vocational schools to the level of junior high schools, and for other purposes, and ask unanimous consent that it may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

Mr. BLANTON. Mr. Speaker, I do not think that the gentlewoman from New Jersey ought to bring up this bill involving an increase in the salary of teachers at this time, when there are many other noncontroversial bills to be considered.

The teachers of the District of Columbia are the best paid teachers in the world for comparable positions and service. They are about the only teachers in the United States who have never missed a pay day. They get their pay in cash and they always have received it on the day it is due.

We have high-school teachers and grade teachers here drawing better salaries than anywhere else in the United States. I do not think this is the time to have these salaries raised. I do not think it is the time to consider raising teachers' salaries already adequate, when there are only 60 Members on the floor of the House at this time.

I hope the gentlewoman will withdraw this bill and go on with the consideration of other bills that are not controversial; otherwise I am going to have to oppose the bill vigorously because I do not think it is necessary and I do not think this bill ought to be passed at this session.

When the matter is taken up hereafter and the school system as a whole is gone over very carefully, there may be certain adjustments that ought to be made. I do not think this particular bill, however, ought to be passed now.

Mrs. NORTON. Mr. Speaker, I hope the gentleman will withdraw his objection. If he will read the report he will see that the Acting Director of the Budget has advised the Commissioners of the District that insofar as the financial program of the President is concerned, there is no objection to this legislation.

Mr. BLANTON. Why, certainly. It does not interfere with the financial program of the President, because the money will not come out of the Federal Treasury.

Mr. PALMISANO. Mr. Speaker, I demand the regular order.

Mr. BLANTON. I shall be compelled to pursue every possible parliamentary means to stop the passage of this bill, because I do not think the bill ought to be passed, and I want to put the gentlewoman from New Jersey on notice now. There are a number of noncontroversial bills here I want to help her to pass.

Mr. PALMISANO. Regular order, Mr. Speaker.

Mr. BLANTON. Mr. Speaker, I ask for a quorum. This bill must not be passed at this time.

Mrs. NORTON. Mr. Speaker, because of the large number of other bills I have here today that are of great importance to the District, which I think should not be controversial, I am going to withdraw this bill temporarily, but serve notice on the House that I shall call it up later this afternoon if possible.

The SPEAKER. The bill is withdrawn.

POLICE COURT OF THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 8579) to amend the law with respect to jury trials in the police court of the District of Columbia, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 165 of title 18 of the Code of the District of Columbia of 1929, otherwise known as "section 44, as amended, of the Code of Law for the District of Columbia", approved March 3, 1901, be, and the same is hereby, amended to read as follows:

"Prosecutions in the police court shall be on information by the proper prosecuting officer. In all prosecutions, within the jurisdiction of said court in which, under the Constitution of the United States, the accused would be entitled to a jury trial, the trial shall be by jury, unless the accused shall in open court expressly waive such trial by jury and request to be tried by the judge, in which case the trial shall be by such judge, and the judgment and sentence shall have the same force and effect in all respects as if the same had been entered and pronounced upon the verdict of a jury.

"In all petty cases not amounting to public nuisance, indictable at common law, where the accused would not by force of the Constitution of the United States be entitled to a trial by jury, the trial shall be by the court without a jury. In all cases where the said court shall impose a fine, it may, in default of the payment of the fine imposed, commit the defendant for such a term as the court thinks right and proper, not to exceed 1 year."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JURY SERVICE IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 8581) to amend the law providing for exemptions from jury service in the District of Columbia, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 360 of title 18 of the Code of the District of Columbia of 1929, otherwise known as "section 217 of the Code of Law for the District of Columbia", approved March 3, 1901, be, and the same is hereby, amended to read as follows:

"All executive and judicial officers of the Government of the United States and of the District of Columbia, all officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard of the United States in active service, those connected with the police and fire departments of the United States and of the District of Columbia, counselors and attorneys at law in actual practice, ministers of the gospel and clergymen of every denomination, practicing physicians and surgeons, keepers of hospitals, asylums, almshouses, or other charitable institutions created by or under the laws relating to the District of Columbia, captains and masters and other persons employed on vessels navigating the waters of the District of Columbia shall be exempt from jury duty, and their names shall not be placed on the jury lists.

"All other persons, otherwise qualified according to law whether employed in the service of the Government of the United States or of the District of Columbia, all officers and enlisted men of the National Guard of the District of Columbia, both active and retired, all officers and enlisted men of the Military, Naval, Marine, and Coast Guard Reserve Corps of the United States, all notaries public, all postmasters and those who are the recipients or beneficiaries of a pension or other gratuity from the Federal or District Government or who have contracts with the United States or the District of Columbia, shall be qualified to serve as jurors in the District of Columbia and shall not be exempt from such service: *Provided*, That employees of the Government of the United States or of the District of Columbia in active service who are called upon to sit on juries shall not be paid for such jury service but their salary shall not be diminished during their term of service by virtue of such service, nor shall such period of service be deducted from any leave of absence authorized by law."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROSTITUTION IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 405) for the suppression of prostitution in the District of Columbia, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Speaker, reserving the right to object, what is this bill?

Mrs. NORTON. A bill for the suppression of prostitution in the District of Columbia.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That it shall not be lawful for any person to invite, entice, persuade, or to address for the purpose of inviting, enticing, or persuading any person or persons, in or upon any avenue, street, road, highway, open space, alley, public square, or inclosure in the District of Columbia, to accompany, go with, or follow him or her to his or her residence, or to any other house or building, inclosure, or other place, for the purpose of prostitution, or any other immoral or lewd purpose, under a penalty of not more than $100 or imprisonment for not more than 90 days, or both. And it shall not be lawful for any person to invite, entice, or persuade, or address for the purpose of inviting, enticing, or persuading any person or persons from any door, window, porch, or portico of any house or building to enter any house, or go with, accompany, or follow him or her to any place whatever, for the purpose of prostitution, or any other immoral or lewd purpose, under the like penalties herein provided for the same conduct in the streets, avenues, roads, highways, or alleys, public squares, open spaces, or inclosures.

SEC. 2. Any person who frequents or lives in houses or other establishments of ill fame, or who (whether married or single) engages in or commits acts of fornication for hire, shall be considered a vagrant, and subject to the penalties provided in section 8 of an act entitled "An act for the preservation of the public peace and the protection of property within the District of Co-

lumbia, approved July 29, 1892", and as amended by act of Congress approved March 3, 1909.

SEC. 3. Section 7 of the act of Congress entitled "An act for the preservation of the public peace and the protection of property within the District of Columbia", approved July 29, 1892, is hereby repealed.

With the following committee amendments:

Page 2, after line 19, insert:

"SEC. 3. The court may impose conditions upon any person found guilty under the aforesaid sections and so long as such person shall comply therewith to the satisfaction of the court the imposition or execution of sentence may be suspended for such period as the court may direct; and the court may at or before the expiration of such period remand such sentence or cause it to be executed. Conditions thus imposed by the court may include submission to medical and mental examination, diagnosis and treatment by proper public-health and welfare authorities, and such other terms and conditions as the court may deem best for the protection of the community and the punishment, control, and rehabilitation of the defendant. The health officer of the District of Columbia, the women's bureau of the police department, the Board of Public Welfare, and the probation officers of the court are authorized and directed to perform such duties as may be directed by the court in effectuating compliance with the conditions so imposed upon any defendant."

Page 3, line 13, strike out the figure "3" and insert in lieu thereof the figure "4."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

QUALIFICATIONS OF JURORS IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 8583) to amend the Code of Law for the District of Columbia in relation to the qualifications of jurors. This bill is on the House Calendar, Mr. Speaker.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 358 of title 18 of the Code of the District of Columbia of 1929, otherwise known as "section 215–A of the Code of Law for the District of Columbia", approved March 3, 1901, as amended by the act approved February 26, 1927, be, and the same is hereby, amended to read as follows:

"No person shall be disqualified for service as a juror or jury commissioner by reason of sex, but the provisions of law relating to the qualifications of jurors and exemptions from jury duty shall in all cases apply to women as well as to men."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JURY SERVICE IN THE POLICE COURT OF THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 8580) to amend the law with respect to the time for jury service in the police court of the District of Columbia, and I ask unanimous consent that the bill be considered now in Committee of the Whole.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 166 of title 18 of the Code of the District of Columbia of 1929, otherwise known as "section 45, as amended, of the Code of Law for the District of Columbia", approved March 3, 1901, be, and the same is hereby, amended to read as follows:

"The jury for service in said court shall consist of 12 persons, who shall have the legal qualifications necessary for jurors in the Supreme Court of the District of Columbia, and shall receive a like compensation for their services, and such jurors shall be drawn and selected under and in pursuance of the laws concerning the drawing and selection of jurors for service in said court, and shall serve for a like term as the petit jury in the Supreme Court of the District of Columbia. When at any term of said court it shall happen that in a pending trial no verdict shall be found, nor the jury otherwise discharged before the next succeeding term of the court, the court shall proceed with the trial by the same jury, as if said term had not commenced: *Provided*, That this act shall not be effective as to any panel or panels of jurors drawn under the existing law."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVENTION OF ELKS OF THE WORLD

Mrs. NORTON. Mr. Speaker, I call up House Joint Resolution 351, authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by Washington (D. C.) 1935 Improved, Benevolent, and Protective Order of Elks of the World, and for other purposes, and I ask unanimous consent that this be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

There was no objection?

The Clerk read the joint resolution, as follows:

Resolved, etc., That the Secretary of the Interior, the Secretary of the Treasury, the Commissioners of the District of Columbia, the Board of Education of the District of Columbia, and the Architect of the Capitol are hereby severally authorized to grant permits to the Washington (D. C.) 1935 General Entertainment Committee of the Improved, Benevolent, and Protective Order of Elks of the World, hereinafter referred to as the "I. B. P. O. E. of W. Committee", for the use of any buildings, parks, rivers, waterways, reservations, sidewalks, or other public spaces in the District of Columbia, under his, their, or its control, respectively, on the occasion of the annual session of the Improved, Benevolent, and Protective Order of Elks of the World in the month of August 1935: *Provided*, That such use will inflict no serious or permanent injury upon any such buildings, parks, rivers, waterways, reservations, sidewalks, or other public spaces, or any portion or the contents thereof, in the opinion of the person granting any such permit, in accordance with this authority: *Provided further*, That all stands, arches, or platforms that may be erected on the public spaces aforesaid, including such as may be erected in connection with any display of fireworks, shall be under the supervision of the said Washington (D. C.) Improved, Benevolent, and Protective Order of Elks of the World and in accordance with plans and designs to be approved by the Architect of the Capitol, the Engineer Commissioner of the District of Columbia, and the Superintendent of National Capital Parks, and that no person or corporation shall be authorized to erect or use any such stands, arches, or platforms without permission of said committee: *And provided further*, That any such buildings, parks, reservations, or other public spaces which shall be used or occupied, by the erection of stands or other structures, or otherwise, shall be promptly restored to their condition before such occupancy, and the said committee shall indemnify the United States or the District of Columbia, as the case may be, for all damage of any kind whatsoever sustained by reason of any such use or occupation.

SEC. 2. That the Commissioners of the District of Columbia are hereby authorized to designate, set aside, and regulate the use of such streets, avenues, and sidewalks in the District of Columbia, under their control, as they may deem proper and necessary, for the purpose of said session, and to make such special regulations regarding standing, movement, and operation of vehicles of whatever kind or character, and all reasonable regulations necessary to secure the preservation of public order and the protection of life and property, from the 25th day of August 1935 to the 2d day of September 1935, both inclusive.

SEC. 3. That the Public Utilities Commission of the District of Columbia is hereby granted authority to make such special regulations as in the opinion of said Commission may be necessary or desirable, regulating the standing, movement, and operation of taxicabs, street cars, busses, and other vehicles of conveyance under the regulation or control of said Commission, for the period commencing the 25th day of August 1935 and ending on the 2d day of September 1935, both inclusive.

SEC. 4. That the Secretary of War and the Secretary of the Navy are hereby authorized to loan to said committee such tents, camp appliances, trucks, motor equipment, benches, chairs, hospital furniture and utensils of all descriptions, ambulances, horses, drivers, stretchers, Red Cross flags and poles, and other property and equipment, belonging to the United States, as in their judgment may be spared at the time of said session, consistent with the interests of the United States: *Provided*, That the said committee shall indemnify the United States for any loss or damage to any and all such property not necessarily incidental to such use: *And provided further*, That the said committee shall give approved bond to do the same.

SEC. 5. That the Secretary of War and the Secretary of the Navy are authorized to loan to the said committee such ensigns, flags, decorations, lighting equipment, and so forth, belonging to the United States (battle flags excepted) as are not then in use, and may be suitable and proper for decorations and other purposes, which may be spared without detriment to the public service, such ensigns, flags, decorations, lighting equipment, and so forth, to be used by the committee under such regulations and restrictions as may be prescribed by the said Secretaries, or either of them: *Provided*, That the said committee shall, within 5 days after the close of said session, return to the said Secretaries all such ensigns, flags, decorations, lighting equipment, etc., thus loaned; and said committee shall indemnify the United States for any loss or damages not necessarily incident to such use.

SEC. 6. That the Superintendent of National Capital Parks, subject to the approval of the Director of National Parks Service, is hereby authorized to permit the use of any or all public parks, reservations, or other public spaces in the District of Columbia,

including the Monument Grounds and the Ellipse, for use by said committee for the erection of grandstands, reviewing stands, platforms, and other structures for reviewing parade or other purposes; and said committee is hereby authorized to charge reasonable fees for the use of the same provided such fees are used to aid in meeting the necessary expenses incident to the said session.

SEC. 7. That the Superintendent of National Capital Parks, subject to the approval of the Director of National Parks Service, is hereby authorized to permit the use of such public parks, reservations, or other public spaces in the District of Columbia, under the control of the said Superintendent of National Capital Parks, as in the opinion of said Superintendent of National Capital Parks may be necessary, for the use by said committee for the parking of automobiles, the temporary erection of tents for entertainment, hospitals, and other purposes; and the said committee is hereby authorized to charge reasonable fees for the use of the same provided such fees are used to aid in meeting the expenses incident to the said session.

SEC. 8. That the Commissioners of the District of Columbia are hereby authorized to permit said committee to stretch suitable overhead conductors, with sufficient supports, wherever necessary and in the nearest practicable connection with the present supply of light, for the purpose of effecting special illumination: *Provided*, That the said conductors shall not be used for the conveying of electrical currents after September 2, 1935, and shall, with their supports, be fully and entirely removed from the public spaces, streets, and avenues of the said city of Washington on or before September 25, 1935: *Provided further*, That the stretching and removing of the said wires shall be under the supervision of the Commissioners of the District of Columbia, who shall see that the provisions of this resolution are enforced; that all needful precautions are taken for the protection of the public; and that the pavement of any street, avenue, or alley disturbed is replaced in as good condition as before entering upon the work herein authorized: *And provided further*, That no expense or damage on account of or due to the stretching, operation, or removing of the said temporary overhead conductors shall be incurred by the United States or the District of Columbia, and that if it shall be necessary to erect wires for illuminating or other purposes over any park or reservation in the District of Columbia the work of erection and removal of said wires shall be under the supervision of the officer in charge of said park or reservation.

SEC. 9. That the Commissioners of the District of Columbia are hereby authorized to grant, subject to approval of said committee and under such conditions as they may impose, special licenses to peddlers, merchants, and vendors to sell goods, wares, and merchandise on the streets, avenues, and sidewalks in the District of Columbia during said session, and to charge for such privileges such fees as they may deem proper.

SEC. 10. That the Commissioners of the District of Columbia are hereby authorized to permit the telegraph and telephone companies to extend overhead wires to such points as shall be deemed necessary by the said committee, the said wires to be taken down within 10 days after the conclusion of the session.

SEC. 11. That the Secretary of the Interior and the Secretary of the Treasury are hereby authorized to assign to said committee for use and occupancy during said session such unoccupied public buildings or portions thereof in the District of Columbia as, in its discretion, may appear advisable: *Provided*, That any and all buildings so assigned shall be surrendered within 10 days after the close of the said session: *Provided further*, That the said committee shall furnish a bond or other satisfactory assurance of indemnity against damage to said property while in its possession, incidental wear and tear excepted.

With the following committee amendment:

Page 8, change the numbers of the sections and insert the following:

"SEC. 12. None of the authority herein granted shall be exercised by any of the officials herein mentioned in such manner as to conflict with permits granted or arrangements heretofore made with the Boy Scouts of America under the terms of Public Act No. 23, Seventy-fourth Congress, approved April 1, 1935, or any amendments thereto, or with any other permits heretofore regularly granted for the use of such public space, reservations, parks, streets, or buildings.

"SEC. 13. All provisions of this act shall apply to the Thirty-fifth Annual Session of the Imperial Council Ancient Egyptian Arabic Order Nobles of the Mystic Shrine, to be held in the District of Columbia from August 16 to August 23, 1935, and to the general committee of arrangements of such session."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SMOKE CONTROL IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2034) to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That no person shall cause, suffer, or allow dense smoke to be discharged from any building, vessel, stationary or locomotive engine, or motor vehicle, place, or premises within the District of Columbia or upon the waters adjacent thereto within the jurisdiction of said District. All persons participating in any violation of this provision, either as proprietors, owners, tenants, managers, superintendents, captains, engineers, firemen, or motor-vehicle operators, or otherwise, shall be severally liable therefor. The owners, lessees, tenants, occupants, and managers of every building, vessel, or place in or upon which a locomotive or stationary engine, furnace, or boiler is used shall cause all ashes, cinders, rubbish, dirt, and refuse to be removed to some proper place, so that the same shall not accumulate, nor shall any persons cause, suffer, or allow cinders, dust, gas steam, or offensive or noisome odors to escape or to be discharged from any such building, vessel, or place, to the detriment or annoyance of any person or persons not being therein or thereupon engaged.

SEC. 2. The Commissioners of the District of Columbia are hereby authorized and directed to make and promulgate reasonable classifications and regulations for the installation and operation of combustion and all other devices susceptible for use in such manner as to violate the purposes of this act, and the said Commissioners may from time to time alter, amend, or rescind such regulations and promulgate such amended or additional regulations as they may in their discretion deem necessary.

SEC. 3. Enforcement of this act shall be upon information by the corporation counsel in the police court of the District of Columbia. Any person convicted of violating this act or any regulation of the Commissioners made hereunder shall be punished by a fine not to exceed $500 for each and every such offense.

SEC. 4. The Commissioners of the District of Columbia shall be responsible for the enforcement of this act and may direct the Police Department, the Health Department, or any officer or employee of the government of the District of Columbia to perform such service as necessary in connection with such enforcement. Appropriations are hereby authorized to be made to carry out the purposes of this act, and the Commissioners of the District of Columbia are authorized to include in their annual estimates provision for the expenses incident to such purposes and for personnel subject to the limitations of the Personnel Classification Act of 1923.

SEC. 5. All provisions of the act approved February 2, 1899 (30 Stat. 812, ch. 79, sec. 5), which are inconsistent with this act are hereby repealed.

With the following committee amendment:

Page 1, line 4, after the word "building", strike out the word "vessel."

Page 1, line 6, after the word "Columbia", strike out the words "or upon the waters adjacent thereto."

Page 2, line 3, strike out the word "vessel."

Page 2, line 9, strike out the word "vessel."

The committee amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DIVORCE IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2259) to amend sections 966 and 971 of chapter 22 of the act of Congress entitled "An act to establish a code of law for the District of Columbia", approved March 3, 1901, as amended, and for other purposes, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The SPEAKER. The gentlewoman from New Jersey calls up the bill S. 2259, and asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 966 and 968 of chapter 22 of the act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, are hereby repealed, and in lieu of section 966 the following section is hereby enacted, to be known as "section 966":

"SEC. 966. Causes for divorce a vinculo and for divorce a mensa et thoro: A divorce from the bond of marriage or a legal separation from the bed and board may be granted for adultery, cruelty, desertion for 2 years, separation for 5 consecutive years without cohabitation, habitual drunkenness for 1 year, final conviction of a felony involving mortal turpitude and the sentence to penal institution is served in whole or in part, incurable insanity for a period of 5 years, but no husband who secures a divorce from his wife on the ground of incurable insanity shall be relieved thereby from his liability for the support of the spouse from whom he is thus divorced: *Provided*, That where a final decree of divorce from bed and board was entered prior to the passage of this act and the separation of the parties has continued for 2 years since such decree, a divorce from the bond of marriage may be granted to the

innocent spouse: *Provided further*, That marriage contracts may be declared void in the following cases:

"First. Where such marriage was contracted while either of the parties thereto had a former wife or husband living, unless the former marriage had been lawfully dissolved.

"Second. Where such marriage was contracted during the lunacy of either party (unless there has been voluntary cohabitation after the lunacy) or was procured by fraud or coercion.

"Third. Where either party was matrimonially incapacitated at the time of marriage and has continued so.

"Fourth. Where either of the parties had not arrived at the age of legal consent to the contract of marriage (unless there has been voluntary cohabitation after coming to legal age), but in such cases only at the suit of the party not capable of consenting."

SEC. 2. Section 871 of chapter 22 of said act of Congress, as amended, is hereby amended to read as follows:

"SEC. 971. Only residents divorced: No decree of nullity of marriage or divorce shall be rendered in favor of anyone who has not been a bona fide resident of the District of Columbia for at least 1 year next before the application therefor, and no divorce shall be decreed in favor of any person who has not been a bona fide resident of said District for at least 2 years next before the application therefor for any cause which shall have occurred out of said District and prior to residence therein."

SEC. 3. That chapter 22 of said act of Congress, as amended, is hereby further amended by adding a new section, to be numbered 974a, as follows:

"SEC. 974a. Upon the entry of a final decree of annulment or divorce a vinculo, in the absence of a valid antenuptial or postnuptial agreement in relation thereto, all property rights of the parties in joint tenancy or tenancy by the entirety shall stand dissolved and the court, in the same proceeding in which such decree is entered, shall have power and jurisdiction to award such property to the one lawfully entitled thereto or to apportion the same in such manner as shall seem equitable, just, and reasonable."

SEC. 4. That section 983a of chapter 22 of said act of Congress, as amended, be, and it is hereby, amended and, as amended, shall read as follows:

"SEC. 983a. No final decree annulling or dissolving a marriage shall be effective to annul or dissolve the marriage until the expiration of time allowed for taking an appeal, nor until the final disposition of any appeal taken, and every final decree shall expressly so recite."

With the following committee amendments:

Page 2, strike out lines 1 to 18, inclusive, and insert in lieu thereof the following:

"SEC. 966. Causes for divorce a vinculo and for a divorce a mensa et thoro: A divorce from the bond of marriage or a legal separation from the bed and board may be granted for adultery, desertion for 2 years, voluntary separation from bed and board for 5 consecutive years without cohabitation, habitual drunkenness for 1 year, final conviction of a felony involving moral turpitude and sentence for not less than 2 years to a penal institution which is served in whole or in part. A legal separation from bed and board may be granted for cruelty: *Provided*, That where a final decree of divorce from bed and board heretofore has been granted or hereafter may be granted and the separation of the parties has continued for 2 years since the date of such decree, the same may be enlarged into a decree of absolute divorce from the bond of marriage upon the application of the innocent spouse: *Provided further*, That marriage contracts may be declared void in the following cases."

Page 5, line 8, after the period, insert:

"Every decree for absolute divorce shall contain the date thereof and no such final decree shall be absolute and take effect until the expiration of 6 months after its date."

The SPEAKER. The gentlewoman from New Jersey is recognized for 1 hour.

Mrs. NORTON. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER. Mr. Speaker, I want to make one or two more statements in order to clarify this bill. There is no provision in the bill for a divorce for insanity. Due to an inadvertence one ground was permitted to remain in the bill, but was not in it according to the report. That is granting a divorce on the ground of habitual drunkenness. Personally, I am in favor of that ground and I am in favor of retaining it in the bill, but I have to report correctly the real situation as the bill comes from the committee.

In order to clear up any misunderstandings or statements that may be made in case anyone should jump up and say, "We do not want any divorce mill to be created here in the District of Columbia, we do not want to have another Reno created here", and that statement is often made by those who do not understand the reasons behind the bill. Let me say in the first place, there could be no divorce mill established under this law for the reason that the provisions of the bill require that a party commencing a suit for divorce must be a bona fide resident of the District for 1 year prior to the filing of the suit. A divorce mill could not be created under the bill for the reason that those who are nonresidents could not come in here, stay a few days and commence a suit for a divorce, as the bill provides that where the grounds are alleged to have occurred outside of the District of Columbia, the party must then be a resident of the District for 2 years prior to the filing of the petition for a divorce. Certainly you could not have any divorce mill under those conditions.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. CARPENTER. Yes.

Mr. MARTIN of Colorado. Why should they be required to live here 2 years in any event? It is only 1 year in most of the States of the Union.

Mr. CARPENTER. I quite agree with the gentleman, but this legislation is the result of a compromise. We have tried to make it just as stringent as possible, and still give relief. That is a part of the compromise. In addition to that, after a divorce has been granted the parties cannot step into the next office in the courthouse, obtain a marriage license, and be married to someone else, because the bill provides for an appeal; that the final decree dissolving the marriage shall not be effective until the expiration of the time allowed to appeal; and if there is an appeal it must be finally adjudicated, and in no event can the parties remarry until the lapse of 6 months, because the decree does not become binding until 6 months after its date.

Mr. BLANTON. Why not make it operative when the decree becomes final? If there is no appeal, why hold it up for 6 months? In most of the State jurisdictions that is not required.

Mr. DONDERO. It is only 30 days.

Mr. BLANTON. In my own State where there is a final judgment and there is no appeal taken, they can get a license next day if they want to and marry someone else.

Mr. CARPENTER. I do not think the 6 months is a bad provision under the circumstances, and certainly it will stop any argument that a divorce mill is being created.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. CARPENTER. Yes.

Mr. DONDERO. What reason could there be if there was sufficient cause for a divorce to grant a decree for holding it up for 6 months? In my own State only 30 days are required.

Mr. CARPENTER. That is a matter of opinion, and it has been decided on as a result of committee hearings. Some thought it ought to be longer and some shorter. We finally agreed on 6 months, which I think answers the objection that we are trying to establish a divorce mill.

Mr. McCORMACK. The purpose of 6 months is also to enable the court to find out whether fraud has been practiced on the court. Furthermore, many couples who have obtained a decree nisi, a conditional decree, within 6 months often realize that they have made a mistake, and they come in and the court withdraws the decree nisi, and they resume their married state.

I do not know whether I am going to vote for this bill or not. Our divorce laws are too easy. We should be more strict in our divorce laws instead of liberalizing them.

Mr. CARPENTER. Mr. Chairman, I must proceed.

Mr. SMITH of Virginia. In the matter of 6 months after the decree has been granted, I think the gentleman will find the merit of that lies in this: Where there are several jurisdictions right close together, such as Virginia, Maryland, and the District of Columbia, and you have varying laws, that is what encourages the divorce mill. Virginia has a 6 months' provision. If that was not the law in the District of Columbia, then that would encourage people to come from Virginia to the District of Columbia.

Mr. CARPENTER. We tried to make this statute conform to a certain degree with the Virginia and Maryland statutes, so that there would not be any conflict.

Mr. BLANTON. What is the Maryland limitation?

Mr. SMITH of Virginia. I do not know.

Mr. PALMISANO. I will cover that.

Mr. CARPENTER. The suggestion was worked out with our colleague from Maryland [Mr. PALMISANO].

Mr. Chairman, I cannot yield any further. In the first place, my interest in this bill is not personal. There are no friends or relatives of mine who have any personal interest that would be affected in any way. And I am not and never have been in favor of easy divorces, but believe that the law should be adequate to take care and cure conditions that we know or should know exist here in the District of Columbia and elsewhere.

When the receiver bill, H. R. 83, was under consideration there was a provision in that bill for the employment of receivers to take over the estates of persons when they left the District of Columbia, without making sufficient provision for the support of their families. It appeared to me that that would become a sort of racket. An employee of the Government might be sent somewhere outside of the District in an official capacity and be gone a day or a week and some family disturbance could come up and when he returned to his home after completing his mission he would find that all of his property was tied up in a receivership, and it would probably cost him several hundred dollars to get that property out of receivership. When that bill was under consideration I objected to it, and representatives of the Bar Association of the District of Columbia came to me and asked me what my objections were. I expressed it to them. I said, "Why do you not take care of these family matters in your divorce courts?" They said, "We have no divorce laws in the District of Columbia." I said, "If you do not have any divorce laws you should get to work and draw up some and present them to Congress." They did. That is how I happened to introduce this bill.

Now, a bad condition exists in the District of Columbia. It is impossible to control human nature. People cannot get a divorce in the District of Columbia. There is only one ground for divorce in the District of Columbia and that is adultery. That means that there are practically no grounds for divorce, and consequently, very few absolute divorces are granted in the District of Columbia. Therefore, people go to Reno and they go over to Arlington County, Va., and they go to Maryland and they attempt to set up some kind of residence in order to get a divorce. Those divorces are not recognized by the courts of the District of Columbia. Of course, the people do not know that until after they have gotten the divorce, have been remarried, and raised another family. Then, something comes up and the matter gets into court and they are confronted with a bad situation that affects themselves and their children.

We have the Holt case, which is a Reno divorce case, and this is what the United States Court of Appeals of the District of Columbia held in regard to that case not later than April of this year, which is pertinent to this legislation:

The Nevada statute here in question states its jurisdiction to divorce in terms of actual residence within the State, rather than in terms of legal domicile, but there is no authority in the Supreme Court for giving extraterritorial faith and credit under the constitutional provision to any decree of divorce granted in the absence of legal domicile within the jurisdiction of the court making the decree, no matter what the statutory language of the lex fori may be.

Since control of the matrimonial status lies in the law of the domicile of the parties to the marriage, the decrees so casually granted by a few of our States to sojourners, tourists, and birds of passage have no extraterritorial validity or effect in the District of Columbia under the Constitution. And while it is probably true that a law of divorce like our own, which is based on adultery only, is now neither adequate nor appropriate to the life of the community, and tends to produce a train of perjury, bigamy, and bastardy, yet the constitutional rule is not to be relaxed by the courts, though the evil may be recognized and corrected by the legislature whenever it sees fit to do so.

In the case of Frey against Frey, which was a case decided by the Court of Appeals of the District of Columbia, the syllabus in that decision reads as follows:

While a divorce granted in any State according to its laws by a court having jurisdiction of the case and of both parties is valid and effectual everywhere, a divorce secured by a person legally domiciled in one State, who leaves that State and goes into another solely to obtain the divorce and with no purpose of residing there permanently, is invalid.

Where a resident of this District alleging herself a resident of Virginia, by perjured testimony procured from the courts of that State, and subsequently married the defendant herein, the decree of divorce and also her subsequent marriage were void; and such marriage annulled, notwithstanding defendant had aided in the fraud practiced upon the courts of Virginia, and notwithstanding the fact that the husband from whom she obtained the void divorce had subsequently thereto married another woman by whom he had two children.

The SPEAKER. The time of the gentleman from Kansas [Mr. CARPENTER] has expired.

Mrs. NORTON. Mr. Speaker, I yield the gentleman from Kansas 5 additional minutes.

Mr. CARPENTER. That all grows out of the subterfuge and trickery in connection with the establishing of a residence. They allege they are residents of some jurisdiction in order to get a divorce, when as a matter of fact they are residents of the District of Columbia and have been all the time. The courts look into that situation and they will not consider such a divorce valid in the District of Columbia.

I have another statement for another case here in the District, practically to the same effect, in which the courts call attention to the fact that it is up to the legislative bodies to do something about it.

In the case of Bloedorn against Bloedorn the United States Court of Appeals for the District of Columbia, Judge Hitz, in rendering the opinion, makes this statement:

The difficult remedy for this unwholesome condition may lie in a system of uniform divorce laws more liberal than the present statute of the District of Columbia.

We lawyers know that the Bar Association of the United States is now meeting in Los Angeles, Calif., and at this convention they are discussing legal and constitutional matters. Among other subjects of discussion is the chaos in the divorce laws; and I want to call attention to what eminent professors, lawyers, and jurists say in regard to this subject:

The foreign divorce problem was brought before the association by Hamilton Vreeland, Jr., professor of law at the Catholic University, Washington, D. C.

I think this is something to which we should give especial consideration, for it is close to home so far as this legislation affecting the District is concerned.

I quote from the Associated Press report under the following date head, "Los Angeles, July 17," which appeared in the press a few days ago:

DIVORCE CHAOS HIT

The foreign divorce problem was brought before the association by Hamilton Vreeland, Jr., professor of law at the Catholic University, Washington, D. C. He recommended uniformity of divorce laws to stop the "chaotic social condition" under which he declared a person may be legally wedded in one State but, if divorced and remarried, may be "committing adultery and bigamy in the next."

I have the statutes of the various States before me and shall ask permission to extend my remarks to include the grounds of divorce in the various States.

STATE LAWS ON GROUNDS FOR ABSOLUTE DIVORCE

Alabama: Code of 1928, section 7407, amended by Laws, 1932, No. 41; section 7409, amended by Laws, 1933, No. 153. Incurable physical incapacity at time of marriage; adultery; abandonment for 2 years; imprisonment for 2 years, the sentence being for 7 years or longer; commission of crime against nature, either before or after marriage; habitual drunkenness contracted after marriage, and, in favor of the wife, drug addiction after marriage; incurable insanity, the defendant having been confined to an insane asylum for 10 years after marriage; pregnancy of wife at time of marriage, without husband's knowledge or agency; in favor of wife, cruelty, or separate residence for 5 years with no support from husband for 2 years, if she has resided in the State during that period.

Alaska: Compiled Laws, 1933, section 3990. Impotency at time of marriage and at time of suit; adultery; conviction of felony; desertion for 1 year; cruelty; habitual drunkenness contracted after marriage and continuing for 1 year prior to the suit; in favor of the wife, nonsupport for 12 months; insanity when adjudged by court and continuing for 3 years immediately prior to suit.

Arizona: Laws, 1931, chapter 12. Adultery; physical incompetency at time of marriage and at time of suit; conviction of felony, not on testimony of the other party, and sentence to imprisonment; desertion for 1 year; habitual intemperance; cruelty; in favor of the wife, nonsupport for 1 year; conviction of either party, prior to marriage, of felony or infamous crime, unknown to other party at time of marriage; pregnancy of wife, at time of marriage, by another person than her husband, without husband's knowledge; noncohabitation for 5 years.

Arkansas: Crawford and Moses Digest of the Statutes 1919, section 3500. Impotency at time of marriage and at time of suit; desertion for 1 year; former spouse living at time of the marriage sought to be set aside; conviction of felony or other infamous crime; habitual drunkenness for 1 year; cruelty; adultery.

California: Civil Code, 1931, sections 92, 107. Adultery; cruelty; desertion for 1 year; neglect for 1 year; habitual intemperance for 1 year; conviction of felony.

Colorado: Compiled Laws, 1921, section 5593; Laws, 1929, chapter 91. Impotency at time of marriage, or as result of immoral conduct after marriage; former spouse living, and not divorced, at time of marriage; adultery, desertion for 1 year; cruelty; in favor of the wife, nonsupport for 1 year; habitual drunkenness or drug addiction for 1 year; conviction of felony since marriage; insanity for 5 years prior to suit if spouse has not subsequently been adjudged sane.

Connecticut: Cumulative Supplement to the General Statutes, 1931, 1933, section 1114b. Adultery; fraudulent contracts; desertion for 3 years with total neglect of duty; 7 years' absence, absent person not heard from; habitual intemperance; cruelty; sentence to imprisonment for life or the commission of any infamous crime involving a violation of conjugal duty and punishable by imprisonment in the State prison; in case both husband and wife are residents of the State, confinement to insane asylum for at least 5 years prior to suit.

Delaware: Revised Statutes, 1915, section 3006; laws, 1927, chapter 188. Adultery; bigamy after marriage; conviction and sentence for a crime, followed by continuous imprisonment for at least 2 years, or, in the case of indeterminate sentence for at least 1 year; cruelty; desertion for 2 years; habitual drunkenness for 2 years; usage, 16 for wife and 18 for husband, where there was not confirmation after arriving at such age; at suit of wife for congenital or guiltily after-acquired inability and failure to support family, if the wife neither had nor could have had knowledge or warning of the congenital or acquired inability at the time of the marriage.

Florida: Compiled General Laws, 1927, section 4983. When parties are in the degrees prohibited by law; natural impotence; adultery, cruelty, habitual indulgence in violent and ungovernable temper; habitual intemperance; desertion for 1 year; securing of divorce by defendant in any other State or county; another spouse living at time of marriage sought to be annulled.

Georgia: Code, 1926, section 2945. Intermarriage within prohibited degrees of consanguinity and affinity; mental incapacity at time of marriage; impotency at time of marriage; force, menaces, duress, or fraud in obtaining the marriage; pregnancy of the wife at the time of the marriage, without husband's knowledge; adultery; desertion for 3 years; conviction of an offense involving moral turpitude, for which sentence of imprisonment for 2 years or more is imposed. In case of cruelty or habitual intoxication the jury, in their discretion, may grant either a total or partial divorce.

Hawaii: Revised Laws, 1935, section 4460. Adultery; desertion for 6 months; sentence to prison for life or for 7 years or more; insanity, for 3 years or more; leprosy, cruelty, habitual intemperance, cruel treatment, neglect, or personal indignities, though not amounting to physical cruelty, over a course of 60 days; nonsupport for 60 days. But if the party applying for divorce does not insist upon an absolute divorce only a limited divorce shall be granted.

Idaho: Code Annotated, 1932, sections 31–603, 31–609, 31–301. Adultery; cruelty, desertion for 1 year, nonsupport for 1 year, habitual intemperance for 1 year, conviction of felony, permanent insanity, the insane person having been confined to an insane asylum for at least 6 years—but no action may be brought on such ground unless the plaintiff is a resident of the State.

Illinois: Smith-Hurd's Revised Statutes, 1933, chapter 40, section 1. Natural impotence at time of marriage, wife or husband living at time of marriage sought to be set aside, adultery, desertion for 1 year, habitual drunkenness for 2 years, attempt on life of the other by poison or other means showing malice, cruelty, conviction of felony or other infamous crime or infection of the other with a communicable venereal disease.

Indiana: Burns' Annotated Statutes, 1926, section 1095. Adultery; impotency at time of marriage; abandonment for 2 years; cruelty; habitual drunkenness; in favor of wife, nonsupport for 2 years; conviction, subsequent to the marriage, of an infamous crime.

Iowa: Code of 1931, section 10475. Adultery; desertion for 2 years; conviction of felony after the marriage; habitual drunkenness contracted after the marriage; cruelty; pregnancy of the wife, at the time of the marriage, by another person than the husband, without husband's knowledge; unless the husband had an illegitimate child or children then living, unknown to the wife at time of marriage.

Kansas: 1933 Supplement to Revised Statutes, section 60, 1501. Former spouse living at time of subsequent marriage; abandonment for 1 year; adultery; impotency; pregnancy of wife at the time of the marriage by another person than her husband; habitual drunkenness; gross neglect of duty; conviction of a felony and imprisonment therefor subsequent to the marriage; insanity for 5 years, the insane person having been an inmate of an institution for the insane or a private sanitarium and affected with incurable insanity of one of the following types of insanity: Paranoia, paresis, dementia praecox, Huntingdon's chorea, or epileptic insanity, but no divorce is allowed if the insane person is an inmate of a State institution in any other State than Kansas, unless the petitioner has been a resident of the State for 5 years prior to the suit.

Kentucky: Carroll's Statutes 1930, section 2117. Such impotency or malformation as prevents sexual intercourse; living apart without any cohabitation for 5 years; abandonment for 1 year; adultery, or on the part of the wife, such lewd, lascivious behavior as proves her to be unchaste, without actual proof of an act of adultery; condemnation for a felony; concealment from the other party of any loathsome disease existing at the time of marriage, or contracting such afterward; force, duress, or fraud in obtaining the marriage; uniting with any religious society whose creed and rules require a renunciation of the marriage covenant, or forbid husband and wife from cohabiting; confirmed drunkenness for 1 year, when the petitioner is not in like fault, and when, on the part of the husband, it is accompanied by wasting of his estate and nonsupport; to the wife, on ground of habitual cruelty for 6 months, or such cruel beating, or injury, or attempt at injury, as indicates outrageous temper or probable danger to her life, or great bodily injury; pregnancy of the wife, at time of marriage, by another person than her husband, without the husband's knowledge.

Louisiana: Dart's General Statutes, 1932, section 2201. Divorce may be claimed on ground of adultery; separation and divorce may be claimed on account of habitual intemperance, excess cruelty or outrages, if such habitual intemperance or ill treatment is of such a nature as to render living together insupportable; divorce allowed for condemnation to ignominious punishment, abandonment for 5 years, and when the defendant has been summoned to return to the common dwelling, as is provided for in cases for separation from bed and board, within 1 year prior to the application for divorce; divorce may also be claimed when one of the parties has been charged with an infamous offense and has fled from justice, upon proof of guilt and fugitivity, in which case separation from bed and board need not be obtained.

Section 2202. Living apart for 4 years or more, continuously, constitutes grounds for divorce.

Dart's Civil Code, 1932, sections 138 and 139, which, according to a footnote under General Statutes, 1932, section 2201, largely supersedes the provisions of said section 2201, list the following grounds for separation from bed and board, authorizing claim for divorce for all the causes enumerated: Adultery; condemnation to infamous punishment; habitual intemperance or cruel treatment, and so forth (similar to provision of General Laws, section 2201); public defamation on the part of one party toward the other; abandonment; attempt by one party against the life of the other; when one of the parties is charged with an infamous crime, and so forth (similar to provision of General Laws, section 2201). Except in case of sentence to infamous punishment, or in case of adultery, no divorce may be granted unless a judgment of separation from bed and board has been rendered, and 1 year has expired from the date of such judgment and no reconciliation has taken place. In the cases excepted, a judgment of divorce may be granted in the same decree which pronounces the separation from bed and board.

Maine: Revised Statutes, 1930, chapter 73, section 2. Adultery; impotence; cruelty; desertion for 3 years; habitual intoxication or drug addiction; cruelty; in favor of the wife, nonsupport.

Maryland: Bagby's Annotated Code, article 16, section 38. Impotence at time of marriage; for any cause which by the laws of the State renders a marriage null and void at initio; adultery; abandonment for 3 years, with no reasonable expectation of reconciliation; antenuptial unchastity by wife, unknown to husband.

Massachusetts: General Laws 1932, chapter 208, section 1. Adultery; impotency; desertion for 3 years; habitual intoxication; drug addiction; cruelty; in favor of the wife, nonsupport; sentence to confinement at hard labor for life or for 5 years or more in the State prison, a jail, house of correction, or reformatory for women.

Michigan: Compiled Laws, 1929, sections 12728 to 12730. Adultery; physical incompetency at time of marriage; sentence to prison, jail, or house of correction for 3 years; desertion for 2 years; habitual drunkenness. The courts may, in their discretion, grant divorce to any party who is a resident of Michigan and whose husband or wife shall have obtained a divorce in any other State. The court may, in its discretion, grant an absolute divorce on any ground which is cause for divorce from bed and board if absolute divorce is asked for in bill of complaint. These causes include cruelty or desertion for 2 years; on complaint of the wife, nonsupport.

Minnesota: Mason's Statutes, 1927, section 8585, amended by laws 1933, chapters 262, 324, and laws 1933 (ex. ch. 78). Adultery; impotency; cruelty; sentence to imprisonment in any State or United States prison or any State or United States reformatory; desertion for 1 year; habitual drunkenness for 1 year; incurable insanity, in which case the insane person must have been confined to an institution for at least 5 years prior to the suit; continuous separation under decree of limited divorce for more than 5 years preceding the suit.

Mississippi: Laws, 1932, chapter 275. Natural impotency; adultery; sentence to penitentiary and not pardoned before being sent there; desertion for 2 years; habitual drunkenness; drug addiction; cruelty; insanity or idiocy at time of marriage, unknown to the petitioner; marriage to some other person at the time of the pretended marriage between the parties; pregnancy of the wife by another person than her husband at time of marriage, without husband's knowledge; relation within the degrees of kindred between whom marriage is prohibited by law; incurable insanity, in cases when the insane person has been under regular treatment for insanity, confined in an institution for the insane for at least 3 years prior to the suit.

Missouri: Revised Statutes, 1929, section 1350. Impotency at time of marriage and at time of suit; wife or husband living at time of marriage; adultery; desertion for 1 year; conviction, during marriage, of felony or infamous crime; habitual drunkenness for 1 year; cruelty; in favor of the wife, vagrancy; conviction of felony or infamous crime prior to marriage, unknown to the other party; pregnancy of wife at time of marriage by another person than her husband, without husband's knowledge.

Montana: Revised codes, 1921, sections 5736, 5749. Adultery; cruelty; desertion for 1 year; neglect for 1 year; habitual intemperance for 1 year; conviction of a felony.

Nebraska: Compiled statutes, 1929, sections 42, 301; 42, 302. Adultery; physical incompetency at time of marriage; abandonment for 2 years; habitual drunkenness; sentence to imprisonment 3 years or more, or for life; cruelty; desertion for 2 years; in favor of the wife, nonsupport.

Nevada: Laws, 1931, chapters 97, 111. Impotency at time of marriage and at time of suit; adultery; desertion for 1 year; conviction of felony or infamous crime; habitual gross drunkenness contracted since the marriage, of either party, which shall incapacitate such party from contributing his or her share to the support of the family; cruelty; in favor of the wife, nonsupport for 1 year; insanity existing for 2 years prior to suit; in the discretion of the court, living apart for 5 consecutive years without cohabitation.

New Hampshire: Public Laws, 1926, chapter 287, sections 6–7. Impotency at time of suit; adultery; cruelty; conviction of crime punishable in the State with imprisonment for more than 1 year, and actual imprisonment under such conviction; absence for 3 years, absent party not being heard of; habitual drunkenness for 3 years; joining any religious sect or society which professes to believe the relation of husband and wife unlawful, and refusing to cohabit with the other party for 6 months; abandoning and refusal, for 3 years, to cohabit with the other party; absence for 3 years, and, on the part of the husband, nonsupport during that time; in favor of the husband when the wife has taken up residence outside of the State and has remained absent for 10 years without her husband's consent and without returning to claim her marriage rights; in favor of the wife of an alien or a citizen of another State, living separate from her husband and having resided in the State for 3 years, if the husband has left the United States with the intention of becoming a citizen of some foreign country, and not having during that period come into the State and claimed his marital rights, and not having made suitable provision for his wife's support and maintenance.

New Jersey: Compiled Statutes, 1709–1910, pages 2023–2024; Cumulative Supplement, 1911–1924, sections 62–3a. Adultery; desertion for 2 years; cruelty.

New Mexico: Laws, 1933, chapters 27, 54. Abandonment; adultery; impotency; pregnancy of wife, at time of marriage, by another person than her husband, without husband's knowledge; cruelty; in favor of the wife, nonsupport; habitual drunkenness; incompatibility; conviction for a felony, and imprisonment therefor, in the penitentiary, subsequent to the marriage; incurable insanity which has existed continuously for 5 years prior to suit.

New York: Cahill's Civil Practice, section 1147. Adultery.

North Carolina: Code of 1931, sections 1659–1659a, amended by Laws, 1933, chapters 71, 163. Adultery; natural impotence at time of marriage and at time of suit; pregnancy of wife, at time of marriage, by another person than her husband, without husband's knowledge; separation, whether voluntary or involuntary, for 2 years, provided that involuntary separation is in consequence of a criminal act committed by the defendant prior to the divorce proceedings, and the plaintiff has resided in the State for 1 year. Section 1659a, as amended by Laws, 1933, chapter 163, allows divorce after separation for 2 years without regard to the cause of separation if the plaintiff has resided in the State for 1 year.

North Dakota: Compiled Laws, 1913, section 4386, 1913–25. Supplement to Compiled Laws, section 4380. Adultery; cruelty; desertion for 1 year; neglect for 1 year; habitual intemperance for 1 year; conviction of felony; insanity for 5 years, the insane person having been an inmate of a State institution for the insane for such period and affected with incurable insanity of one of the following types: paranoia, paresis, dementia praecox, Huntington's chorea, and epileptic insanity, but no divorce is allowed if the insane person is

an inmate of a State institution in any other State unless the petitioner has been a resident of North Dakota for 5 years.

Ohio: Throckmorton's Code, 1930, section 11979. Spouse living at time of marriage from which divorce is sought; absence for 3 years; adultery, impotency; cruelty; fraudulent contract; gross neglect of duty; habitual drunkenness for 3 years; imprisonment in a penitentiary under sentence thereto, but the petition must be filed during the imprisonment of the adverse party; procurement of a divorce outside of the State by either party, by virtue of which the party who procured is released from the obligations of the marriage while they remain binding upon the other party.

Oklahoma: Statutes, 1931, section 665. Former spouse living at time of subsequent marriage; abandonment for 1 year; adultery; impotency; pregnancy of wife at time of marriage by another person than her husband; cruelty; fraudulent contract; habitual drunkenness; gross neglect of duty; conviction of a felony and imprisonment in the penitentiary therefor, subsequent to the marriage.

Oregon: Code Annotated, 1930, section 6–907. Impotency at time of marriage and at time of suit; adultery; conviction of felony; habitual drunkenness contracted since marriage and continuing for 1 year prior to suit; desertion for 1 year; cruelty; permanent and incurable insanity, where the defendant has been adjudged insane, and such insanity has been continuous since adjudication for at least 5 years and the person has been confined in an institution upon the grounds of insanity for the major portion of the 5 years immediately preceding commencement of the suit.

Pennsylvania: Laws, 1929, No. 430. Natural and incurable impotence, or incapability of procreation at time of marriage and at time of suit; bigamy after marriage; adultery; desertion for 2 years; cruelty; fraud, force, or coercion in procuring the marriage, without subsequent confirmation by acts of the injured spouse; conviction, as principal or as accessory, either before or after the fact, of the crime of arson, burglary, embezzlement, forgery, kidnaping, larceny, murder in either the first or second degree, assault with intent to kill; voluntary manslaughter, perjury, rape, robbery, sodomy, buggery, treason, or misprision of treason, and sentence to imprisonment for term of 2 years; marriage within the prohibited degrees of consanguinity or affinity.

Puerto Rico: Laws, 1933, No. 46. Adultery; conviction of a felony, which may involve the loss of civil rights; habitual drunkenness or drug addiction; cruelty; abandonment for more than 1 year; absolute, perpetual, and incurable impotency occurring after marriage; attempt of the husband or wife to corrupt their sons or to prostitute their daughters, and connivance in their corruption or prostitution; proposal of the husband to prostitute his wife; separation for 7 years, provided that when the separation for such period is satisfactorily proved, the woman, when the judgment is rendered, shall be considered the innocent spouse.

Rhode Island: General Laws, 1923, sections 4212 and 4213. In case of any marriage originally void or voidable by law, and in case either party is for crime treated as if civilly dead, or, from absence or other circumstances, may be presumed to be actually dead; impotency; adultery; cruelty; desertion for 5 years, or for a shorter period of time in the discretion of the court; continued drunkenness; habitual, excessive, and intemperate use of opium, morphine, or chloral; in favor of the wife, nonsupport for 1 year; any other gross misbehavior and wickedness, in either of the parties, repugnant to and in violation of the marriage covenant.

South Carolina: None. Prohibited by State constitution. (Constitution of 1895, article XVII, section 3.)

South Dakota: Compiled Laws, 1929, sections 137, 143. Adultery; cruelty; desertion for 1 year; neglect for 1 year; habitual intemperance for 1 year; conviction of felony; in the discretion of the court in case of incurable, chronic mania, or dementia for 5 years or more, while the insane person is under confinement by order of a court of record, or of the insanity commission.

Tennessee: Code of 1932, section 8426. Natural impotence and incapability of procreation at time of marriage and at time of suit; bigamy after marriage; adultery; desertion or absence for 2 years; conviction of an infamous crime; conviction of a felony and sentence to confinement in the penitentiary; attempt by either party on life of the other by poison or any other means showing malice; refusal, on part of wife, to remove with her husband to the State, without reasonable cause, and absenting herself from him for 2 years; pregnancy of the wife at the time of the marriage, by another person than her husband without husband's knowledge; habitual drunkenness contracted after marriage. In the discretion of the judge, either absolute or limited divorce may be granted for cruelty and, in favor of the wife, on ground of abandonment, or being turned out of doors, or nonsupport.

Texas: Complete Statutes, 1928, article 4629. Except where the husband or wife is insane, divorce may be granted on any of the following grounds: Cruelty; in favor of the husband, adultery or abandonment for 3 years; in favor of the wife, abandonment for 3 years or abandonment and living in adultery with another woman; living apart without cohabitation for 10 years; conviction, after marriage, of felony, and imprisonment in the State penitentiary, except in case of conviction on testimony of other spouse.

Utah: Revised Statues, 1933, section 40–3–1. Impotency; adultery; desertion for more than 1 year; nonsupport; habitual drunkenness; conviction for felony; cruelty; permanent insanity, if the defendant has been legally adjudged insane at least 5 years prior to the suit.

Vermont: Public Laws, 1933, section 3116. Adultery; sentence to confinement at hard labor in the State prison of Vermont for life, or for 3 years or more, and confinement at time of bringing suit, or sentence for an equally long term in any other State or Territory, or in any foreign country granting trial by jury, and confinement at time of bringing suit; intolerable severity; desertion for 3 years or absence for 7 years, the absent party not being heard from; in favor of the wife, nonsupport; incurable insanity; if the insane person has been confined in a State or Territorial insane asylum for at least 5 years and if the libelant has resided in the State for 2 years next preceding commencement of the suit.

Virginia: Laws, 1934, chapter 23. Adultery; natural or incurable impotency at time of marriage; sentence to confinement in a penitentiary of any State or a Federal penitentiary if cohabitation has not been resumed after such confinement; conviction, before marriage, of an infamous offense, unknown to the other party; fugitivity from justice, and absence for 2 years, of a party indicted on a charge of an offense punishable with death or confinement in the penitentiary; desertion for 2 years; pregnancy of the wife, at the time of the marriage, by another person than her husband, without husband's knowledge, or where the wife, prior to the marriage, had been, without the knowledge of her husband, a prostitute, if there has been no cohabitation after knowledge of the offense.

Washington: Remington's Revised Statutes, section 982. Force or fraud in obtaining consent to marriage, if there has been no subsequent voluntary cohabitation; adultery, if suit is brought within 1 year after it becomes known to the petitioner; impotence; abandonment for 1 year; cruelty; habitual drunkenness; in favor of the wife, nonsupport; imprisonment in a State penal institution if complaint is filed during term of imprisonment; living apart for 5 years; incurable, chronic mania or dementia for 5 years or more, while under confinement by order of court.

West Virginia: Official Code 1931, chapter 48, article 2, section 4. Adultery; sentence to imprisonment, after marriage, for committing a crime which under the laws of West Virginia is a felony, if suit is commenced during imprisonment or before the parties have again cohabited; desertion for 3 years.

Wisconsin: Statutes 1933, section 247.07–247.09. Adultery; impotency; sentence to imprisonment for 3 years or more; desertion for 1 year; cruelty or, in favor of the husband, if the wife is given to intoxication; habitual drunkenness for 1 year; separation for 5 years, including separation for such period pursuant to decree of divorce from bed and board when no request has been made by either party for a recon-

ciliation and a revocation of judgment; in the discretion of the judge, in favor of wife on ground of nonsupport or such conduct on part of the husband as may render it unsafe and improper for her to live with him.

Wyoming: Revised Statutes, 1931, sections 35 to 108. Adultery; physical incompetence at time of marriage and at time of suit; conviction of felony and sentence to imprisonment therefor in any person; desertion for 1 year; habitual drunkenness; cruelty; in favor of the wife, nonsupport or vagrancy; conviction of felony or infamous crime prior to marriage, unknown to the other party; pregnancy of wife at time of marriage by another person than her husband, without husband's knowledge.

Absolute divorces are granted in 47 States and in the District of Columbia—48 jurisdictions.

Adultery is ground for absolute divorce in all 48 jurisdictions.

Desertion is a ground for absolute divorce in 45 jurisdictions, namely:

Alabama, 2 years; Arizona, 1 year; Arkansas, 1 year; California, Colorado, 1 year; Connecticut, 3 years; Delaware, 2 years; Florida, 1 year; Virginia, 3 years; Idaho, Illinois, 1 year and 2 years; Iowa, 2 years; Kansas, 1 year; Kentucky, 1 year; Louisiana, Maine, 3 years; Maryland, 3 years; Massachusetts, 3 years; Michigan, 2 years; Minnesota, 1 year; Missouri, 1 year; Montana, Nebraska, 2 years; Nevada, 1 year; New Hampshire, 3 years; New Jersey, 2 years; New Mexico, North Carolina, 2 years; North Dakota, Ohio, 3 years; Oklahoma, 1 year; Oregon, 1 year; Pennsylvania, 2 years; Rhode Island, 5 years or less in the discretion of the court; South Dakota, 1 of 10 different classes specified by the statute; Tennessee, 2 years; Texas, 3 years, Utah, 1 year; Vermont, 3 years; Virginia, 2 years; Washington, 1 year; West Virginia, 3 years; Wisconsin, 1 year; and Wyoming, 1 year.

Cruelty is a ground for absolute divorce in 40 jurisdictions, namely:

Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Washington, Wisconsin, and Wyoming.

In many of the remaining States in which cruelty eo nomine is not stated as a ground for absolute divorce, there are particular forms of cruelty for which an absolute divorce may be granted, such as habitual drunkenness, attempts on the life of the other spouse, and other indications of malice and the like.

Moreover, it is observed that while in the District of Columbia, Maryland, Michigan, New York, North Carolina, Tennessee, Virginia, and West Virginia, cruelty generally is not made a ground for absolute divorce, it is nevertheless a ground for a limited divorce or divorce a mensa et thoro.

Insanity, usually of a definite duration and accompanied by confinement in an institution, is a ground for absolute divorce in Alabama, Colorado, Connecticut, Idaho, Kansas, Minnesota, Mississippi, Nevada, North Dakota, Oregon, South Dakota, Utah, Vermont, Washington, and Wyoming.

Separation, usually for a period of 5 years, without cohabitation, is ground for absolute divorce in Arizona, Kentucky, Nevada, Rhode Island, Texas, Washington, and Wisconsin.

Conviction of a felony or imprisonment is ground for absolute divorce in 37 States: Alabama, Arizona, Arkansas, Colorado, Delaware, Florida, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Habitual drunkenness is a ground for absolute divorce in 37 States, as follows:

Alabama, Arizona, Arkansas (1 year), California, Colorado (1 year), Connecticut, Delaware (2 years), Florida, Idaho, Illinois (2 years), Indiana, Iowa, Kansas, Kentucky (1 year), Louisiana, Maine, Massachusetts, Michigan, Minnesota (1 year), Mississippi, Missouri (1 year), Montana, Nebraska, Nevada, New Hampshire (3 years), New Mexico, North Dakota, Ohio (3 years), Oklahoma, Oregon, Rhode Island, South Dakota, Tennessee, Utah, Washington, Wisconsin (1 year), and Wyoming.

In the District of Columbia and in New York there is only one ground of absolute divorse, namely: Adultery. In Alabama there are 11 grounds for absolute divorce; in Arizona, 10; in Kansas, 7; in California, 6; in Colorado, 9; in Connecticut, 8; in Delaware, 8; in Florida, 8; in Georgia, 8; in Idaho, 7; in Illinois, 9; in Indiana, 7; in Iowa, 6; in Kansas, 11; in Kentucky, 12; in Louisiana, 7; in Maine, 7; in Maryland, 5; in Massachusetts, 7; in Michigan, 6; in Minnesota, 7; in Mississippi, 11; in Missouri, 11; in Montana, 6; in Nebraska, 8; in Nevada, 9; in New Hampshire, 13; in New Jersey, 3; in New Mexico, 8; in North Carolina, 4; in North Dakota, 7; in Ohio, 10; in Oklahoma, 10; in Oregon, 7; in Pennsylvania, 10; in Rhode Island, 8; in South Dakota, 7; in Tennessee, 10; in Texas, 5; in Utah, 8; in Vermont, 6; in Virginia, 6; in Washington, 9; in West Virginia, 3; in Wisconsin, 7; and in Wyoming, 12.

[Here the gavel fell.]

Mr. CARPENTER. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein certain data and summaries in regard to the divorce laws of the various States.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mrs. NORTON. Mr. Speaker, I yield 10 minutes to the gentleman from Maryland [Mr. PALMISANO].

Mr. PALMISANO. Mr. Speaker, when this bill came before the subcommittee, not knowing the contents of the bill, I took the position that we should not permit the District of Columbia to become a dumping ground for Virginia and Maryland, although I realized that the divorce laws of the District of Columbia should be liberalized somewhat. I maintained that the divorce laws of the District of Columbia should not be more liberal than those of Virginia and Maryland.

In the District of Columbia one ground is recognized for divorce, and that is adultery. The Maryland law recognizes two grounds, one adultery and the other desertion for a period of 3 years. I understand from my colleague, the gentleman from Virginia [Mr. SMITH], that the Virginia law, for practical purposes, recognizes the two grounds of divorce, but that in 1934 the length of the desertion was reduced from 3 to 2 years. Included in the 1934 act is the 6-month clause to which the gentleman from Detroit has referred. So, bearing in mind the provisions of the law of the States of Virginia and Maryland, we made the length of desertion 2 years, for divorce a mensa which could finally be made an absolute divorce. Briefly, these are the reasons for the pending bill.

There are some provisions in the bill that are not to be found in the Maryland law, but we did not think it would affect us any. As I said, the Maryland law recognizes two causes for divorce, one a separation for a period of 3 years and the other, adultery. We struck out cruelty and habitual drunkenness for 1 year as cause for an absolute divorce. We included voluntary separation and made it from bed and board in order to be certain the parties would not be living under the same roof and cohabiting. This is a provision that is more liberal than the Maryland and Virginia statutes.

Then we have included as a ground, final conviction of a felony. A felony, of course, requiring a sentence of more than 2 years. I understand from my colleague the gentleman from Virginia [Mr. SMITH], that is a provision of the Virginia law; but it is not a provision of the Maryland law. So



we are trying to give the District of Columbia a little more liberal law than that of Maryland.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. McCORMACK. Why should a person get a divorce from bed and board on the ground of desertion where the couple agreed to separate?

Mr. PALMISANO. I agree with what the gentleman has in mind. I believe if such a person went into a court of equity he would be faced with the old axiom that he who comes into a court of equity must come with clean hands, but that is a provision of the Senate bill. We made it more specific. The Senate bill read: "Separation for 5 years without cohabitation." We amended it to include voluntary separation from bed and board, in order that the separation should be real and the parties should be separated. I venture to say that 80 percent of the divorces obtained in such cases are obtained through perjured testimony.

Mr. McCORMACK. Perhaps the couple agreed to separate and no question of desertion is involved, that they separated simply as the result of a voluntary agreement. Why should they be permitted to get a divorce under such circumstances even though they may have been separated 5 years?

Mr. MICHENER. Mr. Speaker, if the gentleman will yield, it might be because of property rights or for religious reasons. They may not desire an absolute divorce, and not desiring to live together want to settle their property rights.

Mr. McCORMACK. But this provides a separation from bed and board. Usually that is not necessary. Usually as the result of voluntary agreement there is no desertion involved; and it seems to me we are going a long way to permit divorce even after 5 years of voluntary separation where the couple agreed to separate. This seems to me to be going very far.

Mr. MICHENER. There might be children involved and the people did not want a divorce, let us say, for religious reasons, yet the conditions were such that the wife wanted the custody of the child and wanted the matter disposed of in the courts. That could be done and is done in those States where the divorce is from bed and board.

Mr. PALMISANO. That could be done by a divorce a mensa instead of an absolute divorce. For instance, in Maryland we have that provision. Either husband or wife, but usually the wife, can go into court and ask for alimony for support of herself and children.

That would give them the right to divide property rights.

Mr. McCORMACK. In answer to the gentleman from Michigan, I am not talking about where one has deserted the other. Here is a separate support, which is the same as separation from bed and board, but it is not voluntary. The wife does not want a divorce. She wants her husband to support herself and children, if any; but rather than go into the criminal court she goes into the probate court, and presents her petition. The ordinary period of 2 or 3 years, or whatever the period may be for desertion, would apply. I am referring to the couple that voluntarily separates, where there is no justification and where there is no specific reason. Now, why should we permit a voluntary separation to ultimately become a ground for divorce in the absence of some specific violation of the marital law?

Mr. DONDERO. Answering the gentleman from Massachusetts, would not the statute bar a divorce in such case on the ground of collusion? If there is a voluntary agreement, it could not be said that they separated for the length of time required by a statute, because there should be no such agreement, and they would be barred from divorce under the statutes of most of the States.

Mr. PALMISANO. I think the provision ought to be taken out, but it was a case of compromise in this bill. I cannot understand why two persons who voluntarily agree to separate should be permitted to get an absolute divorce.

Mr. BLANTON. Will the gentleman yield?

Mr. PALMISANO. I yield to the gentleman from Texas.

Mr. BLANTON. Suppose a man and his wife should reach the conclusion that they are incompatible and that living together is impossible. They decide further the wife is going to quit the husband and the husband is going to quit the wife. They agree to separate and live apart and do live apart. Why should they not be entitled to a divorce?

Mr. PALMISANO. I agree with the gentleman.

Mr. BLANTON. I belong to one club that is called the "Old Fogies." Every member of the club is still living with his or her original spouse, and all members have been married nearly 35 years each. So I am not very much in favor of divorces, although I granted several hundred of them during the 8 years I was on the circuit bench. But in a case of this kind where the man and wife know that they cannot agree, know that they cannot get along and be happy, and know they cannot live together and know that they are so different they both would be miserable together, why should they not have a divorce and start all over again?

[Here the gavel fell.]

Mrs. NORTON. Mr. Speaker, I yield the gentleman one additional minute.

Mr. PALMISANO. When I studied law, as I understood it, the difference between an ordinary contract and a contract of marriage was that you could not dissolve a contract of marriage by mutual consent. Now, if we are going to get down to the basis that a marriage contract is the same as going out and buying an apple for a nickel, then coming back the next day or so and the vendor is willing to return the nickel and you give back the apple, then I can agree with the gentleman from Texas.

Mr. BLANTON. But the court sets the marital contract aside. The people themselves do not set the contract aside.

Mr. PALMISANO. This was a compromise. There are three provisions that should be taken from the original bill. One is insanity, one is habitual drunkenness for 1 year, and cruelty.

[Here the gavel fell.]

Mrs. NORTON. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. CARPENTER. Will the gentleman yield?

Mr. PALMISANO. I yield to the gentleman from Kansas.

Mr. CARPENTER. May I ask the gentleman if it is not a fact that the subcommittee worked long and hard on this bill and that the bill was finally worked out as a compromise to try to take care of existing conditions in the District as well as the jurisdiction of the adjoining States?

Mr. PALMISANO. We threshed this matter out for some time and it is a compromise bill. There are some things in here to which I do not agree. There are some other things in here that my colleague did not agree to. But we tried to make the best of a bad situation. The Senate gave us such a bill that I thought we might have Reno moved over here to Washington, if we had permitted that bill to go through.

[Here the gavel fell.]

Mrs. NORTON. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, when this bill passed the Senate, it contained six or seven recitals as grounds for divorce. The first was adultery. The second ground was cruelty. The third ground was desertion for 2 years. The fourth ground was separation for 5 consecutive years without cohabitation. The fifth ground was habitual drunkenness for 1 year. The sixth ground was final conviction of a felony involving moral turpitude, and the seventh ground was incurable insanity for a period of 5 years.

That bill was considered rather deliberately by the Senate committee and the Senate, and when it came over to the House the incurable insanity provision was stricken from the bill. There is no question but what the rights of the insane spouse are fully preserved, because there is a provision in the bill, along with the insanity recital, which says that in case a divorce is granted for incurable insanity, no husband

who secures from his wife a divorce on the ground of incurable insanity, shall be relieved from liability of support. There is no provision in the bill which alters or revokes or suspends anything in the District Code or which takes away any substantive right of an insane wife. There is nothing in the bill that denies them all the rights and remedies that pertain to the adjudication of the rights of an insane spouse; yet the House committee struck out the incurable-insanity provision. I believe it ought to be restored and inserted in the bill, because if there is any reason that justifies an absolute divorce certainly it would be incurable insanity running continuously over a period of 5 years.

If there is any agency in this whole wide world, outside of death, that is more certain to destroy the home and any home life, it would be incurable insanity, and one needs only to apply it in a personal way and say to himself, "Suppose my wife became insane and remained so for a period of 5 years and there were children of our marital union, would one like to be denied or precluded the right to a divorce and prevented from establishing a new home for one's children." Would you like to have the law say, just as it does now, that from now and henceforth you shall have to farm out your children among your relatives or among strangers without the right of establishing a new home. This is what the law does at the present time.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BLANTON. How many States permit divorces for incurable insanity?

Mr. DIRKSEN. Sixteen jurisdictions permit such divorces.

Mr. BLANTON. How many States?

Mr. DIRKSEN. I think the only jurisdiction outside of the States is Hawaii, which would make 15 States and Hawaii.

Mr. BLANTON. It has never been the law in my State.

Mr. DIRKSEN. Perhaps not. It is probably one of the thirty-odd States that is not included among the 16 jurisdictions.

Mr. PALMISANO. Less than one-third.

Mr. DIRKSEN. Irrespective of that fact, here is a bill that seeks, somehow, to preserve the benefits of home life when there comes the touch of insanity to the wife or husband in a family, and this right should not be denied to a husband or wife.

There is an additional reason. I think the best medical authorities in the country will agree——

[Here the gavel fell.]

Mrs. NORTON. Mr. Speaker, I yield 5 additional minutes to the gentleman from Illinois.

Mr. DIRKSEN. The best legal authorities agree that when once the mind is smitten with paranoia or paresis or any one of a half dozen different mental disorders, and it persists for a period of 5 years, there is little prospect or likelihood that one will ever recover from such mental condition.

We had a very tragic and pitiable case in the District of Columbia. The wife of a young man who is employed in the Department of Justice has been insane for a period of about 7 years. She has been for a long time under the care and keeping of a very distinguished mental specialist in Washington and, perhaps, for the purpose of the RECORD I should give his name, Dr. Townsend, at the Chevy Chase Sanitarium, and here is what he says:

> I have been for 30 years a practicing physician, during 20 years of which I have specialized in mental and nervous disorders. That there are various types of mental disorders which are classified as incurable is well recognized by the medical profession, dementia praecox, paresis, epileptic insanity, paranoia, and Huntington's korea. My experience leads me to the firm conviction that after a period of 5 years of constitutional treatment, an examination by experienced and competent psychiatrists will give them just reasons for an opinion as to a prognosis in that individual case. Any mental disease that has become chronic over this length of time almost never makes improvement.

Yet, under existing law and under the provisions of this act, with the Senate amendment relating to incurable insanity stricken out of the bill, you are going to fasten upon a husband or wife this kind of a continuous life of hell on earth by not giving him an opportunity to establish a home for his or her children; and since it obtains now in 16 other jurisdictions in the country, and has been tried out and has been found very satisfactory from the standpoint of its social implications, there is no reason why this should not be restored to the bill.

I take exception to the approach of the gentleman from Maryland when he says that the divorce laws in the District of Columbia should not be more liberal than they are in Maryland or Virginia. If Maryland and Virginia have ultra conservative or archaic divorce laws or laws dealing with domestic relations, is that any reason why we should impose an archaic law on the District of Columbia? Our duty is to give the District a good law here; and if Maryland and Virginia are out of line, then it is the duty of their legislatures to see that the archaic provisions of their laws are eliminated.

The only justification I have heard for striking out the incurable insanity provision from the law is that it is an act of God. Perhaps so.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BLANTON. It is simply a question of public policy. A husband who has means and is influential may get tired of his wife and it is the easiest thing in the world for him to have her declared insane and put in an insane asylum somewhere. It is to prevent this kind of a situation that such a provision is not put into the law.

Mr. DIRKSEN. Let me say to the gentleman that no provision of substantive law relating to a declaration of insanity and nothing with respect to the establishment of proof is taken out of the laws of the District of Columbia by inserting this provision in the pending bill.

Mr. BLANTON. Under the law just two witnesses are required to go to court and detail a few acts that they think are not ordinary and give their lay opinion that a spouse is of unsound mind, and, forsooth, on such testimony and recommendation a party is declared insane and sent to an asylum. It is the easiest thing in the world for an influential husband to thus get rid of his wife.

Mr. DIRKSEN. The gentleman then takes the attitude that because there exists a possible danger of some abuse——

Mr. BLANTON. Not some abuse, but possibly great abuse.

Mr. DIRKSEN. Therefore we must say to the unfortunate victim of incurable insanity that he can get no relief under the law. I cannot think of a more short-sighted or vicious policy.

Mr. BLANTON. It is better for him to suffer than a number of helpless wives.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Chairman, may I ask the chairman of our committee to yield the gentleman from Illinois 1 minute, in order that I may ask a question?

Mrs. NORTON. Mr. Chairman, I yield the gentleman from Illinois 1 minute.

Mr. PALMISANO. With reference to this insanity provision, I asked a personal friend of mine who is a friend of the gentleman referred to by the gentleman from Illinois, and I asked him this question, and I ask the same question of the gentleman from Illinois: What would happen under this provision if the person who got the divorce remarried and had children, and the victim of insanity becomes sane? What would become of the divorce, whether the divorce would be held to have been obtained under fraud by medical experts?

Mr. DIRKSEN. Will the gentleman tell me how many cases of this hypothetical nature could arise? Probably not one in a thousand times where insanity is the cause of divorce.

Mrs. NORTON. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, in the bill now before the House, being Senate bill 2259, the Senate very properly included a provision making incurable insanity a ground for

divorce in the District of Columbia. The House Committee on the District, in its wisdom, saw fit to strike that provision from the bill.

Mr. Speaker, incurable insanity is not a ground for divorce in my State of Michigan. If it had been, a tragedy that I know of would not have occurred.

As a boy residing on a farm 40 years ago we had a neighbor living near us who was an honest, upright, respected, and hard-working man. His wife became insane and left him with a family of three or four children. She is still in an insane asylum today, after the lapse of 40 years. The man was compelled to bring into his home another woman to take care of the children.

As the years went by he remained on the farm, and later the relationship of husband and wife took place between that man and the woman he had brought to his home. The home was maintained, the family provided and cared for in a proper manner, and he continued to live on the farm in much the same way as before.

Very little was said about the matter, even when another family was born into the world. Through his best years he was compelled to lead an unnatural life because there was no law to bring relief to him.

Now, the tragic situation is this: This man's will is being probated today, and for the first time this tragedy will be brought to the public gaze.

In answer to the gentleman from Maryland [Mr. PALMISANO] if incurable insanity is continued for a period of 5 years where is the danger of the spouse becoming sane again? As I said, if there had been such a law in my State, public gaze would not have been forced upon the situation that today will be given to the public about a family that had been respected during all this time in my neighborhood.

I hope the provision or proposed amendment making incurable insanity a ground for divorce will be put back in the bill. I think it is a forward step along with the progressive action taken by 15 other States in the Union that have adopted such a law. I believe the proposed amendment ought to be adopted. [Applause.]

Mr. DOCKWEILER. Mr. Speaker, will the gentlewoman yield?

Mrs. NORTON. Yes.

Mr. DOCKWEILER. Was there any consideration given in the committee to the plan of uniform divorce laws as propounded by the American Bar Association?

Mrs. NORTON. I shall ask the gentleman from Kansas [Mr. CARPENTER] to answer the gentleman from California.

Mr. CARPENTER. Mr. Speaker, I endeavored to look up the findings of the American Bar Association upon uniform divorce laws, but was unable to put my hand upon them. Otherwise there was no discussion except in a general way before the committee.

Mr. DOCKWEILER. That ought to at least answer the question of whether you have one State that has easy divorce laws and another State that has difficult divorce laws. Our divorce laws in California are not easy as compared with those in Nevada, where all you have to do is to go and stay there for 90 days.

Mrs. NORTON. I would be very much in favor of uniform divorce laws.

Mr. DOCKWEILER. I should like to see the bill conform to it as much as possible.

Mrs. NORTON. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, August 24 will be a crisis in Texas. On that day in my native State Texans will vote on two proposed important changes in their constitution. It is vitally necessary to pass one of the proposed amendments. It is vitally necessary to defeat the other. One change authorizes old-age pensions. That undoubtedly should be passed. The other seeks to repeal State-wide prohibition. That undoubtedly should be defeated.

AMENDMENTS SHOULD BE ABSOLUTELY NECESSARY

Ordinarily I am against changing our constitution. It should never be changed unless for the best interests of all the people as a whole. The time now has come when, like other States, Texas must properly care for her aged. Texas must not longer allow them to suffer. The question vitally affects all the people. It is for the best interests of all the people that Texas should make proper provision for the aged.

OLD-AGE PENSIONS

On April 19, 1935, the National House of Representatives passed what is known as the "social-security bill", H. R. 7260, embracing President Franklin D. Roosevelt's plan for old-age pensions. Under it each needy person 65 years old or over who is paid a like pension of $15 per month by the State, will receive $15 per month from the Government, thus providing an old-age pension of $30 per month to each needy person 65 years old or over. Those amounts will be upheld as constitutional under the general-welfare clause. Those amounts can be financed both by the States and the Government. But, to get the $15 per month from the Government, a like sum of $15 per month must be paid by the State. Unless Texas pays $15 per month, the needy aged people of Texas will not receive anything, for the Government pays only when the State pays.

H. R. 7260 NOW IN CONFERENCE

The bill also passed the Senate on June 19, 1935, and is now in conference, and will become law before Congress adjourns. Texas must not fall down. Texans must pass this proposed amendment authorizing old-age pensions. Otherwise, the aged in the other 47 States will receive it, and Texas will be taxed to pay them, yet receive nothing.

TEXAS IS A GREAT EMPIRE

Texas is one of the greatest States in the Union. It is rich with natural resources. Its potentialities are without limit. Why, of course, it can raise the needed money. It would be a reflection upon Texas if it could not. Texas can do anything any other State can do for its aged. There are 28 States and 2 Territories which have provided old-age pensions for their aged. They are: Arizona, California, Colorado, Delaware, Idaho, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Utah, Washington, West Virginia, Wisconsin, Wyoming, Alaska, and Hawaii. The District of Columbia has just had it granted.

THE RICH WILL NOT GET IT

Only "the needy" will get it. H. R. 7260 so provides. Texas legislators worded the proposed amendment authorizing the legislature to grant a pension to every person 65 years old, but after the Constitution authorizes it and the legislature prepares its enactment, it will follow the language of the national act and provide it to every "needy" person 65 years old, for they only will be paid by the Government.

FAILURE WOULD BE A CALAMITY

Texas must not fail on August 24. Too much is at stake. The issue is the welfare and future of our needy aged. They have suffered too long. We can do this for them. It is constitutional. It is proper. It is needed. It really benefits everybody. It is for the good of all. Our State can finance it. Our Government can finance it. Let us do away with poorhouses. Let us do away with poor farms. Let us not make their last years sad. Let us not humiliate them longer. Let us make glad their declining years. I hope that unselfish Texans will go to the polls on August 24 and get real pleasure out of voting for the aged men and women of Texas.

THEN REMEMBER OUR TEXAS BOYS AND GIRLS

Before they vote on August 24 every Texas father and mother ought to check up on Washington, D. C. They should compare it now with former saloon days. They should compare it now with the days under national prohibition. There were 300 open saloons in Washington when the eighteenth amendment became law. They were strictly regulated. They had to close at a certain hour. No habitual drunkard could buy in them. No boy or girl could witness drinking in them. Repeal advocates in Texas loudly proclaim that "repeal will forever kill the open saloon."

LIQUORS SOLD EVERYWHERE WORSE THAN THE OPEN SALOON

The eighteenth amendment closed 300 open saloons in Washington. Today a total of 1,829 liquor licenses have been granted in Washington, embracing 2 breweries, 30 wholesalers of beer, 1 whisky manufacturer, 29 whisky wholesalers, 769 places where either beer or whisky, wines, and other hard liquors are sold by the drink, and 988 places where either beer or whisky, wines, and other hard liquors are sold by the package.

SOLD AND DRUNK CONSTANTLY BEFORE BOYS AND GIRLS

Today in Washington liquors are sold and drunk openly in hotel dining rooms. Liquors are sold and drunk openly in cafes. Liquors are sold and drunk openly at grills connected with theaters. It is sold by drug stores. It is sold by grocery stores. It is sold at baseball grounds, at auditoriums, at road houses, at filling stations; is sold just around the corner from schools and just around the corner from churches. It is a constant enticement to the young. The present system is a habit-creating device. It is far worse than the open saloon ever was in the darkest days of its history. It is a constant menace to the boys and girls of America. Many fine boys and girls are being debauched and ruined by it.

SEVENTEEN HIGH SCHOOL STUDENTS RUINED YESTERDAY

I quote the following from the front page of today's Washington Herald:

STUDENT WILD PARTY—EIGHT BOYS AND TEN GIRLS ARRESTED

NORTH WILDWOOD, N. J., July 21.—High-school hi-jinks resulted in the arrest here today of 8 youths and 10 girls, accused of participating in "wild parties" given at a house rented by the Sigma Alpha Nu High School Fraternity.

Arraigned before a justice of the peace, 17 of the boys and girls pleaded guilty to occupying a disorderly house. One of the girls arrested was said to be a Baltimore debutante.

The above is what happens with no open saloons, but with intoxicating liquors lawfully sold everywhere. Do you know what the above means? It means 18 American homes ruined. It means the happiness gone from 18 homes in the United States. They could have been Texas homes, had our Statewide law been repealed. I earnestly plead with the fathers and mothers of my district in Texas not to vote for repeal.

OFFICIAL DUTIES KEEP ME AWAY FROM TEXAS

Were it not for my official duties, I would come straight to Texas and make a vigorous campaign against repeal. It will likely be October before I can go home. I am a member of a subcommittee that frames the appropriations for the United States Army and the War Department, which for next year are asking for many millions of dollars for new construction. It is highly necessary that I should be familiar in detail with all Army projects, and should check up all demands for new construction. Through personal check-ups on the ground, our committee will be enabled to save several million dollars in waste, and at the same time have first-hand information on all needed projects absolutely necessary for our adequate national defense.

ON THE GRIND HERE SINCE LAST NOVEMBER

I came to Washington last November and spent all of December helping to hold hearings on appropriation bills. I have been in constant attendance on Congress ever since we met last January. Prior to today, there have been 136 roll calls in the House during this session, and I haven't missed a single one.

I am impatient and anxious to get home as soon as Congress adjourns, but I have agreed with the members of my subcommittee that we would carefully check up all Army projects before any of us go home, so that we will know how to pass on requested appropriations when we meet back here in December.

MY APPEAL TO CONSTITUENTS

At my own expense I am going to have this appeal reprinted from the RECORD, and I am going to mail it to my constituents, as my earnest prayer that they will vote against repeal on August 24. Let us throw every possible safeguard around the boys and girls of Texas. Drunken driving and automobile accidents caused by intoxication have increased very materially here in Washington during the last fiscal year over the fiscal year preceding the repeal of the eighteenth amendment. Let us Texans cast our vote for our children and our grandchildren.

Mrs. NORTON. Mr. Speaker, I offer the following amendment to the committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mrs. NORTON: Page 2, line 24, strike out, beginning with the word "habitual", down through and including the word "year" in line 25, page 2.

The SPEAKER pro tempore. The question is on agreeing to the amendment to the committee amendment.

Mrs. NORTON. I just want to say that the language was inadvertently placed in the bill, and it is the opinion of the committee that it should be taken out.

The SPEAKER pro tempore. The question is on the amendment offered by the gentlewoman from New Jersey.

The amendment was agreed to.

Mrs. NORTON. Mr. Speaker, I move the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER pro tempore (Mr. HILL of Alabama). The question is on the committee amendments.

The committee amendments were agreed to; and the bill as amended was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. DONDERO) there were—ayes 21, noes 26.

Mr. CARPENTER. Mr. Speaker, I make the point of order that there is no quorum present and challenge the vote upon the ground that there is no quorum present.

The SPEAKER pro tempore. It is evident there is no quorum present. The roll call is automatic. The Clerk will call the roll.

The question was taken; and there were—yeas 161, nays 98, not voting 170, as follows:

[Roll No. 137]

YEAS—161

Adair	Driscoll	Kvale	Sabath
Amlie	Duncan	Lambertson	Sadowski
Arends	Dunn, Pa.	Lambeth	Sauthoff
Arnold	Eckert	Lea, Calif.	Schaefer
Ayers	Ekwall	Lemke	Smith, Va.
Barden	Ellenbogen	Lewis, Colo.	Smith, W. Va.
Biermann	Englebright	Lewis, Md.	South
Bland	Faddis	Lloyd	Spence
Blanton	Farley	Luckey	Steagall
Boehne	Fiesinger	Lundeen	Stubbs
Bolleau	Flannagan	McLaughlin	Sumners, Tex.
Bolton	Fletcher	McLean	Taylor, Colo.
Brown, Ga.	Focht	McLeod	Terry
Buchanan	Ford, Miss.	McReynolds	Thom
Buckbee	Fuller	Maloney	Thomason
Buckler, Minn.	Gearhart	Marshall	Thompson
Burch	Gehrmann	Martin, Colo.	Thurston
Carlson	Guyer	Mason	Turpin
Carmichael	Haines	Maverick	Umstead
Carpenter	Halleck	Michener	Utterback
Castellow	Hancock, N. Y.	Mitchell, Ill.	Vinson, Ga.
Celler	Hancock, N. C.	Moran	Vinson, Ky.
Chapman	Harlan	Mott	Wallgren
Christianson	Hill, Ala.	Norton	Walter
Church	Hill, Knute	O'Connor	Warren
Clark, N. C.	Hill, Samuel B.	O'Neal	Wearin
Coffee	Hobbs	Parks	Werner
Colden	Hook	Parsons	West
Cole, Md.	Hope	Patton	Whelchel
Cooley	Houston	Pearson	White
Cooper, Tenn.	Huddleston	Peterson, Fla.	Wilcox
Cox	Hull	Pierce	Williams
Crosby	Imhoff	Pittenger	Wood
Crosser, Ohio	Jacobsen	Polk	Woodruff
Crowe	Jenkins, Ohio	Quinn	Woodrum
Deen	Johnson, Tex.	Ramsay	Young
Dingell	Kahn	Ramspeck	Zimmerman
Disney	Keller	Reece	Zioncheck
Dobbins	Kloeb	Reed, Ill.	
Dockweiler	Kocialkowski	Rich	
Doughton	Kramer	Robertson	

NAYS—98

Ashbrook	Colmer	Daly	Duffey, Ohio
Binderup	Connery	Dempsey	Duffy, N. Y.
Blackney	Cooper, Ohio	Dies	Eagle
Brennan	Costello	Dietrich	Gasque
Brunner	Crawford	Dirksen	Gildea
Caldwell	Cross, Tex.	Dondero	Goodwin
Cartwright	Cullen	Dorsey	Granfield
Citron	Cummings	Doxey	Gray, Ind.

Green	Lee, Okla.	Monaghan	Romjue
Greever	Ludlow	Nelson	Ryan
Griswold	McAndrews	O'Brien	Sanders, Tex.
Gwynne	McClellan	O'Day	Shanley
Healey	McCormack	Owen	Smith, Conn.
Hess	McFarlane	Palmisano	Stefan
Hoeppel	McKeough	Patman	Taylor, S. C.
Holmes	Mahon	Patterson	Taylor, Tenn.
Jenckes, Ind.	Mapes	Plumley	Tinkham
Johnson, Okla.	Martin, Mass.	Powers	Tolan
Johnson, W. Va.	Massingale	Rabault	Tonry
Kenney	May	Rankin	Turner
Kinzer	Mead	Richards	Weaver
Kniffin	Merritt, Conn.	Richardson	Welch
Kopplemann	Merritt, N. Y.	Robsion, Ky.	Wolcott
Lanham	Miller	Rogers, Mass.	
Larrabee	Mitchell, Tenn.	Rogers, N. H.	

NOT VOTING—170

Allen	Dickstein	Kelly	Rudd
Andresen	Ditter	Kennedy, Md.	Russell
Andrew, Mass.	Doutrich	Kennedy, N. Y.	Sanders, La.
Andrews, N. Y.	Drewry	Kerr	Sandlin
Bacharach	Driver	Kimball	Schneider
Bacon	Dunn, Miss.	Kleberg	Schuetz
Bankhead	Eaton	Knutson	Schulte
Beam	Edmiston	Lamneck	Scott
Beiter	Eicher	Lehlbach	Scrugham
Bell	Engel	Lesinski	Sears
Berlin	Evans	Lord	Secrest
Bloom	Fenerty	Lucas	Seger
Boland	Ferguson	McGehee	Shannon
Boylan	Fernandez	McGrath	Short
Brewster	Fish	McGroarty	Sirovich
Brooks	Fitzpatrick	McMillan	Sisson
Brown, Mich.	Ford, Calif.	McSwain	Smith, Wash.
Buck	Frey	Maas	Snell
Buckley, N. Y.	Fulmer	Mansfield	Snyder
Bulwinkle	Gambrill	Marcantonio	Somers, N. Y.
Burdick	Gassaway	Meeks	Stack
Burnham	Gavagan	Millard	Starnes
Cannon, Mo.	Gifford	Montague	Stewart
Cannon, Wis.	Gilchrist	Montet	Sullivan
Carter	Gillette	Moritz	Sutphin
Cary	Gingery	Murdock	Sweeney
Casey	Goldsborough	Nichols	Taber
Cavicchia	Gray, Pa.	O'Connell	Tarver
Chandler	Greenway	O'Leary	Thomas
Claiborne	Greenwood	Oliver	Tobey
Clark, Idaho	Gregory	O'Malley	Treadway
Cochran	Hamlin	Perkins	Truax
Cole, N. Y.	Hart	Peterson, Ga.	Underwood
Collins	Harter	Pettengill	Wadsworth
Corning	Hartley	Peyser	Whittington
Cravens	Hennings	Pfeifer	Wigglesworth
Crowther	Higgins, Conn.	Randolph	Wilson, La.
Culkin	Higgins, Mass.	Ransley	Wilson, Pa.
Darden	Hildebrandt	Rayburn	Withrow
Darrow	Hoffman	Reed, N. Y.	Wolfenden
Dear	Hollister	Reilly	Wolverton
Delaney	Jones	Robinson, Utah	
DeRouen	Kee	Rogers, Okla.	

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. McSwain with Mr. Snell.
Mr. Montague with Mr. Perkins.
Mr. Bankhead with Mr. Taber.
Mr. Oliver with Mr. Wilson of Pennsylvania.
Mr. Rayburn with Mr. Treadway.
Mr. Drewry with Mr. Reed of New York.
Mr. Cravens with Mr. Lehlbach.
Mr. Fulmer with Mr. Andresen.
Mr. Goldsborough with Mr. Brewster.
Mr. Cochran with Mr. Carter.
Mr. Greenwood with Mr. Andrews of New York.
Mr. Gregory with Mr. Cole of New York.
Mr. Jones with Mr. Ditter.
Mr. Kelly with Mr. Eaton.
Mr. Wilson of Louisiana with Mr. Gifford.
Mr. Kleberg with Mr. Hoffman.
Mr. Whittington with Mr. Kimball.
Mr. Tarver with Mr. Lord.
Mr. Sears with Mr. Maas.
Mr. Scrugham with Mr. Burnham.
Mr. Sutphin with Mr. Higgins of Connecticut.
Mr. Sandlin with Mr. Millard.
Mr. Sullivan with Mr. Ransley.
Mr. Pettengill with Mr. Stewart.
Mr. Corning with Mr. Wadsworth.
Mr. Sanders of Louisiana with Mr. Seger.
Mr. Starnes with Mr. Hollister.
Mr. Mansfield with Mr. Crowther.
Mr. Lamneck with Mr. Andrew of Massachusetts.
Mr. Beam with Mr. Bacon.
Mr. Claiborne with Mr. Culkin.
Mr. Bloom with Mr. Bacharach.
Mr. McMillan with Mr. Engel.
Mr. Dickstein with Mr. Burdick.
Mr. Boland with Mr. Cavicchia.
Mr. Kennedy of New York with Mr. Darrow.
Mr. Bulwinkle with Mr. Collins.
Mr. Darden with Mr. Doutrich.
Mr. Schuetz with Mr. Fenerty.
Mr. Gavagan with Mr. Gilchrist.
Mr. Driver with Mr. Hartley.
Mr. DeRouen with Mr. Fish.
Mr. Fitzpatrick with Mr. Marcantonio.
Mr. Rudd with Mr. Short.
Mr. Kerr with Mr. Thomas.
Mr. Kennedy of Maryland with Mr. Wolfenden.
Mr. Boylan with Mr. Tobey.
Mr. Underwood with Mr. Wigglesworth.
Mr. Hart with Mr. Wolverton.
Mr. Somers of New York with Mr. Schneider.
Mrs. Greenway with Mr. Withrow.
Mr. Delaney with Mr. Scott.
Mr. Berlin with Mr. Lucas.
Mr. Lesinski with Mr. Beiter.
Mr. Bell with Mr. McGehee.
Mr. Cannon of Missouri with Mr. Brooks.
Mr. O'Connell with Mr. McGroarty
Mr. Randolph with Mr. Eicher.
Mr. Schulte with Mr. Ferguson.
Mr. Brown of Michigan with Mr. McGrath.
Mr. Cary with Mr. Buckley of New York.
Mr. Meeks with Mr. Casey.
Mr. Chandler with Mr. Murdock.
Mr. Dunn of Mississippi wth Mr. Pfeifer.
Mr. O'Leary with Mr. Nichols.
Mr. Montet with Mr. Peterson of Georgia.
Mr. Frey with Mr. Rogers of Oklahoma.
Mr. Smith of Washington with Mr. Fernandez.
Mr. Sirovich with Mr. Gambrill.
Mr. Gillette with Mr. Moritz.
Mr. Hennings with Mr. Truax.
Mr. Hildebrandt with Mr. Stack.
Mr. Harter with Mr. Snyder.
Mr. Gray of Pennsylvania with Mr. Higgins of Massachusetts.
Mr. Gingery with Mr. Robinson of Utah.
Mr. Gassaway with Mr. Sweeney.
Mr. Sisson with Mr. Hamlin.
Mr. Dear with Mr. Reilly.

Mr. EKWALL changed his vote from "no" to "aye."

Mr. UTTERBACK changed his vote from "no" to "aye."

Mr. IMHOFF changed his vote from "no" to "aye."

The result of the vote was announced as above recorded.

REPORT FROM COMMITTEE ON MILITARY AFFAIRS

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file minority views on a report from the Committee on Military Affairs.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISTRICT OF COLUMBIA LEGISLATION—DISTRICT OF COLUMBIA RENT COMMISSION

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 3809) declaring an emergency in the housing condition in the District of Columbia, creating a Rent Commission for the District of Columbia, prescribing powers and duties of the Commission, and for other purposes.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Speaker, I thought we had an understanding that this bill would not be called up today. This is a very controversial bill. It is a bill that should require several hours for proper consideration. I hope the lady from New Jersey will not call this up at this time. This is a matter we have been fighting over for 16 years in the District of Columbia. It has been the subject of many heated debates since 1919. It is a subject which twice has been before the Supreme Court of the United States. Undoubtedly, the bill is unconstitutional. Undoubtedly, the bill will do just the opposite of what is expected. We tried it out during the World War period, and it proved to be a miserable failure. It would be a waste of time to call the bill up, as I do not believe it can be passed.

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 3809, and pending that, I ask unanimous consent that general debate be limited to 30 minutes, 15 minutes to be controlled by the gentleman from Illinois [Mr. DIRKSEN] and 15 minutes by myself.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

Mr. BLANTON. Reserving the right to object, I will say to the distinguished lady from New Jersey, those Members who were here during the war will remember the disastrous experience we had with a similar Rent Commission.

Mr. ELLENBOGEN. Mr. Speaker, if the gentleman is going to make a speech I will demand the regular order. There will be plenty of time to make speeches later.

Mr. BLANTON. Oh, we will have an ample opportunity to make a speech against the bill whenever it is considered but I thought we might possibly have some understanding that would avoid a waste of time.

Mr. ELLENBOGEN. Then let us hear about that. I demand the regular order, Mr. Speaker.

The SPEAKER. The regular order is demanded. Is there objection?

Mr. BLANTON. Mr. Speaker, if the regular order is demanded, I object.

Mr. MOTT. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. SABATH. Mr. Speaker, a vote was had just a few moments ago which showed there was a quorum present.

Mr. BLANTON. Yes; but after they answered, many Members have gone back to their offices. Evidently there is not a quorum present.

The SPEAKER (after counting). One hundred and thirty-two Members are present; not a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 138]

Adair	Ditter	Kimball	Russell
Andrew, Mass.	Doutrich	Kleberg	Sadowski
Andrews, N. Y.	Drewry	Knutson	Sanders, La.
Arnold	Driver	Lambertson	Sandlin
Bacon	Dunn, Miss.	Lamneck	Schaefer
Bankhead	Eaton	Lea, Calif.	Schneider
Beam	Eicher	Lehlbach	Schuetz
Bell	Engel	Lesinski	Schulte
Berlin	Evans	Lord	Scott
Bland	Faddis	Lucas	Scrugham
Bloom	Fenerty	Lundeen	Sears
Bolton	Ferguson	McClellan	Secrest
Boylan	Fernandez	McGrath	Seger
Brewster	Fitzpatrick	McGroarty	Shannon
Brooks	Flannagan	McMillan	Short
Brown, Mich.	Ford, Calif.	Maas	Sirovich
Buck	Frey	Mansfield	Sisson
Buckley, N. Y.	Gambrill	Marcantonio	Smith, Wash.
Bulwinkle	Gassaway	May	Snell
Burch	Gavagan	Mead	Snyder
Burdick	Gifford	Merritt, Conn.	Somers, N. Y.
Burnham	Gilchrist	Millard	Stack
Cannon, Wis.	Gingery	Montague	Starnes
Carter	Goldsborough	Mountet	Steagall
Cary	Greenway	Moritz	Stewart
Casey	Greenwood	Murdock	Sullivan
Cavicchia	Greever	Nichols	Sumners, Tex.
Celler	Gregory	O'Connell	Sutphin
Chandler	Haines	O'Leary	Sweeney
Claiborne	Hamlin	Oliver	Taber
Clark, Idaho	Hart	O'Malley	Tarver
Cochran	Harter	Parks	Thomas
Cole, N. Y.	Hartley	Perkins	Tobey
Collins	Hennings	Peterson, Fla.	Treadway
Corning	Higgins, Conn.	Peterson, Ga.	Truax
Cox	Higgins, Mass.	Peyser	Underwood
Cravens	Hildebrandt	Pfeifer	Wadsworth
Cross, Tex.	Hobbs	Pierce	Whittington
Crowther	Hoffman	Quinn	Wigglesworth
Culkin	Hollister	Randolph	Wilson, La.
Darden	Jones	Ransley	Wilson, Pa.
Darrow	Kee	Rayburn	Withrow
Dear	Keller	Reed, N. Y.	Wolfenden
DeRouen	Kelly	Reilly	
Dickstein	Kennedy, Md.	Robinson, Utah	
Dirksen	Kennedy, N. Y.	Rogers, Okla.	

The SPEAKER. Two hundred and forty-eight Members have answered to their names, a quorum.

Mrs. NORTON. Mr. Speaker, my colleague the gentleman from West Virginia [Mr. RANDOLPH] asked me to have him recorded as being unavoidably delayed.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

The SPEAKER. The question is on the motion of the gentlewoman from New Jersey.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 74, noes 31.

Mr. BLANTON. Mr. Speaker, the vote shows there are only a little over 100 Members present, not a quorum. For this reason, I object to the vote.

The SPEAKER. The Chair will count. [After counting.] One hundred and forty-eight Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 161, nays 70, not voting 198, as follows:

[Roll No. 139]

YEAS—161

Adair	Eckert	Lemke	Robertson
Biermann	Ellenbogen	Lewis, Md.	Rogers, N. H.
Binderup	Farley	Lloyd	Romjue
Blackney	Fiesinger	Ludlow	Ryan
Boehne	Flannagan	McAndrews	Sadowski
Bolleau	Fletcher	McCormack	Sandlin
Brennan	Ford, Miss.	McGehee	Sauthoff
Brown, Ga.	Fuller	McKeough	Seger
Buckler, Minn.	Fulmer	McLaughlin	Shanley
Burch	Gehrmann	McLean	Smith, Conn.
Caldwell	Gildea	McReynolds	Smith, Wash.
Carmichael	Granfield	Mahon	Spence
Carpenter	Gray, Ind.	Maloney	Steagall
Chapman	Gray, Pa.	Mansfield	Stubbs
Christianson	Griswold	Marshall	Taylor, Colo.
Citron	Gwynne	Martin, Colo.	Terry
Colmer	Haines	Mason	Thom
Connery	Hancock, N. C.	Maverick	Thomason
Cooley	Harlan	Monaghan	Thompson
Cooper, Ohio	Harter	Moran	Tolan
Cooper, Tenn.	Healey	Norton	Tonry
Costello	Hill, Ala.	O'Brien	Turpin
Cox	Hill, Knute	O'Connor	Umstead
Crawford	Hill, Samuel B.	O'Day	Utterback
Crosby	Hoeppel	O'Neal	Vinson, Ga.
Cross, Tex.	Hook	Owen	Vinson, Ky.
Crosser, Ohio	Huddleston	Parsons	Walter
Crowe	Hull	Patterson	Wearin
Cullen	Imhoff	Pearson	Weaver
Deen	Jacobsen	Peterson, Fla.	Welch
Delaney	Jenkins, Ohio	Pittenger	Werner
Dempsey	Johnson, Tex.	Plumley	Whelchel
Dies	Kennedy, N. Y.	Polk	White
Dietrich	Kenney	Powers	Wilcox
Dingell	Kerr	Rabaut	Williams
Dirksen	Kloeb	Ramspeck	Wolcott
Dorsey	Kniffin	Rankin	Wood
Doxey	Kopplemann	Reece	Woodruff
Driscoll	Kvale	Reed, Ill.	Zimmerman
Duffy, N. Y.	Lambeth	Richardson	Zioncheck
Dunn, Pa.			

NAYS—70

Allen	Fish	Larrabee	Rich
Andresen	Focht	Lewis, Colo.	Robsion, Ky.
Arends	Gasque	Luckey	Rogers, Mass.
Ashbrook	Gilchrist	McFarlane	Sanders, Tex.
Barden	Goodwin	McLeod	Smith, Va.
Blanton	Green	Mapes	Smith, W. Va.
Buckbee	Guyer	Martin, Mass.	South
Carlson	Halleck	Massingale	Stefan
Castellow	Hancock, N. Y.	May	Taylor, S. C.
Church	Hess	Meeks	Taylor, Tenn.
Colden	Holmes	Merritt, Conn.	Thurston
Disney	Hope	Michener	Tinkham
Dobbins	Jenckes, Ind.	Miller	Turner
Dockweiler	Johnson, W. Va.	Mitchell, Ill.	Warren
Dondero	Kahn	Mitchell, Tenn.	West
Eagle	Kinzer	Mott	Young
Englebright	Kocialkowski	Palmisano	
Evans	Lanham	Patton	

NOT VOTING—198

Amlie	Cary	Dunn, Miss.	Hildebrandt
Andrew, Mass.	Casey	Eaton	Hobbs
Andrews, N. Y.	Cavicchia	Edmiston	Hoffman
Arnold	Celler	Eicher	Hollister
Ayers	Chandler	Ekwall	Houston
Bacharach	Claiborne	Engel	Johnson, Okla.
Bacon	Clark, Idaho	Faddis	Jones
Bankhead	Clark, N. C.	Fenerty	Kee
Beam	Cochran	Ferguson	Keller
Beiter	Coffee	Fernandes	Kelly
Bell	Cole, Md.	Fitzpatrick	Kennedy, Md.
Berlin	Cole, N. Y.	Ford, Calif.	Kimball
Bland	Collins	Frey	Kleberg
Bloom	Corning	Gambrill	Knutson
Boland	Cravens	Gassaway	Kramer
Bolton	Crowther	Gavagan	Lambertson
Boylan	Culkin	Gearhart	Lamneck
Brewster	Cummings	Gifford	Lea, Calif.
Brooks	Daly	Gillette	Lee, Okla.
Brown, Mich.	Darden	Gingery	Lehlbach
Brunner	Darrow	Goldsborough	Lesinski
Buchanan	Dear	Greenway	Lord
Buck	DeRouen	Greenwood	Lucas
Buckley, N. Y.	Dickstein	Greever	Lundeen
Bulwinkle	Ditter	Gregory	McClellan
Burdick	Doughton	Hamlin	McGrath
Burnham	Doutrich	Hart	McGroarty
Cannon, Mo.	Drewry	Hartley	McMillan
Cannon, Wis.	Driver	Hennings	McSwain
Carter	Duffey, Ohio	Higgins, Conn.	Maas
Cartwright	Duncan	Higgins, Mass.	Marcantonio

Mead	Pfeifer	Schulte	Taber
Merritt, N. Y.	Pierce	Scott	Tarver
Millard	Quinn	Scrugham	Thomas
Montague	Ramsay	Sears	Tobey
Montet	Randolph	Secrest	Treadway
Moritz	Ransley	Shannon	Truax
Murdock	Rayburn	Short	Underwood
Nelson	Reed, N. Y.	Sirovich	Wadsworth
Nichols	Reilly	Sisson	Wallgren
O'Connell	Richards	Snell	Whittington
O'Leary	Robinson, Utah	Snyder	Wigglesworth
Oliver	Rogers, Okla.	Somers, N. Y.	Wilson, La.
O'Malley	Rudd	Stack	Wilson, Pa.
Parks	Russell	Starnes	Withrow
Patman	Sabath	Stewart	Wolfenden
Perkins	Sanders, La.	Sullivan	Wolverton
Peterson, Ga.	Schaefer	Sumners, Tex.	Woodrum
Pettengill	Schneider	Sutphin	
Peyser	Schuetz	Sweeney	

So the motion was agreed to.

Mr. ANDRESEN. Mr. Speaker, I change my vote from "yea" to "nay."

The Clerk announced the following additional pairs:

Until further notice:

Mr. Patman with Mr. Bolton.
Mr. Faddis with Mr. Knutson.
Mr. Doughton with Mr. Thomas.
Mr. Buchanan with Mr. Crowther.
Mr. Ayers with Mr. Lambertson.
Mr. Bland with Mr. Brunner.
Mr. Kramer with Mr. Gearhart.
Mr. Nelson with Mr. Lundeen.
Mr. Mead with Mr. Ekwall.
Mr. Parks with Mr. Millard.
Mr. Woodrum with Mr. Daly.
Mr. Celler with Mr. Greever.
Mr. Houston with Mr. Buck.
Mr. Lee of Oklahoma with Mr. Ramsay.
Mr. Duffey of Ohio with Mr. McClellan.
Mr. Keller with Mr. Fernandez.
Mr. Casey with Mr. Coffee.
Mr. Arnold with Mr. Sanders of Louisiana.
Mr. Secrest with Mr. Merritt of New York.
Mr. Sumners of Texas with Mr. Scott.
Mr. Duncan with Mr. Higgins of Massachusetts.
Mr. Cannon of Wisconsin with Mr. Bell.
Mr. Hobbs with Mr. Clark of Idaho.
Mr. Johnson of Oklahoma with Mr. Kee.
Mr. Lea of California with Snyder.
Mr. Richards with Mr. Cole of Maryland.
Mr. Cummings with Mr. DeRouen.
Mr. Quinn with Mr. Pierce.

Mrs. NORTON. Mr. Speaker, my colleague the gentleman from West Virginia [Mr. RANDOLPH] has asked me to announce that he is unavoidably absent.

The result of the vote was announced as above recorded.

The doors were opened.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 3809, the District of Columbia Emergency Rent Act, with Mr. WALTER in the chair.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Chairman, I move that the first reading of the bill may be dispensed with.

Mr. BLANTON. Mr. Chairman, that motion is not in order. I think this bill ought to be read, because the membership should understand it.

The Clerk read as follows:

Be it enacted, etc., That it is hereby declared that the provisions of this act are made necessary by emergencies growing out of the war against the depression, resulting in rental conditions in the District of Columbia dangerous to the public and burdensome to public officers and employees whose duties require them to reside within the District, and other persons whose activities are essential to the maintenance and comfort of such officers and employees, and thereby embarrassing the Federal Government in the transaction of public business. It is also declared that this act shall be considered temporary legislation and that it shall terminate on the expiration of 3 years from passage of this act unless sooner repealed.

SEC. 2. When used in this act, unless the content indicates otherwise—

The term "rental property" means any building or part thereof or land appurtenant thereto in the District of Columbia, rented or hired and the service agreed or required by law or by determination of the Commission to be furnished in connection therewith; but does not include a hotel, a garage, warehouse, or any building or part thereof used by the tenant exclusively for a business purpose other than the subleasing or subcontracting for use for living accommodations.

The term "person" includes an individual, partnership, association, or corporation.

The term "hotel or apartment" means any hotel or apartment or part thereof in the District of Columbia rented or hired, and the land and outbuildings appurtenant thereto, and the service agreed or required by law or by determination of the Commission to be furnished in connection therewith.

The term "owner" includes a lessor or sublessor or other persons entitled to receive rent or charges for the use or occupancy of any rental property, hotel, or apartment, or any interest therein, or his agent.

The term "tenant" includes a subtenant, lessee, sublessee, or other persons not the owners entitled to the use or occupancy of any rental property, hotel, or apartment.

The term "service" includes the furnishing of light, heat, telephone, or elevator service, furniture, furnishings, window shades, screens, awnings, storage, kitchen, bath, and laundry facilities and privileges, maid service, janitor service, removal of refuse, making of repairs suited to the type of building or necessitated by ordinary wear and tear, and any other privilege or services connected with the use or occupancy of any rental property, hotel, or apartment.

The term "Commission" means the Rent Commission of the District of Columbia.

SEC. 3. A Commission is hereby created and established to be known as the "Rent Commission of the District of Columbia", which shall be composed of three Commissioners, none of whom who shall be directly or indirectly engaged or in any manner interested or connected with the real estate or renting business in the District of Columbia. The Commission shall be appointed by the President, by and with the advice and consent of the Senate.

The term of each Commissioner shall be for the duration of this act. The Commission shall at the time of its organization elect a chairman from its own members. The Commission may make such regulations as may be necessary to carry this act into effect. All powers and duties of the Commission may be exercised by a majority of its members. A vacancy in the Commission shall not impair the right of the remaining Commissioners to exercise all the powers of the Commission. The Commission shall have an official seal which shall be judicially noticed.

SEC. 4. Each Commissioner shall receive a salary of $5,000 a year, payable monthly. The Commissioners shall appoint a secretary, who shall receive a salary of $3,000 a year, and an attorney who shall receive a salary of $3,500 a year payable in like manner; and subject to the provisions of the civil service laws, it may appoint and remove such officers, employees, and agents and make such expenditures for rent, printing, telegrams, telephone, law books, books of reference, periodicals, furniture, stationery, office equipment, and other supplies and expenses as may be necessary to the administration of this act. The attorney appointed by the Commission shall appeal for and represent the Commission in all judicial proceedings and generally perform such professional duties and services as attorney and counsel for the Commission as may reasonably be required of him by the Commission. All of the expenditures of the Commission shall upon the presentation of itemized vouchers therefor, approved by the chairman of the Commission, be audited and paid in the same manner as other expenditures for the District of Columbia.

SEC. 5. The assessor of the District of Columbia shall serve ex officio as an advisory assistant to the Commission, but he shall have none of the powers or duties of the Commission. He shall attend the meetings and hearings of the Commission. Every officer or employee of the United States or of the District of Columbia whenever required by the Commission shall supply to the Commission any data or information pertaining to the administration of this act. The assessor shall receive for the performance of the duties required by this section a salary of $500 per annum payable monthly in addition to such other salary as may be prescribed for his office by law.

SEC. 6. For the purposes of this act the Commission or any officer, employee, or agent shall at all reasonable times have access to, for the purpose of examination, and the right to copy, any books, accounts, records, papers, or correspondence relating to any matter which the Commission is authorized to consider or investigate; and the Commission shall have power to require by subpena the attendance and testimony of witnesses and the production of all such books, accounts, records, papers, or correspondence relating to any such matters. Each member of the Commission may sign subpenas, administer oaths and affirmations, summon and examine witnesses, conduct hearings, and receive evidence touching any matter which the Commission is authorized to consider or investigate and the substance of such evidence, when certified to the Commission by the member of the Commission who heard and received the same and when filed by the Commission with the papers pertaining to such matter may be made the basis of the Commission's determination respecting the matter under consideration or investigation.

Such attendance of witnesses and the production of such books, accounts, records, papers and correspondence may be required from any place in the United States at any designated place of hearing. In case of disobedience to a subpena the Commission may invoke the aid of the Supreme Court of the District of Columbia or of any District Court of the United States. Such court may thereupon issue an order requiring the persons subpenaed to obey the subpena or to give evidence touching the matter in question. Any failure to obey such order of the court may be punished by such court as a contempt thereof. No officer or employee of the Commission shall, unless authorized by the Commission or by a court of competent jurisdiction, make public any information obtained by the Commission. For the purposes of this act it is declared that all rental property, hotels, and apartments are affected with

a public interest and that all rents and charges thereof, or service in connection therewith and all other terms and conditions of the use or occupancy thereof shall be fair and reasonable, and any unreasonable or unfair provision of a lease or other contract or agreement for the use or occupancy of such rental property, hotel, or apartment with respect to such rents, charges, services, terms, or conditions is hereby declared contrary to public policy. The Commission upon its own initiative may, or upon complaint shall, determine whether the rent, charges, service, and other terms or conditions of a lease or contract or agreement for the use or occupancy of any such rental property, hotel, or apartment are fair and reasonable. Such complaints may be made and filed by or on behalf of any tenant and by or on behalf of the owner of any rental property, hotel, or apartment, notwithstanding the existence of a lease or other contract between the tenant and the owner or between the owner or any guest. In fixing and determining the fair and reasonable rents or charges for any rental property, hotel, or apartment the Commission shall in all cases take into consideration the character and condition of the property and the character of the service, if any, furnished in connection therewith. In all such cases the Commission shall give notice personally or by registered mail and afford an opportunity to be heard to all parties in interest. The Commission shall promptly hear and determine the issues involved in all complaints submitted to it. If the Commission determines that such rents, charges, service, or other terms or conditions are unfair or unreasonable, it shall determine and fix such reasonable rent or charges therefor, and fair and reasonable service, terms, or conditions of use or occupancy. In any suit in any court of the United States or the District of Columbia involving any questions arising out of the relation of landlord and tenant with respect to any rental property, apartment, or hotel, except on appeal from the Commission's determination as provided in this act, such court shall determine the rights and duties of the parties in accordance with the determination and regulations of the Commission relevant thereto.

SEC. 7. A determination of the Commission fixing a fair and reasonable rent or charge made in a proceeding before it shall be effective from the date of the filing of the complaint. The difference between amount of rent and charges paid for the period from the filing of the complaint to the date of the Commission's determination and the amount that would have been payable for such period at the fair and reasonable rate fixed by the Commission may be added to, or subtracted from, as the case demands, future rent payments or service charges, or after the final decision of an appeal from the Commission's determination may be sued for and recovered in an action in a municipal court of the District of Columbia.

SEC. 8. Unless within 10 days after the filing of the Commission's determination any party to the complaint appeals therefrom to the Supreme Court of the District of Columbia, in general term, the determination of the Commission shall be final and conclusive. The Supreme Court of the District of Columbia, in general term, is hereby given jurisdiction to hear and determine appeals taken from the determination of the Commission and which appeal shall be given precedence over the other business of the court.

If such an appeal is taken from the determination of the Commission the record before the Commission shall be certified by it to the court and shall constitute the record before the court, and the Commission's determination shall not be modified or set aside by the court except by error of law.

If any party applies to the court for leave to present additional evidence and shows to the satisfaction of the court that such additional evidence is material the court may order such additional evidence to be taken before the Commission and to be adduced at the hearing in such manner and upon such terms and conditions as the court may deem proper. The Commission may modify its findings as to the facts or make new findings by reason of the additional evidence so taken and it shall file such modification and new findings and its recommendations, if any, for the modification or setting aside of its original determination with the return of such additional evidence.

No determination of the Commission shall be affirmed, set aside, modified, or otherwise reviewed or its enforcement in any manner stayed, except upon appeal from such determination as provided by this act.

In the proceedings before such court on appeal from determination of the Commission, the Commission shall appear by its attorney or other representative and submit oral or written argument to support the findings and determination of the Commission.

SEC. 9. The right of the tenant to the use or occupancy of any rental property, hotel, or apartment existing at the time this act takes effect, or thereafter acquired, under any lease or agreement for such use or occupancy or under any extension thereof by operation of law, shall, notwithstanding the expiration of the term fixed by such lease or contract, continue at the option of the tenant, subject, however, to any determination or regulation of the Commission relevant thereto; and such tenant shall not be evicted or dispossessed so long as he pays the rent and performs the other terms and conditions of the tenancy as fixed by such lease or contract, or, in case such lease or contract is modified by any determination or regulation of the Commission, then as fixed by such modified lease or contract.

All remedies of the owner at law or equity, based on any provision of any such lease or contract to the effect that such lease or contract shall be determined or forfeited if the premises are sold, are hereby suspended so long as this act is in force. Every purchaser shall take conveyance of any rental property or apartment subject to the rights of tenants as provided in this title. The rights of the tenant under this act shall be subject to the limitation that the bona fide owner of any rental property, hotel, or apartment shall have the right to possession thereof for actual and bona fide occupancy by himself, or his wife, children, or dependents, or for the purpose of tearing down or razing the same in order immediately to construct new rental property, hotel, or apartment if approved by the Commission upon giving 30 days' notice in writing, served in the manner provided by section 1223 of the act entitled "An act to establish a Code of Laws for the District of Columbia", approved May 3, 1901, as amended, but in no case shall possession be demanded or obtained by such owner in contravention of the terms of any lease or contract. If there is any dispute between the owner and the tenant as to the accuracy or sufficiency of the statement set forth in such notice as to the good faith of such demand, the matters in dispute shall be determined by the Commission.

SEC. 10. Pending the final decision on appeal from a determination of the Commission, the Commission's determination shall be in full force and effect and the appeal shall not operate as a supersedeas or in any manner stay or postpone the enforcement of the determination appealed from.

SEC. 11. The determination of the Commission in a proceeding begun by complaint or upon its own initiative fixing fair and reasonable rents, charges, service, and other terms and conditions of use or occupancy of any rental property, hotel, or apartment shall constitute the Commission's determination of the fairness and reasonableness of such rents, charges, service, terms, or conditions for the rental property, hotel, or apartment affected, and shall remain in full force and effect notwithstanding any change in ownership or tenancy thereof, unless and until the Commission modifies or sets aside such determination upon complaint either of the owner or of the tenant.

SEC. 12. If in any proceedings before the Commission involving any lease or other contract for the use or occupancy of any rental property, hotel, or apartment, the Commission finds that at any time after the passage of this act, but during the tenancy the owner has, directly or indirectly, willfully withdrawn from the tenant any service agreed or required by a determination of the Commission to be furnished, or has by act, neglect, or omission contrary to such lease or contract, or to the law or any ordinance or regulation made in pursuance of law, or of a determination of the Commission, exposed the tenant directly or indirectly, to any unsafe or unsanitary condition or imposed upon him any burden, loss, or unusual inconvenience in condition with his use or occupancy of such rental property, hotel, or apartment, the Commission shall determine the sum which in its judgment will fairly and reasonably compensate or reimburse the tenant therefor. The tenant may recover any amount so determined by the Commission in an action in the municipal court of the District of Columbia.

SEC. 13. The Commission shall by general order, from time to time prescribe the procedure to be followed in all proceedings under its jurisdiction. Such procedure shall be as simple and summary as may be practicable, and the Commission and parties appearing before it shall not be bound by technical rules of evidence or of pleading.

SEC. 14. Any person who with intent to avoid the provisions of this act enters into any agreement or arrangement for the payment of any bonus or other consideration in connection with any lease or other contract for the use or occupancy of any rental property, hotel, or apartment, or who participates in any fictitious sale or other device or arrangement the purpose of which is to grant or obtain the use or occupancy of any rental property, hotel, or apartment without subjecting such use or occupancy to the provisions of this act or to the jurisdiction of the Commission shall upon conviction be punished by a fine not exceeding $1,000 or by imprisonment for not exceeding 1 year, or by both.

SEC. 15. When requested by the Commission the owner of an apartment or hotel shall file with the Commission plans and other data descriptive of the rooms, accommodations, and service in connection with such hotel or apartment and a schedule of rates and charges therefor. The Commission shall after consideration of such plans, schedules, data, or other information, determine and fix a schedule of fair and reasonable rates and charges for such hotel or apartment and the rates and charges stated in such schedule shall thereafter constitute the fair and reasonable rates and charges for such hotel or apartment.

SEC. 16. The sum of $30,000, or as much thereof as may be necessary, is hereby appropriated and made immediately available to carry out the provisions of this act, one-half thereof to be paid out of the money in the Treasury of the United States not otherwise appropriated and the other one-half out of the revenues of the District of Columbia.

SEC. 17. All laws or parts of laws in conflict with any provisions of this act are hereby suspended so long as this act is in force to the extent that they are in such conflict. If any clause, sentence, paragraph, or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operations to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Mr. ELLENBOGEN (interrputing the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. MITCHELL of Illinois. Mr. Chairman, I object.

Mr. YOUNG. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. YOUNG. I judge this is a very important bill if it keeps us so late on this hot day; therefore I ask that the bill may be read so that we may all hear it and be in position to study it very carefully.

Mr. ELLENBOGEN. Mr. Chairman, the gentleman from Texas objected to dispensing with the reading of the bill. I hope he will give the bill his attention and not prevent the other Members from hearing it read.

Mr. BLANTON. Mr. Chairman, every word is imbedded right in my brain.

The Clerk continued the reading of the bill.

Mr. ELLENBOGEN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. MITCHELL of Illinois. Mr. Chairman, I object.

The Clerk concluded the reading of the bill.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. ELLENBOGEN].

Mr. ELLENBOGEN. Mr. Chairman, the question presented by this bill is a simple one. It is whether the people of the District of Columbia and the Government employees who have come from every State in the Union shall be faced with the choice of having to pay unreasonable rents or live somewhere outside of the District, 20, 30, or 40 miles away. I cannot understand how there can be a single Member of Congress, having the interest of the people at heart, who objects to a consideration of this bill. The least we can expect is that the bill is entitled to be considered on the floor of the House.

Mr. Chairman, we have circulated over 5,000 questionnaires among the employees of the various departments of the Government. The answers to those questionnaires have shown that the rents to Government employees in the District of Columbia have been increased to an exorbitant extent by such landlords who have only one thing in mind, and that is to take undue advantage of the scarcity of apartments which has been created by the influx of thousands upon thousands of new Government employees into Washington employed in emergency agencies. These landlords are taking advantage of the emergency—which is just as great today as it was during the war—by charging exorbitant rentals.

The purpose of this bill is to see that the rentals charged in the District of Columbia shall be fair and equitable. We do not object to any landlord who desires to charge a fair and reasonable rent, but we do object to one who comes here and desires to take advantage of the influx of tens of thousands of Government employees and tries to exploit them. Let me emphasize this again. There is not the slightest criticism of those many landlords who charge fair and equitable rentals. They will not be handicapped—they will be protected by this bill. Every Member of the Congress has a legitimate interest in this bill, not because his own pocket and because his own employees are affected, but because hundreds, indeed thousands, of people have come in from the 48 States to the District of Columbia and have suffered, because it is impossible for them to secure decent quarters in this city at fair and reasonable rentals.

Mr. Chairman, this is emergency legislation and is intended to be in effect only as long as the emergency lasts. The bill provides for a Rent Commission which shall be in force for 3 years, but under the decisions of the courts if the emergency shall pass sooner the Commission would immediately go out of existence. Now let us see how many employees have come into the District of Columbia due to the emergency. In June 1933 there were 65,000 Government employees in the District of Columbia. In April 1935 there were nearly 101,000 and that number has since been increased. To that number must be added some 12,000 employees of the District of Columbia. Take for instance the machinists who work in the Navy Yard. There are 8,452 machinists employed in the Navy Yard. Out of the 8,400 there are 1,944, or nearly 2,000, employees of the Navy Yard who have been forced to live outside of the District of Columbia, many of them as far as 40 miles away, because they cannot find decent quarters in this city at just and equitable rents. These employees must travel as much as 80 miles a day, 40 miles to come to their work and 40 miles to go back home. I think everyone will agree that this undermines their health and affects the efficiency of their work. The quality of their work for the Government suffers, because they cannot find decent quarters at reasonable rents in the District of Columbia. This is only one example. If the Congress desires to protect the efficiency of the more than 100,000 Government employees who must work in Washington, it should pass this bill.

Mrs. NORTON. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. ELLENBOGEN. Mr. Chairman, may I read to the Committee what the Public Utilities Commission of the District of Columbia has to say about the need for the establishment of such a commission? In a report made in 1934 the Public Utilities Commission said this:

> Great need exists for the regulation of the housing business in Washington. * * * The problems of the landlord and the tenant cannot be met satisfactorily except by establishment of a proper public office made self-sustaining by license or registration fees, which would have as its business the inspection and arbitration of landlord and tenant complaints, the licensing or registration of all landlords and tenants, the keeping of complete housing records, and the establishment of minimum standards for housing in the District of Columbia.

Mr. Chairman, before my time expires I desire to answer the argument that will be made that this bill is not constitutional. This bill is practically a reenactment of the wartime rent commission and of the amendment to the act which established that commission in 1919, and that legislation, which was in all respects similar to this, was held constitutional by no less an authority than the Supreme Court of the United States in the case of *Block* v. *Hirsh* (256 U. S. Supreme Court Repts., p. 135). In that case the Court very wisely said that they would approve of a law which deprived the owner at least in part of the power—I would like you to listen to this—to profit by the sudden influx of people to Washington caused by the needs of the Government.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. ELLENBOGEN. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. Does the gentleman think the result of the adoption of this bill and the creation of the commission would lower or raise rents?

Mr. ELLENBOGEN. Absolutely to lower the rents. If this bill would not have the effect of lowering the rents, why should the real estate lobby in Washington stand up in arms and fight its enactment? I know what my good friend from Texas is going to say. He will tell you it will increase rents; but if that were so, the real-estate lobbyists in Washington would pray for its enactment instead of fighting the passage of this bill in every conceivable way. Why, certainly this bill would lower rents in the District of Columbia. It will protect the tenants, it will protect the Government employees, and it will protect the landlord who desires to be fair.

Mr. Chairman, we have brought thousands of Government employees into the District of Columbia. We have asked them to serve the needs of the Government. We have brought them here, and we owe them protection against exorbitant rental charges.

I do not care what you do with this bill. You can vote it up or down, but I ask you to be fair and let us have a vote on it. You think your cause is just, and I think mine is. I may say to you that every labor union in Washington has endorsed this bill, and if you were to have a vote of the people of Washington today on this measure you would find that 95 percent of them are for it.

Mr. SMITH of Virginia and Mr. BLANTON rose.

Mr. ELLENBOGEN. I gladly yield first to the gentleman from Virginia.

Mr. SMITH of Virginia. I simply want to ask the gentleman if the committee has given any consideration to the

question of whether the Congress can pass such a bill as the one proposed here?

Mr. ELLENBOGEN. I may say to the gentleman from Virginia that the Supreme Court, in the case I have cited, as well as in other cases which I have here, has held that this is constitutional because the emergency existing today is as great or greater than after the war.

Mr. SMITH of Virginia. When was any such legislation as this ever proposed in any legislative body?

Mr. ELLENBOGEN. The same act was passed in 1919.

Mr. SMITH of Virginia. We were at war at that time.

Mr. ELLENBOGEN. That was after the war. The war ended in 1918.

Mr. SMITH of Virginia. And the question was never tested in the courts.

Mr. ELLENBOGEN. It was held to be constitutional by the Supreme Court.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. ELLENBOGEN. I have looked into the figures, and I may say to the gentleman from Virginia that the emergency influx of people into Washington today is greater than it was at the time the act was passed that was upheld by the Supreme Court of the United States, and a similar law was upheld in the courts of New York.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. ELLENBOGEN. I gladly yield to the learned gentleman from Texas, who is one of the ablest men in the House.

Mr. BLANTON. Does not my friend, the distinguished gentleman from Pennsylvania, believe that the proof of the pudding is in the eating thereof?

Mr. ELLENBOGEN. Then, give us a chance and let us get to the eating thereof.

Mr. BLANTON. We have already eaten of it, and we have found out by experience that it is a failure.

Mr. ELLENBOGEN. No; we have not.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. ELLENBOGEN. I yield to the distinguished gentleman from Pennsylvania.

Mr. FOCHT. I would like to ask the gentleman about two things. I notice the gentleman states that this will lower the rents, and I would like to state to the gentleman what happened when the other rent commission was established. I was here at the time, and I found that the Commission, instead of lowering the rates, increased them, and, furthermore, instead of having fewer people at that time than we have now, we had an influx of thousands of strange people coming to this town——

Mr. ELLENBOGEN. I said I would yield for a question.

Mr. FOCHT. And this Commission was created rather to find places for them than to regulate the rents.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. ELLENBOGEN. At the time of the war the highest number of Government employees in the District was 117,000. When the rent commission law was passed in 1919 the number had substantially decreased. The influx today is greater than it was at that time, and I may say again to the gentleman that if this legislation would increase rents, why should the real-estate lobby be so bitterly opposed to it?

I may also call the attention of the committee to the fact that the financing of apartments in the District of Columbia has been done by flotation of watered bonds, more water and less real value than anywhere else in the country. Now they are trying to realize on a watered valuation and put the burden upon the Government employees and the people of the District of Columbia.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. ELLENBOGEN. I gladly yield to the distinguished gentleman.

Mr. DOBBINS. The gentleman has stated that this bill is practically a reenactment of a former bill on the same subject.

Mr. ELLENBOGEN. And its amendments; yes.

Mr. DOBBINS. When the gentleman makes that statement, does he refer to the bill in the form in which it was offered or in the form in which it has been reported or amended?

Mr. ELLENBOGEN. In the form in which it has been amended, because when it was offered we overlooked some of the amendments.

Mr. DOBBINS. I notice the amendments are quite numerous and longer than the original text.

Mr. ELLENBOGEN. That is because when the original bill was introduced we overlooked some of the amendments.

Mr. DOBBINS. You must have overlooked a great deal, because the amendments cover more pages than the original bill.

Mr. ELLENBOGEN. Perhaps we did.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I am one of those in the House who since getting well acquainted with him has learned to appreciate highly the services of the distinguished gentleman from Pennsylvania [Mr. ELLENBOGEN]. I think that he is one of the sincere men in the House. I think he is one of the hard-working Members of the House. I think he has the interest of the common people of the United States deeply at heart, and I now have great respect for him since I have learned to know him.

I am just as much against the outrageously high rents here as he is; they are simply outrageous—these rents that are charged the Government employees in Washington.

Now, I am not merely referring to Congressmen or the secretaries of Congressmen employed here in Washington—I refer also to the hundred thousand Government workers in Washington who have always been subjected to the high charges for everything they get.

This bill is not going to solve our problems. It is not going to decrease a single rental in Washington. Why do I know it? I asked the gentleman if he believed the proof of the pudding was in the eating thereof, and he said that he did. We have eaten of this kind of pudding already. We know all about it.

We passed this kind of legislation during the war, and every rental in Washington was increased except that of a few Government employees for whom at great expense the Government built hotels.

The Government built hotels on the Plaza between here and the Union Station, and charged the employees a very low rent. It made the many Government employees who did not get rooms in the Government hotels greatly dissatisfied. The Government paid the bill, and it cost the Government an outrageous sum. The gentleman from Pennsylvania [Mr. FOCHT] was here, and he told you the truth when he told you that the rents were increased. They had an expensive rent board at that time that drew high salaries. The bill of the gentleman from Pennsylvania [Mr. ELLENBOGEN] provides for three commissioners at $5,000 each, a secretary at $3,000, an attorney at $3,500, and then it authorizes the employment of many clerks and other employees without any limitation as to numbers at all. We had the same thing in the bill during the war.

Do you know how long it took us to get rid of it? Joe Walsh, of Massachusetts, was here at that time and helped us to repeal it, and I wish he were here now to help us fight again. It took us 5 years before we got rid of it. Although we have a limitation in this bill, it will take 5 years to get rid of this new commission if it ever gets on the statute books. We do not want to let it get there.

I am one of those legislators who believe that when you have a bad bill, and you know it is unconstitutional, you ought to work to defeat it. If you are a lawyer, you know abso-

lutely that this bill is unconstitutional. You know it is a bad bill, you know it ought not to be put on the people, and as I say, I am one of the kind of legislators who believe that under those circumstances you should get up here and do everything you can to stop such bad legislation from passing.

That is what I am going to do this afternoon. That is the reason I asked that the bill should be read. That is the reason that I am talking 20 minutes at this time. That is the reason that I am going to offer many amendments to this bill. That is the reason that I am going to offer an amendment to strike out the enacting clause. That is the reason I am going to pursue every remedy vouchsafed to me under the parliamentary rules of this House to stop a bill of this character. It ought not to pass. It ought not to go on the statute books, to cost the taxpayers of the District and the country enormous sums of money they are not able to pay.

Mr. ELLENBOGEN. Mr. Chairman, will the gentleman yield for a question for a correction?

Mr. BLANTON. Yes.

Mr. ELLENBOGEN. The money for this commission does not come from the taxpayers of the country, it comes from the taxpayers of the District of Columbia.

Mr. BLANTON. I have been fighting to protect the taxpayers of the District of Columbia. I have helped to give them one of the best city governments in this country. I wish you would read the article by CLARENCE MCLEOD in the Washington press of yesterday about the splendid government the Congress has given to the people of Washington. He tells the truth. We have given Washington the best government that any people could have, with no graft or corruption, a government that has kept them out of debt, a government that has kept their taxes low, a government that gives them all the benefits in the world that people can enjoy at the very lowest cost imaginable. That is what we are doing for the people of Washington, and I do not believe in putting any unnecessary burden on the shoulders of any people, especially when it does not benefit them, and this proposed law will not benefit them.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I shall have to yield first to my colleague from Massachusetts, who arose first.

Mr. CONNERY. Mr. Chairman, the gentleman refers to the Constitution. What I would like to know is this: If everyone in the House or the Senate knows what is or is not constitutional, how is it that we have 5-to-4 decisions from the Supreme Court?

Mr. BLANTON. That is a pertinent question. I wonder how the oath that I took and that my distinguished and able and valuable friend from Massachusetts took impressed him?

Mr. CONNERY. It impressed me just the same as it impressed the gentleman from Texas.

Mr. BLANTON. When I stood up here at the Bar of the House, and every time I stand up there every 2 years and take that oath, that I will defend the Constitution of the United States, and that I shall do it without any evasion, what does it mean? It means that I am going to defend it; it means that I am going to do just what I am doing now, defend it at 5 minutes past 5 o'clock in the evening when this House ought to be adjourned. I am going to try to stop this bill because it is in violation of the Constitution of the United States.

The Supreme Court has so held. In that case the Supreme Court held that the only reason at all that it would consider the case was that the Government had gone into a world-wide war, but it held afterward that the emergency had ceased to exist. Do you know how many employees were here when we went into that war in April 1917? I know. There were 39,000. Just 39,000 were in Washington on the Government pay rolls when the Government entered the war in 1917, and when the bill was passed providing for a rent commission there were about 117,000. The employees of the Government had increased from 39,000 to 117,000 here in the city of Washington.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CHRISTIANSON. Does not the gentleman believe that his party could help the author of this bill accomplish the purpose he evidently has in mind by reducing the number of Government employees in the city of Washington instead of increasing them? Does the gentleman not think that would probably do more toward reducing rents in Washington than this legislation?

Mr. BLANTON. Mr. Chairman, I have been sitting here at the footstool of my good friend from Minnesota [Mr. CHRISTIANSON] since he has been in the House, learning wisdom from him, and I am surprised that he should bring politics in here at this late hour.

Mr. Chairman, I cannot help being a Jeffersonian Democrat. I was born one. [Laughter.] I cannot help being opposed to socialistic measures wherever I find them. The rent-commission measure that was introduced and passed back in 1919 was a socialistic measure. If the gentleman from Pennsylvania will get my speech made against that measure at that time and read it, he will see that I then denounced it. He will see that every time they tried to extend it I spoke against it as a socialistic doctrine that was unconstitutional and that ought not be upheld in any House by Democrats and Republicans.

Mr. DUNN of Pennsylvania. Will the gentleman yield?

Mr. BLANTON. I am afraid I am yielding to a very distinguished Socialist, but I will do it. [Laughter and applause.]

Mr. DUNN of Pennsylvania. Very well. I just want to say to my colleague from Pennsylvania [Mr. ELLENBOGEN], who received the Republican and Democratic nomination, that I also received the Democratic and Labor vote, and I wish I could have gotten the Socialists, too. I would have taken them. I am going to take it the next time if I can get it. It has been said that everything we passed in this Congress this year and for many, many years was socialistic measures; they have even said that the President himself is socialistic and communistic. I do not hesitate to say that if socialism and communism can bring about a condition whereby the unemployed men can get jobs, living wages, old-age pensions, and unemployment pensions, I am willing to be branded as such.

Mr. BLANTON. I do not yield further, Mr. Chairman. I want to say this with the primaries facing me next year: I have voted for some measures during this depression that I thought were socialistic and unsound. I have voted for some measures that I do not believe in at all. We were in a terrible crisis. We were in a depression that was continuing on and on, with 15,000,000 heads of families out of jobs. Measures were brought in here by our great Democratic administration and we were told that it was the only means of getting us out of this depression, and I voted for them to support my administration; but I promise you this, with the primaries next year staring me in the face, that when I come back next year measures will have to appeal to my own judgment and to my own heart when I vote for them. [Applause.] I promise you that. In this great emergency this Democratic administration has had to do many things it would not think of doing in normal times to help us get out of this extraordinary situation; but this administration is Democratic, I want to tell you that, and we are going to get back to Jeffersonian Democracy next year. You watch us. [Laughter and applause.]

Now, what are you going to do with a bill like this? Every good lawyer in the House knows it is unconstitutional.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BLANTON. I know the Governor believes this bill is unconstitutional.

Mr. CHRISTIANSON. Why wait until next year to get back to Jeffersonian principles?

Mr. BLANTON. Oh, we are not quite over the depression yet. [Laughter.] We will be over it next year, though. We are coming out of it now.

Mr. CHRISTIANSON. I have been watching for 2 years.

Mr. BLANTON. Oh, things are getting better up in Minnesota every day. I get letters from Minnesota. People there are optimistic.

Mr. CHRISTIANSON. The gentleman may know all about Texas, but he is misinformed about Minnesota.

Mr. BLANTON. Are they not having a pretty good yield up there?

Mr. CHRISTIANSON. But we do not give the present administration any credit for it.

Mr. BLANTON. You think that is an act of God?

Mr. CHRISTIANSON. I think so.

Mr. BLANTON. Has God had anything to do with the high prices after the yield has been threshed?

Mr. CHRISTIANSON. Yes.

Mr. BLANTON. What has He had to do with the price?

Mr. CHRISTIANSON. He gave us a year or two of drought, which brought the price up.

Mr. BLANTON. We have had some wise Democratic administrative actions, too, that have helped out very materially in that direction, have we not?

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. COLDEN. The gentleman stated that the present bill was unconstitutional. Was the former bill declared unconstitutional?

Mr. BLANTON. Finally, when Congress tried to extend the act on and on, it was declared unconstitutional, as there was then no emergency, and that is what helped us to repeal the law.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CONNERY. I am very much interested in this situation in the District. What are the gentleman's suggestions as to what should be done?

Mr. BLANTON. The gentleman from Pennsylvania made them a while ago when he stated that over 2,000 navy yard workers lived outside the District of Columbia in nearby Virginia and Maryland. That is our solution. I will tell you what we ought to do; we should not wait until Congress meets, but when we come back here in the fall we should get a line on what they are going to charge us for rents, and if it is too much, then we should go over the River into Virginia or out into nearby Maryland. There are lots of nice places at reasonable rentals and splendid people in these outlying towns. That would soon bring rentals down; you would soon find rentals here would be reasonable. It is hard to beat supply and demand.

Mr. SMITH of Virginia. We shall be glad to have them come to Virginia; there are many splendid places in Alexandria.

Mr. BLANTON. I know Judge SMITH's district and his people. They are some of the most hospitable people in the world. I have eaten their Smithfield hams with them.

Mr. RABAUT. Put some of the departments in Michigan; we have lots of room for them.

Mr. BLANTON. I want to say this to my friend from Pennsylvania, with all of his ideas that he has gathered—and he is well informed about lots of things—there is nothing on earth that will beat supply and demand for effect on prices—nothing in the world will beat it. I have seen rents in Washington go down until there were hundreds of places vacant, for which formerly they charged high rentals; I have seen them go down until rents were very reasonable. I have seen residences being held for tremendous sale prices, but when the old law of supply and demand finally got into operation the prices soon came down.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. RICH. I was very much interested to hear the gentleman make the statement he did about constitutional legislation. Since the Democratic Party has passed more unconstitutional legislation in the last 2 years, I wonder at the gentleman's change of heart and wonder whether he is going to support any further unconstitutional legislation. If he does not, then I shall take my hat off to him as one of the leaders of the Democratic Party.

Mr. BLANTON. I thought the gentleman from Pennsylvania was a historian, but he is proving himself otherwise. If he will look into the record of the past he will find that most of the 5-to-4 decisions of our Supreme Court——

Mr. CONNERY. Were against labor.

Mr. BLANTON. And most of the 6-to-3 decisions of the Supreme Court of the United States were on laws passed during Republican regimes.

Mr. RICH. I voted against all of them, but I wonder whether the gentleman is going to withdraw his support from further unconstitutional legislation.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. MICHENER. Mr. Chairman, I make the point of order there is not a quorum present.

Mr. DIRKSEN. Will not the gentleman withdraw his motion?

Mrs. NORTON. Mr. Chairman, I hope the gentleman will withdraw his motion. We will be through with debate on this bill in 10 minutes. I have no further requests for time.

Mr. MICHENER. Mr. Chairman, I withdraw my point of no quorum.

Mr. DIRKSEN. Mr. Chairman, now that we have discussed everything from Pennsylvania's politics to Supreme Court decisions, we may very well address ourselves for just a moment or two to this bill. In brief, it sets up a commission consisting of three commissioners to receive $5,000 a year, an attorney at $3,500, and a secretary at $3,000, the life of the commission to be approximately 3 years, unless sooner terminated by the passing of the emergency. This commission is created for the purpose of appraising the value of rental properties in the District of Columbia in the hope of determining a fair charge for rental plus service. This is the substance of the bill. Ostensibly it seeks to fix rentals.

When I came back from Illinois in January I manifested some interest in the high-rent situation in Washington and began to make a little investigation of my own. I thought perhaps a revival of the old war-time rents commission might serve to lower rentals to people who seemed to be paying exorbitant rates in the city. I discussed it with some very distinguished officials and particularly an official who is better informed on rental and property conditions in Washington than any other man, in my judgment, a man who has been dealing with these problems for approximately 35 years.

After considerable investigation he said to me: "You are barking up the wrong tree by trying to revive the war-time rent commission." He said further: "In the first place they accomplished no good; secondly, because of the complicated procedure involved on the part of the tenants seeking a reduction in rent, it becomes extremely difficult for them to achieve any good."

They had the commission in 1919, and what happened? The landlord would march in before the commission with his attorney. The tenant could not afford to lay off from work and go down and make a kick in order to secure a reduction of $5 a month in the rent. The result was almost invariably the landlord prevailed.

The gentleman from Pennsylvania [Mr. FOCHT] and the gentleman from Texas [Mr. BLANTON] were right. If you want to see a most illuminating exhibit, go down to the assessor for Washington, D. C., and have him show you some of the actual activities of the rent commission during the war. He will show you that as often as not they raised the appraised value of the property which justified an increase rather than a decrease in the rent. After making that kind of an investigation I decided for myself that a rent commission would not be provocative of any good because it would generally inure to the benefit of the landlord. He and his attorney could march in there and make a case, whereas the tenant was in no position to rebut their figures.

Mrs. NORTON. Has the gentleman thought of any better plan? Has he any suggestions to make?

Mr. DIRKSEN. I will come to that. As a result of that investigation the assessor said to me: "If you want to achieve

any result, there is only one way in which it can be accomplished, and that is to effect a rent freeze." In other words, this Congress may have the authority to freeze rents as of a certain date when they were reasonable and make the landlord then show cause why they should exceed that figure and deny to him the right to collect more rent than the tenant paid upon that date as a reasonable rental payment. You throw the whole onus upon the landlord.

I introduced a bill accordingly to freeze the rents as of the first day of January 1934, which was taken as a reasonable index of rental payments. Some other date might have been better. We did not pass the bill. There were some objections, so it did not come out of committee. But that seems to represent the idea of those who are most familiar with the rental picture running back over one-third of a century in the National Capital.

Here is another side of the picture, and let me digress just long enough to say that so far as the broad purposes of this bill are concerned, I join with the gentleman from Pennsylvania. I sent out questionnaires to every Member of Congress, to the secretaries, and to the stenographers. They seem to have crystallized a prevailing sentiment that rents are entirely too high. So I join with the gentleman from Pennsylvania in the objective which he seeks, but I differ with him in the method by which it is sought.

Here is the other side of the picture; namely, the investor's side. There is the Wardman Park in receivership. The Carlton is in receivership. The LaSalle is in receivership. There is the Mayflower with three mortgages plastered on it, much of which will never pay out. Countless other structures are likewise in default. Those hotels were built why and how? Because there were enough suckers in the United States to buy the worthless paper. Much of it is not worth a nickel on the dollar today. We come along here with a bill to reduce rents. When we pass a bill of this kind we will make it impossible for those who are now managing these properties to give even as much as a nickel's worth of interest or a dollar's worth of payment of the principal sum to the holders of the almost worthless securities.

It is a most difficult social problem. I realize the implication. You might say on the one side, "Well, the innocent renter should not be made to pay for the indiscretions or the lack of judgment on the part of these millions of people who bought those worthless securities years ago." Yet, on the other hand, unless that income comes out of the property, it is impossible to pay the holders of the paper and to rehabilitate their purchasing power. That is the other side of the picture. Who, then, are we to say to the manager of a piece of property that where his aggregate rental from that property now is $30,000 he has to reduce it to $20,000 on the present valuation of properly dewatered stock in order to fix a fair rental. Based on 1935 values, a certain rent might be unfair to security holders, whereas a 1929 value might be unfair to the renter. What is he going to say to the people who bought the worthless stock when there reposes in him a trust to do the best he can to make the property produce every dollar it can in order to pay the innocent investors who purchased real-estate bonds in the years around 1928 and 1929?

Mr. WHITE. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Idaho.

Mr. WHITE. Is it the gentleman's contention that the people needing houses in Washington ought to pay exorbitant rents on overcapitalized buildings?

Mr. DIRKSEN. Indeed not. But may I say to the gentleman from Idaho: Where are you going to draw the line without effecting some injustice either on one side or the other? Where are you going to draw the line in order to render justice to the innocent bondholders and justice to the renters at the same time? What becomes of the situation? You cannot remedy it by legislative fiat. You cannot do it by passing a bill of this kind, and every rational individual knows that.

Mr. WHITE. The gentleman spoke of suckers when he talked about the subject of having invested. Now, because a man made a foolish investment and bought overcapitalized stock, does the gentleman contend that the renters in Washington should support that kind of structure?

Mr. DIRKSEN. No. The investors bought these bonds on the basis of an appraisal properly made by a certified appraisal expert back in prosperous days. We now come along and seek to empower a commission to alter the appraisal in order to bring about cheaper rents. I am in favor of lower rents, but I am not in favor of doing it through the instrumentality of this measure.

Mr. RICH. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Pennsylvania.

Mr. RICH. If the demand is so great in Washington and the rents are so high, is it not a good opportunity for people to come in here and invest in houses, thus insuring a fair return on their investment? In that way the housing facilities would be increased and rents would come down. It would be a good business proposition for those who are interested in trying to make a sound investment, and in that way we would take care of the situation.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Just as soon as I make a further observation.

Mr. RICH. If that is the case, it would be a good investment and the individual who makes such an investment in property of that kind would receive a fair rental and thus create a greater opportunity for people to secure cheaper rents than we have here today.

Mr. DIRKSEN. Let me observe to the gentleman from Pennsylvania that the month of June showed the highest total of new housing projects in Washington of any time during the last 3 or 4 years. This whole situation can cure itself through the operation of the law of supply and demand, and the minute property will bring a sufficient income to justify an investment of surplus funds, people are going to build. There will be more rental properties available, and the force of competition will bring down the price to what it ought to be, irrespective of whether there are 40,000 or 100,000 people on the pay roll in Washington at the present time. Were it not for the fact that there are thousands of suffering investors in real estate to whom property managers owe a duty of securing every dollar of available income, the rent problem would not be so complicated.

Mr. BLANTON. It is now 5:30 o'clock, and it will take 4 or 5 hours to read this bill for amendment. It cannot pass today even if there are enough votes to pass it, which I doubt, so why does not the committee rise so that the House can adjourn?

Mr. DIRKSEN. I am sorry to say I have no authority over that matter.

Mr. BLANTON. The gentleman can make the motion.

[Here the gavel fell.]

Mr. MICHENER. Mr. Chairman, I make the point of no quorum. There is no possibility of passing this bill today. It is now 5:30 in the afternoon and we have been in session since 12 o'clock and I am sure we do not want to stay here any longer without any possibility of passing the bill.

Mrs. NORTON. We can very readily pass the bill if the Members desire to do so, but if the gentlemen are going to allow one Member to control the Committee in a matter of this sort——

Mr. BLANTON. I am not controlling the Committee. I predict that most of the Members now present who have heard this debate will vote against this bill on final passage. On the motion to go into the Committee of the Whole, even to consider the bill at all, only 161 Members voted for the motion while 70 Members voted against the motion, which was a vote not to consider the bill. Those 70 Members were all against the bill. And I happen to know that quite a number of the 161 Members who voted to go into the Committee of the Whole are likewise going to vote against the bill on its final passage.

So I am not the goat, even if I have dared to lead this fight against this bill. I do not believe that this bill will

ever pass, and I believe that it is a waste of time to consider it any further. There is no quorum present, and the Committee ought to rise and let the House adjourn.

Mr. TAYLOR of Colorado. May I ask the gentleman from Michigan to withhold his point a moment?

Mr. MICHENER. I withhold it, Mr. Chairman.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WALTER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 3809) declaring an emergency in the housing condition in the District of Columbia; creating a Rent Commission for the District of Columbia; prescribing powers and duties of the Commission; and for other purposes, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. BUCK, for 2 days, on account of important official business.

ALCOHOL-CONTROL BILL

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Speaker, it is my intention to offer the following amendments to section 4 of the alcohol-control bill as reported to the House. On page 9, strike out lines 10 to 22, inclusive, and to insert in lieu thereof the following:

> No basic permit issued under this act shall contain any condition permitting, nor shall any rule, regulation, or order, issued under this or any other act of Congress, permit the reuse of any barrel, cask, or keg as a container in which to store, transport, or sell, or from which to sell any distilled spirits or wines.

And, on page 10, strike out the comma after the word "spirits" on line 16 and insert a period, and strike out the remaining words after the word "spirits" on line 16, all of lines 17 and 18, and the first three words on line 19.

Mr. Chairman, these amendments are offered at the request of the thousands of those employed in the production of printed matter used on glass containers, those engaged in the production of glass bottles, used in distribution of spirits, the use of which is mandatory under the present Treasury regulations, and those dependent for employment on the cooperage industry.

These amendments are presented with three purposes in mind: First, the protection and the enhancement of the employment opportunities of workers made available by the present Treasury regulations. Secondly, for the purpose of protecting the health of those who use distilled spirits or whiskies. Third, to protect the revenues of the Government.

These amendments in fact prohibit the reuse of barrels, casks, or kegs and other containers used for the purpose of transporting, storing, or distributing of distilled spirits. The adoption of these amendments will provide employment opportunities for those engaged in the making of barrels, casks, or kegs. The woodsmen of several States who cut the staves and heads from the woods of the forests which are used in the making of whisky barrels, casks, and kegs will be provided with an ample market for the products of their labor. In addition, these amendments will protect the employment opportunities of those who produce the printed matter and glass bottles now used as a result of the beneficial regulations enforced by the Treasury Department.

Secondly, the amendments will permit the consumers of distilled spirits to purchase liquors, the contents of which are guaranteed by the Government and the distillers, as under this proposed amendment all distilled spirits used by the consumers will be packaged under proper Government supervision. Third, the amendments will protect the revenues of the Government in that the Government agents will be able to supervise properly the distribution of distilled spirits and know that the taxes levied by Congress have been collected. It will eliminate the use, to a great extent, of bootleg liquors. It will protect the consumers of liquors from having imposed upon them distilled spirits which have been tampered with by the wholesalers or retail distributors. Last Friday morning that celebrated American—Arthur Brisbane—published in his column, Today, on the front page of the Washington Herald, a statement which every Member of Congress should heed. The statement is short and reads as follows:

> If the bootleggers ever pray, which is doubtful, they are on their knees now, praying that Congress may pass a bill allowing distribution and sale of alcoholic drinks "in bulk." This would enable bootleggers to empty the legal "bulk" package, refill it with bootleg liquor, for retailing, and repeat as often as might be desired.
>
> The public has some protection against poisonous bootleg, when it knows the bottle from which it is poured, and knows the man that sells it. But, with "bulk" distribution, protection against bootleggers would vanish, and bootlegging would be here, forever.

That statement, in a few words, tells the story of what will happen if Congress insists on permitting the bulk distribution of hard liquors.

Mr. Speaker, a few years ago those engaged in the production of distilled liquors and those who supplied that trade promised Congress their strictest obedience to any regulations which might be imposed for the protection of the consumers and the protection of the Government revenues if we would only authorize the legal distribution and sale of hard liquors. Yet, after only a few years, we find that some of those engaged in the distribution and sale of hard liquors are now seeking to eliminate those regulations, which have provided employment opportunities for many thousands of our workers, regulations which have protected in good part those who use distilled spirits, and regulations which have added greatly to the Federal revenues.

I predict, Mr. Chairman, that the contention so aptly stated by Arthur Brisbane, one of the brightest minds in America, will come true if the present Treasury regulations are set aside, as the committee provides in the bill as reported to the House. The amendments which I will offer will protect the employment opportunities of many thousands now provided with work through the promulgation and enforcement of the present Treasury regulations and will provide additional work for those engaged in the cooperage industry and those who cut the staves and heads from the woods of the forest which go into the making of barrels, casks, and kegs.

It is my belief if the present Treasury regulations are set aside, which will happen if the report of the committee is adopted, that the old conditions, which brought forth prohibition, with all its resultant evils, will soon be with us again. It will mean a renewal of the old fight between the wets and the drys before legislative and regulatory bodies throughout our country, with those who seek real temperance and protection to the consumer and employment for the workers demanding that the distribution of distilled spirits in barrels and casks be prohibited as now prevails at the present time in such States as New York, Arkansas, Ohio, Pennsylvania, and other States.

In the meantime thousands of those organized workers now employed in the production of printed matter and glass containers will be deprived of employment. It is my hope that the amendments which I will offer will receive the support of a majority of the Members of the House.

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that business in order on Wednesday next, Calendar Wednesday, may be dispensed with.

Mr. WHITE. Mr. Speaker, I object.

SENATE BILL AND JOINT RESOLUTION REFERRED

A bill and joint resolution of the Senate of the following title were taken from the Speaker's table and, under the rule, referred as follows:

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused

by floods or other catastrophes, and for other purposes", approved April 13, 1934; to the Committee on Banking and Currency.

S. J. Res. 163. Joint resolution to authorize the acceptance of bids for Government contracts made subject to codes of fair competition; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5917. An act to provide for the appointment of additional United States judges;

H. R. 6323. An act to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof; and

H. R. 7590. An act to create a Central Statistical Committee and a Central Statistical Board, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1309. An act to amend section 114 of the Judicial Code to provide for terms of District Court for the Western District of Wisconsin to be held at Wausau, Wis., and for other purposes;

S. 2326. An act to authorize the Secretary of War to sell to the Eagle Pass & Piedras Negras Bridge Co. a portion of the Eagle Pass Military Reservation, Tex., and for other purposes; and

S. 2965. An act to amend the Hawaiian Homes Commission Act of 1920.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 5917. An act to provide for the appointment of additional United States judges;

H. R. 6323. An act to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof; and

H. R. 7590. An act to create a Central Statistical Committee and a Central Statistical Board, and for other purposes.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 33 minutes p. m.) the House adjourned until tomorrow, Tuesday, July 23, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

431. A letter from the Vice Chairman of the Federal Power Commission, transmitting three copies of the domestic and residential electric-energy rates in the States of Missouri, Oklahoma, and Nebraska on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

432. A letter from the Secretary of War, transmitting a draft of a bill to make provision for the care and treatment of members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and citizens' military training camps who are injured or contract disease while engaged in military training, and for other purposes; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KOCIALKOWSKI: Committee on Insular Affairs. H. R. 8621. A bill to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes; without amendment (Rept. No. 1555). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 305. Resolution providing for the consideration of H. R. 8870; without amendment (Rept. No. 1556). Referred to the House Calendar.

Mr. KLOEB: Committee on Foreign Affairs. H. R. 7125. A bill to prohibit the making of loans or the extension of credit to the government or national of any nation engaged in armed conflict, unless the United States is engaged in such conflict as an ally of such nation; without amendment (Rept. No. 1558). Referred to the House Calendar.

Mr. KOCIALKOWSKI: Committee on Insular Affairs. H. R. 8287. A bill to establish an assessed valuation real property tax in the Virgin Islands of the United States; without amendment (Rept. No. 1559). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETTENGILL: Committee on Interstate and Foreign Commerce. H. R. 3263. A bill to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4); with amendment (Rept. No. 1560). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8414. A bill to provide a preliminary examination of the Yakima River and its tributaries and the Walla Walla River and its tributaries in the State of Washington, with a view to the control of their floods; without amendment (Rept. No. 1561). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. H. R. 8631. A bill to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes; without amendment (Rept. No. 1562). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8694. A bill to provide a preliminary examination of Chickasawha River and its tributaries in the State of Mississippi, with a view to the control of their floods; with amendment (Rept. No. 1563). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. S. 203. An act to provide for a preliminary examination of the Connecticut River, with a view to the control of its floods and prevention of erosion of its banks in the State of Connecticut, and for other purposes; without amendment (Rept. No. 1564). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. S. 2930. An act to provide a preliminary examination of the Sammamish River, Wash., with a view to the control of its floods; without amendment (Rept. No. 1565). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. S. 2934. An act to provide a preliminary examination of the Duwamish River, Wash., with a view to control of its floods; without amendment (Rept. No. 1566). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLER: Committee on the Judiciary. H. R. 8875. A bill to clarify section 104 of the Revised Statutes (U. S. C., title II, sec. 194); without amendment (Rept. No. 1567). Referred to the House Calendar.

Mr. DUFFY of New York: Committee on the Judiciary. H. R. 8771. A bill to repeal titles I and II of the National Prohibition Act, to reenact certain provisions of title II thereof, to amend or repeal various liquor laws, and for other purposes; with amendment (Rept. No. 1601). Referred to the Committee of the Whole House on the state of the Union.

Mr. JOHNSON of Texas: Committee on Foreign Affairs. H. R. 8788. A bill to control the trade in arms, ammuni-

tion, and implements of war; with amendment (Rept. No. 1602). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. S. 2253. An act to make better provision for the government of the military and naval forces of the United States by the suppression of attempts to incite the members thereof to disobedience; with amendment (Rept. No. 1603). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 8758. A bill for the relief of Doris Allen; with amendment (Rept. No. 1557). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 686. A bill for the relief of John Collins; with amendment (Rept. No. 1568). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 762. A bill for the relief of Stanislaus Lipowicz; with amendment (Rept. No. 1569). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H. R. 2110. A bill for the relief of W. A. Harriman; with amendment (Rept. No. 1570). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. H. R. 2623. A bill for the relief of J. W. Hearn, Jr.; with amendment (Rept. No. 1571). Referred to the Committee of the Whole House.

Mr. GWYNNE: Committee on Claims. H. R. 2644. A bill for the relief of Krikor Haroutunian; with amendment (Rept. No. 1572). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 3152. A bill for the relief of Joseph Jochemczyk; with amendment (Rept. No. 1573). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 3160. A bill for the relief of Irene Magnuson and Oscar L. Magnuson, her husband; with amendment (Rept. No. 1574). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. H. R. 3281. A bill for the relief of Edna M. Callahan and Anna Scott; with amendment (Rept. No. 1575). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 4171. A bill for the relief of Look Hoon and Lau Hoon Leong; with amendment (Rept. No. 1576). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 4695. A bill for the relief of the Sterling Bronze Co.; with amendment (Rept. No. 1577). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 4725. A bill for the relief of Catherine Donnelly; with amendment (Rept. No. 1578). Referred to the Committee of the Whole House.

Mr. GWYNNE: Committee on Claims. H. R. 5404. A bill for the relief of Elmer Geske; with amendment (Rept. No. 1579). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 5642. A bill for the relief of John W. Barnum; with amendment (Rept. No. 1580). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 5755. A bill to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Joseph A. Rudy; with amendment (Rept. No. 1581). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5783. A bill for the relief of Homer H. Adams; with amendment (Rept. No. 1582). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 5826. A bill for the relief of the Mississippi Barge Corporation; with amendment (Rept. No. 1583). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 7001. A bill for the relief of Alice Markham Kavanaugh; with amendment (Rept. No. 1584). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 7107. A bill for the relief of Guiry Bros. Wall Paper & Paint Co.; with amendment (Rept. No. 1585). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 7253. A bill for the relief of James Murphy Morgan; with amendment (Rept. No. 1586). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 7282. A bill for the relief of certain claimants; with amendment (Rept. No. 1587). Referred to the Committee of the Whole House.

Mr. LUCAS: Committee on Claims. H. R. 7599. A bill for the relief of Norman C. Brady; with amendment (Rept. No. 1588). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 7668. A bill for the relief of certain persons whose cotton was destroyed by fire in the Ouachita Warehouse, Camden, Ark.; with amendment (Rept. No. 1589). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H. R. 8038. A bill for the relief of Edward C. Paxton; with amendment (Rept. No. 1590). Referred to the Committee of the Whole House

Mr. EVANS: Committee on Claims. H. R. 8069. A bill for the relief of Mr. and Mrs. A. S. Mull; with amendment (Rept. No. 1591). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 8088. A bill for the relief of Mrs. Nahwista Carr; with amendment (Rept. No. 1592). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. S. 427. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico; with amendment (Rept. No. 1593). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. S. 430. An act for the relief of Anna Hathaway; with amendment (Rept. No. 1594). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 1059. An act authorizing adjustment of the claim of Francis B. Kennedy; without amendment (Rept. No. 1595). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. S. 1084. An act for the relief of W. F. Lueders; without amendment (Rept. No. 1596). Referred to the Committee of the Whole House.

Mr. GWYNNE: Committee on Claims. S. 1146. An act for the relief of Michael Dalton; without amendment (Rept. No. 1597). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 1690. An act for the relief of R. G. Andis; without amendment (Rept. No. 1598). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2434. An act for the relief of George W. Hallowell, Jr.; with amendment (Rept. No. 1599). Referred to the Committee of the Whole House.

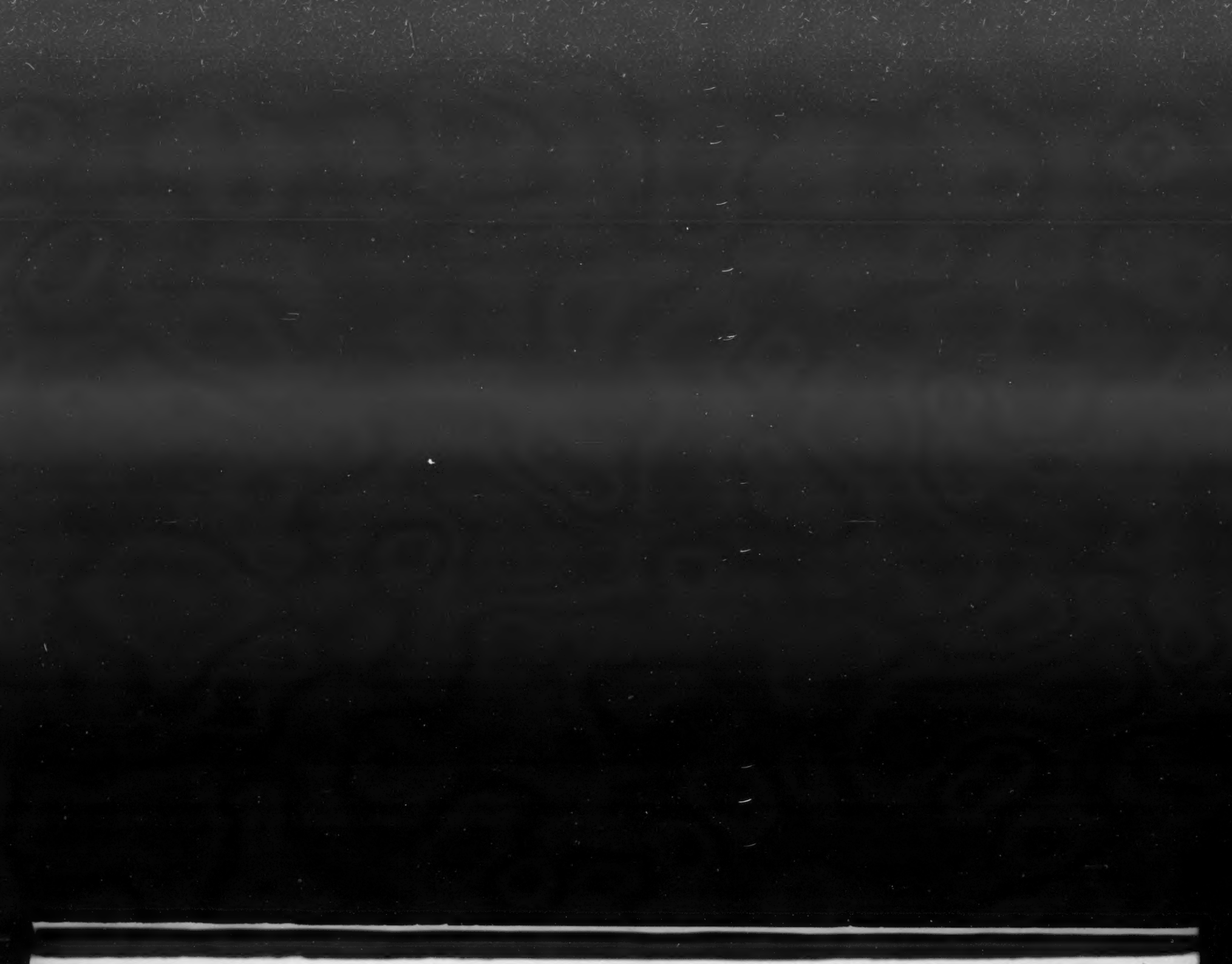
Mr. DALY: Committee on Claims. S. 2616. An act for the relief of the estate of Joseph Y. Underwood; without amendment (Rept. No. 1600). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 5417) for the relief of Harry S. Dyar; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 5904) granting a pension to Anna Dabney; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.



A bill (H. R. 6101) for the relief of D. W. F. Maloy; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 8650) for the relief of Joseph Hovey; Committee on Claims discharged, and referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES: A bill (H. R. 8914) to authorize the attendance of the Marine Band at the United Confederate Veterans' 1935 reunion at Amarillo, Tex.; to the Committee on Naval Affairs.

By Mr. KNUTSON: A bill (H. R. 8915) to repeal section 350 of the Tariff Act of 1930, as amended, and to terminate all foreign-trade agreements entered into thereunder; to the Committee on Ways and Means.

By Mr. O'CONNOR: A bill (H. R. 8916) making provisions in reference to personal-injury suits by seamen; to the Committee on Merchant Marine and Fisheries.

By Mr. PARKS: A bill (H. R. 8917) providing for the admission of certain graduates of recognized law schools to the bar of the District of Columbia; to the Committee on the District of Columbia.

By Mr. SIROVICH: A bill (H. R. 8918) providing for limitation of shipowners' liability; to the Committee on Merchant Marine and Fisheries.

By Mr. DIMOND: A bill (H. R. 8919) to authorize the incorporated town of Skagway, Alaska, to undertake certain municipal public works and for such purpose to issue bonds in any sum not exceeding $12,000, and for other purposes; to the Committee on the Territories.

By Mr. DISNEY: A bill (H. R. 8920) granting the consent of Congress to the several States to levy corporation license, franchise, or other similar taxes or fees, measured by the value of capital or capital stock employed or invested and/or the amount of business done, corporations engaged in interstate commerce within the taxing State; limiting the power to levy such taxes to the value of property and capital or value of capital stock owned or employed and/or business done by such corporations within the taxing State; and preventing double taxation; to the Committee on Ways and Means.

By Mr. McCORMACK: A bill (H. R. 8921) to provide for the licensing of importers of watches, watch movements, and watch parts; to protect the revenue; and for other purposes; to the Committee on Ways and Means.

By Mr. McGEHEE: A bill (H. R. 8922) authorizing the city of Natchez and the county of Adams, State of Mississippi, singly or jointly, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Natchez, State of Mississippi; to the Committee on Interstate and Foreign Commerce.

By Mr. BLAND: A bill (H. R. 8923) to amend the act of February 16, 1929, entitled "An act to amend the act entitled 'An act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Public Health Service', approved June 10, 1922, as amended"; to the Committee on Merchant Marine and Fisheries.

By Mr. HOEPPEL: A bill (H. R. 8924) to provide for payment of retired pay or pension for disability incurred in line of duty in the military or naval service of the United States; to the Committee on Military Affairs.

By Mrs. JENCKES of Indiana: A bill (H. R. 8925) granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River at or near La Fayette, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. FISH: A bill (H. R. 8926) to repeal reciprocal foreign-trade agreements and the authority to enter into them; to the Committee on Ways and Means.

By Mr. HOEPPEL: A bill (H. R. 8927) to protect the artistic and earning opportunities of American musicians, both vocal and instrumental, including orchestral conductors, in the United States of America; to the Committee on Immigration and Naturalization.

By Mr. CONNERY: Resolution (H. Res. 306) providing for the consideration of H. R. 7198, a bill to prevent the shipment in interstate commerce of certain articles and commodities in connection with which persons are employed more than 5 days per week or 6 hours per day, and prescribing certain conditions with respect to purchases and loans by the United States, and codes, agreements, and licenses under the National Recovery Act; to the Committee on Rules.

By Mr. PLUMLEY: Joint resolution (H. J. Res. 361) authorizing the issuance of a special postage stamp in honor of ex-President the late Calvin Coolidge; to the Committee on the Post Office and Post Roads.

By Mr. LEWIS of Maryland: Joint resolution (H. J. Res. 362) to authorize the selection of a site and the erection thereon of a suitable monument indicating the historical significance of the first entrance into the city of Washington of a steam railroad, and for other purposes; to the Committee on the Library.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H. R. 8928) for the relief of Antonnette Kara; to the Committee on War Claims.

By Mr. KIMBALL: A bill (H. R. 8929) granting an increase of pension to Phebe M. Temple; to the Committee on Invalid Pensions.

By Mr. McCLELLAN: A bill (H. R. 8930) for the relief of Joseph A. Urrey; to the Committee on Claims.

By Mr. McSWAIN: A bill (H. R. 8931) granting a pension to Marvin Yeargin; to the Committee on Pensions.

Also, a bill (H. R. 8932) for the relief of John S. Hemrick; to the Committee on Claims.

By Mr. MOTT: A bill (H. R. 8933) authorizing the President of the United States to present in the name of Congress a Medal of Honor to Merritt B. Huntley; to the Committee on Military Affairs.

By Mr. RANKIN: A bill (H. R. 8934) granting an increase of pension to Nancy E. Mullins; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9164. By Mr. COSTELLO: Resolution of California Senate and Assembly protesting issuance of additional tax-exempt securities; to the committee on Ways and Means.

9165. By Mr. HARLAN: Petition of 182 residents of the Third Ohio Congressional District, urging repeal of the Federal gasoline tax; to the Committee on Ways and Means.

9166. By Mr. KEE: Petition of R. H. Patterson and other citizens of White Sulphur Springs, W. Va., urging the Congress of the United States of America to eliminate the taxation of gasoline by the Federal Government; to the Committee on Ways and Means.

9167. By Mr. KRAMER: Resolution of Paradise Lodge, No. 74, Brotherhood Railroad Trainmen, Los Angeles, Calif., adopted at their meeting on July 16, heartily endorsing the passage of House bill 3263 for its reasonably fair provisions, etc.; to the Committee on Interstate and Foreign Commerce.

9168. Also, resolution of the Brotherhood of Railroad Trainmen, Pacific Electric Lodge, No. 912, Los Angeles, Calif., relative to the application of the fourth section of the Interstate Commerce Act, etc.; to the Committee on Interstate and Foreign Commerce.

9169. By Mr. PFEIFER: Petition of New York Local Master Mechanics and Foremen Association, Navy Yard, New York, concerning the 30-year-optional-retirement bills (S. 2463 and H. R. 135); to the Committee on the Civil Service.

9170. By Mr. RANSLEY: Memorial of the Philadelphia Board of Trade favoring the enactment of House bill 5845, regarding subversive activities in connection with the military and naval forces of the United States; to the Committee on Military Affairs.

9171. By Mr. TOLAN: Memorial of the Legislature of the State of California, requesting Congress to consider and enact such legislation and to propose such amendment or amendments to the Constitution to prevent the further exemption from taxation of any and all bonds issued by the Federal, State, and local governments; to the Committee on Ways and Means.

9172. By Mr. WELCH: Petition of California State Senate, Joint Resolution No. 21, relating to tax-exempt bonds, as adopted by the California Legislature on June 4, 1935; to the Committee on Ways and Means.

9173. By Mr. WHITE: Memorial of the Idaho State Legislature, urging that the Congress of the United States make sufficient appropriation for the continuance and necessary expansion of the purchase and better economic development of submarginal lands; to the Committee on the Public Lands.

SENATE

TUESDAY, JULY 23, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, July 22, 1935, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	La Follette	Pope
Ashurst	Davis	Logan	Radcliffe
Austin	Dickinson	Lonergan	Reynolds
Bachman	Donahey	Long	Robinson
Bailey	Duffy	McAdoo	Russell
Bankhead	Fletcher	McCarran	Schall
Barbour	Frazier	McGill	Schwellenbach
Barkley	George	McKellar	Shipstead
Black	Gerry	McNary	Smith
Bone	Gibson	Maloney	Steiwer
Borah	Glass	Metcalf	Thomas, Okla.
Brown	Gore	Minton	Townsend
Bulkley	Guffey	Moore	Trammell
Bulow	Hale	Murphy	Truman
Burke	Harrison	Murray	Tydings
Byrnes	Hastings	Neely	Vandenberg
Capper	Hatch	Norbeck	Van Nuys
Caraway	Hayden	Norris	Wagner
Carey	Holt	Nye	Walsh
Chavez	Johnson	O'Mahoney	Wheeler
Connally	Keyes	Overton	White
Coolidge	King	Pittman	

Mr. ROBINSON. I desire to announce that the Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

I wish further to announce that the Senator from Mississippi [Mr. BILBO], the Senator from Missouri [Mr. CLARK], the Senator from New York [Mr. COPELAND], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], and the Senator from Utah [Mr. THOMAS] are necessarily detained from the Senate.

Mr. CONNALLY. I wish to announce that my colleague the senior Senator from Texas [Mr. SHEPPARD] is necessarily absent.

Mr. VANDENBERG. I repeat the announcement that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent because of illness.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on the Judiciary:

Senate Joint Resolution 21

Whereas the exemption from taxation of bonds issued by the Federal, State, and local governments has progressed to such a point that there are now outstanding tax-exempt securities of this character amounting to the aggregate par value of approximately $45,000,000,000; and

Whereas such securities are owned and held by a very small percentage of the population of the country and there results a great and most unjust disproportion in the bearing of the cost of government as between the owners and holders of various types and classes of property; and

Whereas it is a fundamental principle of government that one group or class should not be favored as are the owners of these tax-exempt securities, and all persons enjoying the order and protection which government affords should share fairly equally and equitably in bearing the cost of government: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the legislature of this State hereby memorialize the President and Congress of the United States to consider and enact such legislation and to propose such amendment or amendments to the Constitution of the United States as may be found suitable and appropriate effectively to prevent the further exemption from taxation of any and all bonds and other evidences of indebtedness issued by the Federal, State, and local governments to the fullest extent that the President and the Congress may have power so to do, and that the Members of the Senate and of the House of Representatives from California are hereby urged and requested to use all honorable means in furtherance of the consideration and enactment of such legislation; and be it further

Resolved, That copies of this resolution be forthwith transmitted to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and the Members of the House and Senate from the State of California.

The VICE PRESIDENT also laid before the Senate petitions of several citizens of the States of New York and Pennsylvania, praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana (Mr. LONG and Mr. OVERTON), which were referred to the Committee on Privileges and Elections.

He also laid before the Senate a letter in the nature of a petition from Mrs. May Hanson, of Yreka, Calif., praying for the enactment of legislation providing for the immediate payment of the adjusted-service certificates of World War veterans, which, with the accompanying newspaper clippings, was ordered to lie on the table.

Mr. DAVIS presented a petition of the Philadelphia (Pa.) Board of Trade, praying for the enactment of House bill 4813, to counteract subversive activities by making it a crime to advocate or promote the overthrow of the Government of the United States by force or violence, which was referred to the Committee on Immigration.

He also presented a petition of the Philadelphia (Pa.) Board of Trade, praying for the prompt enactment of House bill 5845, to suppress attempted incitation of members of the military and naval forces of the United States to disobedience, disaffection, etc., which was referred to the Committee on Military Affairs.

TARIFF RATES ON SILK AND RAYON

Mr. BARBOUR. Mr. President, I present and ask unanimous consent to have printed in the RECORD and appropriately referred a brief filed by the Chamber of Commerce of Paterson, N. J., in opposition to any reduction by reciprocal trade agreements in the tariff rates on silk and rayon textiles.

There being no objection, the brief was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Brief on behalf of the Chamber of Commerce of Paterson, N. J., in the matter of the reciprocal trade negotiations, United States with France and its colonies, dependencies, and protectorates other than Morocco

JULY 17, 1935.

THOMAS WALKER PAGE,
Chairman Committee for Reciprocal Information,
United States Tariff Commission, Washington, D. C.

DEAR MR. CHAIRMAN: This memorandum brief is filed on behalf of the Chamber of Commerce of Paterson, N. J., and supplements the statement filed with your committee of June 21, 1935, in opposition to any reduction in the import-duty tariff rates on silk and rayon textiles.

The Chamber of Commerce of Paterson, hereinafter referred to as the "chamber of commerce", was incorporated under the laws of the State of New Jersey in the year 1908 under the name of

Board of Trade of Paterson. In 1914 the name was changed from the Board of Trade of Paterson to that of the Chamber of Commerce of Paterson. It is an association of over 650 persons interested in the welfare and development of the city of Paterson as a whole, and particularly that section of northern New Jersey which consists of Passaic and Bergen Counties, known as the "Paterson industrial district", hereinafter referred to as the "Paterson district", which includes 811 manufacturing establishments engaged in weaving of jacquard and plain fabrics, dyeing, and finishing and throwing and employing about 16,000 people.

The chamber of commerce operates under the direction of a board of directors, hereinafter referred to as the "board." The personnel of the board is elected by the members of the chamber of commerce to represent them. The action of a quorum of the board is an official action of the chamber of commerce. It is under the direction of the board that action was taken in the matter at issue.

The Paterson district is of great importance in the industrial and commercial interests of the State of New Jersey and the Nation. The value of the silk and rayon industry alone in the Paterson district is shown by the following table:

Industries, Jan. 1, 1935—Silk and rayon

	City of Paterson	Paterson industrial district	Total
Number of manufacturing establishments engaged in weaving of plain, jacquard, ribbons, hatbands, and labels	645	32	677
Number of manufacturing establishments engaged in dyeing, printing, and finishing	88	20	108
Number of manufacturing establishments engaged in throwing	24	2	26
Approximate number of employees engaged at the present time in all of the branches of the silk and rayon industry	11,500	4,500	16,000
Population (1930 census)	138,513	528,593	667,106

PATERSON THE CHIEF CENTER OF THE SILK INDUSTRY

The Paterson district is recognized throughout the country as the chief center of manufacturing and finishing of silk and rayon fabrics. Every silk process, with the exception of reeling of raw silk from the cocoon, is carried on in Paterson—throwing, winding, warping, broad silk weaving, ribbon weaving, jacquard weaving, hatband weaving, label weaving, hosiery knitting, piece and skein dyeing, printing, and finishing.

OPERATIONS OF THE SILK AND RAYON INDUSTRY AT THE PRESENT TIME

At the present time only 22 percent of all silk and rayon looms are operating in this country.

In the Paterson district the silk and rayon industry is operating as follows:

	Percent
Plain-goods weaving	25
Jacquard weaving	35
Ribbon weaving	50
Hatband weaving	50
Label weaving	50
Dyeing, printing, and finishing	22
Throwing	25

The estimated unemployed help in the weaving of plain, jacquard, ribbon, hatband, and lebal fabrics is approximately 6,500. This figure is a conservative one and has been supplied to us by the American Federation of Textile Workers in this district. In the dyeing, printing, and finishing industry there are approximately between 20,000 to 22,000 employees. However, there is work at the present time for only 7,000.

The chamber of commerce wishes to make an exception to the brief filed by the "National Federation of Textiles, Inc.", on page 9, second paragraph, which reads, "therefore it is our conviction that a reasonable decrease in duty would not of itself be a factor in increasing the volume of imports from France." The chamber of commerce is of the conviction and belief that any reduction in the import duty rates from France would retard recovery in the silk and rayon industry and create chaos, resulting in additional unemployment of a large number of workers.

CONCLUSION

The chamber of commerce wishes to register its opposition to any reduction in the import tariff duty rates on silk and rayon textiles from France. The entire textile industry of the country is only operating 22 percent and in the Paterson district approximately 37 percent. There are thousands of skilled unemployed people walking the streets of the city of Paterson and the Paterson district who are on the relief roll.

This matter is of such a serious nature that should any curtailment of the present operation of the textile industry occur, it will mean the ruination of the silk industry in this area, and will add additional unemployed workers to the relief roll.

The cost of carrying this relief is so stupendous that efforts should be made to decrease rather than increase this burden.

The chamber of commerce strenuously opposes the lowering by the United States Government of import tariff duty rates on silk and rayon fabrics with conditions of unemployment as they exist today in this area.

In view of the above facts we pray that no reduction be made in the import tariff duty rates on silk and rayon textiles.

PATERSON CHAMBER OF COMMERCE,
JAMES WILSON, *President.*
JOHN J. FITZGERALD, *Secretary.*

REPORT OF A COMMITTEE

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 3016) for the relief of E. Sullivan, reported it without amendment and submitted a report (No. 1148) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, July 23, 1935, that committee presented to the President of the United States the following enrolled bills:

S. 1309. An act to amend section 114 of the Judicial Code to provide for terms of district court for the western district of Wisconsin to be held at Wausau, Wis., and for other purposes;

S. 2326. An act to authorize the Secretary of War to sell to the Eagle Pass & Piedras Negras Bridge Co. a portion of the Eagle Pass Military Reservation, Tex., and for other purposes; and

S. 2965. An act to amend the Hawaiian Homes Commission Act of 1920.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 3305) granting a pension to Modie A. Quick; to the Committee on Pensions.

By Mr. WAGNER:

A bill (S. 3306) granting a pension and relief to Mary H. Denison; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

A bill (S. 3307) for the relief of W. H. Humphreys; to the Committee on Claims.

A bill (S. 3308) granting a pension to Bruce J. Massey; to the Committee on Finance.

THE BANKING SYSTEM—AMENDMENTS

Mr. LA FOLLETTE submitted three amendments intended to be proposed by him to the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, which were ordered to lie on the table and to be printed.

REVISION OF COPYRIGHT ACT—AMENDMENT

Mr. VANDENBERG. Several days ago I submitted an amendment which I intend to offer to the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes. The amendment has been rewritten. I ask unanimous consent that in the perfected form it may be printed and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. DUFFY submitted an amendment intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 7, line 21, strike out "$2,000" and insert in lieu thereof "$4,000"; and on the same page, in line 22, to strike out "$100,000" and insert in lieu thereof "$300,000."

PROPOSED FINAL ADJOURNMENT

Mr. HASTINGS. I ask unanimous consent to submit a concurrent resolution, and that it be printed and lie on the table.

The VICE PRESIDENT. Without objection, the resolution will be received, printed, and lie on the table.

The concurrent resolution (S. Con. Res. 21) is as follows:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall adjourn on Saturday, the 10th day of August 1935, and that when they adjourn on said day they stand adjourned sine die.

THE AIR MAIL SERVICE—CONFERENCE REPORT

Mr. McKELLAR. I submit a conference report on the air mail bill, which I ask may lie on the table.

The VICE PRESIDENT. The report will be received and lie on the table.

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6511) to amend the air-mail laws, and to authorize the extension of the Air Mail Service, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That subsection (a) of section 3 of the Act entitled 'An Act to revise air-mail laws, and to establish a commission to make a report to the Congress recommending an aviation policy', approved June 12, 1934, as amended (48 Stat. 933, 1243), is amended to read as follows:

"'SEC. 3. (a) The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for initial periods of not exceeding three years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile: *Provided*, That where the Postmaster General holds that a low bidder is not responsible or qualified under this Act, such bidder shall have the right to appeal to the Comptroller General, who shall speedily determine the issue, and his decision shall be final: *Provided further*, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 33⅓ cents per airplane-mile for transporting a mail load not exceeding three hundred pounds. Payment for transportation shall be at the base rate fixed in the contract for the first three hundred pounds of mail or fraction thereof plus one-tenth of such base rate for each additional one hundred pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile.'

"SEC. 2. Subsection (c) of section 3 of such Act is amended to read as follows:

"'(c) If, in the opinion of the Postmaster General, the public interest requires it, he may grant extensions of any route: *Provided*, That the aggregate mileage of all such extensions on any route in effect at one time shall not exceed two hundred and fifty miles, and that the rate of pay for such extensions shall not be in excess of the rate per mile fixed for the service thus extended.'

"SEC. 3. The first sentence of subsection (d) of section 3 of such Act is amended to read as follows:

"'The Postmaster General may designate certain routes as primary or as secondary routes. He shall designate as primary routes at least three transcontinental routes, with such termini as he may deem advisable, and, in addition thereto, such other routes as he may consider in the public interest, but no route less than seven hundred and fifty miles in length shall be designated as a primary route: *Provided*, That the present routes from Seattle to San Diego and from Newark (or New York, as the case may be) to Miami, Florida, may be held and regarded as other than primary routes: *Provided further*, That the Southern Transcontinental Route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles, shall be designated as a primary route.'

"SEC. 4. Subsection (f) of section 3 of such Act is amended to read as follows:

"'(f) The Postmaster General shall not award contracts for air-mail routes or extend such routes in excess of an aggregate of thirty-two thousand miles, and shall not pay for air-mail transportation on such routes and extensions in excess of an annual aggregate of forty-five million airplane-miles. Subject to the foregoing, the Postmaster General shall prescribe the number and frequency of schedules, intermediate regular stops, and time of departure of all planes carrying air mail, with due regard for the volume of mail carried over each route and for connecting schedules, and he may, under such regulations as he may prescribe, authorize and, notwithstanding any other provisions of this Act, compensate for a special schedule or an extra or emergency trip in addition to any regular schedule over air-mail routes or portions thereof at the same mileage rate paid for regular schedules on the contract route or routes, or at a lesser rate if agreed to by the contractor and the Postmaster General, and he may utilize therefor any scheduled passenger or express flight of the contractor between the terminal points or over a portion of any route whenever the needs of the service may so require: *Provided*, That the Postmaster General may, upon application by an air-mail contractor, authorize said contractor for his own convenience to transport air mail on any nonmail schedule or plane, with the understanding that the weights of mail so transported will be credited to regular mail schedules and no mileage compensation will be claimed therefor and the miles flown in such cases will not be computed in the annual aggregate of flown mileage authorized under this section.'

"SEC. 5. Subsection (a) of section 6 of such Act is amended to read as follows:

"'SEC. 6. (a) The Interstate Commerce Commission is hereby empowered and directed, after notice and hearing, to fix and determine by order, as soon as practicable and from time to time, the fair and reasonable rates of compensation within the limitations of this Act for the transportation of air mail by airplane and the service connected therewith over each air-mail route, and over each section thereof covered by a separate contract, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates of compensation, and to publish the same, which shall continue in force until changed by the said Commission after due notice and hearing, and so much of subsection (g) of section 3 of this Act as is in conflict with this section is hereby repealed.'

"SEC. 6. Subsection (e) of section 6 of such Act is amended by adding at the end thereof the following:

"'In arriving at such determination the Commission shall disregard losses resulting, in the opinion of the Commission, from the unprofitable maintenance of nonmail schedules, in cases where the Commission may find that the gross receipts from such schedules fail to meet the additional operating expense occasioned thereby. In fixing and determining such rates, if it shall be contended or alleged by the holder of an air-mail contract that the rate of compensation in force for the service involved is insufficient, the burden of establishing such insufficiency and the extent thereof shall be assumed by him. In no case shall the rates fixed and determined by the said Commission hereunder exceed the limits prescribed in section 3 (a) of this Act.

"'The Commission is hereby authorized and directed, after having made a full and complete examination and audit of the books, and after having examined and carefully scrutinized all expenditures and purported expenditures, of the holders of the contracts hereinafter referred to, for goods, lands, commodities, and services, in order to determine whether or not such expenditures were fair and just, and were not improper, excessive, or collusive, in the cases of the eight air-mail contracts which are allowed, by a previous report of the Commission, the rate of 33⅓ cents per mile, under the provisions of the Act of June 12, 1934, on routes Numbered 7, 12, 13, 14, 19, 25, 27, and 32, and the Commission shall make a report to the Congress, not later than January 15, 1936, whether or not, in its judgment, a fair and reasonable rate of compensation on each of said eight contracts, under the other provisions and conditions of said Act, as herein amended, is in excess of 33⅓ cents per mile; together with full facts and reasons in detail why it recommends for or against any claim for increase.'

"SEC. 7. Subsection (b) of section 6 of such Act is amended to read as follows:

"'(b) The Interstate Commerce Commission is hereby directed at least once in each calendar year from the date of the award of any contract to examine the books, accounts, contracts, and entire business records of the holder of each air-mail contract, and to review the rates of compensation being paid to such holder in order to be assured that no unreasonable profit is being derived or accruing therefrom, and in order to fix just rates. In determining what may constitute an unreasonable profit the said Commission shall take into consideration the income derived from the operation of airplanes over the routes affected, and in addition to the requirements of section 3 (f) of this Act, shall take into consideration all forms of expenditures of said companies in order to ascertain whether or not the expenditures have been upon a fair and reasonable basis on the part of said company and whether or not the said company has paid more than a fair and reasonable market value for the purchase or rent of planes, engines, or any other types or kind, or class, or goods, or services, including spare parts of all kinds, and whether or not the air-mail contracting company has purchased or rented any kind of goods, commodities, or services from any individuals who own stock in or are connected with the said contracting companies or has purchased such goods and services from any company or corporations in which any of the individuals employed by or owning stock in the air-mail contracting company have any interest or from which such purchase or rents any of the employees or stockholders of air-mail contracting companies would be directly or indirectly benefited. Within thirty days after a decision has been reached upon such review by the Interstate Commerce Commission touching such profit a full report thereof shall be made to the Postmaster General, to the Secretary of the United States Senate, and to the Clerk of the House of Representatives.'

"SEC. 8. The first sentence of subsection (c) of section 6 of such Act is amended to read as follows:

"'Any contract (1) let, extended, or assigned pursuant to the provisions of this Act, and in full force and effect on March 1, 1935, or (2) which may be let subsequent to such date pursuant to the provisions of this Act and shall have been satisfactorily performed by the contractor during its full intial period, shall, from and after such date, or from and after the termination of its initial period, as the case may be, be continued in effect for an indefinite period, and compensation therefor, on and after March 1, 1935, during such period of indefinite continuance, shall be paid at the rate fixed by order of the Commission under this Act, subject to such additional conditions and terms as the Commission may prescribe, upon recommendation of the Postmaster General, which shall be consistent with the requirements and limitations contained in section 1 of this Act; but any contract so continued in effect may be terminated by the Commission upon sixty

days' notice, upon such hearing and notice thereof to interested parties as the Commission may determine to be reasonable; and may also be terminated, in whole or in part, by mutual agreement of the Postmaster General and the contractor, or for cause by the contractor upon sixty days' notice.'

"SEC. 9. Subsection (d) of section 7 of such Act is amended to read as follows:

"'(d) No person shall be qualified to enter upon the performance of or thereafter to hold an air-mail contract (1) if, at or after the time specified for the commencement of mail transportation under such contract, such person is (or, if a partnership, association, or corporation, has a member, officer, or director, or an employee performing general managerial duties, that is) an individual who has theretofore entered into any unlawful combination to prevent the making of any bids for carrying the mails: *Provided*, That whenever required by the Postmaster General or Interstate Commerce Commission the bidder shall submit an affidavit executed by the bidder, or by such of its officers, directors, or general managerial employees as the Postmaster General or Interstate Commerce Commission may designate, sworn to before an officer authorized and empowered to administer oaths, stating in such affidavit that the affiant has not entered nor proposed to enter into any combination to prevent the making of any bid for carrying the mails, nor made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person to bid or not to bid for any mail contract, or (2) if it pays any officer, director, or regular employee compensation in any form, whether as salary, bonus, commission, or otherwise, at a rate exceeding $17,500 per year for full time: *Provided further*, That it shall be unlawful for any such officer or regular employee to draw a salary of more than $17,500 per year from any air-mail contractor, or a salary from any other company if such salary from any company makes his total compensation more than $17,500 per year.'

"SEC. 10. Section 10 of such act is amended to read as follows:

"'SEC. 10 All persons holding air-mail contracts shall be required to keep their books, records, and accounts under such regulations as may be promulgated by the Postmaster General, and he is hereby authorized, if and when he deems it advisable to do so, to examine and audit the books, records, and accounts of such contractors, and to require such contractors to submit full financial reports in such form and under such regulations as he may prescribe.

"'Whenever an audit of the books, records, or accounts of any air-mail contractor is made by the auditors of the Interstate Commerce Commission, a full and complete report thereof shall be made to the Post Office Department within 30 days, and that report shall contain all instances in which the contractor has failed to comply with any of the provisions of the uniform system of accounts prescribed by the Post Office Department, and the Postmaster General shall, upon request, have at all times access to the records and reports of the Commission concerning air mail and air-mail contracts. There is authorized to be used from the appropriations for Contract Air Mail Service for the fiscal year ending June 30, 1936, a sum not in excess of $25,000 for the purpose of auditing the books and records of air-mail contractors by the Post Office Department.'

"SEC. 11. Section 13 of such Act is amended to read as follows:

"'SEC. 13. It shall be a condition upon the holding of any air-mail contract that the rate of compensation and the working conditions and relations for all pilots and other employees of the holder of such contract shall conform to decisions heretofore or hereafter made by the National Labor Board, or its successor in authority, notwithstanding any limitation as to the period of its effectiveness included in any such decision heretofore rendered. This section shall not be construed as restricting the right of any such employees by collective bargaining to obtain higher rates of compensation or more favorable working conditions and relations.'

"SEC. 12. Section 15, as amended, of such Act is amended to read as follows:

"'SEC. 15. After June 30, 1935, no person holding a contract or contracts for carrying air mail on a primary route shall be awarded or hold any contract for carrying air mail on any other primary route, nor on more than three additional routes other than primary routes. In case one person holds several contracts covering different sections of one air-mail route as designated by the Postmaster General, such several contracts shall be counted as one contract for the purpose of the preceding sentence. It shall be unlawful for air-mail contractors, competing in parallel routes, to merge or to enter into any agreement, express or implied, which may result in common control or ownership. After June 30, 1935, no air-mail contractor shall be allowed to maintain passenger or express service off the line of his air-mail route which in any way competes with passenger or express service available upon another air-mail route, except that off-line competitive service which has been regularly maintained for at least four months next preceding July 1, 1935, and such seasonal schedules as may have been regularly maintained during the year prior to July 1, 1935, may be continued if restricted to the number of schedules and to the stops scheduled and in effect during such period or season.

"'Upon application of the Postmaster General or of any interested air-mail contractor, setting forth that the general transport business or earnings upon an air-mail route are being adversely affected by any alleged unfair practice of another air-mail contractor, or by any competitive air-transport service supplied by an air-mail contractor other than that supplied by him on the line of his prescribed air-mail route, or by any service inaugurated by him after March 1, 1935, through the scheduling of competitive nonmail flights over an air-mail route, the Interstate Commerce Commission shall, after giving reasonable notice to the air-mail contractor complained of, inquire fully into the subject matter of the allegations; and if the Commission shall find such practice or competition or any part thereof to be unfair, or that such competitive service in whole or in part is not reasonably required in the interest of public convenience and necessity, and if the Commission shall further find that in either case the receipts or expenses of an air-mail contractor are so affected thereby as to tend to increase the cost of air-mail transportation, then it shall order such practice or competitive service, or both, as the case may be, discontinued or restricted in accordance with such findings, and the respondent air-mail contractor named in the order shall comply therewith within a reasonable time to be fixed in such order. The compensation of any air-mail contractor shall be withheld during any period that it continues to violate any order of the Commission or any provision of this Act.'

"SEC. 13. Section 6 of such act is hereby amended by adding at the end thereof a new subsection to read as follows:

"'(f) Each holder of an air-mail contract shall file with the Interstate Commerce Commission, in such form as the Commission shall require, on July 1 and January 1 of each year, a full statement of all free transportation hereafter furnished during the preceding semiannual period to any persons, including in each case the regular tariff value thereof, the name and address of the donee, and a statement of the reason for furnishing such free transportation.'"

And the Senate agree to the same.

KENNETH MCKELLAR,
CARL HAYDEN,
THOMAS D. SCHALL,
Managers on the part of the Senate.

JAMES M. MEAD,
W. P. BRUNNER,
DONALD C. DOBBINS,
PHILIP A. GOODWIN,
Managers on the part of the House.

Mr. MCKELLAR. I ask that a statement relative to the bill and report on the part of the Senate conferees may also be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT

The committee of conference on the disagreeing votes of the two Houses on H. R. 6511, having met and considered all the differences, have agreed upon a conference report, which is herewith filed, and this statement is made on the part of the Senate conferees as to the important changes in said bill.

Section 1 of the amended bill is the same as section 3 (a) of the present law, with the exception that the Postmaster General is authorized to award contracts for an additional period of not exceeding 3 years instead of 1 year. This section, however, must be taken in connection with section 6 of the bill, which provides that the Interstate Commerce Commission shall examine fully into the books and accounts and effects of eight of the air-mail companies which were awarded the highest rate provided under the law—33⅓ cents—in order to ascertain whether or not in the opinion of the Commission a rate in excess of said sum of 33⅓ cents may be allowed any one of the 12 companies now receiving the 33⅓ cents.

In other words, the basic pay of 33⅓ cents remains in full force, but after examining the books and accounts of the eight companies now receiving the maximum, the Commission is allowed, under the terms of the bill, to report on January 15, 1936, whether or not any of them, in the opinion of the Commission, should have a larger sum and requiring the Commission to give its reasons therefor.

Section 2 of the bill provides that an extension may be made of 250 miles instead of 100 miles now allowed under the present law.

Section 3 of the bill makes a number of changes. It provides for only three primary routes instead of four, as provided by law. It allows the Postmaster General to designate as a primary route any routes that, in his opinion, should be so designated, provided it is not less than 750 miles in length.

This section also changes the law by permitting the Pacific Coast Line from Seattle to San Diego to be considered as a secondary route.

Also it provides that the route from New York, or Newark, to Miami, Fla., be regarded as a secondary route.

It provides further that the southern transcontinental route from Boston via New York, or Newark and Washington to Los Angeles shall be designated as a primary route.

Section 4 of the bill fixes the rates and schedules, and duties of the Postmaster General in respect thereto.

Section 5 improves the present law by directing the Interstate Commerce Commission to examine into the affairs of the air-mail companies, and it is the same as the Senate bill heretofore passed.

Section 6 has to do with the fixing of rates, and the added section heretofore referred to provides that the Interstate Commerce Commission shall report on January 15, 1936, on routes now receiving the maximum.

Section 7 fixes the rules under which the rates shall be ascertained.

Section 8 is substantially the same as the Senate amendment with the agreement as to the method by which the contract may be terminated.

Section 9 is substantially the same as the Senate text with the word "directors" on page 9, stricken out.

Section 10 requires that the Postmaster General may also examine into the books and accounts of the companies and furnishing the means therefor.

Section 11 is the Senate amendment on that subject.

Section 12 is the House text with amendments.

Section 13 requests a full statement of all free transportation furnished by the several companies.

INTERNATIONAL CHAOS—ADDRESS BY SENATOR PITTMAN

Mr. BORAH. Mr. President, on the 18th of this month the Chairman of the Committee on Foreign Relations of the Senate, the senior Senator from Nevada [Mr. PITTMAN], delivered an addreess over the radio on the subject "International Chaos." The address was not only timely, but exceedingly able, and I ask that it be printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience: Chaos darkens the earth and drives to insanity the bewildered, dazed, and distracted peoples of the world. Great governments have fallen and dictators have usurped power. The rights and liberties of peoples, earned through ages of suffering and bloodshed, have been ruthlessly torn from them. The economic systems of governments have been debased and discredited. The wealth of nations has been plundered and the people impoverished. Fear, hatred, ambition, and greed are becoming rapidly motivating influences in many powerful governments.

No such universal, selfish nationalism is recorded in history. Governments are using every scheme and device to destroy the trade of other friendly governments. Tariffs, quotas, and secret understandings are not used alone, but the money of the people is manipulated, debased, and depreciated, and used as an instrument of destruction rather than for prosperity.

These are things that we cannot blind ourselves to, and must consider in determining if there is to be peace; and, if there is not to be peace, then how we may best protect our own citizens and their rights and liberties.

This chaotic condition undoubtedly received its impetus from the World War, but it did not improve with peace, and has steadily grown more acute. This is strange and discouraging to a civilized and peace-loving people because during a period of 40 years prior to the World War comparative peace existed. There was stability in money and in government, and safety and happiness in travel and trade—a rapid growth in the arts, sciences, and literature. The spirit of God and Christianity was reaching the uttermost parts of the earth.

Then an archduke in a remote province of Europe was assassinated by a common fanatic, and immediately a large part of the world was dragged into the bloodiest and most disastrous war of all times. The youth and manhood of great civilized countries, upon whom the future depended, were debauched, shattered, and destroyed, and when it ended, through exhaustion, the world lay broken, helpless, and remorseful. No good, no lasting benefit had been accomplished.

Woodrow Wilson, the great statesman and humanitarian, the leader of the most progressive and peaceful people on earth, courageously and unselfishly took the initiative in an attempt to establish a law of reason and justice throughout the world as a substitute for physical power and war. No higher ideal was ever conceived, nor more selfishly trifled with, and abandoned. The League of Nations may have accomplished much, but it has utterly failed to eliminate war and preparations for war.

There is a growing tendency on the part of some powerful governments to construe solemn treaties as but scraps of paper when they interfere with their ambitions, craze for conquest and greed for money, or stand in the way of a panic of fear.

Not alone has the Versailles Treaty, carrying the League of Nations, been manipulated, ignored, and flouted, but other solemn treaties to which we are parties, intended to outlaw war and guarantee a protection of the governments, territories, and liberties of the weaker peoples, likewise are being treated with contempt, and brazenly and brutally violated. Great governments, parties to these treaties, solemnly pledged their honor that they would not commit these acts of violation and that they would meet together for the purpose of considering the situation and advise as to a course of action that would amicably settle any disputes that might be attributed as a cause for armed conflict.

The most discouraging and distressing result of these treaties is not alone that some powerful governments have ruthlessly disregarded them, but that other governments, solemnly bound thereby, find their own circumstances and conditions of the world such that they seem to fear even to speak forth frankly. Our Government and other governments in these cases have, it is true, indicated their disapproval. These mild protests seem to have no effect.

What more should we do? What more can we safely do? If we cannot do more, then the question is impressed on our minds as to whether a treaty is an instrument of safety or of danger. We hear little of the law of right, much of the law of might. Nearly every great government is preparing for war. Powerful governments are playing the game of diplomatic intrigue to win alliances with powerful groups that can conquer. The game is constantly shifting under our very eyes. What the final alinement may be, one may but guess. In any event, it is preparation for another world war. The result is inevitable: The weak will be attacked and conquered.

And where is our position in this great impending cataclysm? We still believe intensely in the outlawry of war, but we will not resort to war to enforce these treaties. We hold firmly to the justice and wisdom of the treaties of Washington, and, yet, it must be evident that these treaties cannot be enforced unless the innocent governments, parties to such treaties, are willing to cooperate to any end that may be necessary to enforce obedience to such treaties. This means an alliance of force.

I think I may safely say that the people of our country at the present time are unalterably opposed to any alliance with any other government that carries with it any intent to use force. Our Government in the past has boldly and individually pronounced doctrines protecting the rights and liberties of our citizens to travel and trade on the high seas of the world, and to have every freedom and protection granted to the nationals of any other government.

We have gone even further, through the pronouncement of the Monroe Doctrine, to declare that the republics in South and Central America are entitled to, and that we would protect them in, their independence and freedom. This doctrine has been changed. Through the pronouncement of doctrines of Woodrow Wilson and Franklin D. Roosevelt we have declared the doctrine of nonintervention. We have declared the doctrine of nonconquest, and we have been rapidly restoring the governments and territories to those whom we temporarily dispossessed in the Spanish-American War.

Our policies and doctrines, however, do not appear to be in accord with the policies and doctrines of conquest and governmental and territorial expansion being indulged by other great and powerful nations.

If there shall be political and military alliances between great naval powers of the world we will be faced with a serious problem in our effort to protect the rights of our citizens beyond the borders of our country. Impossible as it may seem, there might be a serious threat even against the safety of our own Government and the lives and property of its citizens within our borders. We are the strongest individual country in the world, and yet we can conceive of a combination of other governments, actuated by ambition or hatred or greed, that might strain every effort of our Government and our people over long years in defense of our country and its citizens, accompanied with tremendous loss of life and property.

I freely confess that I do not believe these things will happen, and yet I believe that it is the duty of any representative of a people to speak frankly as what may, in his opinion, be the possibilities.

Let me repeat that our Government since the war has done more for the limitation of armaments and on behalf of every move looking to removal of causes of war than any other government. It must be remembered that nothing can be accomplished toward limitation of armaments or preparations for war without the sincere cooperation of the powerful governments of the world. These governments repulse any such cooperation. We are ready and willing—indeed, long for such cooperation.

There are bandits, both private and public, who disregard all law and who are bereft of every sense of justice, in our country and in other countries. We protect our citizens at home against local bandits with our police force, and we must protect against the attacks of outside bandits, whether they be public or private, with our Navy and our Army; at least, until the spirit of war and conquest which now dominates the earth is abated and the spirit of peace and justice is restored.

SILVER PURCHASE ACT OF 1934—INTERVIEW WITH SENATOR PITTMAN

Mr. KING. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an important statement by the Senator from Nevada [Mr. PITTMAN] with regard to the Silver Purchase Act and its effects upon the price of silver. The statement appeared in the Wall Street Journal of Tuesday, July 23, 1935.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, New York, Tuesday, July 23, 1935]

PITTMAN AGAINST NEW SILVER MOVE AS UNWISE AND A BREACH OF PROMISE—SAYS 50-PERCENT PROFITS TAX WAS COMPROMISE WITH PRESIDENT—PRICE UPRUSH MIGHT DEFEAT OBJECTIVE

By Alfred F. Flynn

WASHINGTON.—The 50-percent silver profits tax in the Silver Purchase Act of 1934 was enacted as a compromise between the silver bloc in Congress and President Roosevelt, and any move to repeal it without administration consent is a direct breach of the compromise which resulted in mandatory silver purchase legislation, Senator KEY PITTMAN (Democrat, Nevada) told the Wall Street Journal Monday.

The Senator explains he would be compelled to vote against repealing the tax for those reasons.

Senator PITTMAN also contends that, while he would like to see silver immediately reach $1.29, there are other phases of the silver policy which must be taken into consideration, including the effect of such a price on the chances for a currency stabilization agreement with foreign nations.

CLOSE TO ADMINISTRATION

Senator PITTMAN, a veteran silverite, is considered by his colleagues the closest Member of either House of Congress to the administration on silver matters. He has taken no part in recent moves on Capitol Hill to harass the administration into more aggressive action. It is understood in congressional quarters that without Senator PITTMAN behind legislation relating to silver, there is little chance for such legislation.

Senator PITTMAN talked with Senator THOMAS (Democrat, Oklahoma) about a petition submitted to President Roosevelt demanding speedier silver action, but did not sign it because he did not see that it would accomplish anything, and because of the agreement with President Roosevelt. He stated he was satisfied that the Treasury was carrying out the silver program successfully and in the spirit in which it was intended when enacted.

ULTIMATE GOAL

Asked what he thought would be the ultimate goal under the present silver program, Senator PITTMAN said:

"As I have stated before, it is my opinion that inevitably silver will go to $1.29 an ounce, which is the limit at which the President is directed to purchase.

"The act requires the President to purchase silver until one-quarter of the monetary stocks are in silver. This should require the purchase, under present estimates, of approximately 2,000,000,000 ounces of silver. As I have contended in every speech, the silver experts now indicate the transactions under the act so far seem to prove that not to exceed 1,000,000,000 ounces can be purchased under the $1.29 an ounce price.

"The Treasury Department, under the act, has purchased an average of 50,000,000 ounces a month.

"This is the most that any of the bills ever introduced in the Senate required of the Treasury Department. These bills, of course, did not pass.

"The price of silver has risen over 25 percent, and about one-quarter of the silver required to be purchased has been purchased to date.

"While the world price of silver is below 68 cents an ounce, the price for American-produced silver is over 76 cents an ounce. Naturally, it would be in the interest of the American producer to have silver placed at $1.29, and, coming as I do from a producing State, it would be very agreeable to me. On the other hand, the primary object of the act is to restore our monetary silver resources.

"All the silver we are buying must be bought abroad, because the small production in the United States is being coined under President Roosevelt's proclamation based on the London agreement.

"EFFECT ON PURCHASES

"If the Treasury should bid up the price of silver to $1.29, foreigners would make the profit instead of the United States Government, and this Government would acquire the silver much more slowly. Also, a sudden rise in the price of silver to $1.29 an ounce would disrupt the currency systems of China, Indian, and Mexico. It would result in melting up of silver coins in those countries and the sale of the metal as bullion because the value would be greater in the form of bullion than in the form of coins. If, on the other hand, there is a steady and orderly rise in silver as has been the case under the act in the past, foreign governments would have an opportunity to remint their coins on a lower parity basis with their currency, and thus avoid the destruction of their silver currency.

"The Treasury Department only recently broke a bear raid in silver and taught the silver bears throughout the world a lesson they will remember.

"OUR AIM

"Of course if we force countries to abandon silver as a money we will defeat our own objective. We desire the return of all governments to a stabilized currency based on a metallic reserve, that is, on both gold and silver. To force other nations into managed currency systems and abandonment of metallic bases will make far more difficult the accomplishment of our own ultimate purpose, and in any event bring long delay.

"I see nothing to be gained by entering into theoretical debates even with distinguished ancient professors and economists. We are faced with the administration of a mandatory law which is working out for the best interest of the United States."

[The Silver Purchase Act has two goals—first to buy silver until one quarter of the nation's monetary stocks are in silver, or second, to raise the price to $1.29. When either goal is reached, and so long as either goal is maintained, the other does not matter. On the basis of present gold holdings, one-quarter as much silver in value would be about 2,000,000,000 ounces. However, all available information seems to indicate that even by buying carefully as it has been doing the Treasury will not be able to get more than 1,000,000,000 ounces under the $1.29 an ounce price which is the limit at which the President is directed to purchase.—Editor's note.]

GOOD NEIGHBOR POLICY IN THE CARIBBEAN—ADDRESS BY SUMNER WELLES

Mr. COSTIGAN. Mr. President, on July 2, 1935, Hon. Sumner Welles, Assistant Secretary of State, delivered an address before the Ninth Annual Session of the Institute of Public Affairs, University of Virginia, Charlottesville, Va., on the Good Neighbor Policy in the Caribbean of the Present National Administration. I ask unanimous consent for the publication of that address in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am grateful for the opportunity afforded me to address you tonight on the Good Neighbor Policy in the Caribbean. A little over 2 years' time has passed since President Roosevelt announced that his administration would follow the policy of the "good neighbor" in its dealings with the other nations of the world, and it is eminently desirable that the American people should now take stock and determine just what practical steps have been taken by their Government to carry out in spirit and in letter the policy laid down by the President.

It is obvious to all of you, of course, that in the relations between the United States and the smaller republics washed by the Caribbean Sea there have occurred in the past those peculiar manifestations of American foreign policy which have given especial impetus to the charge so generally made against the United States that its aims have been imperialistic, that its actions have been notorious for a complete disregard of the sovereignty and independence of the republics lying within that area, and that such a policy has been in flagrant violation of the generally accepted precepts of international law.

There is no need for me here to dwell upon the military occupations of Haiti and of Santo Domingo, the long protracted presence of American marines in the Republic of Nicaragua, nor upon the frequent landings of marines or blue jackets from American warships in other republics of that region, whenever someone believed that there existed a threat to American life or property and occasionally merely because our own authorities considered themselves called upon to put a stop to revolutionary disturbances in those countries. The facts referred to are well known and I think no denial will be forthcoming that they have contributed in very large degree to open animosity against the United States in all of the other 20 republics of this continent, to a general suspicion of the real purposes and motives of the United States, and to a lasting resentment that such acts, regarded as in violation of the sovereign rights of the small nations of this hemisphere, could be committed with impunity because of the preponderant strength of this country.

I have often had occasion to say, and I will repeat the statement tonight, although it is in the nature of a truism, that a foreign policy can best be effectively appraised from the practical standpoint of determining the benefits resulting to the Nation carrying out that policy. From that standpoint alone, it would seem to me that no impartial observer could maintain that the policy which has been carried out in the Caribbean during the past 50 years has resulted in any benefits to the people of the United States.

What possible benefits could it be claimed inured to us from the military occupation of the Dominican Republic from 1916 to 1922, or from the military occupation of Haiti from 1915 until the summer of 1934? Certainly I have been unable to discover any economic or commercial benefits. From the financial point of view, those occupations cost the American taxpayer many millions of dollars. It will be maintained perhaps that those two occupations were undertaken on the eve of our entry into the Great War, and that owing to the disturbed conditions existing within those two countries at the time, the need for self-defense rendered such action necessary.

I cannot, however, seriously believe, even if one admits as tenable the theory that such a violation of one's neighbor's sovereignty as was perpetrated in the case of the Dominican Republic was legitimate through the inherent right of self-defense of the Government of the United States, that adequate protection could not readily have been obtained in some manner more in consonance with the tenets of international law, or that our right of self-defense included the right to establish an American Naval Government of 6 years' duration in an independent Republic.

Insofar as concerns the other acts of military intervention carried out in past years by the United States, particularly in some of the Republics of Central America, those acts had no connection with the right of self-defense of the United States, although the attempt to justify them has occasionally been made on the ground that if the United States refrained from intervening when local disturbances occurred in the Caribbean, non-American powers would seize the opportunity to interfere. That danger, if it existed before, vanished with the Great War.

Once more, so far as I can ascertain, neither commercial, financial, nor political advantages accrued to the United States as the result of these acts of intervention. History has demonstrated that there is no more sterile act than military occupation or intervention. The apparent peace or quiescence resulting from the imposition of force in any country by an alien power is clearly an artificial peace; it does not come from any one of those causes

which bring about real peace or real social stability. Such factors as economic prosperity, political freedom, the orderly processes of constitutional government, for example, all make for a permanent social foundation because they spring from national origins, but I have yet to discover any such permanent foundation resulting from foreign military intervention.

The temporary assurance which such American interventions in the Caribbean regions may have afforded the lives and property of American citizens became, of course, nonexistent once the armed forces providing such assurance were withdrawn. While it is, of course, true that affording protection to the lives of American citizens must be a matter of first concern to their Government whenever the local authorities of the country in which they reside are clearly unable to afford such protection, and whenever the lives of our citizens are in real, and not imaginary, jeopardy, there is a very material distinction between affording such elementary protection, and following the so-called "Coolidge doctrine", which if carried to its logical conclusion would involve the establishment of an American police force in independent countries of this hemisphere whenever the properties of the American citizens resident therein were believed to be endangered.

This policy has further been implemented by obtaining through treaties, notably in the instances of our former treaty with Cuba and of our present treaty with Panama, the contractual right to intervene in certain given contingencies. By so doing we have inevitably been held responsible by the politically minded in those countries for all the ills to which their peoples fell heir, whether or not we were in fact so responsible. While it has exposed our Government to such bitter and, to my mind, such justifiable, denunciation by the other republics of this hemisphere it has resulted in no concrete benefits to the Nation as a whole nor even to those American citizens resident in or doing business with the Caribbean nations. On the debit side of the ledger, no phase of our foreign policy during the years of the independence of the United States has been more prejudicial to the best interests of this country. In carrying out this policy we have not only incurred the lasting enmity and resentment of the citizens of those nations in which we have intervened, but we have built up a wall of misunderstanding and prejudice between ourselves and the great republics of the south.

At a time when the conditions of political ferment and economic distress growing out of the post-war situation have created a state of apprehension and material unrest in every part of the globe, I cannot believe that any American citizen will doubt that the surest security for the United States lies in the loyal cooperation of all of the republics of this hemisphere. Such cooperation clearly will remain a fantasy until the causes of suspicion, antagonism, and resentment between them are abolished. Such barriers must be leveled in exactly the same manner as the unnecessary and artificial barriers restricting a healthy flow of trade between the republics of this hemisphere must be leveled if we are all to profit from the reciprocal commercial advantages inherent in our individual natural resources and in the Western Hemisphere.

I have attempted, in broad outline, to give you a picture of the situation as the administration saw it in the spring of 1933, and by implication you will see the objective which we have laid for ourselves, namely, the elimination of all factors which prevented complete understanding and agreement between ourselves and our neighbors of this continent, liquidation as rapidly as proved possible of the errors committed in the past, and the stipulation by all practical methods of communications and of commercial intercourse between us.

The foundation of our new policy lies in the explicit declaration of President Roosevelt, and in the official commitments entered into by Secretary Hull at the Seventh Inter-American Conference at Montevideo, that armed intervention has now been renounced by the United States.

It is not possible for me tonight, much as I should like to do so, to list in full detail all of the practical accomplishments so far realized. I should, however, like to pass in review two problems in our Caribbean relationships to which your Government has been giving particular consideration.

Let me take up first the question of our relationships with Cuba since I note that this matter was discussed at some length during the session of the institute last summer and since specific reference is made to it in the topic upon which I have been invited to address you tonight.

May I here interject a few words in preface? There is nothing more salutary nor, for that matter, more necessary than discussion of the foreign policy of your Government. Open debate as to the wisdom or unwisdom of a policy is always desirable. The most complete and searching publicity is indispensable. Surely, however, intelligent discussion and useful criticism must be predicated upon a true understanding by the public of what the facts in each case really are. The man and woman interested in their country's foreign policy cannot form an accurate opinion if they are told that black is white. In the case of our Cuban policy there has been an astounding distortion of facts on the part of a few so-called "special correspondents."

These may be divided into three classes. Those who for purely partisan political motives have desired to belittle the accomplishments of this administration; those who have, perhaps innocently, permitted themselves to act as mouthpieces for discredited and disgruntled Cuban politicians; and last, an even smaller but a yet more vociferous group of writers who have been insistent that this Government should force upon the Cuban people a government of the type desired by these authors whether the Cubans like it or not. To all of these groups facts are of no importance provided they can make their fiction sensational enough. I am glad to say, however, that to the best of my knowledge, the American press correspondents who have reported the situation in Cuba during these past years have consistently lived up to the highest standards of the American press. If at any time they have fallen into error in reporting, such error has been involuntary. They have done a real service both to the United States and to Cuba.

The policy of your Government toward Cuba has been for the past 2 years in the best sense of the word the policy of the good neighbor. We found Cuba economically prostrate, with starvation, unemployment, acute human suffering in evidence in every part of the Republic. We found the Cuban people governed by a Government which had grown into a tyrannical dictatorship, towards the overthrowing of which repeated attempts had been made during the preceding years. Hundreds of Cubans had been thrown into jail, many of them had been murdered by the authorities of the Government, and acts of violence and terrorism against the Government had become a matter of course. Cuba had fallen into a vicious circle. There was no hope for economic improvement without business confidence, which could not be reestablished until and unless some solution of the political problem was arrived at. There was no possibility of a permanent solution of the political problem so long as the Cuban people were starving and the social unrest resulting therefrom threatened to break into the flames of anarchy.

Because of the rights of intervention accorded the United States in the then existing treaty with Cuba and because of the paternalistic policy theretofore adopted, the Cuban people generally believed that it was incumbent upon the United States to relieve their distress. Public opinion in this country was frank to recognize that conditions in Cuba were intolerable, and that at least a moral responsibility existed which should obligate this Government to offer its help. The only assistance proffered by the Hoover administration was the Smoot-Hawley tariff.

The acute hostility to the Machado dictatorship was heightened by the prolonged depression in the sugar industry, the mainstay of the Cuban economy. About 80 percent of Cuba's national income is derived from the sale in foreign markets of sugar and when, in 1924, these markets began to dwindle and the price of sugar began its steady decline, all Cuba felt the deflationary effects. With Cuba already reeling from the effects of the world depression, the passage of the Smoot-Hawley Tariff Act, by which Cuban sugar would have been rapidly excluded from the American market and through which her other exports to the United States were likewise in great part shut out, condemned Cuba to economic ruin.

The longer the depression continued, the more it became evident that the Cuban people would not long endure a standard of living that did not permit them sufficient food or clothing or adequate shelter. This state of affairs was also of concern to American exporters who were faced with the loss of the Cuban market. Cuba, which in 1924 was the sixth best customer of the United States, had, largely because of the Smoot-Hawley tariff, by 1933, fallen to sixteenth.

The most important feature of the policy of cooperation tendered by this Government to Cuba in the summer of 1933 was the offer to replace the earlier commercial agreement by a new one adapted to present needs. Owing to the political turmoil which characterized Cuban political developments during the latter part of 1933, it was not possible to complete the negotiations until the summer of 1934. The new commercial agreement is based upon the double premise that economic rehabilitation in Cuba and recovery of the one-time attractive Cuban market for our exporters depend in the last analysis upon increase in Cuban purchasing power. This end was accomplished by reductions in duties by both countries that have permitted an expanded volume of goods to move between them. With the proceeds from the sale of her goods in the United States, and because of the larger tariff preferences and decreased duties accorded to American products, Cuba has expanded enormously her purchases from this country.

Concomitant with the negotiation of the trade agreement was the passage by the Congress of the Costigan-Jones sugar legislation, under which there has been established for sugar a balance between the consumptive requirements and the amount to be permitted entry to the market. In other words, the supply of sugar has been equated to the demand. Quotas were established for the several supply areas, including Cuba, based upon previous marketings in this country.

The statesmenship of these two measures—that is, the trade agreement and the Costigan-Jones legislation—has been fully borne out by developments during the last year. During the first 9 months that the trade agreement has been in effect American exports to Cuba increased by over $15,000,000, which is an expansion of 73 percent over the similar period for the previous year. This has meant a very substantial increase in the volume of sales of all types of American products in Cuba. Although in the United States the farm and the factory have benefited primarily there have also been important secondary benefits. Railroads and shipping companies are carrying freight instead of ballast; all those who perform services in connection with the movement of goods, such as insurance companies and warehouses, are enjoying increased business, and persons who have invested capital in Cuba are beginning to look forward to the resumption of return on their investments.

During the corresponding period, Cuban exports to the United States increased from 41 million to 74 million dollars. In a small

country like Cuba, the effect of a substantial increase in purchasing power was almost instantaneous. The various indices of economic activity, such as carloadings, bank clearings, factory production, and electrical-power consumption, all have moved upward. It might, of course, be argued that this expansion in economic activity could have taken place without benefiting the Cuban people as a whole. The foresight of both the Cuban governmental authorities and private business enterprises has prevented the concentration in a few hands of the benefits of the agreement. The Government by decree has established minimum wage standards that represent very substantial increases over the wages of the previous years. Employers are required to post in public places lists of their employees and the amounts payable to each, and the rural guards and factory inspectors have been instructed to see that these wages are paid. A Government decree also requires increased compensation to sugar planters who customarily are paid in kind. Not only has the business community responded to these decrees but, in many cases, wages higher than the minima prescribed by law are being paid.

It is, therefore, no surprise that the statistics indicate both a vast decrease in unemployment and an increase in the total amount of wages paid. But the statistics, at best cold and forbidding, fail to convey what the opportunity for work at remunerative prices has meant to the Cuban field laborer, to the cane cutter, the team driver, the cigarmaker, or to the man who works at a factory bench. In human terms, it means food for children who have suffered for years from malnutrition; clothing, instead of empty sugar and flour sacks; and a tight roof that sheds the tropical rains; in terms of morale, it means optimism and hope instead of the blackest despair, and self-respect without which no person can call his life his own. Although much remains to be done by future Cuban Governments before every Cuban enjoys the fullest measure of economic security, a start, and a good one, has been made.

So much for the economic side. With the rapid return of economic rehabilitation there have likewise come the encouraging signs of political rehabilitation. I have on previous occasions publicly presented in the greatest detail the whole course of the political phase of our policy toward Cuba as well as the reasons therefor. I merely ask you, therefore, tonight to contrast the situation existing in Cuba today and the situation which obtained two and a quarter years ago.

Cuba today is governed by a provisional government which came into power at the instance of and with the cooperation of the overwhelming majority of the political groups and parties existing a year and a half ago. The President, Col. Carlos Mendieta, a veteran of the Cuban war of independence, and a man whose honesty, humanity, patriotism, and devotion to the best interests of the Cuban people have never been questioned by any reputable authority, has announced that under no conditions and under no circumstances will he be a candidate for the constitutional presidency at the coming elections, and that his sole objective is to lead his country back to constitutional normality. By agreement between his Government and the legally constituted political parties the date for national elections at which a constitutional government will be elected by the Cuban people has been fixed for next December 15. The constitution of 1901, adopted at the time of Cuban independence has been reestablished, with such modifications as conditions have made necessary, including a provision giving the Cuban women the right to vote for their government. The Crowder electoral law, in which the Cuban people have time and again manifested their confidence and which was emasculated by the Machado government, has once more been promulgated with the inclusion of certain amendments to it formulated by Dr. Howard Lee McBain of Columbia University after revision of these amendments by a Cuban commission appointed by the Cuban Government.

The electoral period is now commencing, the Cuban political parties are reorganizing, any new parties are afforded ample opportunity to go to the polls under the law, and the Government has pledged itself that the Cuban people will have the free and untrammeled right at the elections next December of selecting that government desired by the majority of the voters.

It is, of course, inevitable after a period of such deep suffering as that undergone by the Cuban people during these past years that there should have been a reaction of social and political disturbances. Martial law which was promulgated last March by the Cuban Government to cope with such disturbances has, however, now been lifted, and civil government is in force.

Finally, by a new treaty signed in May 1934 between the United States and Cuba, the Platt amendment, by which the United States was granted the contractual right of intervention in Cuba, has been abolished, and our relationship with Cuba stands on exactly the same footing as our relationship with any other sovereign independent nation of the world. It is only distinguished by that peculiarly close and understanding friendship between the Cuban and the American peoples which had its genesis in our joint participation in the War with Spain, which survived the strain of the depression years, and which I trust will always continue to our mutual advantage.

As you all know, our relationship with the Republic of Nicaragua has appropriately ceased to have that special significance which it acquired during the many years' presence of our marines in that Republic. The American occupation in Haiti terminated in August 1934, and there is now not a single American marine in Haiti. It is our earnest hope that conditions may make it possible in the not distant future to relinquish those further rights and obligations acquired by the United States through the treaty of 1915 with Haiti so that there also our relationship may be solely that of two close, equal, and independent friends bound together only by a traditional friendship and commercial and economic ties.

During more than a year negotiations have been in progress between delegates of the Republic of Panama and this Government looking toward an amendment of the existing treaty of 1903 between the two countries in order that our relationship with the Republic of Panama may be placed upon a surer foundation than that which now exists.

For many years past our Panamanian friends have maintained that the treaty of 1903, negotiated, as it was, at the outset of the independence of the Republic when conditions in the Republic were completely distinct from those which now exist, contains provisions which are no longer necessary, which have placed an undue burden upon their people, and which have created in the world at large a general misconception as to the independence and sovereignty of the Republic; and, furthermore, that some of the administrative regulations built up by our own authorities as an outgrowth of the treaty have resulted in material injustice and have stifled and thwarted that commercial development which the Panamanian people were led to believe would grow rapidly with the construction of the Canal because of the trade opportunities which should result from shipping passing through the Canal from all corners of the globe.

We Americans cannot escape the fact that the security of the Canal is of vital importance in our own self-defense. We are also justly proud of the admirable efficiency with which the Canal has been operated during all of these years since its construction, to the benefit not only of the commerce of the United States and of our neighbors on this continent but to the advantage of the commerce of the world at large as well. We cannot, of course, consider—and we will not consider—weakening in any way our right to defend and protect the Canal; nor can we agree to any steps which would in any way hamper or impair the efficiency of our management thereof.

The purpose of our negotiations, however, in this case, as in the other cases I have cited, is to abolish the inequities and injustices which may exist in our relations with Panama, to remove all grounds for just complaint or misunderstanding on the part of the citizens of that republic, and to do away with that cumbersome, unwieldy mass of red tape and administrative regulation which has grown up with the progress of the years and which serves no useful purpose either in our own interest or in that of Panama. That is what I meant when I expressed the belief that these pending negotiations would result in the creation of a surer foundation for our relationship with Panama.

Our own security in the Canal Zone inevitably involves the security of the Republic of Panama, and any danger to the Republic as clearly implies a danger to the Canal. If, by agreement between the two countries, while fully maintaining and assuring our common rights and interests, we can give Panama both a new deal and a square deal, we shall have done our part toward establishing relations between the two peoples on the sound basis of mutual respect and friendship.

There is, in my opinion, no more satisfactory insurance for the Canal and for the security of our interests in the Canal Zone than the loyal friendship of the Panamanian people, and the appreciation on their part that this Government has in their interest been willing to relinquish all of those rights and privileges accorded us in the 1903 treaty not essential to our untrammeled right to protect and operate the Canal, but which have proved prejudicial to the economic interests of the people of Panama or which have seemed derogatory to their dignity as a sovereign and independent nation.

While negotiations have not yet been concluded, I am glad to say that they have progressed consistently in a spirit which is surely destined to attain the objectives which both the Government of Panama and the Government of the United States have in mind. It is, of course, impossible for me while negotiations are as yet not concluded to enter into any detail concerning them. I feel, however, that I may not be premature in expressing the belief that they will terminate in a satisfactory understanding which will lay the foundation for a new and better cooperation between our two countries.

No matter how radical a change any policy may be—and I believe the policy of the "good neighbor" as voiced by President Roosevelt, especially in its application to our relations with the American republics, is a radical departure from that previously followed by this Government—considerable time is often required to realise the desired objectives. I believe, however, that there is already evidenced today throughout the length and breadth of this continent a firm belief in the sincerity of the desire of your Government to abide by all that which the policy of the "good neighbor" should imply. In our effort to remove the barriers which have grown up between us and the other republics of this hemisphere we have already achieved results which 2 years ago seemed very remote indeed. You cannot in 2 years eradicate the resentments and the suspicions which have grown up during many generations, any more than you can in that short time eliminate all of the obstacles and the barriers to healthy trade between the American republics, for the creation of which we ourselves have been in great measure responsible. I can only assure you that your Government will spare no effort in carrying out the policy it has laid down. The American people must determine for themselves whether or not that policy is the policy which has proved and which will prove to their own best interest.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Senate resumed the consideration of the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes.

The VICE PRESIDENT. The question is on the amendment in the nature of a substitute offered by the Senator from Nevada [Mr. McCARRAN] to the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

THE LAST SUPPER

Mr. LONG. Mr. President and Members of the Senate: Those here who are broad-minded enough to envision the whole American country and the entire human family, who nevertheless feel persuaded or compelled to vote for the pending bill will, on mature reflection, I am satisfied, be very sore at heart.

I think it is well within the knowledge of every Member of the Senate that this country has not enough food products upon which the people as a whole can survive. There is not enough material raised upon the farm today adequately to clothe the members of the human family who reside within the confines of these 48 States.

This statement is based on figures which are not disputable. These are accepted facts published by the same Department of Agriculture which asks for the passage of the pending bill to restrict the production of agricultural commodities. In other words, we have found an abundance and we have found starvation in that abundance, and we have undertaken to correct the condition by destroying the abundance or restricting what might be sufficient to care for the human family.

This policy has grown to such a degree that those of us who undertake to oppose it are almost from necessity compelled to try to get the people under that faulty shelter. We undertake to secure distribution, but the learned and scholarly men of the Senate have directed their results to the side pocket. They have apparently been unable to get anything done or to carry themselves along on the course which might mean distribution in the country of our abundance. So the feast of the Lord, to which all have been invited, has been made impossible for the many, for the table is emptied or partly emptied, so there will be no food left upon the table except for those able to pay the price. And as the number able to pay for the food to sustain life is reduced, this proposed law would curtail the food the earth produces to the amount those who can buy can consume.

What has become of this command of the prophet:

> Ho, everyone that thirsteth, come ye to the waters, and he that hath no money; come ye, buy and eat; yea, come, buy wine and milk without money and without price.

Lazarus lies at the gate of the rich man crying for the crumbs that fall from the table. Do we undertake to correct that? Yes! But not by feeding Lazarus. We provide there shall be no crumbs.

The significant and outstanding episode of the Last Supper of Jesus Christ, to my mind, is this from the words of the Savior:

> The Son of Man goeth as is written: but woe unto that man by whom the Son of Man is betrayed! It had been good for that man if he had not been born.

How wide is the application of "that man by whom the Son of Man is betrayed"? That it may be understood, I read the words of the Savior which immediately preceded the Last Supper:

> Then shall they also answer Him, saying, Lord, when saw we Thee hungered, or athirst, or a stranger, or naked, or sick, or in prison, and did not minister unto Thee? Then shall He answer them, saying, Verily, I say unto you, inasmuch as ye did it not to one of the least of these, my children, ye did it not to me.

Humanity, therefore, confronts us in the person of our Savior; mankind is the Lord. In the life of a being placed on this earth in the image of God, there is the Son of Man. Deny that person food to eat, and you have starved the Lord; take from that person, however low or ragged he may be, the shelter which protects life and gives comfort, and you have turned the Lord into darkness. Our Savior is with us now. "Jesus, the same yesterday, today, and forever." He has told us where he may be found and how he may be served, when and how he is denied or abandoned. It is all in the duty which one performs or fails to perform to the creatures of God on earth.

He who has committed a man, woman, or child to misery or want has betrayed the Father. "It would have been good for that man had he not been born."

Palaces abound in our land that once was fair. The milk and honey has flowed here in all the abundance promised by the Almighty. In the midst of the Lord's splendor humanity began to find its most severe discomfort; the cry of the starving was loudest, the nakedness was greatest. People struggled; they cried; many of them have fallen.

God was betrayed! "Inasmuch as ye did it not to one of the least of these, ye did it not to me."

Who stands before the bar most accursed for this crime? The Government of the United States. The rulers in money and affairs use our organized society to glorify their greed. The shelter erected for the weak has become the fort of the mighty. From that position of vantage they hurl their decrees at the downtrodden.

The world yet visions aghast the plight of Judas at that Passover. We read into the lines of the Scripture the downcast and convicted Judas as the Savior's eyes pierced into his soul. We echo the words from Judas: "Is it I?", answered by the Lord: "Thou hast said."

But the accusing eyes of the Savior looked and still look further, then as now, into the hearts of men, the betrayers of Christ. Whosoever asks, "Is it I?" hears the answer: "As ye did it not to one of the least of these."

The creatures of God on earth, men, women, and children, cry in their woe. The eyes of the multimillionaire and the billionaire and of the kings and rulers reflect the stare and reecho the words of Judas: "Is it I?", while the misery of the millions answers, "Thou hast said." The few have all; the many have nothing. Starvation persists in the land that can have too much for all.

America! Christian nation! What?

We read of the starving, of the naked, and of the homeless—the misery of the beggar which makes the rich greater. The money changer is not driven from the temple. No! He is here. He drives the Lord from his own shelter. "The least of these!"

Can we longer claim our existence as a nation in the name of Christ our Savior? What mockery are our public prayers! How idle, how cruel the gesture! How ignorant our cries at the Judas who betrayed the Savior 2,000 years ago! That Judas has hanged himself in repentence. But our scions of wealth and power, our overlords who have betrayed the Savior and turned Him away in destitution, hang the victim rather than to emulate the one virtue of Judas, to hang themselves in repentance.

Mr. VANDENBERG. Mr. President, I desire to supplement what I said last evening with one further exhibit and contemplation. It is always argued fundamentally that we must not interrupt the process of these so-called "tariff bargains" unless thereby we foreclose America's opportunity to recapture export trade. I wish to demonstrate that there are two obvious fallacies imbedded in any such erroneous philosophy.

The first fallacy is the constantly reiterated dogmatic statement that the only way we can have exports is by offsetting imports. Of course, there comes a point in international trade where one must buy in order to sell. But I think it can be demonstrated beyond peradventure that we are not exclusively tied to any such course in seeking substantial portions of foreign trade.

In the first place, everybody knows there is such a thing as triangular trade. Triangular trade cannot be identified in dollars and cents, but every foreign-trade expert concedes that there is a substantial element of so-called "triangular trade" which helps balance international commerce between one country and another.

But, secondly, and of far greater importance, are the figures found in the reports made by Mr. George N. Peek, who, I remind the Senate, once was officially the special foreign-trade adviser to President Roosevelt. The important things are the figures found in his letter to the President of May 23, 1934. Unfortunately, Mr. Peek's report has not had the attention it deserves, either at the White House or in the Congress or over the country.

Mr. Peek struck an international balance sheet for the four periods into which foreign trade divides itself between 1896 and 1933. The first period, the pre-war period from 1896 to 1914, is the last thoroughly normal period because thereafter foreign trade was affected upon the one hand by the stimulus of war orders or upon the other hand by the stimulus of our loans to our foreign customers. Therefore, this first period upon which Mr. Peek reported to the President—this first period from 1896 to 1914—is a typical period from which we can gain our instructive information.

I turn to that balance sheet, and I point out to the Senate that one great item serving to balance our international trade and to pay for our exports abroad for this period is an item of $6,080,000,000 for this period, covering thhe amounts spent abroad by American tourists and the amounts sent abroad by our immigrants. From the same balance sheet, covering the same period, I point out that we paid the external world a total of $5,271,000,000 during the same period for services rendered to us by the world, such as shipping and freight services, together with our interest in dividend payments on foreigners' investments in the United States. In other words, here are two items totaling in excess of $11,000,000,000 which permit $11,000,000,000 of exports without any imports to offset them. It was more than one-third of the total amount of our exports.

We shall find, if we turn to Mr. Peek's fourth period, which is the period from 1930 to 1933, that precisely the same relationships exist. True, in this final period the total world trade has decreased, and therefore the other items involved have decreased; but even for this depression period from 1930 to 1933, I call attention to the fact that the two items to which I have previously adverted totaled in excess of $5,000,000,000 for the period; in other words, $5,000,000,000 of American export trade did not need to be offset by import trade. This was more than half of our exports.

In addition to that, Mr. President, and, thirdly, bearing upon this particular fallacy, I point out the fact that the external world is investing in American securities at the approximate rate of $1,000,000,000 a year—again a great fundamental item which can be covered by exports, and paid for without compensating imports.

In other words, there are these great trade elements in the international channels of commerce which can fructify our foreign trade, which can stimulate and pay for our exports in a very substantial degree, without the necessity of direct compensation by relative imports.

Mr. President, there is another fallacy. I desire to speak of the other fallacy. That is the fallacy that the only way in which we can encourage this foreign trade, after we have concluded—if we do so conclude—that we wish to try to foster it artificially, is by tariff bargains under this unconstitutional reciprocal tariff law.

That is constantly stressed as one of the reasons why Congress should hesitate to repeal or to interfere in any way with the tariff-bargain law. I repeat, it is a fallacy, and I think that fallacy can be demonstrated; and the best demonstration I know is the fact, first, that our foreign trade had begun to recuperate and substantially increase in all parts of the world before anybody had ever heard of the tariff-bargain law. In other words, in the final analysis, our foreign trade is at the mercy of the status of the reservoir of world trade out of which we must accumulate our share; and when that reservoir began to refill, our share of it began to increase without any of these artificial activities on the part of the Department of State or the President of the United States.

Again, and bearing directly upon proof of the fallacy, I point out that during the 5 months ending last May—and this is in the heart of the period when tariff bargains were supposed to be our chief, if not our only, reliance for increased export trade—our foreign trade did increase with Canada, Mexico, all Central America, all of the West Indies, Bermuda, Colombia, Venezuela, Argentina, Brazil, Chile, Peru, Egypt, Austria, Czechoslovakia, Norway, Sweden, Poland, Russia, Japan, Italy, Portugal, Greece, Iran, Turkey, India, Australia, and so forth. It increased with all of them during this period, and we have not a scintilla of a tariff bargain with a single one of these countries. On the contrary, two of the countries with which our foreign trade decreased during this 5-month period were Haiti and Belgium, with which we do have a tariff bargain.

In other words, Mr. President, I insist that the facts—if we are willing to confront the realities in respect of foreign trade—clearly indicate on the one hand that we are not dependent upon these tariff bargains to increase our export trade; and, secondly, that if we do rely upon tariff bargains we are relying upon a broken reed, because they do not produce net increased export trade. If we wish to increase export trade by special artificial activity on the part of the Department of State we had better lend a sympathetic ear to the recommendations of Mr. George N. Peek, once special foreign-trade adviser to the President of the United States, when he asserts that the only way we can do it is through direct bilateral specific tariff bargains, one country to another, in which commodities are traded across the table. I will add that if we are finally coming to a dependence upon the export debenture or the equalization fee or some kindred method of finally caring for the farm surplus of this country—and I think that is the reliance to which we ultimately must come—we never can do it so long as we have a tariff-bargain law upon the books operating under the most-favored-nation treaty clause. We shall have to do it by direct barter, precisely as Mr. Peek has indicated.

So, Mr. President, the supplemental thing I am saying this morning, in addition to my obeervations of last evening, is that no Senator needs to think he has to cling to an unconstitutional tariff-bargain law in order to fertilize and encourage the foreign trade of the United States. No such reliance is necessary. No such reliance will be successful. There are other and more practical ways of increasing the foreign trade of this country.

Therefore, so far as the contemplation of encouraged foreign trade is concerned—a thing which we all desire if we can get it without paying too high a price for getting it—we are wholly free agents to acknowledge the unconstitutionality of this tariff-bargain law, and proceed to wipe it from the statute books in our own time, instead of waiting for the Supreme Court to do it for us.

Mr. BARBOUR. Mr. President, in the light of the very complete and convincing addresses and discussion, for which we have to thank the distinguished and able Senator from Michigan [Mr. VANDENBERG], I am reluctant to take up any time myself in respect to this matter of the so-called "reciprocal-trade agreements", which is now before us. On the other hand, I am not willing to sit quietly by without at least raising my voice in vehement and earnest protest against this character of undertaking, these reciprocal tariff treaties.

As a matter of fact, as Senators know, I have heretofore said about all I can say on the subject. I refer to my address when the law originally was enacted; but I am compelled at least very briefly to point out—and I shall not even attempt to consume the 15 minutes which I am allowed under the unanimous-consent agreement to speak on this amendment—the fact that there are one or two points which as yet have not, I believe, been raised.

First of all, let me stress that I concur in all the general philosophy which has been so ably and completely covered by my distinguished friend and colleague the Senator from Michigan [Mr. VANDENBERG]. But I must add my own protest, Mr. President; for I object, and I object strenuously, to a situation which makes it necessary for my constituents to come to me, as they have been forced to do repeatedly, asking me if I can find out whether or not their names are going to be on the next list of those who are to be taken to the guil-

lotine, but I can never find out; knowing at the same time, as I do and as they do, that any foreign country which contemplates any negotiations of this character can go to the State Department with whatever its proposition is. In other words, the other country, and those connected with it knowing all about the whole proposition, start with that advantage to work out some character of trade or bargain with us, while we, the Americans, whatever our interest may be, are kept in complete darkness until the whole proposition has been considered and concluded, and then we are afforded the very empty gesture of what may be fairly characterized as simply a seat at our own funeral, and thus are given the opportunity of being politely told, in fact—for that is all it really is—what is to be done, whether we like it or not.

To me, that is wholly, completely, and absolutely un-American. I am convinced, too, it is wholly, completely, and absolutely unconstitutional.

Further than that, it seems to me that if we should contemplate any reductions in any tariff—and I am one of those who have no such contemplation, and believe in a protective tariff that is protective, and recognize, moreover, that never before was the protective tariff more necessary than today, when we realize that the administration is adding artificially through one means or another, to the cost of our commodities on raw materials by processing taxes and otherwise—changes, if any, in the tariff should be made by legal acts of the Congress and out in the open—changes which can be by the same legal process altered if need be.

I have no objection to the fair method of procedure, though I certainly should be against the reduction in tariffs themselves. Moreover, if the Congress of the United States shall decide to reduce all tariffs or certain rates, or completely do away with protection in some instances, and do it here in the Congress of the United States as it should be done, I shall be the first to admit that I have been mistaken if it is shown that any of the protection we now have is unjustified or detrimental to our well-being as a nation. By the same token, if such reductions prove not to be justified or wise, we can very easily correct the situation by enacting still another act putting these tariff rates back again. Now, however, we find ourselves in this unhappy and helpless position: We enter a secret but binding contract with a certain nation or a number of nations which it is going to be simply impossible for us to unwind or get out of without having the concurrence and consent of the other parties to the contracts. I myself cannot conceive of a more stupid and backhanded or more dangerous and futile, yes, silly way of getting into the tariff field of activity than in doing these things in this manner, which puts a strait-jacket on this country once a treaty has been concluded.

The third point I wish to make is that it seems to me that, in many instances, without any of the difficulty we are experiencing or courting, the same results, as a matter of fact, can be accomplished by simply demanding of any particular foreign country or countries which enjoy certain profitable and important trade with us that they in turn must purchase from us designated amount of some commodity which we feel they should buy from us. I do not like mentioning any particular country by name because I think that to do so is perhaps neither wise nor even courteous, but simply as an example, let us take France. France, as we all know, enjoys a very big and profitable business with the United States in, for example, wines, perfumes, cosmetics, and a number of other such products of that fair land, all of which, however, compete directly with like commodities produced in the United States. Why not, therefore, go to France and say, in effect: "You cannot enjoy this business indefinitely in the future unless increasingly you buy more for example, of our cotton, or of our wheat, or of our steel products." What is there unfair about that; especially as such a procedure would be perfectly open and aboveboard? Certainly there could be no complaint about that for it is a perfectly fair and sensible transaction.

We all know, too, that all these foreign countries owe us huge sums of money which they simply refuse to pay. Why should we continue to fool ourselves and jeopardize our own interests in a way which, as the distinguished Senator from Michigan has so well described, brings us nothing but disadvantage and sacrifice?

I know intimately of certain situations in respect to cotton mills in the South which, we will say, make twine. The twine is sold, we will say, for other purposes, the twine thus becoming the raw material for still other mills. Now, owing to the processing tax which was put on cotton, owing also in turn to the decrease in hours of labor which was put into effect, and the increase in pay—and nobody is complaining about these adjustments by themselves—the net result is that the product in which this twine was used no longer can be sold because in this particular case of Japanese competition. Yet, when these concerns go to the Tariff Commission and ask for an investigation to the end that an attempt be made to get sufficient protection so that they can stay in business, nothing whatever is ever done about it. The excuse is that they cannot do anything of that sort at this time because of these secret trade arrangements which the State Department is undertaking or might wish to undertake. The American laborer and mill owner alike is helpless even though his livelihood may be traded away and traded away behind his back.

I conclude, Mr. President, by merely saying, as I said originally when the proposed act itself came before us, that I feel that this sort of business is the most unjustified, the most unnecessary, and the most un-American undertaking, probably, for which even this administration is accountable, and, incidentally, that is certainly saying a good deal.

Mr. McCARRAN. Mr. President, I ask unanimous consent to have inserted in the RECORD a letter over the signature of E. H. Snyder, general manager of the Combined Metals Reduction Co., of Stockton, Utah, bearing on the subject of the Brazilian agreement, and the possibility of the production of manganese, which production will be affected by the reciprocal trade agreements.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMBINED METALS REDUCTION CO.,
Stockton, Utah, May 5, 1935.

Hon. PAT MCCARRAN,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I am enclosing a copy of my letter of this date to Assistant Secretary of State Francis B. Sayre, relating to manganese.

I sincerely hope you can get action on your bill to take tariff-juggling powers away from the State Department.

With kind regards, I remain,

Yours very truly,

E. H. SNYDER.

MAY 5, 1935.

Hon. FRANCIS B. SAYRE,
Assistant Secretary of State,
Washington, D. C.

DEAR SIR: We are very much concerned by the recent action taken by the State Department in connection with that part of the trade agreement made with Brazil, which results in a reduction of 50 percent in the tariff on manganese.

The engineers associated with the mining companies operating in Lincoln County, Nev., estimate the manganese-ore reserves of the Pioche and Comet districts of Lincoln County to be in excess of 35,000,000 tons, with a manganese content ranging from 10 percent to 20 percent (average estimated at 12 percent).

With the exception of a comparatively small tonnage of ore that has been shipped to the Columbia Steel Co., at Ironton, Utah, no manganese ore from Lincoln County has been marketed since the cessation of the World War.

During the past 10 years the companies owning these manganese deposits have spent large sums in drilling and development of the ore bodies and in the development of suitable metallurgical processes for the recovery of the manganese content of these ores.

Plans have been made to treat the ores by hydrometallurgical methods for the recovery of the manganese in a precipitate containing 60 to 70 percent manganese, and the converting of this precipitate to ferromanganese in an electric furnace. The hydrometallurgical plant is to be situated at Pioche, Nev., and the ferromangenese plant at Boulder Dam.

The capacity of the first unit of the proposed plant is estimated at 180,000 tons of crude ore per year, equivalent to 24,000 tons of ferromanganese per year.

We estimate direct employment equivalent to 500 man-shifts per day would be required to mine the ore and recover the manganese therefrom in the form of ferromanganese.

Based on Vandegrift's survey in Utah, a man employed in the mining and metallurgical industries in our section will support a total population of approximately 15 people (including workmen's families and the service population. On this basis the employment of 500 men in producing ferromanganese in Nevada would support an additional population of 7,500 people.

The reduction made in the tariff on manganese, amounting to approximately 10 percent of the gross value of ferromanganese, f. o. b. Atlantic seaboard, not only delays the financing of our plants at this time but may make the enterprise impracticable.

As several thousand miles separate the miner in Nevada from the State Department, we realize that at times our interests are given no consideration, due to lack of information at Washington. We believe that the action taken on manganese is a case of this kind. We realize that the large amount of work to be done by the United States Bureau of Mines, with limited funds, has caused them to pass lightly over the economic importance of low-grade manganese ores in our section.

The development of improved metallurgical processes for the treatment of low-grade ores of lead, zinc, and copper during the past 30 years has resulted in the production of most of our present supply of base metals from raw materials that were formerly considered of no value.

We are of the opinion that metallurgy for recovering manganese from low-grade ores is now developed to the stage at which its application over a period of 10 years would make possible the production of a substantial portion of the Nation's manganese requirements from the mines of the intermountain States, providing the administration had not seen fit to smother the industry.

As I have spent 25 years in mining, and have a fair idea of the time required to establish a profitable mining and metallurgical enterprise, I take with a grain of salt statements to the effect that our manganese deposits should be saved to be used during war periods. My opinion is that if the manganese industry in the United States is not protected sufficiently so that it can exist on a peace-time basis, it cannot be "scrambled" into existence in short enough time to be of material help in meeting a war emergency.

I have no information as to what benefits will accrue to this country from the trade that involved "throwing in" the manganese industry. I respectfully request, however, that the next time the tariff ax is used that you endeavor to chip "trading material" from some of the industries that are now obtaining prices from 10 to 30 percent above 1929 boom prices for their products and spare those raw-material industries that have no control over the selling price of their products. As a suggestion I might state drill steel, in ton lots, sold at 11 cents per pound in our section during 1929. The present price is 14 cents.

Yours very truly,

E. H. SNYDER, *Manager.*

Mr. McCARRAN. Mr. President, I also ask unanimous consent to have inserted in the RECORD a letter from Mr. John H. Cole, of the Domestic Manganese & Development Co., of Butte, Mont., showing the possibilities of production of manganese in this country if not affected by reciprocal trade agreements.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DOMESTIC MANGANESE & DEVELOPMENT CO.,
Butte, Mont., February 19, 1934.

Mr. J. CARSON ADKERSON,
President American Manganese Producers Association,
National Press Building, Washington, D. C.

DEAR SIR: Is it possible for you at the present time to give me any idea as to the future possibilities for a market for our manganese ore?

You are aware of the fact that in 1927 the Domestic Manganese & Development Co., of Butte, Mont., built a nodulizing plant at a cost of $325,000. The Chicago, Milwaukee, St. Paul & Pacific Railroad spent $110,000 building a trestle and tracks into our plant. This make a total investment of $435,000.

Through our new process of beneficiation, which is the first installation of its kind in the country, we are able to recover from the formerly worthless low-grade manganese ores of Montana the highest grade ore known in the world's market.

We are prepared and have been since 1928 to produce and ship 72,000 tons per year of nodulized manganese ore, running 58 percent metallic manganese. We are further prepared, in 90 days time, to double the capacity of this plant so as to produce approximately 150,000 tons of this grade ore per year. This ore has fewer impurities than any other known ore in the world.

Even though we have been equipped and ready to sell 72,000 tons per year, we have been able to market a total of only 50,000 tons during the past 6-year period, and for this we were forced to sell at 8 cents a unit under the price being paid by American steel companies for foreign ores. You understand we were penalized in the neighborhood of $5 per ton for having an American ore superior in analysis and physical character to any other known ore. This is an unjust and heavy penalty for being an American citizen.

During the past 6 years we have paid the railroads over a million dollars in freight on our nodulized and crude ore.

I would appreciate your early advice on this for the reason that we must have some hopes of a future market to warrant the further maintenance of our plant.

Yours very truly,

DOMESTIC MANGANESE & DEVELOPMENT CO.,
JOHN H. COLE.

Mr. McCARRAN. Mr. President, in order that I may be guided by the Chair as to the parliamentary status I desire to state my idea of the situation. I think I have now a limitation of 15 minutes on either the Vandenberg amendment or my proposed substitute for the Vandenberg amendment.

The PRESIDENT pro tempore. The Chair is informed by the clerk that the Senator has left 1 minute on his substitute for the Vandenberg amendment. The Senator from Nevada will have 15 minutes on the Vandenberg amendment.

Mr. McCARRAN. Mr. President, I desire within a very few minutes, and as soon as it comes to hand from the Secretary's office, to offer a corrected amendment in lieu of that which I offered yesterday as a substitute for the Vandenberg amendment, and in its corrected form I propose to bring back again to the Senate the thought and the theory which were embraced in the amendment offered by the senior Senator from California [Mr. JOHNSON] during the Seventy-third Congress; that is, that the Senate shall have a right to have on file the proposed reciprocal trade agreements, and shall have a right to act on them under certain conditions.

Mr. President, I now send the corrected amendment to the desk, to take the place of the substitute which I offered yesterday for the Vandenberg amendment.

The PRESIDENT pro tempore. The Senator has a right to substitute the corrected amendment for the one he has heretofore offered.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. VANDENBERG. In view of the parliamentary situation, I should like to make a statement. There is nothing inimical to my proposal in the substitute offered by the Senator from Nevada, and, so far as I am concerned, I hope that all who agree with our mutual point of view will support the substitute. In other words, there is no quarrel between the substitute and my amendment.

The PRESIDENT pro tempore. The Chair may state to the Senator from Nevada that there is apparently a mistaken idea entertained as to the parliamentary situation. The amendment now pending is the amendment of the Senator from Nevada in the nature of a substitute for that of the Senator from Michigan. The amendment of the Senator from Michigan, therefore, is not pending, so the time of the Senator from Nevada has expired, and he will not be entitled to speak until his substitute shall have been disposed of.

Mr. McCARRAN. Very well. I think the ruling is correct.

Mr. NORRIS. Mr. President, as the Senator from Michigan so well stated, there is really no controversy between the substitute and the amendment itself. The real object attained by the two proposals, whether it is the object sought or not, is to give Senators an opportunity to debate two questions instead of one. It does not make any difference whether we have before us the substitute or the original amendment, it means the same thing; but, the substitute being offered, Senators can talk twice instead of once; they have one more amendment to discuss, so the desired result is accomplished.

I shall not enter upon a discussion of the merits of the pending amendment; it has nothing to do with the bill now pending in the Senate; but I wish to call the attention of the Senate to the parliamentary situation into which we are gradually drifting, and what I think it is going to mean.

We have been discussing the pending bill for 2 weeks. I concede that most of the debate has been legitimate and proper; but now comes an attempt to bring in something extraneous, an attempt to offer amendments which have nothing to do with the bill. If we shall continue this kind of parliamentary procedure, it will, in my judgment, result in the presentation in the Senate of a cloture rule, which I should not like to see adopted, and I think most Senators would not want to see such a rule adopted. We are going to be driven to it by the very necessity of the case.

Without regard to the merits of the pending motion, why should it be presented as an amendment to the pending bill? It starts a controversy on the tariff, and God Himself does not know where we will end or when we will get through if we start to write a tariff bill on the pending bill. There will be no end to it.

The controversy over the pending amendment on its merits is a great one. I am not criticizing Senators for taking either side of it. I do not agree with much of the argument that has been made for the amendment; but this is not a time to debate that question.

The amendment seeks to repeal a statute. It is said that the statute is an unconstitutional one. When I introduced a joint resolution proposing to the Constitution an amendment whose object was to permit the Supreme Court to decide on the constitutionality of an act of Congress within 6 months, I was hooted at, I was condemned, I was ridiculed, because it was said it was an attack on that sacred tribunal. Now Senators are anxious to repeal something because they say it will take too long to get it into the Supreme Court and have them declare it to be unconstitutional.

The Senator from Michigan [Mr. VANDENBERG], in keeping with his reputation as a great constitutional lawyer, has declared to us that the statute he seeks to have repealed is unconstitutional. He says there is no doubt about it. He wishes the Senate to say so after a 15-minute debate on another bill which has nothing to do with that question. If the Senate is going to follow that kind of procedure and is going to open up and consider the entire tariff law, it will be here for 5 years without an adjournment.

Just think of the situation for a moment. Whether Senators are for this bill or whether they are against it, it seems to me common courtesy demands that we reach an issue and decide the question. If Senators do not favor the pending bill, let them vote against it; if they favor it, let them vote for it; but let us not emasculate it by writing a tariff bill into it.

I have before me the banking bill, which consists of only 197 pages. Why not add that bill, piece by piece and section by section, as an amendment to the pending bill? What is the matter with putting the bonus bill into the pending bill? What is the matter with redefining murder as it appears in the statute and putting that definition into the pending bill? We have laws relating to the jurisdiction of our courts which we could discuss for months. Why not put provisions affecting them, section by section, into this farmers' bill with the end in view, or the end be accomplished, whether it be in view or not, of finally killing the bill and saying to the farmers for whose benefit this bill is intended, "You shall not have it. We will discuss it forever and forever and forever." In the meantime throughout the country the Senate will add to its present reputation of being a body which discusses forever and never reaches a conclusion.

Those who pride themselves on the fact that this body is a place where questions can be legitimately discussed without coercion being put upon its Members are going to be compelled, in order that business may be transacted, to adopt cloture, to limit discussion, to provide for the previous question, perhaps, and so on, and thus end for all time the boast that this body is a place where unlimited discussion may be indulged. We are going to be compelled to go to such lengths or to fail entirely in all our legislative activities.

I should dislike to see such a thing happen; but toward it it seems to me we are drifting. The presentation of this amendment providing for the repeal of a law which is not before us, which is not involved in the pending bill, is perhaps the first step toward bringing about the result I have indicated, a result which will be brought about if we shall continue on the course we are now pursuing.

Yesterday I voted to lay on the table the amendment of the Senator from Nevada. I disliked to do that. His amendment presented a question which had two good sides to it, but it did not have anything to do with the pending bill. I think we were justified in laying it on the table. Then comes the Senator from Michigan with the same motion, couched in a little different language, offered as an amendment; and then comes the Senator from Nevada and offers the amendment, with a little different language for the third time, as a substitute, and we debate the substitute; and when we debate the substitute—it does not make any difference whether it is agreed to or not—we have another 15 minutes for each Senator on the substitute. Then perhaps another substitute will be offered. Perhaps Senators may find that they have not crossed a "t" or dotted an "i" in this one, and then the question of whether to cross the "t" or dot the "i" may be debated further, until we become ridiculous. We are debating a question the importance of which I am ready to admit but which does not have anything to do with this bill.

I should like to see a great many changes in a great many statutes. I think now would be the time to offer amendments providing that such and such a statute shall be changed or such and such a remedy shall be provided, and all I should have to say would be, "The statute is unconstitutional, but it may take 7 or 8 years to secure a decision by the Supreme Court; therefore let us decide the question now and repeal it."

Mr. President, we debated this bill for a couple of weeks the first time it was before us, and then recommitted it to the committee. The committee considered it for 2 weeks and then brought it back into the Senate. Now we have again debated it for 2 weeks. It seems to me, after all this consideration, we ought to pass on it; we ought to vote it up or down, and let the farmers go down or up, instead of resorting to methods which I think in the end will mean the defeat of the legislation.

It seems to me Senators ought to realize that while they have an actual right to oppose this legislation, and they may honorably oppose it, they ought not to do so by subterfuge. If this amendment shall be agreed to, and if we are going to amend a part of the law relating to the tariff, it follows logically that it is proper to take up every schedule in the tariff bill in which any Senator feels there ought to be a change. Thus the way would be open for thousands of amendments, every one of which has two sides to it, and can be debated almost without limit. If the debate on an item is not enough, under our rules we can offer a substitute and debate it twice, and if that is not enough, we can move to strike out a word and debate the question the third time; but I think this body would then become ridiculous in the end in the eyes of the people of the United States.

Mr. STEIWER. Mr. President, may I ask whether the perfected substitute offered by the Senator from Nevada [Mr. MCCARRAN] has been stated?

The PRESIDENT pro tempore. It has not.

Mr. STEIWER. May it be stated at this time?

The PRESIDENT pro tempore. The clerk will state it.

The LEGISLATIVE CLERK. The amendment in the nature of a substitute submitted by Mr. MCCARRAN for the amendment of Mr. VANDENBERG is as follows:

No foreign-trade agreement entered into after the enactment of this act under section 350 of the Tariff Act of 1930 shall become effective until submitted to the Senate by the President and approved by the Senate by two-thirds vote. The vote on such agreement shall be taken within 20 days after the President submits the agreement to the Senate, or, if the Senate is not in session, within 20 days after the convening of the next session of the Senate. In the event that the Senate shall fail to act within such period of 20 days, then said agreement shall be in full force and effect upon the expiration of said 20-day period.

Mr. STEIWER. Mr. President, the Senator from Nebraska [Mr. NORRIS], who is always practical, made a number of practical arguments concerning the amendments now pending and against the adoption of the proposals submitted by the Senator from Michigan [Mr. VANDENBERG] and the Senator from Nevada [Mr. MCCARRAN]. In the course of his remarks he asked, in effect, why we should add an amendment which deals essentially with the tariff law to a bill dealing with agricultural relief. I suggest, in answer to that question, that I think of at least two reasons why we ought to consider these tariff proposals at this time. One is that they relate to raising revenue. Therefore, they must originate in the House of Representatives or they must be added by amendment in the Senate to another revenue bill which had originated in the House of Representatives. The pend-

ing farm bill is itself a tax bill. It affords an opportunity for action by the Senate.

Mr. NORRIS. Mr. President, will the Senator yield for a question?

Mr. STEIWER. I yield.

Mr. NORRIS. Is the Senator satisfied with the tariff rates on all farm products? Would he change any of them if he had a chance?

Mr. STEIWER. Oh, yes; I would. I would increase the rates which fail to give the home market to the American farmer.

Mr. NORRIS. This is the place to do it, is it not, according to the Senator's argument?

Mr. STEIWER. No.

Mr. NORRIS. They are in the tariff law. Why not offer an amendment raising the tariff on wheat, say?

Mr. STEIWER. No, Mr. President; this is not the time to take up those detailed propositions. I agree with the Senator that it would take an interminable period to do so. Moreover, there are facilities provided in the tariff act and powers given the President to deal with most of the question of rates on commodities.

Mr. NORRIS. But the Senator must remember that we never can put them on a bill unless it originates in the House. That is his argument in favor of this amendment.

Mr. STEIWER. That is true. I stated that as one of my arguments; the President can adjust rates, but he has no power to require ratification of the treaties nor to repeal the law.

Now let me proceed to the second argument. If we set up a program for agriculture and at the same time permit the Secretary of State and the gentlemen who operate with him in the making of foreign trade treaties to carry on a series of subtractions and to destroy the advantages afforded American agricultural products, the whole effort of the Congress with respect to farm relief will be set at naught. Therefore we owe it to ourselves and we owe it especially to American agriculture to see to it that the pending legislation carries appropriate restrictions and limitations, so that its good purposes may not be destroyed by the Department of State, with the free trade and international trade complex which is regarded in that Department over and above all other proposals for recovery.

The Senator from Nebraska has called my attention to the fact that there are tariff duties which might well be dealt with if we are not satisfied with the existing tariff law, and he says that we ought to consider such tariff rates, item by item, if we are to follow out my philosophy. I want to disclaim any idea of detaining the Senate by a discussion of that question. The Senator from Nebraska knows full well that I have not been guilty of wasting time in connection with this bill. Probably I have spoken as little with respect to the bill as has any Member of this body. I have been content that its various features should be defended by those in whose charge it has been committed by reference to the Committee on Agriculture and Forestry.

Mr. President, yesterday we considered and adopted an amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] which related to tariff matters just as truly and as surely as does the amendment which is now before this body. That was an important amendment. The difference between it and the pending proposal is that it gave to the President and to the executive branch of the Government, additional power whereas both amendments now pending would result in taking away from the executive branch certain of the powers which they now possess or else in placing limitations upon the exercise of those powers.

The tariff amendment of yesterday, which gave to the executive agencies additional powers, was approved by the majority of this body and my good friend the Senator from Nebraska voted in the affirmative in order that such additional powers might be created.

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. STEIWER. I yield gladly.

Mr. NORRIS. The Senator must concede, I think, that the amendment he is speaking of was an amendment affecting a provision already in the bill. The pending amendment goes clearly outside the bill——

Mr. STEIWER. That is true.

Mr. NORRIS. And the original amendment would entirely repeal a statute.

Mr. STEIWER. That is textually true, but it is rather disappointing to me to note this distinction made by the Senator from Nebraska. My regard for his ability is such that I expected him to rise to greater heights than that. All these amendments relate to the substance of the bill, and in a real sense to the objectives of the legislation. The only difference is the amendment of yesterday related also to its textual form, while the amendment today does not relate to its textual form. The distinguished Senator relies upon a very narrow distinction drawn in an effort to justify a difference in position between yesterday and today.

I wish now to say a word about the constitutional situation. I am glad to assure Senators that I shall not engage in a legalistic discussion of the various constitutional questions involved in the trade-agreements act or in the reciprocal trade agreements. During the time the legislation providing for reciprocal tariff agreements was before the Senate it was argued by a number of Senators—with a good deal of earnestness, and, I think, with convincing force—that the legislation was unconstitutional. It was stated here yesterday by the Senator from Michigan that the legislation was unconstitutional because it constitutes a delegation of the legislative powers of the Congress to the executive branch of the Government. That might be made a little more specific. It is, in my opinion, unconstitutional in two different respects; first, in that it delegates certain of the taxing powers of the Congress to the executive branch of the Government; and, second, that it delegates certain of the treaty-making powers of the Senate to the executive branch of the Government.

Let me suggest to those Senators who are the friends of the reciprocal trade-agreement act, and who want it maintained upon the statute books, that agreement to the substitute amendment offered by the Senator from Nevada [Mr. MCCARRAN] would remove one of the constitutional objections because it requires ratification of the treaties. The other, it is true, would still remain, because the State Department would still be engaged in the process of making and changing the taxes of our country; but, so far as ratification by the Senate is concerned, that objection would be removed by the adoption of the pending amendment.

I have been rather amazed, Mr. President, and I am now amazed that, after all this time, no adequate defense has ever been made in behalf of the constitutionality of the trade-agreements act. As I recall during all the time it was before the Senate of the United States only two, or possibly three, Senators attempted to make any sort of an argument in behalf of its constitutionality, and, in the face of the rather extended argument against it and the widespread belief throughout the country that it constituted a delegation of the treaty-making power of the Senate and of the tax powers of the Congress, but very little effort was made to justify the legislation.

I was quite certain then, and am now, that the chief reliance of those who have been urging the reciprocal trade-agreement legislation upon the country is not that it is essentially constitutional but rather that it is difficult to have the constitutional question raised in any court of the country. It is quite conceivable, as I view the matter, that the constitutionality of this law may never be brought to the court of last resort. But, be that as it may, the objections against its constitutionality, which, as I have stated, have been most inadequately answered, stand out as plain as the noonday sun. It is obvious, upon the very face of this legislation, that it clothes the President and certain other executive officers of our country with power to amend revenue legislation and to negotiate treaties, and to do so without any reference to Congress upon either phase of the power which is being employed. There is no act condemned by the courts because of unconstitutional delegation of legislative power which more clearly lacks a standard for executive

action than does this trade-agreements act. Such standard is not only inadequate; it is utterly lacking.

I said only two or three Senators made a defense of the constitutionality of the legislation. Permit me very briefly to call attention to the character of that defense. I will leave it to Senators, even Senators of the Democratic faith, who have been the sponsors and supporters of this legislation, to say whether or not the defense is a fair, adequate defense worthy of this body.

I shall not reveal, Mr. President, the name of the Senator from whom I am about to quote. I have no desire to criticize him or his presentation of the subject here, but let me read from what he said. I now quote:

> Now, gentlemen of the opposition—

I may digress here to say that the opposition he had in mind was the opposition to the legislation on the part of those Republicans and Democrats in this body who were not in favor of surrendering the taxing power to the office of the Secretary of State and to have it controlled and exercised by the Second or Third Assistant Secretary or by the chairman of some committee or by clerks or economists or others, known and unknown, who are presently carrying out the processes under which our tariff laws are being changed. Let me again commence the quotation:

> Now, gentlemen of the opposition, ever croaking "unconstitutional", where have you been able to point to one decision of a court that has held any one act of legislation of this administration invalid?

And he said also:

> Where has one of these gentlemen—and I allude to eminent gentlemen who are reputed by the papers to come from the House of Representatives—ever presented a cause before a court contending that a law was unconstitutional and had it sustained according to his opinion?

And still later in this rather remarkable defense of the constitutionality of the legislation then pending before the Senate, the reciprocal trade treaty legislation, the same Senator made this statement:

> Mr. President, I desire to conclude these observations by saying that since the Supreme Court of the United States, both in the case from Minnesota and in the case from New York, lately held these extreme measures enforced upon us by necessity to be constitutional, I now ask you, Senators, and I ask you upon the honor of the souls within you, this question:

And then——

The PRESIDENT pro tempore. The time of the Senator from Oregon on the amendment has expired.

Mr. STEIWER. I will proceed on the bill. Then he asks a question phrased in this way; and I again quote:

> You have denounced these measures here and there as invalid. You have called them unconstitutional. You have time and time again warned your land that the Supreme Court would declare them unconstitutional. You struck every hope from the bosom of men; you smote every confidence from the prayers of a mother; you smothered every desire and dream of a future from all American mankind, as they looked forward to some relief. At what time since then has one of you had the courage of the manhood that is within you, to tell the country you were mistaken in the charge you made; that the courts have declared these very laws which you prophesied would be held invalid, to be wholly valid, completely constitutional, and that the courts are enforcing them by the provisions of the Constitution of the United States?

Of course, Senators, the two decisions referred to are the Minnesota moratorium case and the New York milk case. One of those cases grew out of legislation by the legislature of a State and the other concerned a New York milk ordinance. Neither referred to any act of the Congress of the United States, nor did either have any relation to the jurisdiction of this body or to the power or authority of the Government of the United States to enter into the great field of experimental enterprises in which we have been engaged for the last 2 years.

Why, then, was it necessary to resort to the Minnesota case and the New York case to find authority, and why was it necessary by referring to these cases to try to make the claim that they sustain the constitutionality of the whole field of new-deal legislation; and why, Mr. President, was it necessary to do as the Senator did, to add a further observation, which I will now read:

> Not one of you has done so. You are willing to mislead the land. You either knew the laws were valid when you charged them with being invalid or you did not. And now that you find you were mistaken, was there not honor or statesmanship in you sufficient again to revive some confidence in the hearts of your countrymen and again to invite them to vest confidence in the courts of which heretofore you have boasted your very great worship? Now, when the hour is with you when you could have invited your countrymen to observe how the courts have sustained the contentions of the President of the United States or the administration, silence is all that comes from you—the exhibition of want of honor on the one hand or deliberate cowardice on the other. Gentlemen, you may take your choice.

So, Mr. President, we find defense made in behalf of the constitutionality of this act upon the spurious claim that the courts had already sustained two important new-deal laws and had failed to denounce any of the new-deal legislation upon the ground of unconstitutionality. Our good friend spoke too soon. He talked too much. He was not partly mistaken—he was utterly mistaken. He spoke before the Supreme Court had actually considered one single item in the new-deal legislation save only one provision in the Economy Act of March 20, 1933, and that probably had not been called to his attention. I am referring to the provision which dealt with term insurance abrogation, and which was considered and condemned in Lynch against United States.

Subsequent to that time we all know what has happened. We know that the justification urged, namely, that because no court had condemned any part of this legislation, no court would do so—we know that assumption is entirely without warrant, that there is no theory left upon which legislation of this kind can be defended except upon its merits, and no Senator has risen to do that seriously in this body, and I prophesy that none will. I imply neither want of honor nor cowardice. The legislation is simply indefensible.

Mr. President, what are the advantages of the agreement and proposal of the Senator from Nevada [Mr. MCCARRAN]? What is the practical advantage of agreeing to his proposal? I am not now referring to the repeal amendment offered by my friend from Michigan [Mr. VANDENBERG]. I, of course, should vote for that because I was one of those who voted against the reciprocity trade legislation in the first place and I should be perfectly happy at the first opportunity to vote for its repeal. But what are the practical advantages of this other proposal? To me they seem very great.

The Senator from Nevada has not offered to repeal the law as suggested by the Senator from Nebraska [Mr. NORRIS]. His proposal was merely to require ratification by the Senate before the various trade treaties should become effective. His proposal is in keeping with the traditions of our country, with the age-old experience of our Nation and with the plain import and meaning of the Constitution of the United States. His proposal does not require any friend of the reciprocal trade-agreements law to reverse his position. It does not require any Senator to vote for the repeal of that law. It merely does a thing which ought to have been done in the first instance. It requires the writing into the law by amendment at this time of language requiring ratification of those treaties by the Senate.

There are advantages in that procedure. It would enable the Senate to explore into the processes by which each one of the treaties have been negotiated and entered into. It would put the State Department upon its guard. The State Department would then know that whatever might be done by its representatives, the treaties would be examined by appropriate committees of this body and would be debated here in open forum and in public debate. It would know that the subterranean passages through which those treaties are too often negotiated would have the light of day let into them. It would know that the American people would have access to those passages which are accessible to foreigners, but not to Americans, and that the secret methods would be brought to an end unless the result of such methods were so good that the Senate would ratify the treaty in spite of the subterranean processes by which it had been entered into.

Senators know that no representatives of industry in this country can get to the body which negotiates and makes



these treaties. Senators know they are stopped at the committee called the "reciprocity committee." Representatives of American industry are permitted to file their briefs, are permitted to make their arguments, but beyond that the American cannot go; whereas the foreigner carrying on his negotiations not only knows his own mind, but through such negotiations learns the minds of the representatives of our Government, and therefore has a decided advantage; not an advantage over our governmental representatives but an advantage over the people engaged in industry in this country, an advantage which has already resulted in inequalities in these treaties which I shall not find time to discuss today—advantages resulting in improvident action so far as American interests are concerned; advantages which will rise to plague us in the future; advantages relating to the application of the favored-nation clauses, resulting in an incongruous situation like that of the Haitian treaty, which makes a concession with respect to the duty on coffee with the result that it is possible for Brazil to withhold her final approval of the treaty with her because Brazil already has that which she wants, and there is no reason why Brazil should now ratify a treaty made which would give to our nationals some advantage in the trade relationship with that nation.

Improvident action of this kind I am most certain would be forestalled if the Senate had the opportunity to look into these treaties in advance and ratify them only if they are in favor of American interests, and not on the ground that they are merely the expression of an internationalist philosophy, a vagrant dream of trade advantage in the minds of these gentlemen in the State Department.

Mr. President, I do not feel like extending the debate. I agree thoroughly with what the Senator from Nebraska [Mr. NORRIS] said a little while ago, that we ought to conclude our consideration of this bill at the earliest practicable time.

I know, moreover, that the debate is futile, that those who foisted this reciprocity tariff legislation upon our country are not in position to give it up at this time. I do not say so in rancor or ill will, but I say it in the most amiable way and with full appreciation, I believe, of the situation of those who have been the sponsors and defenders of the legislation.

The fact of the matter is that in the last campaign in 1932 the Democratic leaders made one of the great issues upon the tariff. They went back and forth across the land condemning the Smoot-Hawley bill. They held it up as the cause of the depression. They claimed it was a monstrous injustice to our people, a hideous thing against which they would strike. They led the people to believe that if they were put in power in this country, they would promptly set about to relieve the American people of the octopus fastened upon them in the name of a Republican tariff as set forth in the Smoot-Hawley bill.

From March 4, 1933, until this time is more than 2 years, and in that period not an effort has been made, not even a gesture has been made, in the direction of repeal of the Smoot-Hawley bill. With but few exceptions no rates have been changed. We are living under the same tariff structure now under which we were living in the Hoover administration. The only contention that could be made in behalf of this administration in justification for the course it has taken is that Congress has passed the reciprocal trade-agreement bill, and that the Secretary of State by slow and gradual processes will have opportunity, one item at a time, finally to change and alter the situation against which our friends complained. Because they have that little consolation, because they have that meager hope that the American people will accept the trade treaty bill as a fulfillment of the promise which they made to the people, they cannot afford to give it up.

So I say to my Republican friends now that it is futile to argue for repeal of that law at this time. It will remain futile to argue for repeal of that law until the American people, incensed by these unfair trade arrangements in which they find they have been sold down the river and their interests sacrificed in behalf of internationalism, rise up and assert themselves in behalf of their rights as Americans in order that our people may labor and produce, uninterrupted and uninjured by foreign competition.

When that day comes there will be repeal of this law, and no longer will it be necessary to stand here or before the committees of the State Department appealing for justice and right for the American people, because then we will take back into the Congress the power which constitutionally belongs to the Congress, and all America will know as we proceed just exactly what kind of treatment our people shall receive.

Mr. WALSH. Mr. President, I am in accord with the powerful views expressed by the Senator from Nebraska [Mr. NORRIS]. It seems to me his argument is unanswerable, and I say this as one who is not in sympathy with the pending bill and as one who does not intend to support it, because it is unsound economically. I say it also as one disposed to consider sympathetically the spirit behind the pending amendment.

I have very serious doubts as to the success of the trade-making agreements upon the part of the executive department. I very reluctantly voted to extend this power to the executive department. I finally voted for the proposal because of its 3-year limitation. If I had an opportunity to vote on the matter now, I should not vote as I did then. This is another proof that it is always a mistake to get away from the fundamental underlying principles of the Constitution. I should go farther, possibly, than the Senator from Nevada [Mr. MCCARRAN] in the direction of removing the entire power from the executive department, but I am not yet convinced that the present experiment is a failure.

I was led to support the legislation because of the well-known abuses and evils, particularly the logrolling abuse, associated with dealing with the tariff through the Congress. I think new evils have developed. I think we are forced now to rely too much upon the particular political philosophy or tariff views of one individual or two individuals and diplomatic intriguing, and that the result is that certain of these agreements are bound to be unsatisfactory. Many complaints have come to me from various industries in my own State and throughout the country as to the method of operation in making these agreements and as to the results of the agreements.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. WALSH. Yes; I yield.

Mr. STEIWER. I appreciate that there are evils under any system, and thoroughly agree with the Senator that there were evils under the old system as well as the new. Does not the Senator from Massachusetts feel, however, that it is better to make tariffs by our traditional processes, after open hearings, with permanent records, with open debates before the country, and with all the operations covered by the services of the press, than to have similar functions performed by committees in private, and the processes carried on in secret, with no responsibility save for the ultimate result? Does not the Senator agree that there is an advantage in publicity?

Mr. WALSH. I am in accord with the Senator's views, except that I would go one step further. I would provide for the President to have the power to veto separate items in a tariff bill. I think that would be a check upon the logrolling methods which we know have been adopted in framing tariff legislation; but, of course, there is no question about the fact that I am in accord with the Senator about the fundamental principle that the legislative body alone ought to exercise the power of taxation.

I rose, however, for the purpose of calling attention to the fact that, notwithstanding I have some sympathy with the principle behind the pending amendment and am opposed to this bill, and might perhaps be actuated to attach to it as many objectionable amendments as possible, I feel that the argument of the Senator from Nebraska [Mr. NORRIS] is unanswerable. The amendment does not belong on this bill. A bill dealing with the tariff ought to be introduced in the next

session of the Congress, and extensive hearings ought to be held to find out whether or not the power which we have delegated to the executive department is a success. It is a problem with which, in the first instance, the Finance Committee ought to deal, and I am sure it would deal with it if a measure were presented to it and an effort made to have hearings and to have the subject legislated upon.

This is not the time, in the middle of the summer, to discuss tariff questions. It is no place, when we are all tired out, to inject a problem of this magnitude and of this importance. We ought to be getting ready to go home, and speedily dispose of the pending business of this session.

Mr. President, I repeat, notwithstanding the fact that I am opposed to this bill and intend to vote against it, and notwithstanding the fact that I think there is a question here with which Congress ought to deal—the entire question of whether or not the exercise of this power by the Executive Department is a success—we ought not to do it now. I voted yesterday, therefore, to lay upon the table the amendment of the Senator from Nevada, and I shall do so now, because I am convinced that this is not the time to act on this question. We have not the time to do it. This is not the way to make laws. This problem does not belong to the farm measure which is before us. We ought to dispose of this bill, take up the other bills, end this session of the Congress as soon as possible, and not prolong it by innumerable amendments covering every question but the one under immediate debate.

Mr. McNARY. Mr. President, do I understand that the Senator from Massachusetts has made the motion which he said he might make?

Mr. WALSH. I will make the motion. I move that the amendment of the Senator from Nevada [Mr. McCARRAN] be laid upon the table.

The PRESIDENT pro tempore. The Senator from Massachusetts moves that the amendment offered by the Senator from Nevada [Mr. McCARRAN], in the nature of a substitute for the amendment of the Senator from Michigan [Mr. VANDENBERG], be laid on the table.

Mr. VANDENBERG. On that I call for the yeas and nays.

Mr. ROBINSON and Mr. McNARY suggested the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Reynolds
Ashurst	Costigan	Logan	Robinson
Austin	Davis	Lonergan	Russell
Bachman	Dickinson	McCarran	Schall
Bailey	Donahey	McGill	Schwellenbach
Bankhead	Duffy	McKellar	Shipstead
Barbour	Fletcher	McNary	Smith
Barkley	Frazier	Maloney	Steiwer
Black	George	Metcalf	Thomas, Okla.
Bone	Gerry	Minton	Townsend
Borah	Gibson	Moore	Trammell
Brown	Glass	Murphy	Truman
Bulkley	Guffey	Murray	Tydings
Bulow	Hale	Neely	Vandenberg
Burke	Harrison	Norbeck	Wagner
Byrnes	Hastings	Norris	Walsh
Capper	Hatch	Nye	Wheeler
Caraway	Hayden	O'Mahoney	White
Carey	Holt	Pittman	
Chaves	Johnson	Pope	
Connally	King	Radcliffe	

The PRESIDENT pro tempore. Eighty-one Senators have answered to their names. A quorum is present.

The question is on the motion of the Senator from Massachusetts [Mr. WALSH] to lay on the table the amendment offered by the Senator from Nevada [Mr. McCARRAN] in the nature of a substitute for the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). On this question I have a pair with the senior Senator from Missouri [Mr. CLARK]. I understand that if he were present, he would vote "yea." Were I permitted to vote, I should vote "nay."

Mr. TOWNSEND (when his name was called). On this vote I have a pair with the junior Senator from Virginia [Mr. BYRD]. I understand that if he were present and voting he would vote "yea." If I were permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. DICKINSON (after having voted in the negative). On this vote I have a pair with the junior Senator from Mississippi [Mr. BILBO], who is necessarily absent. It is my understanding that if he were present he would vote "yea." If I were permitted to vote, I should vote "nay." I withdraw my vote.

Mr. AUSTIN. I wish to announce the pair of the Senator from New Hampshire [Mr. KEYES] with the Senator from Utah [Mr. THOMAS]. If the Senator from New Hampshire were present he would vote "nay." I understand that if the Senator from Utah were present he would vote "yea."

Mr. NEELY. I wish to announce that the junior Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

I desire further to announce that the Senator from Missouri [Mr. CLARK], the Senator from New York [Mr. COPELAND], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], the Senator from Texas [Mr. SHEPPARD], the Senator from Utah [Mr. THOMAS], the Senator from Oklahoma [Mr. GORE], the senior Senator from Louisiana [Mr. LONG], the Senator from California [Mr. McADOO], the Senator from Rhode Island [Mr. GERRY], the junior Senator from Louisiana [Mr. OVERTON], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Mississippi [Mr. BILBO] are necessarily detained.

I am advised that if present and voting the Senator from Rhode Island [Mr. GERRY] would vote "nay."

Mr. HAYDEN. I wish to announce that my colleague, the senior Senator from Arizona [Mr. ASHURST], is necessarily detained from the Senate.

The result was announced—yeas 51, nays 24, as follows:

YEAS—51

Bachman	Connally	King	Pittman
Bailey	Coolidge	La Follette	Pope
Bankhead	Costigan	Logan	Radcliffe
Barkley	Donahey	Lonergan	Robinson
Black	Duffy	McGill	Russell
Bone	Fletcher	McKellar	Schwellenbach
Brown	George	Minton	Smith
Bulkley	Glass	Moore	Trammell
Bulow	Guffey	Murphy	Truman
Burke	Harrison	Neely	Wagner
Byrnes	Hatch	Norbeck	Walsh
Caraway	Hayden	Norris	Wheeler
Chaves	Holt	O'Mahoney	

NAYS—24

Adams	Davis	McCarran	Shipstead
Austin	Frazier	McNary	Steiwer
Barbour	Gibson	Metcalf	Thomas, Okla.
Borah	Hale	Murray	Tydings
Capper	Johnson	Nye	Vandenberg
Carey	Maloney	Schall	White

NOT VOTING—21

Ashurst	Dickinson	Lewis	Thomas, Utah
Bilbo	Dieterich	Long	Townsend
Byrd	Gerry	McAdoo	Van Nuys
Clark	Gore	Overton	
Copeland	Hastings	Reynolds	
Couzens	Keyes	Sheppard	

So Mr. WALSH's motion to lay on the table Mr. McCARRAN's amendment in the nature of a substitute for Mr. VANDENBERG's amendment was agreed to.

Mr. ROBINSON. Mr. President, I move to lay on the table the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

The motion was agreed to.

Mr. CAREY. Mr. President, I send an amendment to the desk, which I desire to offer.

The PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place a new section, to read as follows:

After the date of the enactment of this act no foreign-trade agreement shall be entered into under the provisions of title III of the Tariff Act of 1930 with respect to any agricultural commodity or manufactured product thereof as to which any program is in effect under the Agricultural Adjustment Act, as amended.

Mr. ROBINSON. Mr. President——

The PRESIDENT pro tempore. The Senator from Arkansas.

Mr. CAREY. Mr. President——

The PRESIDENT pro tempore. The Chair will state to the Senator from Arkansas that the Senator from Wyoming has not yielded the floor.

Mr. ROBINSON. Mr. President, the Senator does not retain the floor when he offers an amendment.

The PRESIDENT pro tempore. The Senator from Wyoming was still standing.

Mr. ROBINSON. Very well.

Mr. CAREY. Mr. President, I shall not take any great length of time in discussing this amendment, but I think the amendment rightfully belongs on the pending bill. This Government is levying processing taxes under the Agricultural Adjustment Act to increase the prices of agricultural products, which taxes the American people are paying yet. At the same time there are coming into this country from foreign nations agricultural products similar, in many instances, to those on which processing taxes are now being levied.

Mr. HARRISON. Mr. President, will the Senator yield for a question?

Mr. CAREY. I yield.

Mr. HARRISON. What does the Senator mean by providing in his amendment that "no foreign trade agreement shall be entered into under the provisions of title III of the Tariff Act of 1930"? That is what the amendment provides, and I just wanted to have the Senator's explanation of it.

Mr. STEIWER rose.

Mr. HARRISON. I did not ask the Senator from Oregon. I refuse to yield to the Senator from Oregon.

Mr. STEIWER. The Senator from Mississippi has not the floor.

Mr. CAREY. I yield to the Senator from Oregon.

Mr. HARRISON. I decline to yield.

Mr. STEIWER. The Senator has not the floor. The Senator from Wyoming has yielded to me to answer the Senator concerning something as to which the Senator is already advised. The reciprocal-trade agreements are couched in terms as amendments to the Tariff Act of 1930.

Mr. HARRISON. Did the Senator write this amendment?

Mr. STEIWER. Oh, no.

Mr. HARRISON. Why does the Senator explain the amendment that was offered by the Senator from Wyoming?

Mr. CAREY. Mr. President, the amendment was drafted by the legislative counsel of the Senate, and the purpose of the amendment is to make it impossible to enter into reciprocal trade agreements covering agricultural products which are basic agricultural products as provided under the Agricultural Adjustment Act.

Mr. HARRISON. I was just wondering whether the Senator had in mind the Reciprocal Trade Agreement Act of 1934, or whether he was going back to 1930. I thought he might want to go back to the old Fordney-McCumber law.

Mr. BARKLEY. Mr. President, will the Senator from Wyoming yield?

Mr. CAREY. I presume this amendment was properly drawn by the legislative counsel to carry out the purpose I had in mind.

Mr. BARKLEY. Will the Senator yield for a question?

Mr. CAREY. I yield.

Mr. BARKLEY. If the Senator's amendment should be adopted, then the President could enter into no trade agreements with any country by which he could facilitate the exportation of more cotton, of which we have a great surplus, or more tobacco, of which we have a great surplus, or more of any other agricultural product of which we have a great surplus, or of any industrial product of which we have a great surplus. If the Senator's amendment should be agreed to, none of those things could be brought about. Does the Senator know whether that would be true?

Mr. CAREY. I shall be very glad to change the amendment if there is any question about it.

Mr. BARKLEY. I am not suggesting any change, but I desire to find out the effect of the Senator's amendment.

Mr. CAREY. As I stated, if there is any question as to the right to enter into trade agreements to increase the export market for agricultural products, I shall be willing to change the wording of the amendment.

Mr. BARKLEY. In other words, the Senator from Wyoming would be willing to have the President enter into an agreement which would enable us to export more of our own products, but he would not be willing that we should, in return for that privilege, accept anything in return to this country.

Mr. CAREY. I should not wish products to come into this country on which we are paying processing taxes, nor should I wish to have a program entered into which would bring into this country products of which we were endeavoring to reduce production.

Mr. McNARY. Mr. President, if I may reply to the Senator from Kentucky, let me say that the amendment which was offered a few moments ago by the Senator from Nevada [Mr. McCARRAN] affected all agricultural commodities. The pending amendment is limited to those named as basic commodities in the Agricultural Adjustment Act, which was passed in 1933.

Mr. BARKLEY. I realize that, but——

Mr. McNARY. With respect to such commodities, this amendment would not permit reciprocal tariff agreements; but it would permit commerce to flow, as it always has, in the currents of trade into foreign countries or into States of this country. The amendment would simply prevent the President entering into treaties or agreements affecting the basic commodities named in the organic law.

Mr. BARKLEY. Which would mean that the President could not enter into any trade agreement which would facilitate the exportation of the unsalable surpluses we now have on our hands of cotton, tobacco, and many other basic commodities.

Mr. McNARY. No agreement of that kind has been entered into by the President of the United States.

Mr. BARKLEY. There have been only five reciprocal agreements thus far consummated, and there are 13 or 15 or 20 negotiations in progress with respect to others, which may include some of the surpluses on hand in this country, and as to which the Senator's amendment would tie the President's hands so that he could not enter into any agreement providing for the exportation of those surpluses.

Mr. McNARY. The amendment would simply prevent ruinous competition with countries which have a lower standard of living, and protect the American farmer. That is the purpose of the amendment, and it is limited to the products named in the original act.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. CAREY. I will yield in just a moment.

I should like to say that I understand there is at the present time an agreement pending with Canada whereby the tariff on cattle will be reduced. Live cattle are coming into this country at a rate which, if continued, will amount to more than 2,000,000 head a year, and canned beef is also coming in. If my amendment is adopted it will protect cattle as well as other agricultural commodities.

Mr. ROBINSON. Mr. President, has the Senator concluded?

Mr. CAREY. I yield for a question.

Mr. ROBINSON. I asked if the Senator had concluded, and I could not hear his answer.

Mr. CAREY. No; I have not concluded.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. CAREY. I yield to my colleague for a question.

Mr. O'MAHONEY. Did I understand my colleague to say that there is pending a trade agreement with Canada which would result in lowering the tariff on beef imports from Canada?

Mr. CAREY. I said I understood that such an agreement is pending.

Mr. O'MAHONEY. I am very glad to be able to say to the Senator that as yet no negotiations whatever have been undertaken with Canada looking toward entering into a trade agreement. The State Department informed me only yesterday that it is now concerned only in the study of the various commodities, and no steps whatever have been taken toward lowering the tariff upon cattle or, for that matter, any other products. I thought the Senator would be glad to know that.

Mr. CAREY. In reply to my colleague, I should like to say to him that if he can find out anything about pending tariff agreements he is the only person I know who can.

Mr. BORAH. Mr. President, it has been published that such an agreement was in contemplation. The Senator from Wyoming undoubtedly knows that.

Mr. O'MAHONEY. That is true.

Mr. BORAH. The difficulty is that those who are concerned do not know when the crucial hour has arrived.

Mr. O'MAHONEY. That is quite true; I grant that.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CAREY. I yield.

Mr. BARKLEY. Confirming what the Senator from Wyoming [Mr. O'MAHONEY] has just stated, my information is that while perhaps correspondence or informal talks have been indulged in, and while informal studies are being made, more or less tentative, looking toward a possible trade agreement with Canada—which, as the Senator knows, is our greatest customer—they have not either formally or informally proceeded far enough to contemplate even a discussion as to what articles will be the basis of any such agreement, or any tariff rate on anything which comes into this country from Canada or goes from this country into Canada.

Mr. CAREY. Then, I ask the Senator why should hearings be held? I personally appeared before a board of the Tariff Commission and protested against the tariff being reduced on cattle coming from Canada.

Mr. BARKLEY. I suppose the Tariff Commission may at all times hold hearings with respect to any possible action.

Mr. CAREY. They advised me of a hearing.

Mr. BARKLEY. I am talking about actual agreements between Canada and the Department.

Mr. CAREY. They advised me that they were holding the hearings at the request of the State Department, but at the same time they advised me that they had nothing to do with determining the terms of the treaty.

Mr. BARKLEY. Any information gathered by the Tariff Commission is available to the State Department. They may investigate, either informally or by public hearings, any question upon which the State Department may desire information. The point, however, is that there has been no negotiation between this country and Canada which has developed even what articles will be the basis of any possible agreement or any rate on either side.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. CAREY. I yield for a question.

Mr. STEIWER. I should like to make one observation, if I may.

I think the fact is that the State Department has given notice, as it normally does with respect to all other such treaty negotiations. Pursuant to that notice, hearings have been held. To my personal knowledge, representatives of the lumber industry in the South and the West came here and made oral arguments, not before the Tariff Commission but before the Committee on Reciprocity Information, all preparatory to the negotiation of the treaty. Now we are advised by the junior Senator from Wyoming [Mr. O'MAHONEY] that those negotiations have not as yet commenced, and for that we are very, very grateful, because it postpones the fatal day just that long.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. CAREY. I yield.

Mr. DICKINSON. As I understand, the purpose of the amendment is to exclude agricultural commodities and the products thereof from the provisions of the act which we have been attempting here to repeal.

Mr. CAREY. That is the purpose of the amendment.

Mr. DICKINSON. That is my understanding. In that way there would be no further negotiations touching agricultural products with a Nation such as Canada, and Congress would, as it has heretofore done, regulate the tariff schedules to suit the industries of the country.

Mr. CAREY. That is the purpose.

Mr. DICKINSON. Mr. President, I desire to take a few minutes' time on this amendment.

It is my understanding that there are some twenty-odd countries which are the producers of agricultural products in competition with the United States; that most of them are seeking some type of trade agreements with the United States; that we have a market for their products, but they have no market for our products. Therefore, their very purpose in entering into trade agreements is to try to get into our market for agricultural products.

It seems to me we are in a position to lose, and never in a position to gain, by these trade agreements.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

Mr. DICKINSON. I yield.

Mr. ROBINSON. Does not the Senator know that in every trade agreement which has been concluded there have been incorporated provisions which authorize quantitative restrictions on articles or commodities which are subject to control of production, market supply, or price regulation?

Mr. DICKINSON. I do not understand the question.

Mr. ROBINSON. Does not the Senator know that in every trade agreement which has been entered into under the reciprocal tariff act this subject has been better safeguarded than can be done under the amendment of the Senator from Wyoming [Mr. CAREY]?

Mr. DICKINSON. No; I was not advised with reference to that. I hope it is true.

This morning the Senator from Nebraska [Mr. NORRIS] suggested, and also the Senator from Massachusetts [Mr. WALSH] that this is not the time for a discussion of this subject. It seems to me it is the time for a discussion of the subject, and I will tell the Senate why.

Every phase of farm relief which has been proposed here for the past 15 years to my knowledge has been based upon some form of protection by way of tariff regulation and statutory provisions. We have never sought to open our markets to the competition of the world so far as exchange of agricultural products is concerned. It seems to me that the reason this subject is a proper subject for discussion at this time, is that, so far as agricultural imports are concerned, the increase which is shown in practically every phase of agricultural imports is in contradiction of the interests of agricultural producers in this country who are accepting an allotment rental fee for not producing as much as they heretofore produced.

In other words, on one hand, we find that there is an effort to reduce production in this country, and, on the other hand, we find that under the policies being carried out an increase is shown in the imports of agricultural commodities in practically every phase during several years past. That is the reason why I think this is a proper subject for consideration in connection with this bill.

The junior Senator from Oregon [Mr. STEIWER] said there was only one way by which this question could be brought to the attention of the country, and that was by an aroused public opinion. I think there is another way by which it can be brought to the attention of the country and that is through a decision by the Supreme Court.

It seems to me that we are gradually drifting to a point where we are depending upon the Supreme Court to determine the policy of the country as to how far we may go in the matter of the adjustment of our economic policies under the Federal Constitution. The Reciprocal Trade Agreement Act provides in section 350 (a):

SEC. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof.

There is a direct delegation of power without any formula prescribed as to how the power shall be exercised. It is a direct delegation of legislative power which has heretofore been enjoyed by Congress. In the Thacher letter, referred to by the Senator from Michigan yesterday, we find this statement:

Under the provisions of section 350 (a) the President's authority, through the exercise of his tariff-bargaining power with all the nations of the world, to revise duties and restrictions upon imports within the 50-percent limit prescribed by the statute appears to be absolutely unfettered and uncontrolled by any standard considered and adopted by Congress in the exercise of its power to prescribe the legislative policy which must guide executive action.

In other words, Mr. Thacher contends that that is a direct delegation of legislative power without any rule or yardstick fixed whereby the action of the department may be guided.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield to the Senator from Kentucky.

Mr. BARKLEY. Does not Mr. Thacher's letter refer to the fact that the act itself provides that the President could not transfer an article from the dutiable to the free list or from the free list to the dutiable list and that he could not change existing rates more than 50 percent in either direction?

Mr. DICKINSON. That is not a yardstick whereby he might adjust the tariff duty at all; that has nothing to do with it.

Mr. BARKLEY. It was more of a yardstick, I will say to the Senator, in my opinion, than was contained in the act of 1890, which authorized the President, without even any yardstick, to issue embargoes and such restrictions as he thought were necessary whenever any other country by any restrictions, tariff, or other regulation of its own imposed an unreasonable burden upon American commerce; and that delegation of legislative power by the Congress was sustained by the Supreme Court of the United States.

Mr. DICKINSON. In reply to the Senator from Kentucky, let me quote from the CONGRESSIONAL RECORD of May 13, 1929, at page 1211, from the remarks of Hon. Cordell Hull, then a Member of Congress from the State of Tennessee. I quote from the bottom of the page:

Mr. Chairman, the proposed revision provides in effect that the valuation by appraisers shall be final except by appeal to the Secretary of the Treasury. This astonishing proposal strips bare the jurisdiction of the Customs Court and its authority to adjudicate unquestioned and hitherto unchallenged rights of the citizens. This is bureaucracy run mad. The very suggestion that the most valuable property rights of the citizen can be disposed of or dealt with as a finality by the Treasury Department without the slightest recourse to the courts of the country is wholly impossible to understand.

The proposed enlargement and broad expansion of the provisions and functions of the flexible tariff clause is astonishing, is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the head of a government on a basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion "this is too much power for a bad man to have, or for a good man to want." We have recently witnessed the astounding spectacle of Congress in session engaged in the work of enacting tariff legislation, while the President, assuming equal and coordinate authority, has undertaken to anticipate Congress by legislating himself while the session of the legislative body is in progress. This proposal embraces another revolutionary policy, which is, to abandon the law and the Republican doctrine to the effect that all tariffs should be measured by the difference between production costs here and abroad, by adding a number of alternative so-called methods to ascertain what is termed conditions of competition between this and other countries. It is proposed thus to give the President and his Tariff Commission, which, by the way, is virtually taken away from Congress, authority to use what in practical effect will be any sort of basis on which to fix tariff rates.

Further, from the CONGRESSIONAL RECORD of May 19, 1932, I again quote from the remarks made by Mr. Hull, who was then a Member of the Senate, as follows:

I am unalterably opposed to section 315 of the Tariff Act and demand its speedy repeal. I strongly condemn the proposed course of the Republican Party, which contemplates the enlargement and retention of this provision with such additional authority to the President as would practically vest in him the supreme taxing power of the Nation, contrary to the plainest and most fundamental provisions of the Constitution—a vast and uncontrolled power larger than had been surrendered by one great coordinate department of government to another since the British House of Commons wrenched the taxing power from an autocratic king.

That was the position of Secretary of State Hull, under whose jurisdiction reciprocal trade agreements are now being negotiated. It seems to me that in the delegation of power we have flown in the face of the decision of the Supreme Court in the Schechter case. Let me quote from the decision in the Schechter case, as found on page 6 of Senate Document No. 65:

The Congress is not permitted to abdicate or to transfer to others the essential legislative functions with which it is thus vested. We have repeatedly recognized the necessity of adapting legislation to complex conditions involving a host of details with which the National Legislature cannot deal directly. We pointed out in the Panama Company case that the Constitution has never been regarded as denying to Congress the necessary resources of flexibility and practicality, which will enable it to perform its function in laying down policies and establishing standards, while leaving to selected instrumentalities the making of subordinate rules within prescribed limits and the determination of facts to which the policy as declared by the legislature is to apply. But we said that the constant recognition of the necessity and validity of such provisions, and the wide range of administrative authority which has been developed by means of them, cannot be allowed to obscure the limitations of the authority to delegate, if our constitutional system is to be maintained.

So much for the delegation of power in the reciprocal trade agreement. Now let us consider the amendments now pending before this body. On page 2 of the bill, line 24, we find the following:

Whenever the Secretary of Agriculture has reason to believe—

I have always thought that a man who believes in pursuing a certain course can find a reason for exercising the authority, and his action depends upon his disposition to do what he wants to do. Therefore, if he wants to do a certain thing, he will find reason for believing that it should be done.

Whenever the Secretary of Agriculture has reason to believe—

What?—

(a) The current average farm price for any basic agricultural commodity—

Very well; what is the current average farm price? Who has the right to fix it under the law? What definition will the courts give to that phrase? How many elements would you, Mr. President, take into consideration in determining the current average farm price? What additional elements would I take into consideration? All of these things are absolutely flexible, and none of them have any definition in the law. Yet that is one of the facts that the Secretary of Agriculture must find before he may determine whether or not he ought to provide for the payment of rental allotments to take land out of cultivation.

What else must be found? He must find the fair exchange value of the basic agricultural commodities for

other commodities. What other commodities? And who is going to fix the value of the other commodities? Where is there any standard for fixing values under our Government so that a yardstick may be provided?

Now let us go back to the Schechter case again and see what it says:

The PRESIDENT pro tempore. The Senator's time on the amendment has expired.

Mr. DICKINSON. I will take my time on the bill.

On page 7 of the decision I find this statement:

> What is meant by "fair competition" as the term is used in the act? Does it refer to a category established in the law, and is the authority to make codes limited accordingly? Or is it used as convenient designation for whatever set of laws the formulators of a code for a particular trade or industry may propose and the President may approve?

So the pending bill does not define "fair competition"; it does not define "average farm prices"; it does not define "fair exchange value."

Yet I find the proponents of the A. A. A. are now going over the country and asserting that they are certain they have amended the act so there will be no question about its constitutionality. There seems to be a concession that the original act will be held to be unconstitutional. There is no question about the finding of the circuit court of appeals in Boston to which I referred only a few days ago.

But I also find there is a danger, which is admitted by all those interested, because of the fact that this bill as brought here provided that the Government, which wants to be fair to its citizens, should bar its citizens from bringing suits against the Government for the collection of an unlawful or unconstitutional tax.

I find now, according to the Treasury statement of July 15, that the Agricultural Adjustment Administration has credited to it to date $1,716,880,281. How is that turned over? I turn to item 2 and I find that it includes:

Three hundred and fifty million dollars specifically appropriated from the General Treasury under the acts of May 12, 1933, May 25, 1934, and June 19, 1934.

One billion three hundred and fifty-seven million eight hundred and eighty-five thousand dollars advanced by the Secretary of the Treasury under authority of section 12 (b) of the Agricultural Adjustment Act, which must be returned to the Treasury from the proceeds of the processing tax collected on farm products.

What is the processing tax? The processing tax is nothing more nor less than a consumer's sales tax on food products and clothing necessities. That is all it is. We are collecting now a sales tax of approximately $600,000,000 a year in that way.

I find there has been a decrease in the amount of such taxes collected. For the period from July 1 to July 15, there has been collected only $19,282,884.12 this year as against $35,460,973.59 in the same period last year. What does that mean? It means as the processing tax goes on and the prices are raised to the consumer, there is less processing and less consumption.

I know it will be said, "Do you not believe in high prices?" Yes, I believe in high prices, but I also believe that prices can be too high. Dr. T. W. Schultz, State economist, of Ames, Iowa, said that "income is a product of both production and price". In other words, the millionaires of the country have not been made by making a small amount of any product and selling it at a high profit. The millionaires have been made by having a product that was in great demand and having a small profit on every unit, and in that way increasing the unit sale. Henry Ford is the best example I can cite.

How is the money to which I have just referred transferred? The $1,357,000,000 was transferred under section (b) of the act which provides:

> In addition to the foregoing the proceeds derived from all taxes imposed under this title are hereby appropriated to be available to the Secretary of Agriculture for expansion of markets and removal of surplus—

And so forth. Then it authorizes the Secretary of the Treasury to make advances as he sees fit, unlimited, for such amounts as he may think are necessary in order to carry out the provisions of the act. It is under that provision of the act that there has been advanced from the Treasury of the United States $1,357,000,000 in order to carry on this program.

Therefore the money has come out of the Treasury, and only $893,000,000 has been paid back. There is a balance on hand of $705,785,000. The result is that if suits shall be filed, if the administration has gone too fast under the law, if it has run a risk that it should not have run, if by delaying the appeals of the various cases to the Supreme Court the Government has been under obligation to pay back to those who have paid an unconstitutional tax—and there shall have to be a refund of the amount paid in—then I can see how we will be involved in this processing-tax matter and its adjustment for a number of years yet to come.

I noticed also a further suggestion only the other day coming from Nashville, Tenn. I quote a United Press dispatch as follows:

> If the Supreme Court of the United States finds the A. A. A. and the T. V. A. unconstitutional millions of former members of the American Farm Bureau Federation are ready to fight for necessary constitutional amendments to put them through, Donald Kirkpatrick, Chicago, Ill., general counsel for the Federation, said here Saturday. "However", he said, "new changes in the A. A. A. should provide strength in the act to survive a court test."

In other words, are we now approaching a time when we are going to have proposed an amendment to the Constitution giving to the centralized bureaucracy which is now being developed in this country the right to determine the size and take actual direction of the business interests of the country for the individual?

I note in a statement made by Secretary Wallace that he said:

> In other words, is economic self-government in these United States constitutional? Is it going to be possible for the great key economic decisions to be made by all who will be affected by such decisions, or must those decisions be left in the hands of the few at the top?

I am thoroughly convinced that the people in the State of Iowa are still willing and content to try to work out their economic existence under the provisions of the Constitution, and if a constitutional amendment shall be proposed they will take it up in due time and give it the consideration which it ought to be given, and determine whether or not under the Constitution they believe they should have additional rights of which they are now deprived.

In the speech of Secretary Wallace at Seattle I find this further statement:

> Now that the Nation is approaching maturity, we face the necessity of discovering that principle of unity which provides most fully and justly the basis for an enduring relationship of the several regions and groups to the Federal Union. It must be a unity which will allow abundant room for diversity within it, and which will permit simultaneous centralization and decentralization—

Of course, I do not know how things can be centralized and decentralized at the same time. It may be possible—

> centralization of certain powers to permit a national approach to national problems, decentralization of certain administrative functions to permit a rebirth of democracy in every township in the land.

The theory that the A. A. A. is a cooperative endeavor may be true in a certain way; but when we come to figure out how the benefits are to be paid, what is cooperative about it? When we attempt to buy pork chops, and we are asked 45 cents a pound for them when we think we can pay only 30 cents, what cooperation is there between the customer and the butcher? We either pay his price or we do not get the pork chops. In other words, there is no cooperation so far as the financing of this problem is concerned.

I desire to refer to just one more problem, and that is as to whether or not the processing tax is the farmer's tariff. Here I shall quote from Mr. Frank P. Litschert, who is an authority on those matters. In an article published in the present month he says:

> Some of the stanch defenders of the A. A. A. processing taxes * * * declare that, like the processing tax, the protec-

tive tariff curtails the supply and at the same time raises the cost to the consumer.

Anyone who will take the trouble to study the comparison himself for a moment will not have much trouble in seeing the unsoundness of it. The protective tariff is not designed to curtail the supply of a product but only to cut down that part of the supply which comes to us from foreign lands, where it has been made by poorly paid workers, and to protect American jobs and the American standard of living for our own people by increasing the American supply.

That is the underlying feature of the protective-tariff policy of the United States.

The protective tariff encourages home industry.

It does not make for scarcity. It does not ask men to produce less and ask a higher price for their product.

When foreign matches, for example, are kept out of the country, the tendency is not to curtail American production or the match supply, as is the case of the A. A. A. with farm products, but to make more matches at home and at the same time more jobs for American workmen. The same is true of every other industry which is created in America by barring out a flood of cheaply made foreign goods. On the other hand, the processing tax is raised directly to cut down American production. And its effect on foreign production is exactly the opposite of that of the protective tariff. By reducing crops at home it encourages production in foreign countries. In fact, many foreign agriculturists have received so much encouragement that they are planning to raise enough to displace us in the foreign markets and send us supplies over our tariff wall, if the processing tax and other brakes on American production make it possible, as seems likely.

In other words, the protective tariff never reduced supply in the United States. It always encouraged production. Here, we are attempting to reduce production. I am just as anxious as anyone that the farmer shall receive high prices. On the other hand, if we adopt the policy of scarcity, in the end the industry will keep sagging down with less produced, less processed, less consumed.

There is no prosperity for any factory which adopts that policy. Those in charge of the most profitable factory in the United States today may say, "We are going to produce 50 percent less, but we are going to make 50 percent more profit on each unit." What will happen? The factory will soon go out of business.

That is what I am fearful of. When we see pork chops go too high—and I like to see high prices for pork—there may come a time when pork will disappear from the American table; and, remember, even in the State of Iowa, we have five people consuming pork to every one who is producing it.

I now wish to refer to a speech made by Gen. Hugh S. Johnson before the Central Mercantile Association, at New York City, on June 10 of this year. It has reference to the question of constitutionality, and whether or not Congress has been faithful to its trust in properly discussing these various measures.

To date the new-deal legislation before the Supreme Court has a batting average of four reversals and one apology. The apology was in the gold case; and yet we were passing legislation through the Senate, and if any Senator rose to question the constitutionality of any measure which was suggested, he was given but little attention. Why? There was a great demand for a new deal, apparently whether constitutional or not, and its advocates did not take into account the fact that we still have three departments of our Government. Congress may surrender to the Executive, but the Supreme Court has not yet surrendered.

Mr. LONG. Mr. President, will the Senator allow me to ask him just one question on that line?

Mr. DICKINSON. Yes.

Mr. LONG. Is it not a fact that while the Supreme Court did not surrender, the decision of the Supreme Court went a little bit further? Notwithstanding the fact that Congress was trying to quit, it undertook to convince Congress that probably there should be a Congress remaining, even though it had decided that there was no further use for it.

Mr. DICKINSON. I think that is correct. The Supreme Court said that we could not delegate our legislative function.

From page 24 of this speech by General Johnson I quote the following:

At the time N. R. A. was drafted I never heard anybody seriously contest its constitutionality as an emergency measure.

Its constitutionality was questioned. It was questioned on the floor of the Senate. It was questioned on the floor of the House. Nobody paid any attention to those who questioned it. We were told that we must do what was done.

Let me quote further:

We could not foresee what the Court might say, but we could see very clearly what the Court had said about the war legislation, and we kept the new legislation very far within those limits.

Just there, I wonder who is a convert to the theory that in peace times we ought to be permitted to pass war legislation!

Let me quote further:

There was no hint that it—the N. R. A.—would be blown to atoms by one judicial breath between dawn and dark of a single day.

Such a spectacle makes our system of government a laughing-stock for the world.

No; in my judgment, that decision makes the "new dealers" the laughing-stock of the world. Our Government is still here in all three of its branches. It has not surrendered its position; it is not going to surrender its position; and the fact that the Supreme Court has kept us within proper constitutional bounds is one of the wholesome developments of the past 6 months.

Therefore, I think we may justly consider whether or not we should continue a system that is contravening the very effect of any agricultural development we may have by means of reciprocal trade agreements whereby we are permitting imports in excessive amounts to come into this country. The authority has already been delegated. There is no necessity for a continuation of this policy, except that we have in key positions men who do not believe in the protective-tariff system, who believe there ought to be a reduction all along the line, who believe we ought to have international trade agreements whereby we shall sacrifice some of our domestic trade. For that reason I wished to call the attention of the Senate to some of the things I have suggested with reference to this amendment.

I should like to see this amendment adopted. I should like to see the reciprocal tariff law held unconstitutional. I should like to see the matter taken to the Supreme Court at the earliest possible date.

I ask unanimous consent that there may be printed in the RECORD at this point a statement by various authorities on the transfer of legislative power to the President.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement referred to is as follows:

DENUNCIATION OF TRANSFERENCE OF LEGISLATIVE POWER TO THE PRESIDENT, UTTERED BY DEMOCRATIC LEADERS DURING THE DEBATE UPON THE FLEXIBLE PROVISIONS OF THE HAWLEY-SMOOT TARIFF BILL AND FOLLOWING ITS ENACTMENT

TRANSFERENCE OF LEGISLATIVE POWER TO THE PRESIDENT

The accompanying excerpts were taken from speeches delivered in Congress and over the radio upon the subject of the flexible provisions of the Hawley-Smoot Tariff Law, insofar as those provisions delegate certain legislative functions to the President of the United States.

With two exceptions, the excerpts are from speeches of outstanding Democratic leaders, nearly all of whom are present Members of the United States Senate.

These excerpts contain charges that the transference or delegation of legislative powers of Congress to the President of the United States:

1. Violates the United States Constitution.
2. Usurps the power of the legislative branch of the Government.
3. Destroys the system of checks and balances between the legislative and executive branches of the Government.
4. Violates centuries of practice, precedent, and tradition of the Anglo-Saxon peoples.
5. Destroys the very cornerstone of the foundation of representative government.
6. Takes the power to levy taxes from the people and places it in the hands of one man. The power to tax is the power to destroy, and by centralizing the taxing power in one man, the very liberties of the American people are menaced.
7. While the President of the United States is President of all the people, nevertheless he is also a party leader, and delegating legislative powers of taxation and control of tariffs places in his hands limitless power to favor or subsidize or enrich a certain industry

or group of industries, or a section of the country, at the expense of other industries or other sections of the country. By the same token it places in his grasp the power to punish or even destroy an industry or group of industries.

8. It sets up machinery in the hands of the party leader whereby political funds to run his party may be collected or favors distributed in return for support of his party. This machinery, easily susceptible to corrupting influences, is given the cloak of regularity and legality by reason of the power vested in the Chief Executive, who is also the party leader. Such powers used in such a manner could easily perpetuate a party in power or could, against the wishes of the majority of his own party, perpetuate an individual at the head of his party and as the Chief Executive of the Nation.

9. It sets up political dictatorship, vested with limitless and autocratic power to override the legislative branch of the Government, to refuse that branch the right of review of Executive action, and back of that deny the American people any voice in the conduct of their Government or in the formulation and execution of its policies.

10. It creates an economic despot, holding the prosperity, and, indeed, the very existence, of industry and commerce within his own hands.

No arraignment of the transfer of legislative authority to the Chief Executive found in these excerpts is more severe than the two excerpts from the speeches of Senators Hull and Swanson, both of whom are now in the Cabinet.

JOINT STATEMENT ISSUED BY DEMOCRATIC MEMBERS OF SENATE FINANCE COMMITTEE ATTACKING PRINCIPLE OF PERMITTING PRESIDENT TO PASS UPON TARIFF RATES

September 29, 1929, the eight Democratic members of the Senate Finance Committee issued a public statement in which they attacked the principle of permitting the President to pass upon tariff rates as being unconstitutional and a menace to the democratic form of government. The statement follows:

A question of far-reaching consequence transcending considerations of party prompts us to issue a public statement in relation to the so-called "flexible" provisions of the tariff bill now pending before the Senate.

The question involved is one that in our opinion strikes at the very roots of constitutional government. It concerns the preservation unimpaired or the abandonment of the power of levying taxes by that branch of the Government which the forefathers agreed should alone be charged with that duty and responsibility.

Whatever argument could be advanced during the war and immediately following for delegation to a degree of the taxing power to the Executive unquestionably no longer exists. To incorporate now in the law any recognition of a right of the Executive to impose taxes without the concurrence of the legislative branch is without justification.

Authority in the Executive to make the laws that govern the course of commerce through taxation is especially objectionable. It is an entering wedge toward the destruction of a basic principle of representative government, for which the independence of the country was attained and which was secured permanently in the Constitution.

There is no issue here as to the integrity of any Executive who has had or may have extended to him the exercise of this power. The issue is one of taxation by one official, be he President or monarch, in contrast to taxation by the representatives of the people elected, intrusted exclusively with the power to seize the property of the citizen through taxation. If proof were needed that the danger which the forefathers foresaw is inherent in this issue, a mere casual inquiry into the methods employed, selfish influences used, sinister schemes and contrivances brought to bear, one need but examine the record.

The principle is: Are taxation laws and their application to be made virtually in secret, whatever may be said about a limiting rule, or are they to be enacted by the responsible representatives of the people in the Congress, where public debate is held and a public record made of each official's conduct?

The arbitrary exercise of the taxing power, all the more dangerous if disguised and not obvious, in its basic character is tyranny. Resistance to the impairment of this popular right has largely occasioned many of the wars and revolutions of the past.

An issue of this importance should not be associated with the opinions or necessities of those interests, States, or sections that directly profit by some rate schedule in the body of the tariff act. With respect to the principle here at stake, any trading or logrolling is especially unjustifiable and indefensible. Neither should we be unduly influenced by the attempt to divert attention from this momentous issue by condemnation of and emphasis upon the dilatory and unsatisfactory results of congressional procedure.

No one seeks to prevent or in any way to interfere with the investigations and reports of the Tariff Commission in connection with emergency tariff legislation. The point is: We emphatically insist that final action and responsibility based on Tariff Commission reports shall be taken by the Congress.

For the purpose of preventing apprehended congressional delay, an amendment has been made providing for the submission of the reports to the Congress by the President, and, furthermore, an amendment will be presented strictly limiting action by the Congress to matters germane to the particular subject matter or rates recommended by the President after investigation by the Tariff Commission.

We do not hesitate to say that if this extraordinary and what we believe to be unconstitutional authority passes now from the Congress, it is questionable if there will ever again be a tariff bill originated and enacted by the Congress.

It is our solemn judgment that hereafter all taxation, through the tariff, and regulation of commerce thereby, will be made by the Executive. It is the inherent tendency of this tariff-changing device and the apparently conscious purpose of its proponents to use it to keep the tariff out of Congress, where it is such an embarrassing business, as everybody knows, to the party that profits politically by it. So, also, it will be of distinct advantage to the interests that are the direct beneficiaries of the tariff.

In an age where there has been a steady tendency to rob the individual citizen of his power and influence in his Government through bureaucracy, we deem it our duty to vigorously protest any further encroachments in this direction, and especially with respect to taxation.

In the hope of arousing the people, regardless of party, to take a broad, a public view of this important public question, we make this appeal.

FURNIFOLD M. SIMMONS, of North Carolina; PAT HARRISON, of Mississippi; WILLIAM H. KING, of Utah; WALTER F. GEORGE, of Georgia; DAVID I. WALSH, of Massachusetts; ALBEN W. BARKLEY, of Kentucky; ELMER THOMAS, of Oklahoma; TOM CONNALLY, of Texas.

SENATOR BRATTON

Senator Bratton, September 27, 1929 (CONGRESSIONAL RECORD, vol. 71, pt. 4, p. 4037) said:

"The victory of the Anglo-Saxon race in the struggle not to be taxed except through their duly-elected representatives is one that we cherish. It is one that we hold dear. It is one for which a tremendous price was gloriously paid. Now we are asked to delegate to the executive department, for an indefinite period in the future, the power to tax through action of appointees not elected by the people and not responsible to the electorate of the country, who function in a chamber where the light of publicity is excluded."

SENATOR BORAH (REPUBLICAN) OF IDAHO

Senator BORAH, September 26, 1929 (CONGRESSIONAL RECORD, vol. 71, pt. 4, pp. 3973 and 3974) said:

"Mr. President, secondly, what power is it to which this delegation of power will relate? It is the power of taxation, it is the power of raising revenue, a power which has fundamentally, basically, peculiarly belonged to the legislative function in Anglo-Saxon history from its beginning. It is the most ancient of all legislative prerogatives. It comes down from the first meetings of the great council of the realm. There has been one power from which the Anglo-Saxon people have never been willing to divorce themselves, even under the most exacting conditions, or the most determined dominancy of great kings. Yet, if we accept the argument as presented, we are transferring to the commission and to the President the power to say what duties shall be, and determine what taxes, if any, shall be levied, and what law shall obtain.

"Mr. President, suppose we passed a bill here saying that every man should pay an income tax according to his ability to pay, and then appointed a commission to determine the facts, and authorized the President to determine the amount of the tax. If this provision here is sound, in my judgment that would be a power which we would be entitled to delegate, and a power which the President could exercise.

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"There is no subject over which government assumes to exercise authority of more concern to the Government and citizen alike than the subject of taxation. When the citizen faces the Government in the matter of taxes he is practically helpless, save when he chooses to appeal to the sovereign right of revolution. The tax which the Government exacts he must pay. To pay it may imperil or ruin his business; it may take the roof from over his family; it may impoverish his children and deny them the advantages of education; but the will of the Government is supreme and remorseless. Taxation has a thrilling history. It is the bravest and also the sorriest chapter in the history of the English-speaking race. It is the story of liberty, of free and independent citizenship, a story, in short, of free institutions. This the fathers understood quite as well as we understand it.

"And this the fathers heeded far better than we seem disposed to do. How carefully, how persistently they undertook to place the power of raising revenue, of imposing taxes where it was least likely to be abused and where those who must pay the taxes could most immediately and wisely interpose political check in case of its abuse—political check, that the revolutionary spirit often invoked in the past might not be invoked again. The House of Representatives are elected every 2 years—the House alone can originate bills for raising revenue. The Congress alone may impose taxes. The principle of government underlying taxation they thoroughly understood. But when you think of the burden of government in these days, the crushing weight of expenditures increasing year by year, one must conclude that the power to impose taxes is even more vital than when the Constitution was framed; it is the power of life and death over the citizen, it is the power to destroy. We are accustomed, when speaking of the history of taxes, to refer to the kings who have lost their heads or their crowns in attempting to impose taxes without the consent of the people. But I am interested in a more homely and a more common tragedy—that of millions of men, women, and children who daily make sacrifices that they may meet the burdens of government. I want to keep the power to levy taxes close to those who pay the taxes and do the voting.

"The fathers provided that the House should originate measures of revenue, and they placed the power there. In the name of

God, let us keep it there! It is not the question of an hour. It is not the question of a day. It is a question of years—I trust for centuries—and whether we are going to preserve this Government as it ought to be preserved and make it the obedient instrument of the people.

"If Congress instinctively senses its inability to discharge the duties imposed upon it by the Constitution, if the Congress would evade or shirk the trust reposed in it by the people, let it at least summon the courage to propose openly, through an amendment to the Constitution, these fundamental changes, this redistribution of power. If Congress hungers for political subserviency, if it covets the ignominious role of a display without power, of debate without authority, will we not as a parting act of courage and self-respect propose that the fundamental law be changed? Are we not willing to give the people a chance to say whether they wish the taxing power to be reposed in one man? We should not seek, through subtlety, through trickery, what we dare not propose openly before those who sent us here. I do not know of a more shameless betrayal of a public trust than that of surrendering the power with which we are temporarily intrusted, than that of evading the obligation which for a brief season we have been willing to assume.

"An ex-President of the United States said a few days ago that the President of the United States enjoys greater power than any living sovereign. Woodrow Wilson once said to me, or said in my presence, that he shuddered when he thought of the power which he possessed as a President. He is Commander in Chief of the Army and Navy. He is in charge of the foreign affairs of our Government. He has practically the war-making power, because he may so conduct foreign affairs that the declaration of war by the Congress is a formality. He has the veto power, the pardoning power. He has the appointing power of all the officers in the Federal Government. The Supreme Court of the United States has now decided that he has the dismissing power. No Senator who has served very long in this body will underestimate the influence of that power. No Senator who has witnessed the subtle influence of the appointing power upon legislation will underestimate that power of the President.

"Truly, as has been said, the President enjoys more power than any living sovereign. Shall we delegate now the most exceptional power, the most delicate power, the most precious power of the people, also to the President of the United States? Not this President. Let us dismiss that idea. Individuals and persons have nothing to do with this debate. But shall we turn over to the Executive, with all his tremendous powers, the additional power which enables him to levy duties as a practical proposition which the people of the United States are to pay? Mussolini was put to the inconvenience of seizing power, but we as a Congress are going like a bastinadoed elephant, bowing at the feet of the President, and surrendering to him the power which the people repose in us.

"Something is happening here, my friends, which the fathers of the Constitution never dreamed of. In studying and discussing the question of the division of power, the legislative, the executive, and the judicial, they surveyed the whole field of experience and the entire realm of thought as to what might happen. Hamilton and Madison were deeply interested in the subject. Madison said that the accumulation of all power, legislative, executive, and judicial, in the same hands may be pronounced as the very definition of tyranny. He further said in the same discussion that power is of an encroaching nature and ought to be restrained from passing the limits assigned to it. It was a subject in which they felt profoundly, and they undertook to survey the conditions under which that power might be frittered away from one department to the other. But they never dreamed, nowhere discussed, and nowhere contemplated that the Congress of the United States would voluntarily surrender its power. It never entered their minds that the people would elect a Congress which from time to time and from year to year would voluntarily surrender its power—as one Member of the other body said, to get rid of the details, to get rid of our troubles, leave us a debating society.

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"If we transfer to the Executive the power we here propose to transfer, when and where shall we halt in our mad and reckless generosity? If we set the pace, what Congress may we hope will have the integrity of purpose, the courage, and the patriotism to stay the craven surrender of power now going on and to put an end to this chronic renunciation of the obligations given to and imposed upon us by the Constitution? Precedents established by timid and indifferent men will be cited by sincere and conscientious legislators upon the assumption that they were honestly established. If we are justified either by the Constitution or expediency in giving the Executive this authority to deal with customs revenue, is there any convincing argument to be adduced against granting equal authority over income taxes and all other taxes? Why should we surrender the powers which so clearly belong to the lawmaking department? What a shirking, apologetic admission upon the part of Congress that it is unworthy of the trust. What a shameless confession upon our part that representative government is a failure. No more unworthy public servant slimes his way through the corridors of the Government than the public servant who evades or barters away solemnly imposed obligations. There is something to be said for the public servant who weighs well his public duty and fails. There is something to be said for the man who dishonors his place of honor but leaves it all intact for a competent and faithful successor. But there is no plea to be made for the man who goes out and seeks from the people these places of honor and trust, of obligations and powers, and then surrenders them over to another. This is an act for which there is no defense to be found.

"The argument is made that this transfer of power is born of necessity, that the construction of the Constitution permitting this transfer arises out of the inherent necessity of the situation. This doctrine of necessity has even found its way into the decisions of the courts. Necessity, as has often been said, knows no law, regards no constitution. When I hear men appeal to necessity in justification of their acts I am bound to conclude that they thus admit they cannot find any justification for their course within the terms of the Constitution. If the Constitution, or any reasonable rule of construction, would authorize this delegation of power, there would be no occasion to invoke the doctrine of necessity. That is an argument that is made solely and alone in the absence of constitutional authority. This word 'necessity' has an ancient and unsavory reputation. It is closely associated with arbitrary government. It smacks of personal power. It has always been the plea of the lawless. It has no place in constitutional government. There may be reasonable and just grounds for changing and rewriting the Constitution. If so, let that appeal be made to those alone who are authorized to change it. But so long as the Constitution stands the plea of necessity can never be heard without disregarding every principle upon which our form of government rests.

"Mr. President, there have been two books lately written, which are very interesting books, and I think very great books. One was written by Lloyd Paul Stryker, a lawyer of New York, which is entitled 'The Life of Andrew Johnson.' The other was written by that brilliant young writer, Claude G. Bowers, and is entitled 'The Tragic Era.' Both books cover practically the same period in American history, the most regrettable and unfortunate period in our entire history; that is, the reconstruction period. The Constitution was tested even beyond the test of civil war. Acting under passions born of the recent struggle, guided by a spirit of revenge rather than a spirit of justice, strong men searched the Constitution for power, for authority to do those things which the wise framers of that instrument never intended should be done. The authority could not be found. Baffled and discouraged in their search for authority to justify their acts and deeds and wholly unable to find it, they raised the old cry of necessity. The necessity of the situation. Under this plea they proceeded to put this Constitution to the severest strain yet recorded in our history.

"The student of that period rises from his survey of those events with a deep-seated distrust of all constitutional plans and all constitutional arguments which must be supported and propped by the plea of necessity. Once the plea is admitted, where is the limitation of power? Once the plea is accepted, and who will be bound by the authority thus invoked? Once the plea is admitted, and there is no constitution except the will and purpose of those who happen to be in power at that particular period.

"But if those acting under the fierce feeling of internecine strife are not to be pardoned—and, in my judgment, they are not—what will be said of those who raise the plea, the fierce, demoralizing plea, in times of peace, in times which admit of reflection and considered judgment? Let us conserve and preserve the principles of the Constitution faithfully and religiously until the people remake the Constitution. There is no excuse to be given for any other course. Such excuses as may be conjured up do credit neither to our integrity of mind nor our sincerity of purpose.

"Necessity has no proper place in our vocabulary when we are exercising the constitutional powers of this Government. We must either find the authority in the Constitution or we must halt and go back to the people and ask the people if they themselves want to delegate that power. Upon no other principle can a republican government long endure."

SENATOR WAGNER, OF NEW YORK

Senator WAGNER, of New York (for 7 years justice of the New York Supreme Court) on October 1, 1929 (CONGRESSIONAL RECORD, vol. 71, pt. 4, pp. 4093–94) said:

"Mr. President, one of the most disquieting facts about this controversy is the frequency with which the advocates of this transfer of legislative power to the Executive have pointed to precedents. Precedents do not make a thing right. They may only prove that we have been wrong before. At the present time we are on the crest of the wave of Presidential encroachment upon legislative territory. What at first seemed like a harmless delegation of inconsequential power has, through accretion and addition, so multiplied the power and authority of one individual of this Government that the system of a functional balance between the three great divisions of Government is well nigh upset.

"The time is ripe to reject the question, Have we done it before? and instead, to inquire, Have we not gone far enough, indeed too far, in the direction of centralization? This year the campaign of those who are impatient with the methods of our representative democracy had planned to write into the law 'competitive conditions' as the standard of comparisons which was to guide the President in writing the tariff laws. That campaign was successful in the House. It was for a time successful in the Finance Committee. Let us hope that it will not be successful in this body.

"The next campaign has already been planned. An attempt will soon be made to remove the 50-percent limitation which now somewhat curbs the lawmaker in the White House. His authority

is further to be extended to transfer commodities from the free list to the dutiable list and from the dutiable list to the free list.

"Mr. President, where does all this lead? Why enact any tariff rates at all? Why not leave the whole matter in the hands of the President? Why not extend this congressional labor-saving device to other branches of legislation? Let us enact a general income-tax law stating that the ability of the citizen to pay shall measure his tax liability. The President can then proceed to fix the details of rates and exemptions. If the flexible tariff is constitutional so is the flexible income tax. If the one is sound policy, so is the other. If the American people will tolerate the first they will tolerate any and every invasion by the Executive into the sphere reserved by the fathers of the Constitution for the representatives of the people of the United States. I need hardly say that I make no personal references whatever when I speak of 'the President.' It is the office alone that I intend.

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"For a century and a half the order of legislation has been deemed settled in the manner provided in the Constitution. Is all this to be changed with respect to tariff legislation? The President may be of the opinion that one rate or all rates in the bill are too high or too low, but he need not indicate that fact to the Congress. He is under no obligation to act promptly within the constitutional period of 10 days. He may give the bill his formal approval, preserving in his own mind his objections and his intentions. Thereafter, at such time as may suit his convenience, the President is at liberty to veto any and all of the provisions of the bill. Congress does not secure the opportunity to repass it over his veto. The President himself not only strikes from the law the measure written by Congress but writes the new law which is to take its place, to be enforced by the executive department, and to be given validity by every court in the Nation.

"Where are the checks? Where are the balances that the separation of powers was intended to provide for our Government? There must be no mistake about this: There are neither checks nor balances, there is no separation of powers where a single individual can determine that he does not like a provision of law, strike it out, write a new one in its place, enforce the new law, and continue beyond the reach of the legislature or the courts. No amount of befuddlement can obscure the fact that that is exactly what the flexible provision of the tariff accomplishes.

"Consider, Mr. President, the extent of the power which by this provision is handed to one person. Consider the vastness of the discretion which it vests in him, and compare it with the loudly trumpeted declaration that he is but carrying out the law as laid down by Congress.

"By this provision there is vested in the President the discretion to determine which industry is to be investigated and conduct the investigation; to determine the facts; to determine the law; to determine the nature of the necessary remedy; to lay the duty and collect it; to remain in every case the final arbiter, beyond the reach of review for action or nonaction.

"Many a protective tariff duty establishes for a commodity a geographical boundary in the United States beyond which the imported article cannot go. Under this provision, who determines where that line shall be drawn? The President.

"In every investigation it has been found that there were high-cost producers, inefficient producers, producers who used antiquated methods, producers who continued to function within limited areas only because of the protection of the freight rate as against their competitors. Who determines whether in the comparison of costs between the domestic and the imported articles these high-cost producers shall be included or excluded, and thus inefficiency perpetuated or discouraged? Who decides on this policy of national economy? The President.

"There have been in every tariff act commodities from which Congress deliberately withheld the full measure of duty based on relative cost differences for the benefit of the consumers. Under the flexible provision the President may impose the duty which has been deliberately withheld by Congress and flout the will of the legislators.

"Let us not forget that this incomparable power to enrich or impoverish, to build an industry or cut it down, to remake the economic geography of our country—all this power is placed in the hands of a man who is not only President but the head of a political party.

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"The issue is not between an inflexible and a flexible tariff; the true line of division is between an executive tariff and a congressional tariff.

"What is the nature of the power which the President demands shall be his? It has been eloquently described by the distinguished Senator from Idaho as the remorseless power of taxation. It is that, Mr. President, but it is also more than that. In the exercise of the ordinary power of taxation we take from the citizen a portion of his wealth for the use of the Government. By the tariff the Government not only takes from all citizens but by the selfsame act bestows what it has taken upon a few of them. Our ordinary tax laws are general in terms. They apply to all persons, to all corporations, to all industries alike. The tariff can be made to operate for or against a single State, for or against a single industry, for the weal or woe of a single individual. Who will dare give offense to a President possessed of a power which can be so accurately aimed at the object of displeasure? Who will fail to curry favor with an individual who has it in his power to confer the riches of Monte Cristo upon his favorites?

"President Butler, of Columbia University, in a brilliant address recently pointed out how in the past generation the center of gravity of human interest has been shifting—'from politics to economics; from considerations that had to do with forms of government, with the establishment and protection of individual liberty, to considerations that have to do with the production, distribution, and consumption of wealth.'

"So it has been in the history of executive authority. The despot of 4 centuries ago had the life and liberty of a subject in his private keeping. The great struggles against the tyrannies of that day were directed against the insecurity of life and the deprivation of liberty. The Bastille was one of the last remaining symbols of that ancient order and the French revolutionists destroyed it.

"In our Constitution we erected a legal wall of protection around life and liberty and placed them beyond the reach of the Executive and deposited them instead, through the jury, into the safe keeping of the people themselves.

"That chapter is largely finished. The new struggle, the new resistance, is against the concentration of economic power in the hands of executive authority. Heretofore, we have made generous grants of economic power—by that I mean wealth-making and wealth-denying power—to the President or his agencies. We conferred it in the merchant-marine act. We bestowed it upon him through the Federal Farm Board Act. None of these, however, measures up in rank, in significance, in its all-pervasiveness to the authority which is written into the words of section 336 of this bill.

"The new danger line in twentieth-century government is drawn across the economic field. Are we going to hold that line or are we going to renounce the victory of a thousand years of fighting to break up the concentration of political power and permit the concentration of economic power in the custody of a single individual?"

SECRETARY OF THE NAVY, CLAUDE SWANSON, OF VIRGINIA

Senator Swanson, of Virginia, October 2, 1929 (CONGRESSIONAL RECORD, vol. 71, pt. 4, pp. 4132–4134), said:

"Mr. President, I do not expect to add much to the splendid addresses which have been delivered upon this all-important question. The debate has gone to the fundamentals of government, and in character measures up to the debates which have occurred in the palmiest days of this Republic or in any legislative body of the world where the rights of the people were being fought for in opposition to Executive or arbitrary power. The speeches we have heard in opposition to the flexible provision of the tariff bill have been worthy of Burke, worthy of Chatham, worthy of Mirabeau, and worthy of the fathers of this Government, who sounded the clarion note for popular rights. The arguments which have been advanced in behalf of the flexible provision of the tariff bill, placing in the hands of the President the right to give favors and the right to impose taxes upon the people, embody exactly the same excuses which have been made from time immemorial in behalf of arbitrary and one-man power. They have added nothing to all of the excuses which have heretofore been made for the bestowal of such power.

* * * * * * *

"Mr. President, I am opposed to sending the information obtained by the Tariff Commission to the President; I favor sending it to Congress, and I shall give my reasons for my position. First, I am opposed on historical grounds, by tradition, and because of what history and its proven truths tell mankind, to conferring such power on the President. How was America settled? What were the conditions under which this Nation was founded? The world was dominated by executives and despots. The Cortes of Spain had been abolished when America was settled, and the will of the King of Spain was the law of three-fifths of the world. The great States-General of France had been abolished; it was not called together again until it met on the eve of the French Revolution. James I had prorogued Parliament and his will was the law of England. The English Parliament did not assemble for 7 years, and during that time James I was the ruler whose dominant will controlled England. With that situation in the world, America was settled by people who believed they had a right to control their own destiny, the right to control the imposition of their own taxes, the right to control their private affairs. For all the world, Mr. President, liberty, popular rights, had but one refuge, and that was in the woods of America. Here we have protected liberty, until now, when it is sought to make an abject surrender of the popular rights of the people which our forefathers would not have thought possible in the great Republic which they founded. This is the issue and it cannot be evaded.

"What does it mean when the President is given the power to impose customs duties or tariff taxes on 120,000,000 people? First, that taxes are imposed on the American people by the Executive, and, second, that there is bestowed on the Executive without limit and without stint the power practically of granting monopolies and conferring favors upon anyone according to his own will.

"What was the great curse of monarchy? It was the power on the part of the king to grant monopolies to a few to trade in England or in France or in Spain, as the case might be. One of the greatest curses of government until America was settled was the power given to monarchs to show favoritism, to bestow favors upon their particular friends and adherents, to make men rich or poor as the will of the monarch might dictate. In England privileges were given to favorites which resulted in monopolies in the woolen trade, the sugar trade, the cotton industry, and similar favors were bestowed in France and Spain. Court favorites were made rich by the monarchs who had it in their power to bestow such favors.

That was one of the abuses denounced in our Declaration of Independence; it was one of the main grievances which resulted in the wrestling of the Magna Carta from King John, for the King could bestow favors to the enrichment of his favorites.

* * * * * * *

"The founders of the Government, fearful of the taxing power, provided that the people could not be taxed except by Congress and that all tax measures must originate in the House of Representatives. They were so concerned about the taxing power that they provided that the House of Representatives should be elected every 2 years, which is one of the shortest election periods in the history of constitutional government. Yet it is proposed to give to the President the power to impose taxes, to increase tariff rates 50 percent or decrease them 50 percent. When he is given that power, what does it mean? It means that power thus given to him, in the absence of his consent, can only be withdrawn from him by a vote—two-thirds of a majority of the House and of the Senate. If this flexible provision shall be embodied in the law and it is desired subsequently to repeal it or to change it, and the consent of the President cannot be obtained, it can only be repealed or changed by a two-thirds vote. This statement cannot be denied. It means that we confer on the President for all time the power to increase taxes unless two-thirds of Congress shall take that power away from him, for it would take two-thirds to override his veto. So it appears that when Senators vote for the flexible provision they vote to deprive a majority of Congress of the right to handle this matter; they vote to leave it entirely to the President to continue to exercise this power unless he consents to the withdrawal of the power or unless two-thirds of the House and the Senate withdraw it from him. I say that that strikes at the fundamental principle of majority government and is ruinous to our institutions.

"Mr. President, under the power granted to the President by the flexible provision, how is it to be exercised? No publicity surrounds the proceedings of the Tariff Commission. The President is not required to act publicly. So the hearings and the proceedings in connection with the operation of the flexible provisions are of a star-chamber character. The President can hear a case openly, or he can hear it secretly. Six members of the Commission and one other man, the President, without publicity, without the case being presented, can absolutely control the industries, the enterprises, the foreign trade and commerce, and the industrial growth and development of 120,000,000 people, secretly and by means of star-chamber proceedings.

"One of the great fights made in England against Charles I and James I was that the rights of England were bartered and sold in star-chamber proceedings, secretly, without publicity, and without knowledge on the part of the people. Yet it is proposed to place our industries, the taxing power, and our entire prosperity in such a position that we cannot compel publicity, but star-chamber and secret proceedings may determine their fate. In Congress, it must be done publicly. The votes are public, the debate is public, there is a public record, and the American people know from their representatives who has been true and who has failed.

"Who is willing to have the interests of his State controlled, determined, and decided by the star-chamber proceedings of a commission and a President who is not compelled to have publicity?

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"* * * I think this is a fundamental question of popular rights and popular liberty. If parliamentary government cannot be sustained in the United States, it is a failure; and yet we are asked practically to abolish parliamentary government, to do it in an unconstitutional way, and to create in America by indirection powers of a President superior to Congress and superior to the people, and a power that we can never withdraw from him without his consent except by having a two-thirds vote in the House and the Senate.

"Mr. President, I think this is a serious question. This is the time when we must make a stand for popular rights, for popular liberty, for the right of the people to govern themselves through their parliaments, which is the very principle upon which the American Government and American institutions have been founded.

"I am not for creating in America a Mussolini. I am not for creating in America a despot. I am not for creating in America a President with more constitutional powers than any monarch ever possessed, and then supplementing that with power to give riches, monopoly to his favorites by the flexible provision of a tariff bill.

"Mr. President, we cannot shirk the issue. It cannot be shirked. Right here today, when the roll is called, Senators will answer whether they are for popular government, whether they are for the rights of the people, whether they are for constitutional government, whether they intend to let our Constitution continue as it was founded, with the power of taxation by Congress and not by an Executive.

"I for one have been proud of the eloquent voices that have been raised, the ability that has been displayed, in keeping America true to her traditions, in keeping her true to the institutions as the leader and the champion the world over of popular rights and the liberties of the people, and the right of the people to control their own destiny, and make their will law, and not turning it over to the Executive."

SENATOR JOHNSON (REPUBLICAN), OF CALIFORNIA

Senator JOHNSON, of California, October 2, 1929 (CONGRESSIONAL RECORD, vol. 71, pt. 4, p. 4123), said:

"Mr. President, I seldom quote newspapers, I seldom read here editorials from newspapers. I seldom desire to say anything in criticism of the press, although I might, perhaps in a natural ebullition of desire to respond, say much; but I read yesterday an editorial in the New York World. It is written in good taste. It is written in judicial mood. I think the latter part of its views are quite apropos. I dare read it here now:

"'The Democratic members of the Senate Finance Committee have taken hold of the right end of an exceedingly important public issue when they appeal for support against tariff flexibility by Presidential decision. There can be no doubt whatever that a tariff rate is a tax, and it will be difficult to dispute their argument that taxation is the business of the legislature and not of the Executive. The proposal to have the President use the flexible provision is in fact a proposal to let the President legislate by decree. This is certainly contrary to the spirit of the Constitution, even though on narrow technical grounds the validity of the present law has been sustained. In any case, it is clearly an unwarranted confusion of powers.

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"'The methods of Congress are cumbersome. They have gross and obvious defects.'

"I want to concede that statement to be true. I recognize the cumbersome methods of the Congress and the obvious defects that we have. But, sir, with all those defects and with all our cumbersome methods, at any rate we stand here in the light of day presenting our cause and arguing our questions. Under any other system the result is determined in secrecy and in darkness and behind closed doors. Under any other system, however, we may make it, there is the intrigue and the hauling and the pulling and the influences wielded that we never hear of and which finally shows itself in ultimate determination. So the choice, after all, under the amendment which is presented is, where will we go? Will we rid ourselves of something that we think is an arduous duty and in that fashion send it forth to this body, that is extra-judicial in character and that in secrecy performs its work, or shall we do that task here? That is the question in the last analysis that is presented.

"The World editorial proceeds:

"'But their defects are bound up with the working of popular government, and impatience with these defects is the usual beginning of a desire for a dictatorship. * * * For if the President can revise the tariff more efficiently than Congress, it may be * * * that he could make better laws on almost any other subject. It would nevertheless be undesirable to give him the power to make laws on any subject.

"'There is no more reason why the President should supplant Congress in order to revise the tariff than that he should supplant it in order to revise any other law. Self-government is self-government.'

"'Self-government is self-government.' That is what we are here for. * * * Self-government is self-government. Abandon it in the one instance and it will be taken from us in the next. Onerous as it may be and difficult, nevertheless it is what we have in America and is what we desire. The editorial concludes:

"'Self-government is self-government, and in this country, however irksome it may be at times, it has been worth the price.'

"It is worth the price to stand upon this floor and argue a case such as this upon sound principles and from a desire for the preservation of that which our people hold dear and which in the very nature of things can be intrusted to us for only a brief period in the future. Soon, my friends, you and I will pass from the scene of activity. I believe that this body is organized in such a fashion that its Members change in practically a decade. Soon, sir, we will be gone. The immutable principles of this Government, if there are any immutable principles, will go on and on and on. You may not think it and you may believe that in response to those who insist that you shall vote in a certain way that it is not at stake, but let me plead with you that one of those immutable principles is at issue today in this Chamber. Here is an immutable principle of whether we retain this Government in its present form or whether we surrender unto the executive branch the most powerful prerogative that belongs to the people. That we surrender it in a small degree and in a little way is of no consequence, because when we surrender it in a small way and in a small degree we leave open the ability subsequently to have the way widened, and we will find we have surrendered it in many other ways as well. Here is a contest today for one of the immutable principles of the American people. It is for us to resist the pressure that is put upon us. We must have the strength and the courage to stand here for a principle that must be maintained if American liberty is to live in this Nation.

"That is the contest today, Mr. President. It transcends in importance any rates upon any commodities or any tariff levied for any industry. It transcends in importance any individual's future, political or otherwise. It transcends in importance any man's word or any man's command, no matter who he is or whence he comes. Today, sir, we stand at the parting of the ways, so far as the Congress is concerned, and we solemnly insist that this policy established in the Nation, in the days gone by, the policy that enables the people themselves to govern, be not impaired or destroyed. You must not take that power from the people's representatives and apportion it in either small degrees or large to any other department of the Government."

REPRESENTATIVE GREENWOOD, INDIANA

Representative GREENWOOD, Democrat, of Indiana, on May 3, 1930 (CONGRESSIONAL RECORD, vol. 72, pt. 8, pp. 8313, 8316), said:

"Mr. Speaker, the most sacred duty delegated to the Congress of the United States is the exclusive power given in the Constitution over taxation, including the fixing of imposts, which are tariff taxes.

"This sacred duty is one that is exclusively ours as the legislative department. I am not willing to surrender this duty to the executive department.

"Regardless of the fact that the Supreme Court of the United States has sanctioned the delegation of such power in a former law, it still rests with us, as the representatives of the people, to decide whether it is expedient, to decide whether it destroys the balance of power in the departments of government for us to surrender the authority to the President in the imposition of tariff duties.

* * * * * * *

"* * * I am not willing to center power in the Executive of the United States to fix taxation. Power to tax is the power to destroy. Power to tax is the power to show favoritism. Power to tax or to fix duties is authority to give privilege. I think the Executive of the United States should not, as one man, be clothed with this supreme power.

"I am in favor of keeping the three departments of government separate and inviolate. It is better for the rest of the people for Congress to act in matters of legislation rather than delegating that power to the President. I am not willing to rob the judiciary of its power to decide judicial questions, and I do not believe in depriving the Congress of the power to legislate on legislative questions. I am not willing to give my support to such a diabolical scheme. I shall not vote to destroy our balanced system of constitutional government."

REPRESENTATIVE TUCKER, OF VIRGINIA

Representative Tucker, Democrat, of Virginia, May 16, 1930 (CONGRESSIONAL RECORD, vol. 72, pt. 8, p. 9101), said:

"Consider just for a moment what this question means. Three hundred years ago in England our forefathers met this proposition and settled it. The Crown, over years of gradual accretions of power, had come to demand as of right supplies from the timid Commons. The imperious Stuarts and Tudors were wont to say to the House of Commons, 'Hurry up; hurry up my supplies, and then adjourn.' It cost the head of one King and the removal of another to bring about this change. Arbitrary power and the power to control the purse strings of the Nation is a combination so dangerous that all free people should fight the first steps of its approach. The separation of the three branches of the Federal Government and the preservation of the right of taxation and the control of the purse strings of the Nation by the House of Representatives are the plain guaranties of continued liberty. This bill would start a movement to destroy the power of the House of Representatives and magnify the Executive power of the country, and every freeman, man and woman, without regard to political bias, should cling closely to the preservation of those fundamentals without which we cannot exist as a free people, and I gladly welcome the defiant cry of the noble Senator from Texas, TOM CONNALLY, who announced he was ready to fight it out all summer if it took that time to defeat that infamous provision. The time for action has come. Obsta principiis is the doctrine of safety, and to hesitate now may be the surrender of the power of this House forever."

SENATOR CONNALLY, OF TEXAS

Senator CONNALLY, of Texas, May 19, 1930 (CONGRESSIONAL RECORD, vol. 72, pt. 9, p. 9130), said:

"The flexible provision as prepared by the House is an absolute invasion of the constitutional authority of the Congress of the United States. It is more; it is a blending of the legislative power with the Executive power—one of the most dangerous expedients to be adopted by any free people. It destroys the nice system of checks and balances which the Constitution set up in order to guarantee liberty. Writers on early constitutions have all agreed that the union of the legislative and the executive or the judicial power in the hands of one agency is a sure agency of tyranny.

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"Mr. President, the encroachments of the Executive will continue in the future, and this particular instance will be used as a precedent, just as the vote in 1922 is now being used as a precedent for giving the President still more power than he was given in 1922.

"It took the British Parliament 400 long, weary, struggling years to extort from the King the very power we are now being asked to hand back to the outstretched hand of an American President. Hallam, I believe it was, said that the liberties of the British people were erroneously believed to have been purchased by the blood of their heroic ancestors. He said that was an error, that the liberties of the British people had been purchased by money through the control of Parliament of the purse and the taxing power.

"Mr. President, the Senate flexible tariff provision is absolutely fundamental to liberty and to American institutions. I want to see my country survive, but I want to see it survive as a republic, rather than as a monarchy; I want to see it live, but I want to see it live as a democracy and not as a despotism."

Following the enactment of the tariff law with its flexible clause, the Democratic party continued to make an issue of the powers vested in the President by that clause, claiming it was an infringement upon the constitutional rights of Congress.

Throughout the 1930 congressional campaign Democratic leaders, under the auspices of the Democratic National Committee, denounced this provision in radio addresses. The following are excerpts from Nation-wide radio addresses delivered during that campaign by some of the more important Democratic leaders.

CLAUDE G. BOWERS

Outstanding Democrat for many years and leader in Indiana; later editorial writer on the New York World; selected to deliver the keynote speech at the Democratic National Convention at Houston, Tex., in 1928. He is now Ambassador to Spain, by appointment of President Roosevelt.

Under the auspices of the Democratic National Committee in 1930 Mr. Bowers gave a radio address over a Nation-wide hookup October 23, 1930. He attacked the flexibility clause of the present tariff upon the ground that it conferred upon the President dictatorial powers. His comment was as follows, according to the text of his speech as distributed by the Democratic National Committee:

"But there is in this provision (the flexibility clause) something more vicious far—it transfers the right to tax from the legislative department to a single man. Now it is axiomatic with our race that the power of the purse shall never rest with the executive department. It was in support of that policy that Charles the First was ushered through the window at Whitehall to the scaffold. Had the Constitution when submitted contained the flexibility clause it would have failed of ratification by a single State. Whenever you intrust to a single man the command of the Army and the control of the purse you pave the way for a centralization of power that ultimately makes for tyranny and oppression.

"With this power a President can punish or reward a section; he can penalize or enrich an industry; and if unscrupulous, with this power he can raise the most enormous slush fund in human history to continue himself in office. We submit that this is too much power to intrust to any man, and we stand on the wise traditions of our race and for the safeguards of the constitutional intent."

SENATOR TOM CONNALLY OF TEXAS

In a radio address over a Nation-wide hookup September 2, 1930, under the auspices of the Democratic National Committee, said:

"Under this doctrine of centralization of power in the hands of one man, the constitutional prerogative of Congress to fix the amount of tariff taxes levied upon the people of the United States was in a large manner handed over to the President. This invasion of the wise provision of the Constitution regarding the balance of power between the three branches of the Government constitutes an assault upon the very fundamentals of the wise system of the founders of the Republic. Anglo-Saxon liberty had its birth and won its greatest triumphs in its struggle to secure for the representatives of the people the right and the exclusive right to control taxation and to hold the purse strings of the people. This scheme to divest Congress of that power and hand it over to the Executive * * * will build up at Washington a giant bureaucracy, gradually absorbing the powers of the States and now by the device of the flexible tariff depriving the Congress, chosen directly by the people themselves, of its constitutional rights and transferring them to the President of the United States, already the most powerful ruler on this revolving globe."

SENATOR HARRISON

In a statement issued May 23, 1930, through the Democratic National Committee, Senator HARRISON said:

"Through the action of the conference in depriving the Congress of the right of levying taxes on the people, they have given greater powers to the President and made another assault upon the fundamental principles of our Government."

The Senator was speaking upon the action of the conference committee on the tariff bill, which had eliminated the NORRIS-SIMMONS amendment and restored to the bill the original flexible provision giving the President the right to change the rates after reports were filed with him by the Tariff Commission. Senator HARRISON, further on in his statement, stated that:

"The Senate proposal preserved the constitutional power of taxation in the Congress."

SENATOR BLACK, OF ALABAMA

In a statement issued through the Democratic National Committee April 22, 1930, in criticizing the flexible provision of the tariff bill, said:

"The founders of this Government granted the power to levy a tariff tax to their Representatives in Congress, selected from every section of the Nation. This furnishes every safeguard to every locality and section. It is now proposed to substitute the will of one man for the deliberate judgment of many. It is a scheme to wrest tariff-taxing power from the lawmaking body selected by the people and transfer it into the hands of a party President. * * *

"It would be as justifiable to authorize the President to fix income and inheritance taxes. If executive officers are to fix tariff rates, sheriffs might impose county taxes upon cows, horses, and automobiles, while Governors would fix State taxes for houses and farms. Executives, including the President, are sworn 'to 'enforce' the law, not to 'enact the law.'

"Freedom-loving people have long since learned that too much power is dangerous in the hands of any group, be it social, economic, religious, or political. Concentration of any governmental power in one individual is a constant menace to the peace and security of any people."

SENATOR BRATTON, OF NEW MEXICO

In a statement issued through the Democratic National Committee May 26, 1930, said, regarding the proposal to vest in the President the power to change tariff rates following a report from the Tariff Commission:

"I regard the provision as unconstitutional. It is the most revolutionary proposal ever advanced. It is the widest departure from the plain intent of the Constitution, that the taxing power shall be exercised exclusively by the Congress."

SENATOR WAGNER

Upon the same date issued through the Democratic National Committee a statement in which he said in part as follows:

"This procedure is unconstitutional. The argument upon which this conclusion is reached is a very simple one. The power to lay duties is by the Constitution defined as a legislative power. When the President or a commission changes tariff rates they lay a duty, which is, therefore, exercising a legislative power which Congress alone is under the Constitution authorized to exercise.

"The fact that the Supreme Court of the United States in a single case has sustained the constitutionality of a different flexible provision, which was contained in the act of 1922, is by no means conclusive that the provision recommended by the conference committee (of the Hawley-Smoot bill) is unconstitutional. * * *

"The conference proposal is objectionable also because it concentrates economic power in the hands of a single individual. * * * It destroys the system of separation of power and the principle of checks and balances which are the very cornerstone of our Government structure."

SECRETARY OF STATE CORDELL HULL

It remained for Mr. Cordell Hull, then United States Senator from Tennessee, to make the most vicious attack upon conferring these legislative powers upon the President. This he did in a statement issued May 14, 1931, through the Democratic National Committee. The burden of that statement was that conferring such powers upon the President placed in his hands the opportunity of blackjacking business and industrial interests and of practicing extortion and soliciting funds from individuals and industries. He stated the flexible provisions of the tariff law constituted "a new scheme of taxation by Executive fiat" and "excites deep-seated fear among so-called 'business leaders.'"

The occasion of that thinly veiled charge of corruption was two national conventions which were being held in Washington and Atlantic City, respectively. Senator Hull, in his statement released through the Democratic National Committee, charged that these meetings were characterized—

"By a constant apprehension that they might incur the displeasure of the administration if they should undertake a serious discussion of the real problems and conditions confronting the country and expressing conclusions embodying practical remedies.

"In view of this state of awe, or fear, or hope of reward, that seemed to permeate these two recent meetings, an additional and most powerful reason is furnished for the repeal of the present flexible tariff provision and the substitution of a measure which will restore to Congress, where it belongs constitutionally, the whole authority and responsibility of tariff making.

"The President, or any other official, of course, did not remotely contemplate the intimidation of business leaders for political or any other purpose. The fact, however, that this was not in the slightest degree necessary renders all the more dangerous the mere existence of a flexible tariff agency which gives the President virtually unlimited power to grant or to withhold almost invaluable favors from many groups of individuals and industries."

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Wyoming [Mr. CAREY].

Mr. McNARY rose.

Mr. ROBINSON. Mr. President, unless the Senator from Oregon wishes to address the Senate——

Mr. McNARY. No; I do not, Mr. President.

Mr. ROBINSON. I move to lay on the table the amendment of the Senator from Wyoming; and I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Borah	Chaves	George
Austin	Brown	Connally	Gibson
Bachman	Bulkley	Coolidge	Glass
Bailey	Bulow	Davis	Gore
Bankhead	Burke	Dickinson	Guffey
Barbour	Byrnes	Donahey	Harrison
Barkley	Capper	Duffy	Hastings
Black	Caraway	Fletcher	Hatch
Bone	Carey	Frazier	Hayden
Holt	Maloney	Pittman	Townsend
Johnson	Metcalf	Pope	Trammell
King	Minton	Radcliffe	Truman
La Follette	Moore	Reynolds	Tydings
Logan	Murphy	Robinson	Vandenberg
Lonergan	Neely	Russell	Van Nuys
Long	Norbeck	Schall	Wagner
McCarran	Norris	Schwellenbach	Walsh
McGill	Nye	Shipstead	
McKellar	O'Mahoney	Smith	
McNary	Overton	Steiwer	

The PRESIDENT pro tempore. Seventy-seven Senators having answered to their names, a quorum is present.

The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] to lay on the table the amendment of the Senator from Wyoming [Mr. CAREY].

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. DICKINSON. I have a pair with the junior Senator from Mississippi [Mr. BILBO], who is necessarily absent. I transfer that pair to the senior Senator from Maine [Mr. HALE] and vote "nay."

Mr. HASTINGS. I have a pair with the senior Senator from Missouri [Mr. CLARK], who is absent. I transfer my pair to the junior Senator from Maine [Mr. WHITE] and vote "nay."

Mr. NEELY. I repeat the announcement made on the previous vote relative to the unavoidable absence of the Senator from Virginia [Mr. BYRD], the Senator from Missouri [Mr. CLARK], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], the junior Senator from Utah [Mr. THOMAS], the junior Senator from Mississippi [Mr. BILBO], the junior Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from Texas [Mr. SHEPPARD], and the senior Senator from Montana [Mr. WHEELER], and I ask that this announcement may stand for the day. I am advised that, if present, these Senators would vote "yea" on this question.

I also wish to announce that the Senator from California [Mr. MCADOO], the Senator from New York [Mr. COPELAND], the Senator from Montana [Mr. MURRAY], and the Senator from Oklahoma [Mr. THOMAS] are detained on departmental matters.

Mr. TOWNSEND. On this vote I have a pair with the junior Senator from Virginia [Mr. BYRD]. If present, he would vote "yea." If permitted to vote, I should vote "nay."

Mr. HAYDEN. I desire to announce that my colleague the senior Senator from Arizona [Mr. ASHURST] is detained on departmental business.

Mr. AUSTIN. I desire to announce that on this question the Senator from New Hampshire [Mr. KEYES] is paired with the Senator from Utah [Mr. THOMAS].

The result was announced—yeas 53, nays 23, as follows:

YEAS—53

Adams	Connally	La Follette	Radcliffe
Bachman	Costigan	Logan	Reynolds
Bailey	Donahey	Lonergan	Robinson
Bankhead	Duffy	McGill	Russell
Barkley	Fletcher	McKellar	Schwellenbach
Black	George	Maloney	Smith
Bone	Glass	Minton	Trammell
Brown	Gore	Moore	Truman
Bulkley	Guffey	Murphy	Van Nuys
Bulow	Harrison	Neely	Wagner
Burke	Hatch	Norris	Walsh
Byrnes	Hayden	O'Mahoney	
Caraway	Holt	Pittman	
Chaves	King	Pope	

NAYS—23

Austin	Dickinson	McCarran	Schall
Barbour	Frazier	McNary	Shipstead
Borah	Gibson	Metcalf	Steiwer
Capper	Hastings	Norbeck	Tydings
Carey	Johnson	Nye	Vandenberg
Davis	Long	Overton	

NOT VOTING—20

Ashurst	Copeland	Keyes	Thomas, Okla.
Bilbo	Couzens	Lewis	Thomas, Utah
Byrd	Dieterich	McAdoo	Townsend
Clark	Gerry	Murray	Wheeler
Coolidge	Hale	Sheppard	White

So Mr. ROBINSON's motion to lay on the table Mr. CAREY'S amendment was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 2830) to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909.

The message also announced that the House had passed the following bills of the Senate, severally with amendments, in which it requested the concurrence of the Senate:

S. 405. An act for the suppression of prostitution in the District of Columbia;

S. 2034. An act to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes; and

S. 2259. An act to amend sections 966 and 971 of chapter 22 of the act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, and for other purposes.

The message further announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 7199. An act to provide for the donation of certain Army equipment to posts of the Veterans of Foreign Wars;

H. R. 8444. An act to authorize the transfer of a certain military reservation to the Department of the Interior;

H. R. 8579. An act to amend the law with respect to jury trials in the police court of the District of Columbia;

H. R. 8580. An act to amend the law with respect to the time for jury service in the police court of the District of Columbia;

H. R. 8581. An act to amend the law providing for exemptions from jury service in the District of Columbia;

H. R. 8582. An act to provide for the semiannual inspection of all motor vehicles in the District of Columbia;

H. R. 8583. An act to amend the Code of Law for the District of Columbia in relation to the qualifications of jurors;

H. J. Res. 335. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff, and for other purposes; and

H. J. Res. 351. Joint resolution authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by Washington (D. C.) 1935 Improved, Benevolent, and Protective Order of Elks of the World; and for other purposes.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated below:

H. R. 7199. An act to provide for the donation of certain Army equipment to posts of the Veterans of Foreign Wars; and

H. R. 8444. An act to authorize the transfer of a certain military reservation to the Department of the Interior; to the Committee on Military Affairs.

H. R. 8579. An act to amend the law with respect to jury trials in the police court of the District of Columbia;

H. R. 8580. An act to amend the law with respect to the time for jury service in the police court of the District of Columbia;

H. R. 8581. An act to amend the law providing for exemptions from jury service in the District of Columbia;

H. R. 8582. An act to provide for the semiannual inspection of all motor vehicles in the District of Columbia; and

H. R. 8583. An act to amend the Code of Law for the District of Columbia in relation to the qualifications of jurors; to the Committee on the District of Columbia.

H. J. Res. 335. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff, and for other purposes; to the Committee on Finance.

H. J. Res. 351. Joint resolution authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by Washington (D. C.) 1935 Improved, Benevolent, and Protective Order of Elks of the World; and for other purposes; to the calendar.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Senate resumed the consideration of the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes.

Mr. SMITH. Mr. President, I desire to offer an amendment, on page 9, line 22, to insert, after the word "only", the words "with respect to such handling as is."

The object of the amendment is to restrict the provision to interstate commerce, and it provides that an agreement shall affect only interstate commerce.

Mr. O'MAHONEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Wyoming?

Mr. SMITH. I yield.

Mr. O'MAHONEY. The amendment of the Senator from South Carolina was not understood by all of the Senators as it was stated. I did not understand it. May I ask that it be stated again?

Mr. SMITH. If it is agreeable, I will read the language as it will be as amended. The amendment is to the language on page 9, line 22, after the word "only", to insert the words "with respect to such handling as is", so that the paragraph would read as follows:

SEC. 4. Subsection (2) of section 8 of the Agricultural Adjustment Act, as amended, is amended by designating said subsection as section 8b, by inserting said section at the end of section 8a, and by amending the first sentence thereof to read as follows: "In order to effectuate the declared policy of this title, the Secretary of Agriculture shall have the power, after due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in the handling of any agricultural commodity or product thereof, only with respect to such handling as is in the current of interstate or foreign commerce, or so as directly to burden, obstruct, or affect interstate or foreign commerce in such commodity or product thereof."

I think that is thoroughly understood.

Mr. O'MAHONEY. Mr. President, may I suggest to the Senator that it might be advantageous if, instead of using the words "interstate commerce", we should adopt the actual language of the Constitution itself, and instead of saying "with respect to such handling as is in interstate or foreign commerce", should say, "with respect to such handling as is in commerce with foreign nations and among the States." The language suggested is the exact language of the Constitution itself; and I ask the Senator if he would not be willing to accept it.

Mr. SMITH. Mr. President, I should be perfectly willing to accept the broadening of the language. I do not think it is necessary, but, if there is no objection, I will accept it.

Mr. BANKHEAD. I think the amendment offered by the Senator from Wyoming would tend to restrict the effectiveness of this measure. The language which he offers provides that only interstate commerce shall be affected, which, of course, would not go so far as the language of the Supreme Court goes.

Mr. SMITH. I thought the purpose of the Senator was simply to add foreign commerce. The purpose of this change is to make it clear that marketing agreements may be entered into with persons engaged both in interstate and intrastate commerce, so long as the marketing agreements affect only the interstate portion of such business. If the amendment offered by the Senator from Wyoming is to affect that provision, which we have all been working for,

as a matter of course I should prefer that the language remain as it is.

Mr. O'MAHONEY. Mr. President, the language I suggest is not a narrowing of the effectiveness of this measure at all, as the Senator from Alabama seems to understand. It is quite the reverse. I think it broadens and carries out more successfully what the committee has had in mind.

Mr. SMITH. Mr. President, I think it would be better for us to keep the language which is used throughout the bill. It has been carefully studied and drafted by those who will be responsible for its administration, and I cannot, individually or as chairman of the committee, accept the proposed amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. SMITH].

The amendment was agreed to.

The PRESIDENT pro tempore. The Chair understands the Senator from South Carolina [Mr. SMITH] has a series of perfecting amendments.

Mr. SMITH. Yes, Mr. President.

Mr. KING. Mr. President, before the Senator begins to present his perfecting amendments, may I ask him to explain what is contemplated by the word "others" found in line 20? Who are the individuals or corporations who will fall within the category of "others"?

Mr. SMITH. They are confined in the bill to shippers, processors, and handlers, and any of those who are essential to the making of the agreement. That is what the word means.

Mr. President, I offer an amendment, on page 9, line 23, to strike out the words "so" and "to" and add "s" to each of the words "burden" and "obstruct", so that the language will be—

In the current of interstate or foreign commerce, or as directly burdens, obstructs.

The amendment proposed is only in the nature of a perfecting amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BORAH. What is the Senator going to do with the word "affect"?

Mr. SMITH. I propose to add an "s" on that word. I did not know I had left it out.

The PRESIDENT pro tempore. Without objection, the word "affect" will be amended to read "affects."

Mr. BORAH. The Senator will get himself into a great deal of trouble unless he defines the word "affect."

Mr. SMITH. We discussed this matter when it was up before, Mr. President, and from the context it is seen that it applies to cases where it directly affects, so as to burden or obstruct, interstate commerce.

Mr. BORAH. That would be all right. I should have no objection to it. So far as I am concerned, I am only making that suggestion to the chairman of the committee when the language is "so as directly to burden", and so forth. The language would be within the rule.

Mr. SMITH. Mr. President, I think in the light of the decision of the Supreme Court in the Schechter case this will be interpreted to mean "burden, obstruct, or affect" to such an extent as to render null and void the operation of the interstate traffic, whatever it is.

The next perfecting amendment is on page 45, line 14. It is proposed to substitute a new section for section 14, as follows:

Section 14 (a), paragraph (1) of subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is amended by inserting following the word "wheat" in the two instances in which it occurs, a comma, and the following: "rye, barley."

This is done for the purpose of taking rye and barley from under the processing tax when they are used for feed purposes. Whenever it is desired to use rye and barley for feed purposes, no processing tax is to be laid on them.

Mr. LONG. Mr. President, I should like to be heard for just a moment on the pending amendment. I could not speak on the tariff question on which a vote has just been taken, because a motion was made to table the amendment, so I will take just a few minutes on this amendment. I should prefer to have taken the time on the tariff amendment. My remarks will refer to the tariff vote.

Mr. President, yesterday the junior Senator from Nevada [Mr. MCCARRAN] and the senior Senator from Mississippi [Mr. HARRISON] exchanged some remarks about the acrobatic attitude of some of the leading party Members. The Senator from Mississippi undertook to justify his stand to some extent by reminding or undertaking to remind the Senator from Nevada that he had perhaps once stood with him. I looked over the RECORD yesterday after the Senate recessed, and I find that when I came to the Senate the flexible tariff law of Mr. Hoover was on the books and, unfortunately, had been held by the Supreme Court to be valid. I think the Court must have gone right up to the line in order to have held that way. The Senator from Mississippi introduced a joint resolution to repeal the flexible tariff law of Mr. Hoover, and the Democrats voted for it. I voted with the Senator from Mississippi.

However, following the coming into power of those on this side of the Chamber, when the Democratic Party made known its attitude, it was not proposed to do what we had previously done, as we all know; but it was proposed to go Mr. Hoover three or four steps better and even to make provision for annuling and making tariffs, for lowering them and raising them, without a standard to go by.

I find from looking at the RECORD that the leader on the Republican side has crossed over to the Democratic side and then crossed back to the Republican side. I find that the leaders on the Democratic side have crossed over to the Republican side and then crossed back over to the Democratic side and then crossed back again to the Republican side.

The clouds may play on the great green vale, and the stars show their beauty in the wide azure spaces, but the Northern Star gives direction. So it has been that the shining lights of two leaderships on the tariff question have gone down in a maze of confusion. From the point of this desk on the tariff question there is direction. My vote is the same under the various parties' control.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from South Carolina [Mr. SMITH].

Mr. KING. Mr. President, may the amendment be stated?

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 45, line 14, it is proposed to substitute a new section for section 14, as follows:

Section 14 (a), paragraph (1) of subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is amended by inserting following the word "wheat" in the two instances in which it occurs, a comma, and the following: "rye, barley."

Mr. SMITH. Let me explain to the Senator that the purpose of the amendment is to exempt rye and barley from a processing tax where they are used for feed purposes.

Mr. MCNARY. Mr. President, there is so much confusion, I did not understand the nature of the amendment. May it be read again by the clerk?

The PRESIDENT pro tempore. The clerk will again state the amendment.

The amendment was again stated.

Mr. SMITH. Under the amendment rye and barley when used for feed purposes would be exempt from the processing tax.

Mr. MCNARY. So the amendment places rye and barley in the same classification as wheat when used for home purposes?

Mr. SMITH. Yes.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to. There is a further amendment in this connection which will be stated.

The CHIEF CLERK. After the amendment just agreed to, it is proposed to insert the following:

(b) Paragraph (5) of subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is hereby repealed.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. BURKE. Mr. President, I desire to call up and have considered at this time an amendment which has been printed and is now on the clerk's desk.

The PRESIDENT pro tempore. The amendment offered by the Senator from Nebraska will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following:

ANTI-HOG-CHOLERA SERUM AND HOG-CHOLERA VIRUS

SEC. 54. It is hereby declared to be the policy of Congress to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus by regulating the marketing of such serum and virus in interstate and foreign commerce, and to prevent undue and excessive fluctuations and unfair methods of competition and unfair trade practices in such marketing.

SEC. 55. In order to effectuate the policy declared in section 54 of this act the Secretary of Agriculture shall have the power, after due notice and opportunity for hearing, to enter into marketing agreements with manufacturers and others engaged in the handling of anti-hog-cholera serum and hog-cholera virus only in the current of interstate or foreign commerce or so as directly to burden, obstruct, or affect interstate or foreign commerce in such serum and virus. Such persons are hereafter in this act referred to as "handlers." The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful.

SEC. 56. Marketing agreements entered into pursuant to section 55 of this act shall contain such one or more of the following terms and conditions and no others as the Secretary finds, upon the basis of the hearing provided for in section 55, will tend to effectuate the policy declared in section 54 of this act:

(a) One or more of the terms and conditions specified in subsection (7) of section 8c of the Agricultural Adjustment Act, as amended.

(b) Terms and conditions requiring each manufacturer to have available on May 1 of each year a supply of completed serum equivalent to not less than 40 percent of his previous year's sales.

SEC. 57. Whenever all the handlers of not less than 75 percent of the volume of anti-hog-cholera serum and hog-cholera virus which is handled in the current of interstate or foreign commerce, or so as directly to burden, obstruct, or affect interstate or foreign commerce, have signed a marketing agreement entered into with the Secretary of Agriculture pursuant to section 55 of this act, the Secretary of Agriculture shall issue an order which shall regulate only such handling in the same manner as, and contain only such terms and conditions as are contained in such marketing agreement, and shall from time to time amend such order in conformance with amendments to such marketing agreement. Such order shall terminate upon termination of such marketing agreement as provided in such marketing agreement.

SEC. 58. Subject to the policy declared in section 54 of this act, the provisions of subsections (6), (7), (8), and (9) of section 8a and of subsections (14) and (15) of section 8c of the Agricultural Adjustment Act, as amended, are hereby made applicable in connection with orders issued pursuant to section 57 of this act, and the provisions of section 8 (d) of the Agricultural Adjustment Act, as amended, are hereby made applicable in connection with marketing agreements entered into pursuant to section 55 and orders issued pursuant to section 57 of this act. The provisions of subsections (a), (b), (2), (c), (f), (h), and (i) of section 10 of the Agricultural Adjustment Act, as amended, are hereby made applicable in connection with the administration of sections 54 to 58, inclusive, of this act. The sums appropriated by section 12 of the Agricultural Adjustment Act, as amended, are hereby appropriated to be available to the Secretary of Agriculture for administrative expenses (including those described in section 12 (c) of the Agricultural Adjustment Act, as amended), in connection with sections 54 to 58, inclusive, of this act.

Mr. BURKE. Mr. President——

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Oregon?

Mr. BURKE. I yield, but I wish to make a very brief statement.

Mr. McNARY. I hope the Senator will do so. I am very sorry, but I did not understand the proposal at all.

Mr. BURKE. I will try to explain it.

Mr. McNARY. May I ask where it is to go in the bill, if it is to go in at all?

Mr. BURKE. The amendment is proposed to be added as an additional section at the end of the bill, and it covers an entirely new subject.

Mr. President, under this proposed amendment the Secretary of Agriculture will be charged with the duty of entering into marketing agreements with manufacturers and others engaged in the handling of anti-hog-cholera serum and hog-cholera virus. This is an industry of a special and limited nature. There are only 46 units in the entire country. These are located chiefly in the four States of Kansas, Missouri, Iowa, and Nebraska. The total annual value of the product is between four and five million dollars. However, the use of anti-hog-cholera serum is vital in preventing incalculable losses in the marketing of a farm product valued at more than a billion dollars.

In 1913 Congress passed the Serum and Virus Act. Since that date no one is permitted to engage in the business of producing anti-hog-cholera serum and hog-cholera virus except under licenses from the Department of Agriculture and subject to supervision of the United States Bureau of Animal Industry. The license and regulation, however, cover only the matter of insuring purity and potency of the product. There is at least one essential lacking before the industry can properly function in preventing the appalling losses that otherwise at intervals are certain to afflict the hog raisers of the country. That essential is the maintenance of an adequate reserve of serum. For instance, in 1926 a hog-cholera epidemic swept over a portion of the country and left in its wake a wholly unnecessary $30,000,000 loss to the farmers of the Middle West—an unnecessary loss because it would not have occurred had there been available an adequate reserve of serum.

By means of marketing agreements made possible under this amendment such a reserve will at all times be maintained. There are other benefits, but they need not be discussed here. Suffice it to say this industry is unanimously in favor of the provision which I am advocating. The amendment was drawn by the legal staff of the A. A. A. It has the full and hearty approval of the Administrator, Chester Davis. It has been submitted to the chairman of the committee in charge of this bill and, I understand, meets with his approval. I trust that the amendment may be adopted.

Mr. SMITH. Mr. President, I think, at least, there should be an opportunity afforded to the conferees to consider this amendment and study it. I think there is merit in it.

Mr. KING. Mr. President, as I understand the able Senator from Nebraska, there is only one valid reason—I am not sure how valid that is—for this rather long, if not complicated amendment, namely, that there may be an inadequate quantity of serum in the United States in periods when there may be a plethora of hogs and the serum may be needed.

Mr. BURKE. That is the most important reason, but there are other reasons why the opportunity should be afforded of entering into market agreements on the part of the producers of hog-cholera serum and hog-cholera virus. It has been our experience in periods when hog cholera prevails that the limited number of serum producers are without an adequate supply. Under the proposed marketing agreements, which would really be in the same form as the agreements which have been in effect during the past few years in this industry, the 46 producers would be required to maintain as of May 1 of each year, and to have on hand at that time, not less than 40 percent of the quantity of serum which was used during the previous year. In other ways the marketing agreement would be beneficial. The several members of the industry are anxious to continue the present form of agreement, which provides the necessary means whereby, if a severe epidemic should come, the hog producers would not suffer severe losses.

Mr. KING. Does not the Senator think that this will afford a precedent which will bring all the manufacturers of practically every medicine and every commodity that is utilized in interstate commerce under the control of the agricultural or some other department?

Mr. BURKE. There were quite a number of others who presented their claims to the Agricultural Adjustment Administration and to the committee, but they were not looked upon with favor. This industry, however, seems to stand in a very distinct class by itself.

Mr. KING. I shall not oppose consideration of the amendment, but I think existing law is adequate to meet all requirements of those engaged in selling hogs; and, if the amendment is adopted, it will not only be a precedent which will be seized upon to control other commodities, but will tend to create a monopoly on the production of the



serum, which it is claimed is important in protecting the hog industry.

Mr. BURKE. I think the Senator need not fear that such a situation will arise from this amendment.

Mr. McNARY. Mr. President, I assume from what the Senator has said, the purpose is to guarantee pure serum for those who have infected stock?

Mr. BURKE. If I may interrupt the Senator there, the guaranty of purity of the product is already contained in the Serum Virus Act passed by Congress in 1913.

Mr. McNARY. As I understand from what the Senator said, the amendment proposes to authorize the Secretary of Agriculture to enter into marketing agreements with the manufacturers of certain serum.

Mr. BURKE. That is correct.

Mr. McNARY. Does it require any particular percentage of the manufacturers to enter into the agreement? What is the power to be conferred upon the Secretary of Agriculture to bring about marketing agreements? Are they to be voluntary in character?

Mr. BURKE. Yes. They can be entered into only when 75 percent of the industry asks for them. However, as a matter of fact, this entire industry, which, as I have said, consists of only 46 licensed producers, desires to have the amendment adopted, and to enter into the marketing agreements. No one else may enter into that industry without securing a license from the Secretary of Agriculture under the act which Congress has already passed.

Mr. McNARY. Has this amendment been submitted to the Bureau of Animal Industry of the Department of Agriculture?

Mr. BURKE. Yes; and it has received the entire approval of that Department.

Mr. McNARY. Did Dr. Mohler subscribe to this proposal?

Mr. BURKE. Yes; entirely so. He is very heartily in favor of it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. BANKHEAD. I send to the desk an amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 62, after line 12, it is proposed to insert the following new subsection:

(e) In connection with the establishment by any claimant of the facts required to be established in subsection (d) of this section, the Commissioner of Internal Revenue is hereby authorized, by any officer or employee of the Bureau of Internal Revenue, including the field service, designated by him for that purpose, to examine any books, papers, records, or memoranda, bearing upon the facts so required to be established, to require the attendance of the claimant or of any officer or employee of the claimant, or the attendance of any other person having knowledge in the premises, and to take his testimony with reference to the facts required by subsection (d) of this section to be established in such claim, with power to administer oaths to such person or persons. All information obtained by the Commissioner pursuant to this subsection shall be available to the Secretary of Agriculture upon written request therefor. Such information shall be kept confidential by all officers and employees of the Department of Agriculture, and any such officer or employee who violates this requirement shall, upon conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or to both, and shall be removed from office.

Mr. BANKHEAD. Mr. President, the authority for the examination provided in the amendment is in language taken from section 1104 of the Revenue Act of 1926 relating to income taxes. It seems to me it is very important, in view of the issues which will doubtless be involved in the suits by packers and processors in the event the original act shall be declared to be unconstitutional, to have provided authority for the Government to make the same type and character of examination before the cases are tried as is now given the Government in the income-tax law.

The administration feels that this is of great importance and is anxious to have the amendment incorporated in the bill.

Mr. BONE. Mr. President, will the Senator from Alabama yield for a question?

Mr. BANKHEAD. Certainly.

Mr. BONE. Has the language of the amendment, as taken from the income-tax law referred to by the Senator, been construed by the courts to prevent Congress or either branch of Congress from having the information?

Mr. BANKHEAD. This provides merely for an examination.

Mr. BONE. But it has a direct bearing on the amendment offered the other day by the Senator from Georgia [Mr. GEORGE] and adopted, has it not?

Mr. BANKHEAD. It follows the elimination from the bill of the provision foreclosing the courts to such suits. Now that suits are permissible, it is proposed to give the Government the same power as to processing taxes which it now has under section 1104 in relation to income taxes.

Mr. BONE. It is conceivable there might be some grave abuses growing out of refunds, and I am wondering if it might not be the part of wisdom to make available such information as might be desired by either House of Congress. I understand there has been a change in the revenue laws whereby either House of Congress may have access to information about refunds in income-tax cases. I do not know whether the amendment to which I have referred is the one referred to by the Senator from Alabama.

Mr. BANKHEAD. The amendment proposes to give the Government the opportunity in these complex cases to have the same benefit of examination that it has under the income-tax law.

Mr. GEORGE. Mr. President, I regret exceedingly that this amendment has been offered by the Senator from Alabama [Mr. BANKHEAD]. It has but one legitimate purpose, and that is to endeavor to nullify what the Senate did this week in giving the litigant a day in court.

The amendment is not intended to permit the Commissioner of Internal Revenue to examine the books of the processor to ascertain what if any taxes may be due. I wish the Senator from Washington [Mr. BONE] to understand that. The Collector of Internal Revenue has the power and authority under the internal revenue law, which is made applicable to processing taxes, to examine the books and accounts and records, and ascertain what taxes are due by every taxpayer of the country.

But this amendment is not for that purpose. It relates to cases where the taxpayer desires to go into court and assert a claim. Then he is made subject to examination by officers and agents of the Bureau of Internal Revenue.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. BANKHEAD. The examination is to be made by the Internal Revenue Bureau.

Mr. GEORGE. But the Senator includes all field forces.

Mr. BANKHEAD. The field forces of the Internal Revenue Bureau.

Mr. GEORGE. I want it clearly understood that the purpose is not to examine to see whether taxes are due, not to examine the taxpayer to ascertain whether he is paying his proper taxes; but the sole purpose is to subject the litigant who dares to come into court, and assert a right which he has or thinks he has, to all kinds of annoyances by the authorities of the Government, to make him subject to examination by the Internal Revenue Collector's office here and in the field, the collectors of the processing taxes.

As a matter of fact, the proper agencies of the Government now have access to the books and records of every taxpayer including the taxpayer who is required to pay a processing tax. They go into every place of business; they see the books and invoices. They are entitled to all information upon which to base their tax assessments. That has been true from the first.

The purpose of this amendment is to make it difficult for the taxpayer who wishes to bring his case into court, to come into court, because he will be subjected to great annoyance.

Mr. President, the amendment is unnecessary. The burden is on the taxpayer to show that he has paid the tax, to

show what he has paid, and that he has not passed it on or taken it out of the price. The burden is on him. He cannot come to court without assuming and carrying that burden. He must make a showing. He must produce his books. Of course, like any other litigant, the moment he comes into court he is subject to all orders of the court to produce his books, his records, and everything he has that bears upon the case.

Mr. BONE. Mr. President, will the Senator yield?

Mr. GEORGE. Certainly.

Mr. BONE. I am wondering if under existing procedure the Federal Government would be permitted to file what are generally termed "interrogatories", to secure this kind of information in advance of trial if so desired?

Mr. GEORGE. Undoubtedly, and unquestionably, the Government can do so. It does not have to wait until the case actually comes into court for trial. It can require the advance information just as in other ordinary cases. It can cause the production of everything the taxpayer possesses or controls pertinent to the issues.

The Senator from Alabama does not approve the amendment which has been adopted. The taxpayer must show precisely what tax he claims to have made. He must show that he has not passed it on. He must show that he did not take it out of the price of the products on which the processing tax was levied. In other words, he must show everything the agents of the Government could find. He is subject to every process of court, every order to producer, every interrogatory the Government desires to submit. He may be made to produce these things in court before trial.

This amendment is not for the purpose of collecting taxes. It is for the purpose of harassing the citizen who desires to come into court with his claim, when the Government already has the power to require the production of this information and when the burden affirmatively rests upon the complaining citizen to bring all the information and make full showing before he can even be heard in court.

I express the hope that the Senate will vote down the amendment.

Mr. NORRIS. Mr. President, I cooperated with the Senator from Georgia [Mr. GEORGE] in the amendment which was voted in the bill, and which he presented after a conference. I believed in that amendment, and I still believe in it.

Some Senators were very strenuous in their opposition to that amendment. I have talked with the attorneys who have tried such lawsuits, mainly with the packers, and I know they were afraid of the amendment. They did not question the good faith of the Senate in adopting the amendment. Under ordinary circumstances, they would not have had any objection to the change in the language and the adoption of the amendment. They were fearful, however, that the amendment would cause them a great deal of trouble, and they so expressed themselves to me.

I agree with the Senator from Georgia that there is power now in any court action under that amendment for the presiding judge to make an order regarding books, papers, or documents; but the right to make that order exists under the general authority and jurisdiction of the courts. This amendment makes it specific. I do not see any harm that the amendment can do to any honest man who is trying to recover a processing tax which he claims to have been wrongfully paid.

In some of these cases involving the payment of considerable amounts of money by the large packers, I understand from the attorneys that evidence must be taken in different parts of the country, some of it technical evidence, and an examination of books and papers is necessary in order to find whether or not the tax has been paid, and whether or not it has been passed on. The pending amendment will not subject the taxpayer to anything to which an ordinary income-tax payer is not now subjected. It is copied verbatim, I understand, from that language.

While I, myself, think that if the suit were in a friendly court there would not be any trouble in getting the same evidence, I can see, and these attorneys tell me, that there would sometimes be extreme difficulty in getting it, and that all kinds and sorts of technical objections would be interposed against it. This amendment would enable the Internal Revenue Bureau to do what it now can do in the case of income-tax returns—send its agents to examine the books and papers. I do not see how it would hurt an honest man. I do not see how it would hurt anybody who has a good case. In fact, if he has a good case it would prove his case.

Personally, I cannot see how a taxpayer who has not passed on the processing tax, and who is seeking to recover it, would be hurt in any way by the adoption of this amendment, and it might be of material assistance to him. The attorneys who are engaged in trying these cases, at least, think it might be very material. It might help them in cases where, with an unfriendly judge, or where the processor who has paid the tax may have offices, books, and headquarters in different places, it would perhaps be very difficult to bring out all the facts without the use of this language in the bill.

If any Senator can point out to me how the adoption of the amendment would injure any honest man who is trying to recover an honest debt, I should not support the amendment; but I cannot see how it would hurt anybody who is honest to have this additional factor placed in the hands of those who are representing the Government, and are trying their best to prevent anyone from recovering a processing tax to which he is not entitled under the law.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. NORRIS. I yield.

Mr. KING. The Senator referred, as I understood him, to some suits which had been brought, and said he had talked with the attorneys, and they told him that certain difficulties had been or might be encountered under the amendment which has been adopted. I did not know that any suits had been brought.

Mr. NORRIS. No; not under the amendment which has been adopted. I did not mean to say that. If I did, I did not mean it. There has been a great deal of litigation with processors, as I understand. I cannot point to any particular case, because I have had no interest in looking into any of them; but I am told by the attorneys that they have had all sorts of litigation, and it is extremely difficult litigation to handle.

Although the amendment offered by the Senator from Georgia, to which I fully agreed, provides that the burden of proof shall be on the processor to establish the facts which will entitle him to recover, we must understand that the claimants will go into all kinds of courts. Some of the courts are extremely unfriendly; some of them are extremely technical; and the experience of these attorneys with the obstacles thrown in their way, as related to me, as I have found, and I think other members of the committee have found, has often been very discouraging.

Mr. SMITH. Mr. President, I call the attention of the Senator from Nebraska, with his permission, to the fact that just the other day the drastic measure proposed in the bill, whereby we would shut out from the courts all those whose transactions had been completed up to the passage of these amendments, was rejected. The Senate threw open all the transactions, and gave to each and every claimant his day in court. As the Senator has pointed out, of course, thousands of cases will be brought on the ground that perhaps the processors have not passed on the tax. It seems to me that as the Senator has said, any honest man would welcome an amendment of this kind.

Mr. NORRIS. Why, of course he would; and, if he has a good case, the investigation would sustain his position.

Mr. SMITH. To be sure. I merely wanted to make the observation that if any honest man had not passed on the tax, and could prove that he ought to be reimbursed, he would welcome an establishment of that fact beyond any peradventure of a doubt.

Mr. BORAH and Mr. BONE addressed the Chair.

The VICE PRESIDENT. The Senator from Idaho.

Mr. BONE. Mr. President, I merely desire to ask the Senator from Nebraska a question, if he is willing to answer it.

The VICE PRESIDENT. The Senator from Idaho has the floor.

Mr. BORAH. I have no objection to the Senator asking the question.

Mr. BONE. It will take only an instant, if the Senator from Idaho is willing to yield.

I should like to ask the Senator from Nebraska if the matter he was discussing, dealing with the power of the court to require the production of documents, had reference to the inherent power of the court under the general rules of practice; or did the Senator refer to any specific power granted by the Agricultural Adjustment Act itself?

Mr. NORRIS. I was thinking of the inherent power of every court.

Mr. BONE. That is, under the regular rules of practice in the Federal courts?

Mr. NORRIS. Yes.

Mr. BONE. As I recall, the court has power to require the production of documents on the part of the plaintiff so that the Government may prepare its case. I do not know just how far that rule goes. This amendment perhaps would broaden the rule. I should like to have the Senator from Alabama enlighten us on that subject.

Mr. NORRIS. I do not think this amendment would broaden that rule at all.

Mr. BONE. I should not, perhaps, make that suggestion now, because the Senator from Idaho wishes to take the floor; but later I should like to have the Senator from Alabama enlighten us on that point.

Mr. BORAH. Mr. President, I think I agree with the Senator from Nebraska [Mr. NORRIS], and I agree with the Senator from Georgia [Mr. GEORGE].

In the first place, I think anything which may be done under this provision may be done without it. In the second place, I think it is inserted here through overcaution, and might be used to great annoyance.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BORAH. I yield to the Senator from Alabama.

Mr. BANKHEAD. I wish to point out to the Senator that this provision is not limited to court cases but extends to settlements by the Commissioner where applications are made only for refunds. The Commissioner may use the authority granted by the amendment when there is no court case.

Mr. BORAH. In other words, I do not see anything in this amendment of which the Government might not avail itself without the amendment. I do not see why the Government desires it.

Mr. BANKHEAD. Then let me ask the Senator, What is the objection to it?

Mr. BORAH. If the Senator will be patient until I get through, I am about to state that I have no objection to it. Having stated that, I am sure the Senator will be patient until I get through.

Mr. President, I think, as I say, that once a suit is brought, the Government may require the disclosure upon the part of the claimant which is referred to in this specific amendment. Therefore, in reality, I do not think the amendment changes the situation at all after the suit has been filed; but, as I said, I think it is proposed simply through oversensitiveness as to the difficulty which claimants are going to have, or think they are going to have, and for that reason it has been submitted.

I have been interested in the amendment which we struck out, and the amendment of the Senator from Georgia, because I think the party who is interested here is the small, independent processor. I venture the opinion that the great packers of the country are not likely to go into court on the question provided for under this amendment.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. NORRIS. What the Senator says may all be true under the new amendment; they may not do it, but I am told by those who have been defending the Government in hundreds of cases which have been commenced that, in the main, it is the large processor they have had to fight in court and not the little processor.

Mr. BORAH. Of course the little processor has not gone into court; he does not feel able to compete with the Government. He does not feel strong enough to litigate with the Government, and he has not gone into court; but I assure the Senator that, according to my mail, there are hundreds of them who feel that they have just claims against the Government if the law shall be declared to be unconstitutional. They would go into court if they felt able financially to compete with the Government in the matter of litigation.

On the other hand, the evidence that the big packers have passed on all the taxes is almost conclusive upon its face. They have, indeed, admitted it in writing. I have letters which they have written to their customers in different parts of the country saying that, in the first instance, they undertook to pass it on in the way of increased prices of the products, but the purchasers ceased to buy, and, therefore, they were compelled to pass it on by decreasing the price of what they were buying. In one way or the other they have passed it on. But that has not been true of the thousands of small, independent processors. They were not in a position where they could pass it on. Their business situation did not permit them to do so, and they are the ones in whom I am interested. As I have said, I think the evidence is so conclusive as to the large packers having passed on the tax that I doubt whether they will ever go into court under this measure.

I cannot see, however, that there is any reason why a person who makes a claim should not be examined, and, therefore, I shall not oppose the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Alabama [Mr. BANKHEAD].

The amendment was agreed to.

Mr. HATCH. Mr. President, I send to the desk an amendment which I ask to have reported.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. At the proper place it is proposed to insert a new paragraph to read as follows:

Section 5 (a) of an act entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes", approved April 21, 1934, as amended, is amended by inserting after the sentence "that no State shall receive an allotment of less than 200,000 bales of cotton if in any 1 year of 5 years prior to this date the production of the State equaled 250,000 bales" the following: "And be it further provided that after the year 1935 no State shall receive an allotment of less than 80,000 bales of cotton if in any 1 year of 5 years prior to the date of the passage of said act the production of the State equaled 100,000 bales."

Mr. HATCH. Mr. President, I should like to have the attention of the Senator from Alabama. This amendment is one which has been discussed in the committee, and the Senator from Alabama and I have been working together in an effort to correct a condition which the people of New Mexico believe unfairly discriminates against them.

The Senator from Alabama is now familiar with this provision, and I understand agrees with the proposal, which I want to assure him is in the amendment I have suggested. He informs me that it was impossible to make the amendment effective for this year due to the fact that allotments had already been made, and crops were now or would soon be harvested in portions of the South. So I have inserted in the amendment, I will advise the Senator from Alabama, provision that it shall be effective after 1935.

Mr. BANKHEAD. Mr. President, I am willing to accept the amendment and to take it to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New Mexico [Mr. HATCH].

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer an amendment which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 70 it is proposed to strike out lines 1 to 15, inclusive, and to insert in lieu thereof the following:

SEC. 37. In addition to all funds heretofore appropriated there is hereby appropriated out of any money in the Treasury not otherwise appropriated the sum of $40,000,000 to enable the Secretary of Agriculture, under rules and regulations to be promulgated by him and upon such terms as he may prescribe, to eliminate diseased dairy and beef cattle, including cattle suffering from tuberculosis or Bang's disease, and to make payments to owners with respect thereto. The Secretary of Agriculture is authorized to use for scientific experimentation and efforts to eradicate disease in cattle, as much as he finds advisable of the funds authorized to be appropriated by this section and the funds appropriated by the second paragraph of Public Resolution No. 27, Seventy-third Congress, approved May 25, 1934, to carry out section 6 of the act entitled, "An act to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes", approved April 7, 1934. Such funds shall remain available to carry out the purposes of this section and such section 6 until December 31, 1937, and may be used for all necessary expenses in connection therewith, including the employment of persons and means in the District of Columbia and elsewhere. The unexpended balance of the funds appropriated by the second paragraph of such Public Resolution No. 27 to carry out the purpose of section 2 of such Act of April 7, 1934, shall remain available for the purposes of such section 2 until December 31, 1937.

Mr. LA FOLLETTE. Mr. President, when the Jones-Connally Act was under consideration I offered an amendment providing that $50,000,000 should be available—

To enable the Secretary of Agriculture to make advances to the Federal Surplus Relief Corporation for the purchase of dairy and beef products for distribution for relief purposes, and to enable the Secretary of Agriculture, under rules and regulations to be promulgated by him, and upon such terms as he may prescribe, to eliminate diseased dairy and beef cattle, including cattle suffering from tuberculosis or Bang's disease, and to make payments to owners with respect thereto.

Pursuant to the authorization an appropriation of $50,000,000 was made for these purposes. The program for the elimination of diseased beef and dairy cattle has been carried on under the direction of the Secretary of Agriculture as provided in the section to which I have just referred.

Of this sum $38,500,000 was allotted for disease eradication, broken down as follows:

Twenty-five million five hundred thousand dollars for Bang's disease or contagious abortion.

Twelve million dollars for tuberculosis.

One million dollars for mastitis.

This program has gone forward in nearly every State of the Union. It has been one of the most effective programs for the benefit of the dairy and beef industries as well as from the point of view of public health that has ever been launched in the history of this country.

I have here letters from a great many of the officials in the respective States where these programs have gone forward, and I desire to read briefly from them for the purpose of demonstrating to the Senate the wide-spread and effective character of this program; and after having done so, I wish to speak briefly upon the importance of its continuation.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. LA FOLLETTE. I yield for a question.

Mr. KING. Have the States cooperated with the Federal Government in carrying on the work which is sought to be accomplished under the amendment?

Mr. LA FOLLETTE. The States have cooperated very effectively, I will say to the Senator, and, as far as I know, the program has met with enthusiastic response in every State of the Union.

Mr. KING. Have they made financial contributions?

Mr. LA FOLLETTE. Some States have enacted legislation; others have not. But one of the reasons which I offered in justification for the original proposition was the fact that many of the States found themselves, during the stress of the emergency period, unable further to carry on their program for the eradication of tubercular cattle, particularly, and that there was danger of having those programs stopped and of the areas which had been cleaned up, in which millions of dollars had been spent all over the United States, being reinfected with this dread disease.

I quote briefly from Mr. C. A. Cary, of the State of Alabama Livestock Sanitary Department. He says:

The program of the Federal Government to help in control and eradicating Bang's disease has been very satisfactory up to date and has been the principal factor in the eradication of the disease.

Our people are calling more rapidly than we can comply, and I hope that the work will go on and that an appropriation will be made in order to continue the work.

I wish to quote from Mr. R. M. Dow, of the State Board of Stock Inspection Commissioners of the State of Colorado:

We started work under this program on September 15 and by July 1 this year will have the initial test made in the entire State. We now have two-thirds of the herds in the State accredited.

He goes on to say in another paragraph:

Our State is not in a financial condition to appropriate money for this work, but if we had Federal money, our stockmen would be heartily in favor of pushing the program.

I quote from George E. Corwin, deputy commissioner on domestic animals of the State of Connecticut:

We greatly appreciated the extra appropriation allotted for paying indemnity on tubercular cattle and this fund was of great assistance to us when carrying forward our work. We were able, due to the fact that there was a special appropriation for the eradication of tuberculosis, to obtain from the legislature funds sufficient to place all untested cattle in this State under test during this coming year.

I quote from the State Board of Agriculture of the State of Delaware; Mr. Ralph C. Wilson, secretary. He said:

We feel it essential that Federal funds for this work be continued, and should like to see a permanent Federal appropriation for the eradication of these diseases.

I quote from the Florida State Livestock Sanitary Board:

Although Florida will have accomplished at least two tests on all of our dairy and purebred beef cattle by the close of this year, I assure you that we would like to see an appropriation made to continue this work that all of the States may have the advantage of this program.

We would particularly like to see a larger appropriation made for mastitis work.

I quote from a letter from William E. White, Department of Agriculture, Atlanta, Ga.:

The cattle owners seem to be much more interested in this work than in the tuberculosis eradication, and I readily understand why this is, due to the fact that we find less than one-half of 1 percent of our cattle reacting to the tuberculin test; but, according to the figures submitted, you will see that we have quite a lot of Bang's disease and the owners seem to be satisfied or do not complain of the amount of the indemnity being paid.

I do not see how the Government, after starting this very important work, could discontinue same at the end of 1935, and I believe that every effort should be made to continue this work after this year.

I read from a letter from Dr. T. W. White, director animal industry bureau, Department of Agriculture, State of Idaho, as follows:

Since November 1 we have been testing cattle for Bang's disease under the cooperative State-Federal plan. We are testing in the neighborhood of 2,000 samples a week, and up to April 1 we had tested 30,800 samples and found the incidents of infection to be around 6 percent. About 50 percent of the herds tested showed one or more reactors.

I quote from the Department of Agriculture of the State of Illinois, Mr. John P. Stout, as follows:

The sentiment among the herd owners of Illinois seems to be in favor of continuation of Bang's disease, mastitis, and tuberculosis control work. In fact, the director of agriculture has received copies of resolutions passed by several groups in Illinois, requesting continuation of the abortion-control work.

It would be very desirable if Federal funds could be appropriated to continue this work, after the present appropriation expires at the end of this year.

I read from a letter by J. L. Axby, State veterinarian of Indiana, as follows:

Acknowledging receipt of your letter of inquiry relative to the advisability of coordinating and unifying efforts in the seeking of additional funds from Congress for the purpose of continuing Bang's disease, tuberculosis, and mastitis control, be advised the sentiment of the people in Indiana appears to be favorable to the continuance of this program.

Therefore, unless the B. A. I. has justifiable reasons for discontinuing the project as it is, in its administration of duties, as related to the United States Department of Agriculture, I would suggest additional Congressional appropriation.

May I say, Mr. President, that I did not write these letters. They were written by a member of the staff of the Wisconsin Commission of Agriculture and Marketing, without my solicitation or without my knowledge, and were sent to me subsequently.

The next letter I read is from J. H. Mercer, livestock sanitary commissioner of the State of Kansas.

Answering your letter of April 4, the emergency funds made available by Congress makes it possible for Kansas to complete the county free area T B work. Testing has been completed in all but one county, and that county will be finished by the last of next week. Kansas will soon be a State free area territory.

With respect to appropriation, I am sure Kansas will assist in securing for the B. A. T. any appropriation they might ask for in connection with this work. Unless financial conditions change in this State it will not be possible to secure a State appropriation to even match a Federal appropriation to continue a voluntary program of Bang's disease control work.

I am in hopes that by the last of this year conditions will have improved and that arrangements can be made to continue the Bang's disease control work either under a voluntary or a compulsory plan.

The next letter is from E. P. Flower, secretary and executive officer, Louisiana State Livestock Sanitary Board, as follows:

I might state that the livestock owners in this State are heartily in accord with the control of Bang's disease and the elimination of mastitis from their herds and the sentiment is exceedingly good in connection with the entire program. We might add, in this respect, that we are modifying counties devoting all efforts, first, to tuberculin testing and then following up with Bang's and mastitis work. Due to the excellent sentiment and cooperation of livestock owners, we are modifying counties over a period of not exceeding 21 days.

We are heartily in accord with the perpetuation or the inclusion of additional funds, if possible, to carry on this work, and I understand from Dr. Lash, who was here with us about 2 weeks ago, that an additional $8,000,000 has been allocated to the Bureau for Bang's and mastitis.

I read from a letter signed by Mark Welsh, chairman Bang's disease committee, Maryland State Board of Agriculture:

I think we all have long recognized that Bang's disease was the basic cause of a variety of major and minor losses in dairy herds.

Plans are now being made and work started on tuberculosis eradication, which we hope will bring Maryland into the status of a modified accredited area. This work we feel will promote Bang's disease control at the same time.

Next is a letter from H. M. Lucker, chief division of animal industry, Department of Agriculture, State of Maine:

Everyone at all familiar with this work is heartily in favor of Federal funds being continued for Bang's disease control. It would certainly be a decided waste of the money already spent, and would hurt the project very materially if it were allowed to lapse, and we in this State are willing to do anything we can to secure its continuance.

I read an extract from a letter from C. H. Clark, State veterinarian, State of Michigan, as follows:

If the Federal Government is to continue spending large sums for experiments, social, industrial, and otherwise, I believe the money used in eradicating Bang's disease would provide a much more sensible program than plowing under cotton, corn, and swine.

Here is a paragraph of a letter from Charles E. Cotton, veterinarian and secretary and executive officer, Live Stock Sanitary Board, State of Minnesota:

I am pleased to inform you that this board, the livestock breeders' associations, and all the progressive breeders of livestock are almost unanimous in expressing their appreciation of the activity of the Federal Bureau of Animal Industry in the testing and payment of indemnity for cattle affected with Bang's disease and tuberculosis.

A letter from the State Board of Stock Commissioners of Nevada:

Replying to your inquiry under date of April 4, may say that we here would be very much interested in the continuance of the special funds for tuberculosis, Bang's disease, and mastitis control. Of these projects, that looking to the control of Bang's disease probably being of the most importance with us.

The public response to the Bang's disease program here has been very gratifying and interest apparently continues to increase.

From the State of New Hampshire, Department of Agriculture:

Our State has just started off on a campaign of Bang's disease control, and the present legislature is enacting legislation that will make possible a State program, and I know other States here in the East are doing the same thing. We will advise you what steps we take in relation to this matter.

From the State of New Jersey, Department of Agriculture, signed by Mr. J. H. McNeil:

The funds appropriated under the Jones-Connally Act for the control of tuberculosis, Bang's disease, and mastitis will undoubtedly do a lot of good, as evidenced here in New Jersey.

From the Cattle Sanitary Board of New Mexico, W. A. Naylor, secretary:

Although it may be a little early to make this as a definite statement, it would seem to us now that a continuation of the program is going to be very desirable. We hope to have the entire State of New Mexico placed on a modified accredited area basis for tuberculosis, certainly by the early part of August, providing range feeding conditions permit the gathering of range cattle in all sections. Thereafter, of course, we will be able to give more attention to the Bang's disease and mastitis program, and although there has not as yet been any State funds provided specifically for these projects, we have a general fund which has always been used in cooperation with the United States Bureau of Animal Industry in livestock disease eradication projects and which, it is believed, has proven satisfactory to this Federal organization.

I think, however, that every effort should be made to procure further allotments of Federal funds to assist in pushing the Bang's disease and mastitis eradication work.

A letter from William Moore, State veterinarian of North Carolina:

This work was well received by herd owners, and we have received splendid cooperation from them.

I feel that the sentiment among herd owners is very favorable toward both Bang's disease and mastitis control. I believe that we have sufficient funds to take care of Bang's disease work for the present calendar year, but we could use a rather large fund for both Bang's disease and mastitis control next year.

I read from a letter signed by T. O. Brandenburg, executive officer and State veterinarian of North Dakota, as follows:

I believe we should take advantage of this weakness and do all within our power to get available funds from them for the elimination of these two great animal diseases, namely, Bang's disease and tuberculosis.

I read from a letter by F. A. Zimmer, State veterinarian, Ohio:

The general sentiment in Ohio for the continuation of these cooperative programs is very good, and this statement is correct when we note that approximately 6,000 herds, containing 75,000 or more cattle, are on the waiting list for a blood test, subject to indemnity.

I read letter from C. C. Hisel, State veterinarian, Oklahoma State Board of Agriculture:

The general consensus of opinion in our State is that tuberculosis eradication should be completed at the earliest possible date and that the control of Bang's disease is important from an economic standpoint and to a limited degree from a public-health standpoint.

A letter from W. H. Lytle, division chief, department of agriculture, Oregon:

In reply to your letter of April 4, will advise that we would be very much in accord with the suggestions you have made relative to making a unified effort to seek additional funds from Congress for the continuance of the appropriation for Bang's disease, tuberculosis, and mastitis control for 1936.

A letter from C. R. Gearhart, secretary-treasurer Pennsylvania Dairymen's Association:

General indications are that the sentiment in favor of the tests and indemnity for Bang's disease and mastitis is growing very

rapidly among our dairymen, and that a continuation of the program is appreciated very much.

I read from a letter signed by T. H. Ruth, director Division of Animal Industry, South Dakota:

Dr. Hays, of the bureau, and I, are doing everything we can to start area work in the range areas of the State which lie west of the Missouri River. We have created considerable interest and have been able to bring to the attention of west-river cattlemen the necessity for a market for their feeders, so we expect to be able to accredit counties in such area and will necessarily need Federal funds for a longer period than January 1, 1936.

Also a letter from A. C. Topmiller, department of agriculture, State of Tennessee:

In reply to your letter of April 4, in regard to Bang's disease and mastitis control in the State of Tennessee, I wish to state that the work has been progressing nicely, and we have been receiving the best of cooperation from the livestock breeders of the State.

I would be in favor of a larger appropriation so that some definite steps could be taken whereby herds in time could be accredited.

From the State of Texas, livestock sanitary commission, T. O. Booth:

The herd owners in Texas have been particularly interested in both of these programs.

* * * * * * *

If you will make a suggestion as to how we may further the interest of this work from Texas we wish to whole-heartedly cooperate with you.

From the State of Utah, State board of agriculture, W. H. Hendricks—

While our State is a T. B. accredited area, we still feel the necessity of the Federal program because we have been able to eliminate quite a number of our Bang reactors, as well as our mastitis-infected animals. Our State legislature which recently adjourned made an appropriation to this department to cooperate with the Federal Government on a Bang-eradication program. The appropriation, of course, is for a 2-year period, and we are very desirous of having the present Federal program continue after the present calendar year. Our livestock men are very much in sympathy with the program and are anxious to have it continue.

From the State of Vermont, department of agriculture, signed by E. H. Jones, commissioner—

Vermont was one of the States which was unable to begin Bang's disease control work when the funds first became available, but we started testing about the 1st of November. The interest manifested by our dairymen and cattlemen has been excellent, and the laboratory has had all the work it could do.

Our State control plan is drawn on rather strict lines, and it will be impossible to certify our herds under the present bureau program on only two tests.

* * * * * * *

Vermont, according to its size, is just as much a special dairy State as Wisconsin, and I believe our congressional delegation would use its best efforts to secure additional funds from Congress for the continuation of Bang's disease control work.

From the Department of Agriculture and Immigration of the State of Virginia, H. C. Givens:

I would, briefly, advise you that the entire program is going over in a highly satisfactory manner. Our people are cooperating with us to the limit; are highly appreciative of the opportunity to rid their herds of these various ailments. Future appropriations and extension of time limit for the expenditure of the present allocated funds will be greatly appreciated and acceptable by the people in Virginia.

From the State of Washington, department of agriculture, Robert Prior:

Replying to yours of April 4, will say it is my observation that the present Congress should make provision for funds for the purpose of carrying out the further prosecution of the eradication campaign against tuberculosis, Bang's disease, and mastitis in cattle for the following reasons:

First. That these diseases are causing great economic losses to the herd owners of the United States in that they materially reduce production and that the herd owners are now in such financial straits that they are not able to do this at their own expense.

Second. There is an accumulation of evidence that these diseases are transmittable to the human in the forms of tuberculosis from tuberculous cattle, undulent fever from cattle infected with Bang's disease, and septic sore throat and kindred ailments which might come from the strep and staph infection of mastitis.

Third. That the Federal Government now has an investment of over $30,000,000 in this work program; and last, and of considerable economic importance at this time, is the amount of unemployment relief which has been extended for the professional services of the men engaged in this work.

From the State of Wyoming, H. C. Port, livestock and sanitary board:

We have received some very encouraging reports from States that have engaged extensively in a Bang's disease program, and if the results prove as effective as they anticipate, it would seem that a unified effort should be made on the part of sanitary officials to procure additional funds from Congress for the continuance of the various disease-eradication programs, and I assure you that we will gladly support such a request.

From the State of Wisconsin I wish to quote from Mr. Wisnicky, director of livestock sanitation, of the State department of agriculture and markets, as follows:

I am herewith also enclosing a summary of the work on the Bang's disease program in Wisconsin up to May 1. It will be noted that on the first retest of the infected herds two-thirds of the herds that showed infection in the initial test went clean on the second test. The infection in the infested herds on the first test was approximately 30 percent, and the retest showed that this was reduced to approximately 4 percent.

Mr. President, I have taken the time of the Senate to read brief extracts from these letters, because I think they tell better than I could attempt to do it the story of how well this program has been carried on. The letters demonstrate the fact that the program has been effective in nearly every State in the Union; that it has met very enthusiastic response upon the part of the dairymen and cattle raisers; that it has been of great assistance in this emergency in helping them to bring their dairy herds up to production capacity by eliminating diseased animals; that in the case of the cattle growers the aid has proved very beneficial in eliminating these diseases from their herds; and that, furthermore, we have taken a long stride toward the protection of the public health by carrying on this program.

It must be evident to every Senator who will stop to consider the problem that as we have launched this program it will be a great economic loss to curtail it or to fail to carry it on in the future, because, of course, unless we continue it until the States are accredited and their herds are free from disease, we are still in danger of losing the ground which has already been won.

In conclusion I may say that the amendment which I have offered in lieu of the House language accomplishes several purposes. First, it makes available until a year from next January the unexpended balance of $100,000,000 appropriated to carry out section 2 of the Jones-Connally Act, which is as follows:

To enable the Secretary of Agriculture to finance, under such terms and conditions as he may prescribe, surplus reductions and production adjustments with respect to the dairy- and beef-cattle industries, and to carry out any of the purposes described in subsections (a) and (b) of this section (12) and to support and balance the markets for the dairy- and beef-cattle industries.

Secondly, this amendment makes available the unexpended balance under section 6 of the Jones-Connally Act to which I referred at the beginning of my remarks, which had two purposes: First, the purchase of surplus beef and dairy products for distribution by the Surplus Relief Corporation; and, second, the disease eradication campaign among dairy and beef cattle to which I have alluded.

In the third place, it makes available $40,000,000 to carry on the programs provided in section 6 of the Jones-Connally Act. This will make certain that we shall not lose the ground already won in eradicating these diseases, which entail such great economic loss to the dairy and beef producers, and shall not retard the campaign to protect the public health against the danger of the communication of cattle disease to man.

I sincerely hope, Mr. President, that the amendment will be agreed to.

Mr. DUFFY. Mr. President, my colleague has stated in detail the very excellent reasons for the adoption of this amendment, and I would not presume upon the time of the Senate to go over the ground he has so well covered. However, I think it is the unanimous opinion of the people of Wisconsin, and of the other dairy States in particular, as

well as the States where cattle raising is a very important industry, that the program has been a splendid success; that very substantial progress has been made, and that the program should be carried forward. I believe that by the adoption of this amendment there will be sufficient sums made available so that that may be done.

Mr. CAREY. Mr. President, this subject has been covered so well by the Senator from Wisconsin that there is only one point that I should like to call to the attention of the Senate.

This work is partially done; and so far as it has been carried on, it has been well done. If it shall not be completed, it will mean that quarantines will be established against those sections and areas of the country where they have not eradicated these diseases; and if such quarantines shall be established, they will destroy the market for cattle in those sections.

Therefore I hope the Senate will agree to this amendment. It is very important. The work is only half done, and the money which has been spent will be wasted unless a thorough job shall be done.

Mr. BORAH. Mr. President, I should like to call the attention of the Senate to the fact that a treaty with Argentina is pending which, if it should be ratified, in my opinion, will tend greatly to destroy the effect of the effort which we are making by this appropriation. I hope when we come to consider that treaty we will bear in mind that we are engaged in keeping diseased cattle out of the United States. This appropriation and this program would be rendered ineffective to a marked degree should this treaty be ratified.

Mr. McNARY. Mr. President, I wish to make an inquiry as to the amount of money that is being carried for the eradication of tuberculosis and Bang's disease in this year's annual agricultural appropriation bill?

Mr. LA FOLLETTE. Mr. President, as I understand, this program is distinguishable from the program provided in the supply bill, in that this program may be carried on whether or not the States are in a position to cooperate. It is further distinguishable on the ground that the program provided in the regular supply bill relates only to tuberculosis, whereas this amendment permits the Secretary to make allocations, just as the first enactment did, of the amount of funds from the lump sum appropriation, which will be used to carry forward the various disease-control programs which are to be undertaken.

Mr. McNARY. Is it the purpose of the amendment proposed by the Senator to provide cooperation between the Federal Government, the States, and the owners of the stock affected?

Mr. LA FOLLETTE. Yes; I think the letters to which I have referred indicate that the Federal Government has been able to secure the most hearty cooperation on the part of the State authorities and also on the part of the herd owners.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

The amendment was agreed to.

Mr. BAILEY. Mr. President, I offer an amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of section 32, formerly section 29, it is proposed to insert a new subsection, as follows:

(f) Nothing in this section (32) shall be construed to validate or legalize acts, taxes, penalties, or regulations or proceedings thereunder that were done, imposed, had, or issued contrary to said prior acts, or any action not in conformity with the terms of said prior acts.

Mr. BAILEY. Mr. President, I take it the amendment really does not require explanation. Section 32 undertakes to legalize and validate certain acts, certain taxes, and so on, but it is written so broadly that it appears to go beyond the authority of the law. The amendment which I have proposed would validate all acts down under the prior acts and in accordance with those prior acts, but would validate nothing that was done in violation of those acts or not in conformity with those acts. I am sure that was the intention of the Senate, and I feel equally sure the Department of Agriculture would not ask the Congress to enact a law exonerating them or validating acts of theirs or legalizing acts of theirs which were contrary to the law as written. The amendment does not relate to the question of constitutionality. It just keeps them within the law.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from North Carolina.

The amendment was agreed to.

Mr. RUSSELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 36, line 23, to strike out " and jute "; and on page 46, after line 2, to insert the following:

(h) There shall be levied, assessed, collected, and paid (during any period after the date of the adoption of this amendment, when a processing tax is in effect with respect to cotton) a processing tax on the first domestic processing of jute, jute fabrics, and jute products at a rate per pound equal to the rate of the processing tax which is then in effect on cotton.

Mr. RUSSELL. Mr. President, the purpose of the amendment is to equalize the competition between jute and cotton in this country. Jute is a vegetable fiber, just as is cotton. Jute is produced in India and is a product of labor which receives from 18 to 20 cents a day.

The greater part of jute and jute products are processed in other countries. I have always believed that the cotton farmer of the South was entitled, in view of the tariff policy of this country, even under the present administration, to some protection in the way of a tariff on his product, but inasmuch as practically no tariff is levied on raw jute and only a very low tariff on burlap, in my judgment the cotton farmer is entitled at least to equality in the matter by levying a tax on jute or jute products which is equal to the processing tax levied upon cotton. That is all the amendment seeks to obtain.

Mr. SMITH. Mr. President, there is already a tax on jute bags and twine of 2 cents a pound. These are the only articles made of jute which in any way compete with cotton in the cotton market.

We have already acted on rayon. I do not think a further tax should be imposed after we have carefully examined the situation and decided the matter. There are sections of the country which have to use sacks made of jute, which accommodates itself to their products and for which cotton could not be substituted. I do not think we are justified in imposing a tax, because I, for one, have never yet seen where the importation of jute and its use has affected the price of cotton one iota.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from New York?

Mr. SMITH. Certainly.

Mr. WAGNER. The Agricultural Adjustment Administration, if they should decide there is a competitive condition, could now impose a compensatory tax, could they not?

Mr. SMITH. They have already imposed it upon jute twine and bags.

Mr. WAGNER. Exactly. The Senator from Georgia is asking us to do now with reference to jute what he asked us to do the other day with reference to rayon. Without any information on our part as to whether or not it is fair, without any knowledge upon the subject, without any opportunity to be heard before the committee, we are asked blindly to impose another tax upon a particular commodity. I think we are going to discredit the whole processing-tax system by this type of effort to legislate.

Mr. SMITH. I do not want to take the time of the Senate further, but the convenience of all parts of the country should be considered and likewise their interests. Let me say one word further and I am through with this subject. We use cotton for bags and cotton as a tare and covering for cotton. I do not think the silk interests and the rayon producers would create a psychology among their purchasers if it was thought that rayon was so cheap and so worthless as to be used for covering, to cover rayon

with rayon, to cover silk with silk, making the covering and making common bags and sacks out of rayon. I think the province of cotton in our economic life is far above any such thing except as to the lowest grades of cotton, which really are not commercial in their character.

I hope the amendment will not prevail.

Mr. BORAH. Mr. President, it is gratifying to have the chairman of the committee take the position he does in regard to this matter. If it should be considered seriously, it would necessarily lead to much discussion because it is a matter of vital importance to a large portion of the country.

Jute bags, the cotton producers fear may compete with cotton, do not compete with cotton bags at all or in a limited degree. In no sense is there any competitive relationship. They are of a nature which cotton does not possess. This tax is to be imposed in its final result specifically upon the producer, upon the man who produces potatoes and products such as wool which must be shipped in these bags. The tax is proposed to be laid directly upon the producer and he would have to pay it.

Mr. POPE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to his colleague?

Mr. BORAH. I yield.

Mr. POPE. Is it not a fact that the Department of Agriculture has made investigation and found there is not sufficient competition to warrant a tax on jute, and for that reason the Department joined last year in supporting a bill which was introduced and passed both Houses of Congress, removing the tax from jute so that not only is the situation as strong as that of rayon, but even stronger, because the Department of Agriculture has found that such a tax is unjust and joined heretofore in removing the tax?

Mr. BORAH. I think that is a correct statement. It was found to have been an erroneous proceeding and the Department of Agriculture undertook to correct it. Just how far it has been corrected I am not advised, but I know they undertook to do it.

Mr. President, I desire to insert in the RECORD, without taking the time to read it—because I understand my 15 minutes on the amendment can be divided into 3-minute units if I wish—a letter which gives the cost to be carried to producers of the country upon jute bags if the tax proposed by the able Senator from Georgia should be imposed.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW YORK CITY, *July 17, 1935.*

Hon. WILLIAM E. BORAH,
Senate Office Building, Washington, D. C.

Re: Processing tax on burlap bags, Agricultural Adjustment Act.

MY DEAR SENATOR: It is reported Senator RUSSELL, of Georgia, has notified the Senate of his intention to propose a processing tax on the first domestic processing of jute, jute fabrics, and jute products at a rate per pound equal to the rate of the processing tax on cotton.

If Senator RUSSELL'S amendment is incorporated in the act, it will add greatly to the cost of all burlap bags which are so extensively used by the farmers in Idaho, also in all of the States throughout the Union, particularly in the North and far West.

The following figures indicate the additional cost that will be added to the bags described:

	Per 1,000 bags
100 burlap potato bags	$16.06
120 burlap potato bags	18.22
150 burlap potato bags	20.49
80 cracked-corn bags	17.81
100 wheat feed bags	19.35
100 bran bags	20.49
100 middling bags	19.41
140 flour bags	26.52
Pacific coast wheat cental	20.93
Idaho wool bags	95.60
Texas wool bags	87.40

We recall your successful efforts about a year ago in having the compensating tax on burlap bags removed, and we sincerely trust you will oppose Senator RUSSELL'S amendement if offered.

We do not deem it necessary to go into any lengthy discussion regarding the injustice of Senator RUSSELL'S proposed amendment, knowing you are thoroughly familiar with the matter, but we thought the above figures might be helpful in quickly determining the penalties that would be inflicted upon the agricultural interests throughout the entire United States by the adoption of Senator RUSSELL'S proposed amendment.

Yours very truly,

CHASE BAG CO.,
DUANE HALL, *Secretary.*

Mr. BORAH. I have a telegram from Portland, Oreg., which reads:

Any such tax would be disastrous to our agricultural community constituting a heavy burden on all growers of coarse grains, potatoes, beans, onions, hops, and so forth. When former tax effective on burlap bags was repealed, it was proven that it had not resulted in increased use of cotton goods and therefore constituted a tax only on industry and agriculture. If any such amendment shall be introduced, we hope you will oppose it vigorously.

Mr. President, that is all I desire to say at the present time.

Mr. BORAH subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD in connection with my remarks some telegrams which I overlooked sending to the desk at the time I concluded my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The telegrams are as follows:

TWIN FALLS, IDAHO, *July 18, 1935.*

Senator WILLIAM E. BORAH,
United States Senate, Washington, D. C.:

Understand Senator RUSSELL, Georgia, proposes processing tax on burlap bags equal to processing tax on cotton. Farmers of Idaho strenuously object to any processing tax on burlap bags. Inform Senator RUSSELL potato growers of Idaho now using thousands of cotton bags and any penalty placed on burlap for benefit of southern cotton growers will arouse serious resentment. Urge you to use best efforts to prevent any such tax.

IDAHO VEGETABLE PRODUCERS,
E. N. PETTYGROVE.

NAMPA, IDAHO, *July 17, 1935.*

Hon. WILLIAM E. BORAH,
United States Senate, Washington, D. C.:

Reliably informed Senator RUSSELL, of Georgia, threatening to introduce bill providing heavy tax on burlap with decision rendered Boston processing case beyond Idaho growers and shippers to understand the introduction such a measure. Agricultural interests absolutely opposed to any and all processing taxes and instead of inaugurating new taxes must insist on refund of those already paid; absolutely depending on your personal support. Advising if rumor correct.

IDAHO SHIPPERS TRAFFIC ASSOCIATION.

OGDEN, UTAH, *July 19, 1935.*

Hon. WILLIAM E. BORAH,
Senate Office Building, Washington, D. C.:

Understand Senator RUSSELL is introducing amendment to A. A. A. for additional processing taxes on burlap bags which will increase their cost very materially. Any increased costs of this nature will be reflected in the price paid the farmer for his beets and we trust you will vigorously oppose passage of this amendment.

AMALGAMATED SUGAR CO.,
H. A. BENNING, *Vice President.*

POCATELLO, IDAHO, *July 18, 1935.*

Hon. SENATOR WILLIAM E. BORAH,
Washington, D. C.:

Understand Hon. Senator RUSSELL, Georgia, proposes introduce amendment A. A. A. providing additional processing tax burlap bags which would amount to $25 to $50 or more per thousand bags, meaning additional cost growers Idaho potatoes approximately 5 cents hundred which be impossible burden for growers carry under present conditions prices being received. Urgently request your support defeat this amendment.

IDAHO POTATO DEALERS ASSOCIATION.

MEMORANDUM ON PROPOSED RUSSELL AMENDMENT TO H. R. 8492

JULY 15, 1935.

1. As passed by the House and reported by the Senate Committee on Agriculture, H. R. 8492 freezes the specific tax on the first domestic processing of jute for the particular uses as prescribed by the regulations of the Secretary of Agriculture in effect on the date the proposed amendments are adopted. (Subdivision (2), pp. 36–37.) On July 12 Senator RUSSELL announced that he intended to propose an amendment which, in lieu of the House and Senate committee proposal, would impose a processing tax—

"* * * On the first domestic processing of jute, jute fabrics, and jute products at a rate per pound equal to the rate of the processing tax which is then in effect on cotton."

The effect of this amendment would be to substitute for the specific tax of 2.9 cents on the specific jute processing, which the A. A. A. has administratively found sufficient, a tax on all jute and jute products of 4.2 cents.

2. There is no justification in fact or in policy supporting this proposal for an unnecessary further tax on the farmers and consumers of the country. The A. A. A. itself has administratively determined it to be unnecessary in connection with the processing tax. This is clearly shown by the history of jute compensating taxes in the A. A. A.:

A. The cotton-processing tax was promulgated, effective August 1, 1933. Section 15 (d) of the Agricultural Adjustment Act provides that the Secretary—

"• • • Shall ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof."

In such cases, if the Secretary finds after hearing that such tax is necessary, he may levy a compensating tax.

On July 21, 1933, the Secretary of Agriculture announced hearings to be held beginning July 31, 1933, to ascertain whether the payment of the cotton processing tax was causing or would cause disadvantages in competition from competing commodities. The commodities in question were not named. Beginning on July 31 and August 1, hearings were held day and night on this question. At these hearings representatives of the cotton-textile industry appeared and urged that a compensating tax be imposed, and representatives from the jute industry presented complete, comprehensive data concerning all jute products, their uses, manufacture, prices, etc. No compensating tax was imposed, since the A. A. A. could not on the evidence presented justifiably make any finding of competition.

On September 21 a further hearing was announced, to be held beginning October 2, 1933, to ascertain whether the payment of the processing tax on cotton was causing disadvantages in competition from paper, jute, hemp, and other specified fabrics. Again at these hearings, which lasted 2 days and 2 evenings, extensive information was furnished by cotton-textile interests in support of a compensating tax, and representatives of other industries were heard. Following such hearings, extensive supplementary data and briefs were filed, and during the following 2 months the A. A. A. Processing Tax Section conducted its own investigations among these trades and secured extensive information.

B. On December 1, 1933, the Secretary of Agriculture announced his findings. These were basically in general that jute products did not compete with cotton products except in certain limited fields. In the case of jute, these were (1) the processing of jute fabric into bags, on which a tax of 2.9 cents per pound was imposed, and (2) manufacture of jute yarn into twine of a length 275 feet per pound or over, on which a processing tax of 2.9 cents per pound of yarn was imposed. These taxes, it must be noted, were imposed after 6 months of careful investigation during the course of which two full public hearings had been held, at which hearing the cotton-textile interests urged that a tax on all jute (as well as silk, rayon, etc.) products be imposed. It should also be noted that during the course of these hearings the question of equivalent yardages and equivalent weights and yields was thoroughly explored and the ultimate tax on two specified uses was set not at 4.2 cents, the cotton rate, but at 2.9 cents.[1]

C. Not only was the original compensating tax limited to two clearly specified uses set at a rate administratively found to be proper, but on June 12, 1934, this tax was abrogated in the case of large jute bags and was limited specifically to processing into small jute bags and the tax was reduced to 2.1 cents.

D. The Processing Tax Section of the A. A. A. has continued its investigations, pursuant to the statute, and in the case of many commodities has reopened its investigations and adjusted the compensating tax rates. Its investigations in the case of jute have likewise been continued but it has not been deemed necessary either to extend the scope of the tax or to increase the rate.

3. There is little need to repeat the testimony of these various hearings, or the debates on the floor of Congress, which indicated beyond question that the cost of this tax on jute fabric and in many instances on jute twine was borne directly by the American farmer who uses burlap bags for the marketing of his commodities. That such tax bears directly and heavily upon farmers producing wheat, potatoes, onions, citrus fruits, etc., is by now a matter of common knowledge. Likewise, the consumer bears the brunt of the compensating tax on twine. Evidence has accumulated since December 19, 1933, that the compensating tax on these two specified uses should be reduced, first, for the reason that no shift in consumption away from cotton could occur, and, second, that the imposition of the tax has created havoc in the jute industry and caused it to lose business to other fibers.

4. The foregoing indicates quite clearly that the proposed amendment certainly is not necessary for the purposes of the A. A. A. program, not based upon and indeed contrary to the careful administrative findings of the A. A. A. itself, and would constitute a burden upon the American farmer and consumer. It was not proposed by the A. A. A. to either congressional committee, and has not been considered by either committee. It would constitute a discriminatory levy of several million dollars upon an American industry. Why has it been proposed? This question is, of course, difficult to answer, but the following bulletin from the Cotton Textile Institute, dated July 2, is perhaps of interest:

"MEMORANDUM FOR COTTON MILLS

"The A. A. A. amendments which have just been reported to the Senate from the Senate Agricultural Committee provide for rayon-processing tax at 125 percent of cotton tax. We are making an effort to have these amendments include other commodities that compete with cotton. Present compensating tax on small jute bags and certain sizes jute twine and certain paper products are inadequate to protect cotton interests as their combined amount is averaging about one-quarter million dollars per month as against over $8,000,000 on cotton. The Department of Agriculture suggested 10-cent pound tax on silk [this statement is believed to be without foundation], but the Senate Agricultural Committee removed it on the ground that no demand for it had appeared from cotton interests. Expression of views at this time may yield beneficial results, especially with respect to more adequate protection from jute and paper and also levying of taxes on silk and hard fibers as well as rayon. It would be helpful if you could communicate promptly with your Senators.

"Sincerely yours,

"G. H. DORR, *President*."

Of similar tenor is a letter dated July 5, sent by the American Cotton Manufacturers Association of Charlotte, N. C.:

"*To Southern Senators and Congressmen.*

"GENTLEMEN: The cotton textile industry is the key industry of the South. It is depressed beyond endurance and must have some relief from its 'process tax free' competitors.

"The A. A. A. amendments which have just been reported to the Senate from the Senate Agricultural Committee provide for rayon processing tax of 125 percent of the cotton tax. We ask to have these amendments include other commodities that compete with cotton.

"Present compensating tax on small jute bags and certain sizes jute twine and certain paper products are inadequate to protect cotton interests as their combined amount is averaging about one-quarter million dollars per month as against $8,000,000 on cotton and waste.

"The Department of Agriculture suggested 10-cent pound tax on silk, but the Senate Agricultural Committee removed this clause. We ask this to be put back in the amendment.

"More adequate protection from jute and paper and also levying of taxes on silk and hard fibers as well as rayon would be most helpful. You must help the industry.

"Sincerely yours,

"THOMAS H. WEBB, *President*."

6. It is respectfully suggested that in the light of the foregoing facts that the suggested amendment, if actually introduced, should be rejected.

Mr. BARBOUR. Mr. President, I shall detain the Senate only a moment. I cannot, however, resist drawing attention to the discussion we had a day or two ago when both rayon and silk were brought into the picture, so to speak. Senators will recall, I think, that at that time I prophesied that just as inevitably as that progressive course was pursued, first including one fiber and then another, it would be merely a matter of time before jute and other fibers would be involved.

There is absolutely no justification on any score whatever for the claim that jute bagging, particularly, competes with cotton in the sense that is really meant in this whole connection. To me it is an absurdity, if I may put it that way—and I say this without any disrespect, of course, to my colleague and friend from Georgia, or anyone else, for that matter—to attempt constantly to bring first one fiber and then another within the purview of these processing taxes simply to offset the mistake that has been made in respect to cotton in this regard.

The State of New Jersey is a large agricultural State, and we are just as interested in this whole matter as are any of the Western or Southern States. I very earnestly hope this amendment will not prevail.

Mr. SMITH. Just a moment, Mr. President. I do not wish to reply to the Senator from Louisiana, because my time is too valuable. [Laughter.] All I desire to say is that we have to consider the kind of insects with which we are dealing if we wish to know in which direction they are looking. [Laughter.]

Mr. POPE. Mr. President, I send to the desk certain telegrams on the subject of jute which I ask to have inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The telegrams are as follows:

OGDEN, UTAH, *July 19, 1935.*

Hon. JAMES P. POPE,
Senate Office Building, Washington, D. C.:

Understand Senator RUSSELL is introducing amendment to A. A. A. for additional processing taxes on burlap bags which will increase their cost very materially. Any increased costs of this nature will be reflected in the price paid the farmer for his beets and we trust you will vigorously oppose passage of this amendment.

AMALGAMATED SUGAR CO.,
H. A. BENNING, *Vice President.*

[1] This was required by the statute, which states: "In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity." Since jute is much heavier than cotton, it is obvious that it takes more jute to make an equivalent fabric or twine, and hence the tax per pound of jute must be less. This principle of fairness is thoroughly violated by the proposal which would put the same rate per pound on jute and cotton.

TWIN FALLS, IDAHO, *July 18, 1935.*

Senator JAMES P. POPE,
United States Senate, Washington, D. C.:

Understand Senator RUSSELL, of Georgia, proposes processing tax on burlap bags equal to processing tax on cotton. Farmers of Idaho strenuously object to any processing tax on burlap bags. Inform Senator RUSSELL potato growers of Idaho now using thousands of cotton bags and any penalty placed on burlap for benefit of southern cotton growers will arouse serious resentment. Urge you to use best efforts to prevent any such tax.

IDAHO VEGETABLE PRODUCERS.
E. N. PETTYGROVE.

NAMPA, IDAHO, *July 17, 1935.*

Hon. J. P. POPE:

Reliably informed Senator RUSSELL, of Georgia, threatening to introduce bill providing heavy tax on burlap. With decision rendered Boston processing case beyond Idaho growers and shippers to understand the introduction of such a measure. Agricultural interests absolutely opposed to any and all processing taxes and instead of inaugurating new taxes must insist on refund of those already paid. Absolutely depending on your personal support, advising if rumor correct.

IDAHO SHIPPERS TRAFFIC ASSOCIATION.

Mr. GEORGE. Mr. President, I merely wish to say, relative to jute and other competitive fibers, that there is not any question on earth that jute is competitive with cotton—not with respect to every article or every character of fabric which may be made of jute and cotton, but jute undoubtedly is competitive with cotton. The two may be used interchangeably throughout a rather wide range of uses. There can be no question about that. Rayon also is competitive with cotton to a certain degree. I do not think there can be any doubt about that.

I call the attention of the Representatives from the cotton-growing States, and the Representatives from all other sections of the country, for that matter, to the fact that the domestic consumption of cotton has declined under the operations of the Agricultural Adjustment Act. I am not speaking of the foreign consumption. I am not referring to the drying-up of foreign markets. That is another picture. Much may be said about it. Undoubtedly, the program we are following is losing, step by step, the foreign market for all our products which may be exported in great quantities. That stands to reason; but the fact is also that the consumption of cotton in the United States declined in 1934, and is still showing a decline.

Something accounts for it. What is it? As the price of any commodity is advanced the use of substitutes is invited, and any kind of substitute will be brought in if the price is advanced high enough; and, as it is advanced, substitutes will work their way into the market. That is merely common sense, as all of us know.

Here is a great product losing not only in foreign markets—which loss may be due in large measure to tariff and to other reasons, but losing it nevertheless—but the consumption in the domestic market likewise is declining.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. BARKLEY. I ask this question purely for information. My impression has been that over a number of years the consumption of cotton goods in this country has suffered a decline because of the preference of users of other commodities such as rayon, which, while it competes with silk, competes also with cotton, just as any fabric competes with any other fabric that is wearable. All of them are competitive as to price and taste and every other feature that enters into their desirability as wearing apparel or as other articles of consumption. Was the decline in the consumption of cotton goods coincident with the Agricultural Adjustment program, or had it started before that time?

Mr. GEORGE. Mr. President, of course there has always been the use of the competitive materials. Silk, while it is not directly competitive with cotton, nevertheless is purchased in preference to cotton, and wool is purchased in preference to cotton; and rayon, of course, is more directly competitive with silk. There has been the use of these articles, but there has been a decline in the American consumption of cotton since the passage of the Agricultural Adjustment Act.

Mr. BARKLEY. Was there no decline prior to that time?

Mr. GEORGE. Oh, certainly there had been some decline; but there had been increases also.

Mr. BARKLEY. There have been fluctuations.

Mr. GEORGE. The general tendency has been for the uses of cotton constantly to expand; but there have been losses to the various other fabrics which have been made and put on the market.

What I am saying, however, is that we have here, contrary to the situation in the case of every other product in the United States, a decreased consumption during the past few months. There are reasons for it; and one of the reasons is the inroads made by substitutes, not strictly competitive in a purely technical sense, perhaps, but nevertheless which may be used in large measure for the same purposes for which cotton is used.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. GEORGE. I yield. I have but 15 minutes, but I am glad to yield.

Mr. WAGNER. On Saturday last I presented specific figures as to the annual consumption of certain fibers. The comparative figures show that the consumption of cotton remained practically stationary; that while in 1920, 54 percent of all the cotton produced here was consumed in the United States, in 1934 the domestic consumption was a little over 53 percent. There have not been figures so far, at least, indicating any reduction in consumption.

Mr. BYRNES. Mr. President——

Mr. GEORGE. I yield to the Senator from South Carolina.

Mr. BYRNES. I desire to ask the Senator if he is familiar with the statement prepared and issued by the Cotton Textile Institute, showing very convincingly that both rayon and jute are serious competitors of cotton.

Mr. GEORGE. I think there is no question about it.

Mr. SMITH. Mr. President, will the Senator allow me to interrupt him just there?

Mr. GEORGE. I have but a very few minutes.

Mr. SMITH. Very well, I will take the floor in my own time.

Mr. GEORGE. I shall be glad to have the Senator do so if he wishes.

Mr. SMITH. No; go ahead.

Mr. GEORGE. Everyone who is familiar with the cotton business knows that there is a competition. Whether or not that competition justifies the imposition of a tax which would be exceedingly burdensome upon other users is a different question; but I wish to point out to the Senate that jute all along has received a very highly preferential treatment. It has been treated exactly the reverse of all other products which are subjected to the tariff.

My distinguished colleague [Mr. RUSSELL] is right in trying to get some protection against competition with cotton when it is called upon to bear the burden of the high processing tax, therefore, of course, increasing the sales resistance which its products must necessarily meet; but I am afraid there is not much hope of success, because we have a higher tax on the raw product, jute, which is not grown in the United States, than we have on the manufactured products, the burlaps and other products. In other words, as the labor content of the jute product increases, the tax is lowered. That is a tariff, truly, in reverse. That is not by accident. It just did not happen that way. As a matter of fact, it was done designedly, and jute has had special treatment and special preferences, and jute manufacturers in the United States have had special treatment and special preferences.

At the present rate of consumption about 450,000 bales of cotton less per year are now being consumed than in the 7 years average prior to the enactment of the A. A. A. law. Figure it out as we please, something is competing with cotton; something is hurting the fabric; something is hurting that product. In my opinion, it is substitution of such articles as rayon, jute and its products, and even paper in some instances.

I looked into this question very carefully and fully when the last tariff act was under consideration, and I tried to

go into it fairly. That there are purposes for which burlap or jute is very much better suited than cotton there can be no doubt. We would get nowhere by not being fair about it. I know very well that potato producers in Maine and in Idaho believe, and they have reasons for so believing, that the burlap bag is better for their purpose. There is no doubt about that. That it is better for certain wrapping purposes, I think there can be no question. Of course, it is a cheaper product, but there are many uses for which either cotton or burlap, the jute product, may be used. I think anyone who wants to be fair about it is obliged to make that admission.

In a technical sense, there is not the competition that we ordinarily speak of between certain fibers, but in the usage which may be made there is a possibility of the substitution of jute products for cotton in many instances, and also, as the price of rayon has gone down—though it was not so when the price of rayon was very high—there is the use of rayon where cotton had formerly been used.

It sometimes is a question of choice, and it is a question, of course, of desirability to the purchaser. Nevertheless, there are these substitutions, and in the case of this great American commodity, which for so many years has furnished us our balance of trade, and which we used to export to the extent of about 60 percent, but which now is being exported at a much less rate, there is a declining consumption in the home market. That consumption has shown a decline within the last few months, and there seems to me to be no reasonable answer except to say that when the consumption of other products and commodities has shown an increase, substitutes must be in use for cotton, or for the purposes for which cotton was formerly used.

Mr. President, I think that if there were a fair and equitable adjustment, this great American product would be given some adequate protection against these products which are for certain purposes and uses highly competitive with cotton.

Mr. SMITH. Mr. President, it seems to me that especially those from the South ought to understand the cotton question. The price of cotton has nothing whatever to do with its relation to its competitors. If the arguments we have heard are sound, the entire country would have turned to jute and other commodities when from 1916 to 1929 the average price of cotton was around 18 cents a pound and the consumption in this country was a million bales more than it is now. In 1926 we made 18,000,000 bales of cotton in the United States. We exported 11,000,000 and consumed 7,000,000, and the average price in that bumper year was nearly a cent a pound higher than it now is.

In addition to that, American cotton does not need any tariff. It needs a patriotic appreciation of its relation to American economics. But it happens to come from that section which is still a conquered territory.

I merely wish to say, while we are talking about tariffs, that the price of American cotton fixes the price of all the cotton of the world instanter, and American money and American men ought to fix the price of American cotton, whose intrinsic value is always for the benefit of America. But we never have that kind of cooperation. Even our buyers chisel it down for the benefit of the Europeans whom they represent and who purchase 55 percent of our cotton. It does not lie in our mouths to talk about the coarse, disgusting fiber of jute entering into competition with the fine fiber of cotton.

Mr. President, I hope we will understand that if we want a better price for cotton we must get the American people to appreciate the potential power we have regardless of any tariff. The world has to have our cotton. Fifty-five percent of it is shipped abroad, and it is belittling to talk about putting a tariff on jute in order to increase the value and consumption of cotton.

Mr. RUSSELL. Mr. President, the statement has been made by those opposing this amendment that there is no competition between cotton and jute, and that for this reason this compensatory tax should not be levied.

It is interesting to note that this statement is made by the same Senators who opposed the motion I made to reconsider the defeat of the amendment which levied a compensatory tax on rayon, on the grounds that the Department of Agriculture had conducted an investigation to discover whether there was competition between rayon and jute; and as no action had been taken by the Department to levy a compensatory tax, there was no competition between these commodities.

In the case of jute, the Department of Agriculture went into the question and found that they were competitive fibers, and on the grounds that there was competition between jute and cotton, the Department assessed a processing tax of 2.9 cents per pound on jute, as compared with a processing tax of 4.2 cents per pound assessed against cotton. In my judgment, this tax is wholly inadequate to equalize the competition between cotton produced by southern farmers who are trying to make a living for themselves and their families, and jute, a product of peon labor in India. If the southern cotton farmer is to be protected and not dragged down to the same standard of living which obtains in India, he is entitled to a tax at least equal in amount to that levied on cotton.

As I have stated heretofore, I believe that so long as the present tariff schedules are to stay in force, the cotton farmer is entitled to a high tariff on jute, in addition to an equalizing compensatory tax, but, in any event, a compensatory tax equal to the processing tax on cotton should be imposed. This amendment only seeks to levy the same amount of tax on the competitive vegetable fiber known as "jute" as is now imposed on cotton.

It is perfectly true, as stated by the junior Senator of Idaho [Mr. POPE], that the Department of Agriculture removed the compensatory tax on jute that goes into the manufacture of a certain type of bags and sacks which are used by some of the farmers of the West. I understand that jute sacks are used quite extensively in sacking potatoes and some other farm commodities.

When the Department of Agriculture removed the tax on these jute bags, however, they did not abandon the finding that there was competition between jute and cotton. At the same time they removed the tax on jute they provided for refunding any processing tax paid by the manufacturers of cotton bags of the same class, competing with the jute bags. Thus the processing tax on cotton bags of this particular type was removed at the same time the compensatory tax of 2.9 cents per pound on jute bags was removed.

This was a double discrimination against the cotton farmer. Both rulings meant a defeat for him. After having first been given a tax on jute which is much less than that imposed on cotton, the Department of Agriculture proceeded to remove this tax for the benefit of the potato growers and others. To equalize the situation for the benefit of the potato growers and the manufacturers, the Department of Agriculture then issued an order removing the processing tax as applied to cotton manufactured into bags which are competitive with the jute or burlap bags. Thus, the cotton farmer is not only denied the tax on jute to protect him in his domestic market, but he is also deprived of the benefit payments which should go to him on that part of his crop which is manufactured into cotton bags in competition with the jute bags.

For 70 years the cotton farmer has produced America's one great export commodity and has borne the burdens of the tariffs imposed for the benefit of the rest of the Nation. In this era of protection and restriction of production when the cotton farmer is being compelled to reduce his crop more than any other producer, and at the same time is receiving smaller benefit payments on the average than the producers of other commodities, simple justice demands that he be afforded equal treatment, at least, with the slave labor of India, which will be afforded him by the imposition of this tax on jute.

Mr. JOHNSON. Mr. President, I shall not attempt to answer what has been so well said by the Senator from Georgia in regard to the competitive qualities of jute and of cotton in some aspects. I know, however, concerning the use of jute in the West. I know that in the Western States

the produce of all of our farmers and our agriculturalists is sacked in jute bags. I know that cotton is not appropriate as wrapping for the crops they harvest there. So I merely say, in response to what has been said concerning the competitive qualities of the two, that we are dealing here with an agricultural bill. In the agricultural section of the country with which I am familiar, the West, the agriculturalists use, and necessarily must use, jute bags. They cannot use, and they do not use cotton bags in connection with the harvesting and marketing of their crops. To insist upon this amendment would be disastrous to the farmers of the West; it would affect seriously an agricultural bill such as this, and, therefore, we think the amendment should not prevail.

Mr. WALSH. Mr. President, in connection with the amendment with respect to jute, I ask that there be printed at this point in the RECORD a letter from the Bemis Bros. Bag Co. and a memorandum dealing with the amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter and memorandum are as follows:

BOSTON, MASS., *July 18, 1935.*

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

PROCESSING TAX ON JUTE FABRIC, AGRICULTURAL ADJUSTMENT ACT

MY DEAR SENATOR: I confirm the following telegram sent to you this morning:

"We hear that on July 12 Senator RUSSELL notified the Senate of his intention to propose a processing tax on the first domestic processing of jute fabrics and jute products at a rate per pound equal to the rate of the processing tax on cotton. We respectfully solicit your support in opposing this amendment if introduced, as it would add almost 50 percent to the cost of all burlap bags, which are so extensively used in packing factory as well as farm products throughout the United States."

The cotton-processing tax, as you know, is 4.2 cents per pound. A similar tax on jute fabrics made into burlap bags would, therefore, amount to $42 per thousand pounds of bags. This would add almost 50 percent to the price of burlap bags, or say from $25 to $30 per thousand bags. On certain large heavy bags used for wool in the West, however, this proposed tax would amount to approximately $168 per thousand bags.

We do not deem it necessary to go into a lengthy discussion regarding the injustice of Senator RUSSELL'S proposed amendment, believing you are thoroughly familiar with the matter, and we hope that you will see your way clear to oppose the bill if it is introduced, as it would inflict heavy penalties upon factory and farm products packed in burlap bags throughout the entire United States if this proposed amendment was adopted.

Yours very truly,

F. M. EWER, *Treasurer.*
BEMIS BROS. BAG CO.,

MEMORANDUM OF PROPOSED RUSSELL AMENDMENT TO H. R. 8492

JULY 15, 1935.

1. As passed by the House and reported by the Senate Committee on Agriculture, H. R. 8492 freezes the specific tax on the first domestic processing of jute for the particular uses as prescribed by the regulations of the Secretary of Agriculture in effect on the date the proposed amendments are adopted. (Subdivision (2), pp. 36–37.) On July 12, Senator RUSSELL announced that he intended to propose an amendment which, in lieu of the House and Senate Committee proposal, would impose a processing tax.

"* * * On the first domestic processing of jute, jute fabric, and jute products at a rate per pound equal to the rate of the processing tax which is then in effect on cotton."

The effect of this amendment would be to substitute for the specific tax of 2.9 cents on the specific jute processing which the A. A. A. has administratively found sufficient, a tax on all jute and jute products of 4.2 cents.

2. There is no justification in fact or in policy supporting this proposal for an unnecessary further tax on the farmers and consumers of the country. The A. A. A. itself has administratively determined it to be unnecessary in connection with the processing tax. This is clearly shown by the history of jute compensating taxes in the A. A. A.:

A. The cotton processing tax was promulgated effective August 1, 1933. Section 15 (d) of the Agricultural Adjustment Act provides that the Secretary—

"* * * Shall ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof."

In such cases, if the Secretary finds after hearing that such tax is necessary, he may levy a compensating tax.

On July 21, 1933, the Secretary of Agriculture announced hearings to be held beginning July 31, 1933, to ascertain whether the payment of the cotton processing tax was causing, or would cause, disadvantages in competition from competing commodities. The commodities in question were not named. Beginning on July 31 and August 1, hearings were held day and night on this question. At these hearings representatives of the cotton-textile industry appeared and urged that a compensating tax be imposed, and representatives from the jute industry presented complete, comprehensive data concerning all jute products, their uses, manufacture, prices, etc. No compensating tax was imposed, since the A. A. A. could not on the evidence presented justifiably make any finding of competition.

On September 21, a further hearing was announced to be held beginning October 2, 1933, to ascertain whether the payment of the processing tax on cotton was causing disadvantages in competition from paper, jute, hemp, and other specified fabrics. Again, at these hearings, which lasted 2 days and 2 evenings, extensive information was furnished by cotton-textile interests in support of a compensating tax, and representatives of other industries were heard. Following such hearings extensive supplementary data and briefs were filed, and during the following 2 months the A. A. A. Processing Tax Section conducted its own investigations among these trades and secured extensive information.

B. On December 1, 1933, the Secretary of Agriculture announced his findings. These were basically in general that jute products did not compete with cotton products except in certain limited fields. In the case of jute, these were (1) the processing of jute fabric into bags, on which a tax of 2.9 cents per pound was imposed; and (2) manufacture of jute yarn into twine of a length 275 feet per pound or over, on which a processing tax of 2.9 cents per pound of yarn was imposed. These taxes, it must be noted, were imposed after 6 months of careful investigation during the course of which two full public hearings had been held, at which hearings the cotton textile interests urged that a tax on all jute (as well as silk, rayon, etc.) products be imposed. It should also be noted that during the course of these hearings the question of equivalent yardages and equivalent weights and yields was thoroughly explored, and the ultimate tax on two specified uses was set not at 4.2 cents, the cotton rate, but at 2.9 cents.[1]

C. Not only was the original compensating tax limited to two clearly specified uses and set at a rate administratively found to be proper, but on June 12, 1934, this tax was abrogated in the case of large jute bags and was limited specifically to processing into small jute bags, and the tax was reduced to 2.1 cents.

D. The processing-tax section of the Agricultural Adjustment Administration has continued its investigations, pursuant to the statute, and in the case of many commodities has reopened its investigations and adjusted the compensating-tax rates. Its investigations in the case of jute have likewise been continued, but it has not been deemed necessary either to extend the scope of the tax or to increase the rate.

3. There is little need to repeat the testimony at these various hearings or the debates on the floor of Congress, which indicated beyond question that the cost of this tax on jute fabric and in many instances on jute twine was borne directly by the American farmer who uses burlap bags for the marketing of his commodities. That such tax bears directly and heavily upon farmers producing wheat, potatoes, onions, citrus fruits, etc., is by now a matter of common knowledge. Likewise, the consumer bears the brunt of the compensating tax on twine. Evidence has accumulated since December 19, 1933, that the compensating tax on these two specified uses should be reduced, first, for the reason that no shift in consumption away from cotton would occur, and, second, that the imposition of the tax has created havoc in the jute industry and caused it to lose business to other fibers.

4. The foregoing indicates quite clearly that the proposed amendment certainly is not necessary for the purposes of the A. A. A. program, not based upon and indeed contrary to the careful administrative findings of the A. A. A. itself, and would constitute a burden upon the American farmer and consumer. It was not proposed by the A. A. A. to either congressional committee, and has not been considered by either committee. It would constitute a discriminatory levy of several million dollars upon an American industry. Why has it been proposed? This question is, of course, difficult to answer, but the following bulletin from the Cotton Textile Institute, dated July 2, is perhaps of interest:

"MEMORANDUM FOR COTTON MILLS

"The A. A. A. amendments which have just been reported to the Senate from the Senate Agricultural Committee provide for rayon processing tax at 125 percent of cotton tax. We are making an effort to have these amendments include other commodities that compete with cotton. Present compensating tax on small jute bags and certain sizes jute twine and certain paper products are inadequate to protect cotton interests, as their combined amount is averaging about one quarter million dollars per month as against over $8,000,000 on cotton. The Department of Agriculture suggested 10-cent pound tax on silk [this statement is believed to be without foundation], but the Senate Agricultural Committee removed it on the ground that no demand for it had appeared from cotton interests. Expression of views at this time may yield beneficial results, especially with respect to more ade-

[1] This was required by the statute, which states: "In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity." Since jute is much heavier than cotton, it is obvious that it takes more jute to make an equivalent fabric or twine, and hence the tax per pound of jute must be less. This principle of fairness is thoroughly violated by the proposal which would put the same rate per pound on jute and cotton.

quate protection from jute and paper and also levying of taxes on silk and hard fibers as well as rayon. It would be helpful if you could communicate promptly with your Senators.

"Sincerely yours,

"G. H. DORR, *President.*"

Of similar tenor is a letter dated July 5, sent by the American Cotton Manufacturers Association of Charlotte, N. C.:

"*To Southern Senators and Congressmen:*

"GENTLEMEN:

"The Cotton Textile Industry is the key industry of the South. It is depressed beyond endurance and must have some relief from its 'process tax free' competitors.

"The A. A. A. amendments which have just been reported to the Senate from the Senate Agricultural Committee provide for rayon processing tax of 125 percent of the cotton tax. We ask to have these amendments include other commodities that compete with cotton.

"Present compensating tax on small jute bags and certain sizes jute twine and certain paper products are inadequate to protect cotton interests as their combined amount is averaging about one-quarter million dollars per month as against over $8,000,000 on cotton and waste.

"The Department of Agriculture suggested 10-cent pound tax on silk but the Senate Agricultural Committee removed this clause. We ask this to be put back in the amendment.

"More adequate protection from jute and paper and also levying of taxes on silk and hard fibers as well as rayon would be most helpful. You must help the industry.

"Sincerely yours,

"THOMAS H. WEBB, *President.*"

6. It is respectfully suggested that in the light of the foregoing facts that the suggested amendment, if actually introduced, should be rejected.

Mr. HALE. Mr. President, whatever may be the merits of cotton over jute, or of jute over cotton, the fact remains that in all the States where potatoes are grown they are handled in burlap bags made of jute. The effect of this amendment will undoubtedly be to raise the price of those burlap bags. With potatoes selling at about one-half the ordinary price, and in my own State, as was shown on yesterday in the debate, bringing about 5 cents a bushel, we can ill afford to have any additional charge put on the burlap bags used in the potato industry.

I hope the amendment will not be agreed to.

Mr. LONG. Mr. President, I wish to ask the Senator from Maine a question. Why not make that argument with reference to Japanese chinaware? The argument is just as good with respect to Japanese chinaware. We can get that for half what American chinaware costs.

Mr. BORAH. That argument may be made when the time comes to make it.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Georgia [Mr. RUSSELL].

The amendment was rejected.

Mr. LONG. Mr. President, I have been trying to get the floor for half an hour in order to offer an amendment.

The VICE PRESIDENT. The Chair is aware that the Senator has been trying to get the floor, and other Senators have endeavored to get the floor. The Chair tries to be fair and impartial to the Senator from Louisiana as well as to other Senators.

Mr. LONG. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

There shall never be any restriction in the production of sugarcane in the United States below an amount sufficient to yield annually 425,000 tons of sugar therefrom.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. GEORGE. During the debate upon the provision in this bill which provided for the exclusion of fruit for canning, I had some occasion to refer to action heretofore taken by the Food and Drug Administration of the Department of Agriculture. In justice to the Department, and in order that the whole matter may be stated fairly and properly in the CONGRESSIONAL RECORD, I offer and ask to have printed in the RECORD a letter from Mr. P. B. Dunbar, the Assistant Chief, addressed to my secretary under date of June 3, 1931, and a letter from W. G. Campbell, Chief of the bureau addressed to Mr. Jesse W. Tapp, Division of Marketing Agreements and Licenses, Agricultural Adjustment Administration, Department of Agriculture, under date of July 17, 1935.

The VICE PRESIDENT. Without objection, the letters will be printed in the RECORD.

The letters are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
FOOD AND DRUG ADMINISTRATION,
Washington, D. C., July 17, 1935.

Mr. JESSE W. TAPP,
Division of Marketing Agreements and Licenses,
Agricultural Adjustment Administration, Department of Agriculture, Washington, D. C.

DEAR MR. TAPP: I have read the remarks attributed to Senator GEORGE on the floor of the Senate in regard to the purported effect of the operations of this Department under the Food and Drugs Act on the Georgia canned-peach industry. The statement appears on page 11076 of the July 12 issue of the CONGRESSIONAL RECORD. In compliance with your request I am making such comments on the statements in the RECORD as the facts justify.

Shortly after the passage of the McNary-Mapes amendment to the Federal Food and Drugs Act, on July 8, 1930, the erroneous impression developed among Georgia peach producers that the provisions of this amendment were such as to virtually class Georgia canned peaches as substandard per se and, therefore, subject to the special labeling requirements exacted by the amendment for substandard canned foods. This is, of course, not the case. On the other hand, the amendment offered the opportunity for the development of a real peach-canning industry in that State specializing in the packing of a high-quality article. I am enclosing a copy of a letter written by this administration to the secretary of Senator GEORGE on June 3, 1931, and copy of her reply of June 4.

The McNary-Mapes amendment was not sought by this Department; it was primarily instigated by the canning industry itself, its purpose being to effect a labeling differentiation between canned foods of standard grade or better and those which, while sound and wholesome, do not measure up to the quality criteria of the better grades. The amendment contained no provision in any way changing the labeling or other requirements of the Federal Food and Drugs Act on canned foods of standard grade or better, but provided that by regulation the Secretary was authorized to promulgate standards of quality and condition for canned foods and a mandatory substandard legend for canned foods falling below that standard. In the case of canned fruits, the specified legend is "Below United States standard. Good food. Not high grade." This special form of labeling promotes intelligent buying on the part of the housewife with limited means who desires wholesome but not fancy food.

Since no specific appropriation was made by Congress at the time of, or since, the enactment of the McNary-Mapes amendment, it has been necessary to limit the development of standards of quality and condition to a few staple canned foods. One of these is canned peaches. The standard for canned peaches was developed and promulgated by the Secretary only after exhaustive studies throughout the various canning sections of the country were made, for the purpose of determining an equitable standard fair to all sections. Furthermore, the standard was not promulgated until public hearing was held, at which time all interested parties were given an opportunity to offer suggestions and recommendations.

That the substandard labeling requirement for canned peaches is not discriminatory against Georgia is evidenced by the fact that thousands of cases of California substandard canned peaches go on the market every season labeled with the required legend and are accepted by the trade and by consumers for the purpose for which they are largely intended; that is, for pie-making purposes. Furthermore, even before the enactment of the McNary-Mapes amendment, a California statute was in effect requiring substandard fruits packed in that State to be stamped "seconds."

Members of the Food and Drug Administration are entirely familiar with conditions in the peach-producing area of Georgia through many years of contact. It is the conclusion of this administration as a result of a special survey of peach-canning districts of Georgia during the 1931 season that because of the excellent quality of the Georgia peach there is no reason, so far as the Food and Drugs Act is concerned, why that State should not develop a highly successful peach-canning industry, should it choose to divert its quality fruit from the fresh-fruit channels of distribution to the canneries. For many years, however, that State has chosen to concentrate upon the development of the fresh-fruit industry, and it is, of course, upon the fresh fruit that the reputation of the Georgia peach has been established. The limited canning of peaches in Georgia appears to have developed out of the need for an outlet for peaches not entirely suitable for a high class fresh market fruit. Inevitably, a canning industry based upon that motive must at times involve the packing of fruit which fails to meet the criteria of first-class canned peaches. The McNary-Mapes amendment simply prevents, by the imposition of special labeling, unfair competition of such low grade, but wholesome, canned peaches with high-grade canned peaches packed either in Georgia or in any other State.

With the excellent quality of raw material available in Georgia as a potential source of high-grade canned peaches, it is entirely a matter for the choice of the Georgia industry itself as to whether it will continue, as in the past, to base its reputation on the excellent quality of its fresh peaches or whether it will deliberately divert some of this quality fruit to canneries to build up a successful canned-fruit industry. There is nothing in the McNary-Mapes amendment to the Food and Drugs Act which will or can mitigate against the packing of quality canned peaches in Georgia which will not require the special form of labeling provided under the Food and Drugs Act for the lower grade of fruit.

Very truly yours,

W. G. CAMPBELL, *Chief.*

JUNE 3, 1931.

MISS SARAH ORR WILLIAMS,
Secretary to Hon. Walter F. George,
United States Senate, Washington, D. C.

DEAR MISS WILLIAMS: I have your letter of June 1 transmitting a letter from Mr. John L. Morris, manager of the Macon Chamber of Commerce, dated May 29, which further discusses the question of the status of Georgia canned peaches under the McNary-Mapes amendment to the Food and Drugs Act. I am glad to have Mr. Morris' letter, since it affords the opportunity to attempt to clear up certain misapprehensions and establish an understanding of the real purpose and effect of the Mapes amendment on the Georgia peach industry.

Mr. Turner, of the Continental Packing Co., to whom Mr. Morris refers, recently called at both our Philadelphia station and at our Washington offices. Frankly, I am inclined to feel that Mr. Turner has unwittingly misinterpreted statements that may have been made by department officials at these conferences. It is entirely possible that the conversations, in touching upon unpeeled peaches, may have brought out the fact that when the standard for canned peaches was under consideration our examination of numerous samples of unpeeled canned peaches from various sources throughout the country led us to the conclusion that no unpeeled canned peaches under existing packing practices could be considered as other than substandard.

There is admittedly, I believe, an established practice in Georgia in connection with the marketing of its high quality fresh peaches, of canning cull fruit of such commercial quality as to preclude its sale as fresh fruit. So long as it is sound and wholesome this type of canned product is a legal article of commerce and has found acceptance by a class of consumer which, while desiring good, wholesome food, finds it necessary to purchase the cheaper grades of canned goods. It is this class of peaches which will most likely fail to meet the Mapes amendment standard. The only effect of the amendment on such an article will be to more definitely advise its own class of consumer that while substandard it is good, wholesome food. There is no reason to believe that the receptiveness of the established trade in this article will be in any way disturbed through a frank statement of quality.

I have discussed the packing of these so-called "cull" peaches at some length, not with any implication that this article is representative of Georgia canned peaches as a whole, but because the existence of this commodity has complicated discussions which members of the industry have had with department representatives and has given rise to the erroneous belief that Georgia canned peaches per se must be regarded as substandard.

Mr. Turner, in discussing the situation, both with the Philadelphia station and at the time of his visit to our offices here, developed the fact that he was more particularly interested in the status under the amendment of a canned article prepared from the highest quality of peach. He pointed out that he bought the entire crop of orchards for canning purposes only, and allowed the fruit to remain on the trees long enough to insure a superior article from the standpoint of ripeness. He indicated that the product was packed in water. After reading the standard for canned peaches Mr. Turner expressed his belief that he would have no difficulty in packing peaches which would meet the standard in all respects, except that they were packed in water instead of the usual sirup-packing medium. As was explained to Mr. Turner, such an article is exempt from the substandard labeling requirement if labeled "water-pack peaches."

We have no desire to do other than to encourage Mr. Turner and the Georgia industry in the belief that it is entirely practicable to can peaches which will meet the standard. Whether or not it is commercially desirable to do so in all cases is, of course, a matter for the canners to decide, since they know their trade better than we can. The canned-peach standard adopted under the authority of the Mapes amendment has not been arbitrarily imposed. It has been given legal authority only after thorough and serious study, having consistently in mind the interests of canner and consuming public alike. Extensive studies of commercial packs from sources all over the country were followed by the public announcement of tentative standards which were widely published in trade journals. A public hearing was held on December 15, 1930, for the purpose of affording all interested parties an opportunity to comment on or criticise the standards proposed.

I cannot escape the conclusion that upon further study of the peach standard, Georgia canners will find themselves fully in harmony with the judgment of the Department, and the opinion of the canning industry in general, that it will promote the interest of consumers and canners alike. I am sure it will also be apparent that the amendment affords the Georgia industry equal opportunity with any other section of the country to pack standard canned peaches.

Very truly yours,

P. B. DUNBAR, *Assistant Chief.*

Mr. LONG. Mr. President, I hope there will be no objection to the amendment I have offered. It merely provides that there shall be no restriction under the provisions of this bill which will cut the annual production of cane for the manufacture of sugar below 425,000 tons. We, ourselves, raised that much sugarcane in Louisiana at one time during a fairly normal year. Since that time Florida and Texas have been producing cane to a limited extent. As the Senate knows, we raise much less sugarcane than the country needs. We do not raise anything like the crops of sugarcane which America consumes. We import a great deal more than we produce. However, the development of sugarcane through our experiments, particularly those conducted at the Louisiana State University, is making it possible for America to raise a great deal more sugarcane and to satisfy more of the sugar demand of this country.

There is practically no difference at all between the amount I am asking for in my amendment and what was formerly produced in Louisiana alone in a normal year. Of course, if I were looking at this matter in the light that we might some day have to dispose of the problem of American investments in sugar production in other countries, my attitude might be different; but I hope the Senate is looking after American institutions at this time. This amendment would not interfere with anything which is produced in America. It would simply allow us to raise 425,000 tons of American sugarcane for sugar. Also, Mr. President, without any doubt the beet-sugar producers in time to come are going to show that there is no justification for such restrictions as have probably been imposed upon the beet-sugar industry of this country.

As I understand this bill, it does not intend to restrict the crop production when we do not raise enough in our country to supply our needs, and we do not have anything like the production of sugarcane which this country needs. It is well within the possibilities that in the next few years we can produce sufficient sugar in America to supply the American market; and I hope all Members of the Senate would like to see that happen.

If it be found in the conference between the Senate and the House, that the amendment I am offering requires modification in order to comply with any action taken by the House I, of course, should expect the conferees to take notice of that fact; but for the present I hope the Senate will let the amendment be adopted, and allow the three States I have named to produce as much sugar from the cane they grow as the one State of Louisiana formerly produced. We are trying to bring ourselves back to the condition which existed during 1913 and 1914, and around that time; and if we will look back far enough we will find that during those years our State produced nearly as much cane as I now ask the Senate to agree shall be the limit below which the provisions of the pending bill shall not be effective.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

The amendment was rejected.

Mr. LONERGAN. Mr. President, on page 11527 of the CONGRESSIONAL RECORD of yesterday appears an amendment which was adopted by the Senate, reading as follows:

Provided, That no such tax shall be levied upon the processing of any material which processing results in the production of newsprint.

This amendment was prepared and filed on July 12. It was the intention to have it made a part of section 15 of the pending bill, on pages 45 and 46. Last week section 15 was stricken from the bill. In order that the correct parliamentary procedure may be followed I ask unanimous consent that the vote of yesterday, by which the amendment was adopted, be reconsidered.

The VICE PRESIDENT. The Chair understands that the Senator from Connecticut offered an amendment in the

form of a proviso, which was not in proper form, because the section in which it was sought to be placed had been eliminated from the bill. Now the Senator desires to have the vote by which the amendment was adopted reconsidered, and wishes to offer the amendment in the form of a different section. Is that statement correct?

Mr. LONERGAN. Yes; Mr. President.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri? The Chair hears none, and the vote by which the amendment referred to was adopted is reconsidered.

Mr. LONERGAN. I now send the perfected amendment to the desk and ask to have it stated.

The VICE PRESIDENT. Does the Senator propose to change the original amendment?

Mr. LONERGAN. I propose that the amendment shall be section 15, and that it shall incorporate the words printed in lines 17, 18, and 19, on page 45, and the written words sent to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert the following:

SEC. 15. Section 9 of the Agricultural Adjustment Act, as amended, is amended by adding at the end thereof the following new subsection:

"(g) Nothing contained in this title shall be construed to authorize any tax upon the processing of any commodity which processing results in the production of newsprint."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut.

The amendment was agreed to.

The VICE PRESIDENT. Without objection, the former amendment will be withdrawn.

Mr. McADOO. Mr. President, I should like to have the clerk read the amendment as I now offer it concerning citrus fruits.

The VICE PRESIDENT. The Senator from California offers an amendment which the clerk will state.

The CHIEF CLERK. On page 21, line 2, after the word "order", it is proposed to insert a comma and the words "except that as to California citrus fruits no order issued pursuant to this subsection (8) shall be effective until the handlers of not less than 80 percent of the volume of such commodity or product thereof covered by such order have signed such marketing agreement."

On page 21, line 10, after the word "thereof," insert the words "except that as to California citrus fruits said percent shall be 80 percent."

On page 21, line 23, after the word "thereof," to insert the words "except as to California citrus fruits said percent shall be 80 percent."

On page 22, line 10, after the word "producers," insert the words "except that as to California citrus fruit said order must be approved or favored by three-fourths of the producers."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California.

Mr. McADOO. Mr. President, I ask unanimous consent to have these amendments considered as one, because if the first should be adopted the others would necessarily follow.

The VICE PRESIDENT. Without objection, the amendments will be considered as one.

Mr. McADOO. The only purpose of the amendment is in the case of the citrus fruit growers of California to require before a marketing agreement may be effected the consent of 80 percent of the handlers of such fruits.

A peculiar situation exists in California. One exchange controls something like 70 percent of the entire production of the State. The minority do not wish to be left wholly at the mercy of that 70 percent. Such a condition does not prevail in the State of Texas or the State of Florida. It is for that reason, in order to protect the minority, that we feel that the percentage with respect to the California situation should be increased.

I hope the chairman of the committee will have no objection to accepting the amendment.

Mr. FLETCHER. May I ask the Senator a question?

Mr. McADOO. Certainly.

Mr. FLETCHER. Does this amendment have any reference at all to canning?

Mr. McADOO. No; it has no reference to canning. It relates only to fresh fruits.

Mr. FLETCHER. And it applies only to California fruits? It would not affect arrangements made or agreements effected with reference to Florida fruits?

Mr. McADOO. Not at all; it has no application except to the situation in California.

Mr. CONNALLY. Mr. President, the amendment now offered by the Senator from California is not the original amendment prepared by him, is it? It has been modified, has it not?

Mr. McADOO. I have modified it and reduced the percentages to 80 and 75.

Mr. CONNALLY. The effect of the Senator's amendment is that as to the State of California 80 percent of the producers have to agree?

Mr. McADOO. Eighty percent of the handlers have to agree.

Mr. CONNALLY. How about the producers?

Mr. McADOO. And 75 percent of the producers, in certain instances.

The VICE PRESIDENT. Without objection, the amendment offered by the Senator from California [Mr. McADOO] is agreed to.

Mr. SHIPSTEAD. I offer an amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 16, in line 3, it is proposed to insert after the word "prohibit", the words "or in any manner limit, except as provided for milk only in subsection (d)."

Mr. SHIPSTEAD. Mr. President, this is a clarifying amendment. I have consulted the chairman of the committee who has agreed to accept it.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SHIPSTEAD. I offer another amendment which I send to the desk and ask to have stated. It is likewise a clarifying amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 54, in lines 1 and 2, it is proposed to strike out the words "processed from wheat" and to insert in lieu thereof a comma and the words "prepared flour, and cereal preparations made chiefly from wheat, as classified in Wheat Regulations, Series 1, Supplement 1"; in line 9, to strike out the parenthesis which follows the word "flour" and to insert in lieu thereof a comma and the words "prepared flour, and cereal preparations made chiefly from wheat, as classified in Wheat Regulations, Series 1, Supplement 1", followed by a parenthesis; in line 18, to insert, after the word "paragraph", the words "and of paragraph (2) of this subsection"; in line 19, after the word "flour", to insert a comma and the words "prepared flour, and cereal preparations made chiefly from wheat, as classified in Wheat Regulations, Series 1, Supplement 1"; and in line 20, after the word "paragraph", to insert the words "and of paragraph (2) of this subsection", so as to read:

SEC. 28. The second sentence of subsection (b) of section 16 of the Agricultural Adjustment Act, as amended, is amended to read as follows: "Except as to flour, prepared flour, and cereal preparations made chiefly from wheat, as classified in Wheat Regulations, Series 1, Supplement 1, and as to any article processed wholly or in chief value from cotton, the tax refund, credit, or abatement provided in subsection (a) of this section shall not apply to the retail stocks of persons engaged in retail trade, nor to any article (except sugar) processed wholly or in chief value from sugar beets, sugarcane, or any product thereof, nor to any article (except flour, prepared flour, and cereal preparations made chiefly from wheat, as classified in Wheat Regulations, Series 1, Supplement 1) processed wholly or in chief value from wheat, held on the date the processing tax is wholly terminated."

SEC. 29. (a) Paragraph (1) of subsection (e) of section 16 of the Agricultural Adjustment Act, as amended, is amended by inserting, after the first word in the first sentence, a comma and the following: "subsequent to June 26, 1934", by inserting in the proviso, after the word "made", the following: "in the case of hogs"; and by inserting at the end of such paragraph the following: "In the case of wheat the provisions of this paragraph and

of paragraph (2) of this subsection shall apply to flour, prepared flour, and cereal preparations made chiefly from wheat, as classified in Wheat Regulations, Series 1, Supplement 1, only; in the case of sugarcane and sugar beets, the provisions of this paragraph and of paragraph (2) of this subsection shall apply to sugar only.

Mr. SMITH. Mr. President, while this amendment is being considered, I should like to have inserted in the RECORD—it is not necessary to read it—a statement by the Department in support of the amendment which has been submitted by the Senator from Minnesota and explanatory thereof.

Mr. NORRIS. Does it clarify the clarifying amendment?

The VICE PRESIDENT. Without objection, the statement will be printed to the RECORD.

The statement is as follows:

[W-14. W. R.—A. A. A. Series 1, Supplement 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Wheat Regulations, Series 1, Supplement 1.) (Definitions and conversion factors.) Issued August 1933]

WHEAT REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, Rexford G. Tugwell, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting as of June 26, 1933, a supplement to and in part a revision of Wheat Regulations, Series 1, and to the extent of such revision, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

The weight of wheat subject to the processing tax shall be the weight of clean wheat not artificially dried.

I. DEFINITIONS

The following terms as used in Wheat Regulations, Series 1, and in these regulations have reference to articles processed wholly or in chief value from wheat, and for all the purposes of said regulations shall have the meanings hereby assigned to them:

Whole wheat and graham flour is any flour containing in their approximate natural proportions substantially all of the constituents of cleaned wheat.

All flour except whole wheat and graham is any flour (except whole wheat, graham, semolina, and farina) obtained in the commercial milling of wheat, consisting essentially of the starch and gluten of the endosperm, which contains not more than 1 percent of ash (in the case of durum flour not more than 1.2 percent of ash).

Semolina is the granular product obtained in the commercial process of milling durum wheat and is that portion of the endosperm retained on 10XX silk bolting cloth.

Farina is the same as semolina except that it is made from hard wheat other than durum.

Prepared doughnut flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of crullers (i. e., doughnuts other than raised doughnuts) and fried cakes.

Prepared biscuit flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of short bread.

Prepared pancake flour is a commercial preparation (consisting of at least 50 percent of wheat flour and varying amounts of other flour, i. e., corn, rice, rye, and buckwheat) commonly used in the preparation of pancakes, griddlecakes, or waffles.

Prepared pie-crust flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of pie-crust or shells.

All bread except rye includes any type of bread except (a) rye as herein defined, (b) zwieback, and (c) rolls, all types, and coffee cake.

Rye bread is the bread obtained by baking a dough which differs from wheat-bread dough in that not less than one-third of the flour ingredient has been replaced by rye flour.

Zwieback is a commercially toasted bread.

Rolls, all types, and coffee cake include any product commonly called a "roll" or "coffee cake", the flour content of which consists of at least 95 percent of wheat flour.

Crackers include articles commonly known as "biscuits."

Pretzels are made from a yeast-raised dough submerged or precooked in a caustic solution.

Macaroni and spaghetti are plain alimentary pastes, including vermicelli, prepared and shaped from the dry doughs made from semolina, farina, wheat flour, or from a mixture of any two or all of these flours, and with one or more other ingredients.

Canned macaroni and spaghetti consists of a mixture of cooked macaroni or spaghetti, as defined herein, mixed with cheese or other products and hermetically sealed.

Noodles are a form of egg alimentary paste.

Gluten is the product made from wheat flour by the almost complete removal of starch and consists primarily of protein.

Wheat starch is a product of wheat flour resulting from the removal from such flour of practically all of the protein, mineral, and fibrous material.

II. CONVERSION FACTORS

In lieu of and in revision of the conversion factors for articles processed from wheat established by the aforesaid Wheat Regulations, Series 1, I do hereby establish the following conversion factors for articles processed from wheat to determine the amount of tax imposed or refunds to be made with respect theerto:

The following table of conversion factors fixes the percentage of the per bushel processing tax on wheat with respect to 100 pounds of the following articles processed wholly or in chief value from wheat. These percentages are based upon a basic conversion factor of 4.6 bushels of wheat as equaling 196 pounds of the flour designated in item 1 (b) below.

Articles processed wholly or in chief value from wheat

Products of first domestic processing:	*Conversion factors*
1. Flour:	
(a) Whole wheat and graham	166.67
(b) All flour except whole wheat and graham	234.7
(c) Semolina and farina	234.7
(d) Bran, shorts, middlings, red dog, and all of the product of wheat (other than whole wheat and graham flour) resulting from the commercial milling thereof which contains more than 1 percent of ash (in the case of such product of durum wheat, more than 1.2 percent of ash)	0
2. Prepared flour:	
(a) Doughnut	133.8
(b) Biscuit	223.0
(c) Pancake	164.3
(d) Pie crust	140.8
3. Cereal preparations made chiefly from wheat:	
(a) Whole wheat type, including those consisting chiefly of whole wheat	166.67
(b) All others except those consisting chiefly of bran	234.7
Products of secondary processing:	
4. Bread:	
(a) All bread except rye	161
(b) Rye	120
(c) Zwieback	154
(d) Rolls, all types, and coffee cake	161
5. Crackers	230
6. Pretzels	244
7. (a) Macaroni and spaghetti, except canned	250
(b) Canned macaroni and spaghetti	31.2
8. Noodles	238
9. Gluten	1,173.5
10. Wheat starch	0

The articles to which conversion factors are specifically assigned above are hereby defined, for the purposes of these regulations, as "factored articles."

As to all articles not hereby specifically assigned conversion factors which are made, directly or indirectly, in some part from a factored article, I do hereby establish that as to each 100 pounds of such part the conversion factor is the conversion factor hereby specifically assigned for such factored article.

As to all articles not hereby specifically assigned conversion factors and which in some part are made, directly or indirectly, from wheat but not (as to such part) from a factored article, I do hereby establish that as to each 100 pounds of such part the conversion factor is 166.67 percent of the per bushel processing tax on wheat.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 10th day of August 1933.

[SEAL.] REXFORD G. TUGWELL,
Acting Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

AUGUST 11, 1933.

Mr. ROBINSON. Mr. President, I should like to ask the Senator from Minnesota and the chairman of the committee whether the proposal submitted by the Senator from Minnesota is not an amendment to the committee amendment which has already been agreed to? If that be the case, it is necessary to reconsider the vote by which the committee amendment was agreed to.

Mr. SHIPSTEAD. I do not so understand.

The VICE PRESIDENT. The Chair will state to the Senator from Arkansas that the amendment offered by the Senator from Minnesota is to a committee amendment which has already been agreed to by the Senate, and in order to consider the amendment of the Senator from Minnesota it will be necessary to reconsider the vote by which the Senate adopted the committee amendment.



Mr. SMITH. I may say that the amendment offered is acceptable to the Department in that they thought it was clarifying, but I do not think it is essential to the execution of the proposed law.

Mr. KING. Mr. President, before action on the amendment, which is very long, and deals with almost every conceivable subject covered by the bill, including sugar and sugar beets, I should like an explanation from the Senator as to the effect it will have upon the text of the bill and of the original act.

Mr. SHIPSTEAD. The amendment is long and sounds complicated——

Mr. KING. Very.

The VICE PRESIDENT. Does the Senator from Minnesota desire to ask unanimous consent or to move to reconsider the vote by which the committee amendment was agreed to?

Mr. SHIPSTEAD. Yes, I ask unanimous consent that the vote may be reconsidered. I think the amendment offered by me is important. I can explain briefly its essentials.

Under the present law and the bill which we are now considering, the floor tax applies to flour. It should apply to "prepared flour, and cereal preparations made chiefly from wheat, as classified in Wheat Regulations, Series 1, Supplement 1."

That is all there is to the amendment. It has been written in this technical form in order to fill in the words where they belong in the various places in the bill. I ask unanimous consent, for the purpose only of considering this amendment, that the amendment of the committee heretofore adopted may be reconsidered. I hope, at least, my amendment may be permitted to go to conference.

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota to reconsider the vote whereby the Senate agreed to the committee amendment on page 54 for the purpose of offering the amendment which has been read? Without objection the vote whereby the committee amendment was agreed to is reconsidered.

Mr. VANDENBERG. Mr. President, the Senator from Minnesota has not explained the effect of the amendment on sugar-beet processing and the taxes on sugar-beet processing.

Mr. SHIPSTEAD. My understanding is that it has no effect upon sugar-beet processing.

Mr. VANDENBERG. I caught the words as the amendment was being read.

Mr. SHIPSTEAD. The words were included because the draftsman advised me it was necessary to have them in the amendment. Will the Senator let the amendment go to conference?

Mr. VANDENBERG. The Senator from South Carolina says there is nothing in the amendment which will interrupt the execution of the law. I want to know whether there is anything in it which would interrupt the execution of processing?

Mr. SMITH. It does not change anything in the law, but defines more particularly the purpose and intent; that is all.

The VICE PRESIDENT. Without objection the amendment to the amendment is agreed to and without objection the committee amendment, as amended, is agreed to.

Mr. NORBECK. Mr. President, for the RECORD, I offer an editorial from the Argus-Leader, published at Sioux Falls, S. Dak., under the title "Similar to the Tariff." It goes on to show that the processing tax is similar except that the A. A. A. is for the benefit of one group, whereas the tariff is for the benefit of another group.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SIMILAR TO THE TARIFF

The processing taxes under the A. A. A. may be a tax upon all of the people for the benefit of one class.

But if they are to be condemned for that reason, so is the tariff. It is a tax upon all of the people for the benefit of one class.

Though the Argus-Leader does not consider the A. A. A. an adequate solution of the farm problem and feels that it may do more harm than good in the long run, it has served to bring into bold relief the necessity of some measure for the benefit of the farmers as long as the industrial regions are to retain the tariff.

Farmers will be only too happy to forget about the A. A. A. and other artificial measures if the industrialists will consent to relinquish their special subsidy or privilege—the protective tariff.

Mr. KING. Mr. President, I am advised that there is an amendment lying on the desk which was offered by a Senator who is temporarily out of the Chamber. I think he desires it acted upon before final action on the bill.

The VICE PRESIDENT. The amendment referred to will be stated.

The CHIEF CLERK. It is proposed, on page 12, line 8, after "fixing", to strike out all down to and including the word "and" in line 10; on page 12, line 12, after "producers", to strike out all down to and including line 2 on page 15; on page 15, line 3, to strike out "(E)" and insert in lieu thereof "(B)"; on page 15, line 5, after "producers", to strike out all down to and including "(5)" in line 9; on page 15, line 12, to strike out "(F)" and insert in lieu thereof "(C)"; on page 15, line 21, after "producers", to strike out all down to and including "milk" in line 25; on page 16, line 1, to strike out "(G)" and insert in lieu thereof "(D)"; and on page 18, beginning with line 13, to strike out all down to and including line 4 on page 19.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. SMITH. Mr. President, before the amendment shall be voted on I wish it understood that if it shall be adopted we might just as well eliminate the milk section entirely from the bill.

Mr. JOHNSON. That is what I wanted to inquire about.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. GORE. Mr. President, I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to add a new section at the end of the bill, as follows:

SEC. —. Subsection (h) of section 1 of Public Resolution No. 11, Seventy-fourth Congress (Emergency Relief Appropriation Act of 1935) is amended by inserting after the figures $350,000,000 the following words: *Provided*, That the sum of $50,000,000 thereof is set aside and made available for soil erosion or soil conservation service and shall continue available until expended for said purpose.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was rejected.

Mr. GORE. Mr. President, I offer another amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to add at the end of the bill a new section, as follows:

SEC. —. Any person (not in the classified Civil Service) other than an attorney who receives under this or any other act of Congress a salary or other compensation at the rate of $7,500 or more per annum, and any administrator or other officer or the members of any central board or other agency named to have supervision at the seat of Government over the program, work, and/or expenditures provided for and contemplated under this act or any other act of Congress, and receiving a salary or other compensation at the rate of $6,000 or more per annum, and any State or regional administrator receiving a salary or other compensation at the rate of $3,600 or more per annum, in pursuance of any of such acts, shall be appointed by the President by and with the advice and consent of the Senate: *Provided*, That section 1761 of the Revised Statutes shall apply to any and all persons required to be confirmed by the Senate under the terms of this section.

Mr. SMITH. Mr. President, I should like to have this amendment go to conference. It has been voted on several times. It is a question of which we ought to take cognizance. I hope it may be permitted to go to conference.

The VICE PRESIDENT. Without objection the amendment is agreed to.

Mr. SMITH. Mr. President, there is a correction which should be made in a committee amendment which is of some

importance. I send the amendment to the desk and ask that it may be stated.

The VICE PRESIDENT. Being an amendment to a committee amendment which has already been adopted, it will be necessary to reconsider the vote by which the committee amendment was adopted. Without objection that vote is reconsidered. The amendment of the Senator from South Carolina to the committee amendment will be stated.

The CHIEF CLERK. On page 37, line 16, after the word "August", it is proposed to strike out the numeral "1" and insert the numeral "15"; in line 17, after the word "December", strike out the numeral "1" and insert the numeral "31", and in line 21, after the word "August", strike out the numeral "1" and insert the numeral "15", so as to make the paragraph read:

SPECIFIC TAX RATE—MARKETING YEAR—FLOOR STOCKS—RYE

(3) For the period from August 15, 1935, to December 31, 1937, both inclusive, the processing tax with respect to rye shall be levied, assessed, collected, and paid at the rate of 30 cents per bushel of 56 pounds. In the case of rye, the first marketing year shall be considered to be the period commencing August 15, 1935, and ending June 30, 1936. Subsequent marketing years shall commence on July 1 and end on June 30 of the succeeding year. The provisions of section 16 of this title shall not apply in the case of rye.

The amendment to the amendment was agreed to.

The committee amendment as amended was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. ROBINSON. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CAREY (when his name was called). On this question I have a pair with the senior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. KING. On this question I have a pair with the senior Senator from Illinois [Mr. LEWIS]. In his absence, I withhold my vote.

Mr. TOWNSEND (when his name was called). On this question I have a pair with the junior Senator from Virginia [Mr. BYRD], who is detained because of illness in his family. If he were present, he would vote "yea." If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. NEELY. I desire to announce the unavoidable absence of the Senator from Mississippi [Mr. BILBO], the senior Senator from New York [Mr. COPELAND], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], the senior Senator from Virginia [Mr. GLASS], the Senator from Texas [Mr. SHEPPARD], and the Senator from Utah [Mr. THOMAS].

I wish also to announce that the Senator from Texas [Mr. SHEPPARD] is paired on this question with the Senator from Oklahoma [Mr. GORE]. If present, the Senator from Texas would vote "yea."

Mr. AUSTIN. I desire to announce the following general pairs:

The Senator from New Hampshire [Mr. KEYES] with the Senator from Utah [Mr. THOMAS];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Mississippi [Mr. BILBO]; and

The Senator from Iowa [Mr. DICKINSON] with the Senator from Illinois [Mr. DIETERICH].

The Senator from New Hampshire [Mr. KEYES], the Senator from Delaware [Mr. HASTINGS], and the Senator from Iowa [Mr. DICKINSON] are necessarily detained from the Senate.

On this question the Senator from New Hampshire [Mr. KEYES] and the Senator from Delaware [Mr. HASTINGS], if present, would vote "nay", and the Senator from Utah [Mr. THOMAS] and the Senator from Mississippi [Mr. BILBO], if present, would vote "yea."

Mr. WALSH. My colleague the junior Senator from Massachusetts [Mr. COOLIDGE] is detained from the Senate on departmental business. If present, he would vote "nay."

Mr. GORE. On this question I am paired with the senior Senator from Texas [Mr. SHEPPARD]. In his absence, I withhold my vote.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. I should like to have the RECORD show I am ashamed to vote as I am about to vote.

The VICE PRESIDENT. Debate is not in order during the roll call.

Mr. LONG. I vote "yea."

Mr. ROBINSON. Mr. President, I make the point of order that the Senator from Louisiana is not in order.

The VICE PRESIDENT. The Senator cannot make a speech during the time the roll is being called.

Mr. LONG. I vote "yea."

The VICE PRESIDENT. The Chair is quite certain the Senator knew the rule before he made the inquiry. Nevertheless, his remarks will appear in the RECORD unless stricken out by order of the Senate.

The result was announced—yeas 64, nays 15, as follows:

YEAS—64

Adams	Clark	Lonergan	Pittman
Austin	Connally	Long	Pope
Bachman	Costigan	McAdoo	Radcliffe
Bailey	Duffy	McCarran	Reynolds
Bankhead	Fletcher	McGill	Robinson
Barkley	Frazier	McKellar	Russell
Black	George	McNary	Schwellenbach
Bone	Gibson	Minton	Shipstead
Borah	Guffey	Murphy	Smith
Brown	Harrison	Murray	Steiwer
Bulow	Hatch	Neely	Thomas, Okla.
Burke	Hayden	Norbeck	Trammell
Byrnes	Holt	Norris	Truman
Capper	Johnson	Nye	Van Nuys
Caraway	La Follette	O'Mahoney	Wheeler
Chaves	Logan	Overton	White

NAYS—15

Ashurst	Donahey	Metcalf	Vandenberg
Barbour	Gerry	Moore	Wagner
Bulkley	Hale	Schall	Walsh
Davis	Maloney	Tydings	

NOT VOTING—17

Bilbo	Couzens	Hastings	Thomas, Utah
Byrd	Dickinson	Keyes	Townsend
Carey	Dieterich	King	
Coolidge	Glass	Lewis	
Copeland	Gore	Sheppard	

So the bill was passed.

Mr. SMITH. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBINSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SMITH. Mr. President, I ask permission to insert in the RECORD the rates of tax and agreements that have been entered into up to the present time.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The matter referred to is as follows:

[R-2. W. R.—A. A. A. Series 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Wheat Regulations, Series 1.) (Market year, rate of processing tax, and conversion factors.) Issued June 1933]

WHEAT REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE, WITH THE APPROVAL OF THE PRESIDENT, UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, Rexford G. Tugwell, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

I do hereby ascertain and prescribe that for the purposes of said act the first marketing year for wheat shall begin July 9, 1933.

I do hereby determine as of July 9, 1933, that the processing tax on the first domestic processing of wheat shall be at the rate of 30 cents per bushel of 60 pounds, which rate equals the difference between the current average farm price for wheat and the fair exchange value of wheat, which price and value, both as defined

in said act, have been ascertained by me from available statistics of the Department of Agriculture.

I do hereby establish the following conversion factors for articles processed from wheat to determine the amount of tax imposed or refunds to be made with respect thereto:

TABLE OF CONVERSION FACTORS

This table of conversion factors fixes the percentage of the per bushel processing tax on wheat with respect to 100 pounds of the following articles processed from wheat. These percentages are based upon a basic conversion factor of 4.6 bushels of wheat as equaling 196 pounds of the flour designated in item 1 (b) below.

Articles processed from wheat

Products of first domestic processing:	*Conversion factor*
1. Flour:	
(a) Whole wheat and graham	166.67
(b) All flour except whole wheat and graham	234.7
(c) Semolina and farina	234.7
2. Prepared flour:	
(a) Doughnut	133.8
(b) Biscuit	223.0
(c) Pancake	164.3
(d) Pie crust	140.8
3. Cereal preparations made chiefly from wheat:	
(a) Whole-wheat type, including those consisting chiefly of whole wheat	166.67
(b) All others except those consisting chiefly of bran	234.7
Products of secondary processing:	
4. Bread:	
(a) All bread except rye	161
(b) Rye	120
(c) Zwieback	154
(d) Rolls, all types, and coffee cake	161
5. Crackers	230
6. Pretzels	244
7. (a) Macaroni and spaghetti, except canned	250
(b) Canned macaroni and spaghetti	62.5
8. Noodles	238
9. Paste	185.8
10. Foundry molding materials	132.0

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 23d day of June 1933.

[SEAL] REXFORD G. TUGWELL,
Acting Secretary of Agriculture.

Approved:
FRANKLIN D. ROOSEVELT,
The President of the United States.

JUNE 26, 1933.

[W-14. W. R.—A. A. A. Series 1, Supp. 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Wheat Regulations, Series 1, Supp. 1.) (Definitions and conversion factors.) Issued August 1933]

WHEAT REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, Rexford G. Tugwell, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting as of June 26, 1933, a supplement to and in part a revision of Wheat Regulations, series 1, and to the extent of such revision, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

The weight of wheat subject to the processing tax shall be the weight of clean wheat not artificially dried.

I. DEFINITIONS

The following terms as used in Wheat Regulations, series 1, and in these regulations have reference to articles processed wholly or in chief value from wheat, and for all the purposes of said regulations shall have the meanings hereby assigned to them:

Whole wheat and graham flour is any flour containing in their approximate natural proportions substantially all of the constituents of cleaned wheat.

All flour except whole wheat and graham is any flour (except whole wheat, graham, semolina, and farina) obtained in the commercial milling of wheat, consisting essentially of the starch and gluten of the endosperm, which contains not more than 1 percent of ash (in the case of durum flour not more than 1.2 percent of ash).

Semolina is the granular product obtained in the commercial process of milling durum wheat, and is that portion of the endosperm retained on 10XX silk bolting cloth.

Farina is the same as semolina except that it is made from hard wheat other than durum.

Prepared doughnut flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of crullers (i. e., doughnuts other than raised doughnuts) and friedcakes.

Prepared biscuit flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of short bread.

Prepared pancake flour is a commercial preparation (consisting of at least 50 percent of wheat flour and varying amounts of other flour, e. g., corn, rice, rye, and buckwheat) commonly used in the preparation of pancakes, griddlecakes, or waffles.

Prepared piecrust flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of piecrusts or shells.

All bread except rye includes any type of bread except (a) rye as herein defined, (b) zwieback, and (c) rolls, all types, and coffee cake.

Rye bread is the bread obtained by baking a dough which differs from wheat-bread dough in that not less than one-third of the flour ingredient has been replaced by rye flour.

Zwieback is a commercially toasted bread.

Rolls, all types, and coffee cake include any product commonly called a roll or coffee cake, the flour content of which consists of at least 95 percent of wheat flour.

Crackers include articles commonly known as biscuits.

Pretzels are made from a yeast-raised dough, submerged or precooked in a caustic solution.

Marcaroni and spaghetti are plain alimentary pastes, including vermicelli, prepared and shaped from the dry doughs made from semolina, farina, wheat flour, or from a mixture of any two or all of these flours, and with one or more other ingredients.

Canned macaroni and spaghetti consists of a mixture of cooked macaroni or spaghetti, as defined herein, mixed with cheese or other products and hermetically sealed.

Noodles are a form of egg alimentary paste.

Gluten is the product made from wheat flour by the almost complete removal of starch, and consists primarily of protein.

Wheat starch is a product of wheat flour resulting from the removal from such flour of practically all of the protein, mineral, and fibrous material.

II. CONVERSION FACTORS

In lieu of and in revision of the conversion factors for articles processed from wheat established by the aforesaid Wheat Regulations, series 1, I do hereby establish the following conversion factors for articles processed from wheat to determine the amount of tax imposed or refunds to be made with respect thereto:

The following table of conversion factors fixes the percentage of the per-bushel processing tax on wheat with respect to 100 pounds of the following articles processed wholly or in chief value from wheat. These percentages are based upon a basic conversion factor of 4.6 bushels of wheat as equaling 196 pounds of the flour designated in item 1 (b) below.

Articles processed wholly or in chief value from wheat

Products of first domestic processing:	*Conversion factor*
1. Flour:	
(a) Whole wheat and graham	166.67
(b) All flour except whole wheat and graham	234.7
(c) Semolina and farina	234.7
(d) Bran, shorts, middlings, red dog, and all of the product of wheat (other than whole wheat and graham flour) resulting from the commercial milling thereof which contains more than 1 percent of ash (in the case of such product of durum wheat, more than 1.2 percent of ash)	0
2. Prepared flour:	
(a) Doughnut	133.8
(b) Biscuit	223.0
(c) Pancake	164.3
(d) Pie crust	140.8
3. Cereal preparations made chiefly from wheat:	
(a) Whole wheat type, including those consisting chiefly of whole wheat	166.67
(b) All others except those consisting chiefly of bran	234.7
Products of secondary processing:	
4. Bread:	
(a) All bread except rye	161
(b) Rye	120
(c) Zwieback	154
(d) Rolls, all types, and coffee cake	161
5. Crackers	230
6. Pretzels	244
7. (a) Macaroni and spaghetti, except canned	250
(b) Canned macaroni and spaghetti	31.2
8. Noodles	238
9. Gluten	1,173.5
10. Wheat starch	0

The articles to which conversion factors are specifically assigned above are hereby defined, for the purposes of these regulations, as "factored articles."

As to all articles not hereby specifically assigned conversion factors which are made, directly or indirectly, in some part from a factored article, I do hereby establish that as to each 100 pounds of such part the conversion factor is the conversion factor hereby specifically assigned for such factored article.

As to all articles not hereby specifically assigned conversion factors and which in some part are made, directly or indirectly, from wheat but not (as to such part) from a factored article, I

do hereby establish that as to each 100 pounds of such part the conversion factor is 166.67 percent of the per bushel processing tax on wheat.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 10th day of August 1933.

[SEAL] REXFORD G. TUGWELL,
Acting Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

AUGUST 11, 1933.

[W. R. Series 1, No. 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Wheat Regulations, Series 1, No. 1.) (Marketing year, rate of processing tax, definitions and conversion factors.) Issued ——, 1935, corrected]

WHEAT REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a revision, supplementation, and reprinting in combined form of Wheat Regulations, Series 1, and Wheat Regulations, Series 1, Supplement 1, and to the extent of such revision and supplementation, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect from August 1, 1935, and until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.[1]

I. MARKETING YEAR

I do hereby ascertain and prescribe that for the purpose of said act the first marketing year for wheat shall begin July 9, 1933.[2]

II. RATE OF TAX

I do hereby determine that as of July 9, 1933, the processing tax on the first domestic processing of wheat shall be at the rate of 30 cents per bushel of 60 pounds, which rate equals the difference between the current average farm price for wheat and the fair exchange value of wheat, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture.[3]

The weight of wheat subject to the processing tax shall be the weight of clean wheat not artificially dried.[4]

III. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:[5]

Whole wheat and Graham flour is any flour containing in their approximate natural proportions substantially all of the constituents of cleaned wheat.

All flour except whole wheat and Graham is any flour (except whole wheat, Graham, semolina, and farina) obtained in the commercial milling of wheat, consisting essentially of the starch and gluten of the endosperm, which contains not more than 1 percent of ash (in the case of durum flour not more than 1.2 percent of ash).

Semolina is the granular product obtained in the commercial process of milling durum wheat, and is that portion of the endosperm retained on 10XX silk bolting cloth.

Farina is the same as semolina except that it is made from hard wheat other than durum.

Prepared doughnut flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of crullers (i. e., doughnuts other than raised doughnuts) and fried cakes.

Prepared biscuit flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of short bread.

Prepared pancake flour is a commercial preparation (consisting of at least 50 percent of wheat flour and varying amounts of other flour, e. g., corn, rice, rye, and buckwheat) commonly used in the preparation of pancakes, griddlecakes, or waffles.

Prepared piecrust flour is a commercial preparation (consisting of flour, shortening, and other ingredients) commonly used in the preparation of pie crusts or shells.

All bread except rye includes any type of bread except (a) rye as herein defined, (b) zwieback, and (c) rolls, all types, and coffee cake.

Rye bread is the bread obtained by baking a dough which differs from wheat-bread dough in that not less than one-third of the flour ingredient has been replaced by rye flour.

Zwieback is a commercially toasted bread.

Rolls, all types, and coffee cake include any product commonly called a roll or coffee cake, the flour content of which consists of at least 95 percent of wheat flour.

Crackers include articles commonly known as biscuits.

Pretzels are made from a yeast-raised dough, submerged or precooked in a caustic solution.

Macaroni and spaghetti are plain alimentary pastes, including vermicelli, prepared and shaped from the dry doughs made from semolina, farina, wheat flour, or from a mixture of any two or all of these flours, and with one or more other ingredients.

Canned macaroni and spaghetti consists of a mixture of cooked macaroni or spaghetti, as defined herein, mixed with cheese or other products and hermetically sealed.

Noodles are a form of egg alimentary paste.

Gluten is the products made from wheat flour by the almost complete removal of starch, and consists primarily of protein.

Wheat starch is a product of wheat flour resulting from the removal from such flour of practically all of the protein, mineral, and fibrous material.

Monosodium glutamate is the monosodium salt of glutamic acid which is obtained from gluten.

Distilled spirits are products derived from wheat mash by a process of distillation.

IV. CONVERSION FACTORS

I do hereby establish the following conversion factors for articles processed from wheat to determine the amount of tax imposed or refunds to be made with respect thereto:[6]

The following table of conversion factors fixes the percentage of the per bushel processing tax on wheat with respect to 100 pounds[7] of the following articles processed wholly, partly, or in chief value from wheat. These percentages are based upon a basic conversion factor of 4.6 bushels of wheat as equaling 196 pounds of the flour designated in item 1 (b) below.

Articles processed wholly, partly, or in chief value from wheat

Products of first domestic processing:	*Conversion factor*
1. Flour:	
(a) Whole wheat and graham	166.67
(b) All flour except whole wheat and graham	234.7
(c) Semolina and farina	234.7
(d) Bran, shorts, middlings, red dog, and all of the products of wheat (other than whole wheat and graham flour) resulting from the commercial milling thereof which contains more than 1 percent of ash (in the case of such product of durum wheat, more than 1.2 percent of ash)	0
2. Prepared flour:	
(a) Doughnut	133.8
(b) Biscuit	223.0
(c) Pancake	164.3
(d) Pie crust	140.8
3. Cereal preparations made chiefly from wheat:	
(a) Whole-wheat type, including those consisting chiefly of whole wheat	166.67
(b) All others except those consisting chiefly of bran	234.7
Products of secondary processing:	
4. Bread:	
(a) All bread except rye	161
(b) Rye	120
(c) Zwieback	154
(d) Rolls, all types, and coffee cake	161
5. Crackers	230
6. Pretzels	244
7. (a) Macaroni and spaghetti, except canned	250
(b) Canned macaroni and spaghetti	31.2
8. Noodles	238
9. Gluten	1,173.5
10. Wheat starch	———
11. Monosodium glutamate	4,694
12. Distilled spirits[7]	18.8

The articles to which conversion factors are specifically assigned above are hereby defined, for the purposes of these regulations, as "factored articles."

As to all articles not hereby specifically assigned conversion factors which are made, directly or indirectly, in some part from a

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[1] The within regulations (Wheat Regulations, Series 1, No. 1) partially revise and supplement Wheat Regulations, Series 1, and Wheat Regulations, Series 1, Supplement 1. For convenience, there are also reprinted herein all portions of the prior wheat regulations which are now applicable, with references in the footnotes to the regulations from which they were taken and the date they took effect. All portions of these regulations which are written for the first time are printed in italics.

[2] Wheat Regulations, Series 1, effective June 26, 1933.

[3] Wheat Regulations, Series 1, effective June 26, 1933.

[4] Wheat Regulations, Series 1, Supplement 1, effective Aug. 11, 1933.

[5] The definitions appearing herein, with the exception of the last two, are taken verbatim from Wheat Regulations, Series 1, Supplement 1, effective Aug. 11, 1933. The last two definitions are new herein.

[6] All of the conversion factors contained herein with the exception of numbers 11 and 12 are taken verbatim from Wheat Regulations, series 1, supplement 1, effective Aug. 11, 1933. The conversion factors for monosodium glutamate and distilled spirits are new herein.

[7] In the case of distilled spirits 1 gallon of 100 proof.

factored article, I do hereby establish that as to each 100 pounds[1] of such part the conversion factor is the conversion factor hereby specifically assigned for such factored article.

As to all articles not hereby specifically assigned conversion factors and which in some part are made, directly or indirectly, from wheat but not (as to such part) from a factored article, I do hereby establish that as to each 100 pounds of such part the conversion factor is 166.67 percent of the per bushel processing tax on wheat.

In the event that any taxpayer, the Commissioner of Internal Revenue, or any person entitled to a refund or credit shall establish that any article processed wholly, partly, or in chief value from wheat represents more or less wheat than is indicated by the conversion factor listed above for such article, then the amount of tax, refund, or credit with respect to such article shall be computed at the rate of the processing tax on the basis of the amount of wheat established to be actually represented therein.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, this 6th day of July 1935.

H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

JULY 8, 1935.

[R-1. C. R.—AAA Series 2, Supplement 1 (item 11). The United States Department of Agriculture, Agricultural Adjustment Administration. (Cotton Regulations, Series 2, Supplement 1.) (Marketing year, rate of processing tax, and conversion factors.) Issued July 1933]

SUPPLEMENTARY COTTON REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE, WITH THE APPROVAL OF THE PRESIDENT, UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, Henry A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a supplement to and in part a revision of Cotton Regulations, Series 2, and to the extent of such revision, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

The net weight of lint cotton subject to the processing tax shall be determined by deducting the weight of tare (bagging, ties, and patches) from the gross weight of the bale.

In lieu of and in revision of the fourth paragraph of the abovementioned Cotton Regulations, Series 2, I do hereby establish that the conversion factor for articles, processed from cotton, to determine the amount of tax imposed or refunds to be made with respect thereto, is, per pound of cotton content, 105.2 percent of the per pound processing tax: *Provided, however,* That the conversion factor shall be zero for (a) motes and fly, flat strips, comber waste, slasher waste, cuttings, rags, and other waste (not including substandard products and short-length piece goods), incident to the processing, manufacturing, or fabricating of cotton or of cotton products, (b) second-hand articles, and (c) such part of the content of any article or product as is made from any article or combination of articles described in (a) or (b). No deduction shall be allowed from the weight of any article for normal moisture content, but a reasonable deduction shall be allowable for the sizing, buttons, or other noncotton materials.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 28th day of July 1933.

[SEAL]
HENRY A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

JULY 28, 1933.

[C. R.—A. A. A. Series 2 (item 9). The United States Department of Agriculture, Agricultural Adjustment Administration. (Cotton Regulations, Series 2.) (Marketing year, rate of processing tax, and conversion factor.) Issued July 1933]

COTTON REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT, UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, Henry A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

I do hereby ascertain and prescribe that for the purposes of said act the first marketing year for cotton shall begin August 1, 1933.

I do hereby determine as of August 1, 1933, that the processing tax on the first domestic processing of cotton shall be at the rate of 4.2 cents per pound of lint cotton, net weight, which rate equals the difference between the current average farm price for cotton and the fair exchange value of cotton, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture.

I do hereby establish that the conversion factor for articles (other than nonspinnable waste, hereby defined as including only opener, breaker and finisher picker waste, card motes and fly, sweepings, and clearer waste, and the products thereof), processed from cotton, to determine the amount of tax imposed or refunds to be made with respect thereto, is, per pound of cotton content, 105.2 percent of the per pound processing tax. The cotton content of such articles shall be deemed to include the weight of cotton in the form of yarn, fabric, thread, twines, roving, sliver, laps, and all other forms. No deduction shall be made from the weight of such articles for normal moisture content, but reasonable deductions shall be made for sizing, buttons, and such other noncotton materials.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 14th day of July 1933.

[SEAL]
HENRY A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

JULY 14, 1933.

[Form No. R–11. C. R.—A. A. A. Series 2, Supplement 2. United States Department of Agriculture, Agricultural Adjustment Administration. (Cotton regulations, series 2, supplement 2.) (Definitions and conversion factors.) Issued December 1933]

SUPPLEMENTARY COTTON REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, R. G. Tugwell, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a supplement to and in part a revision of cotton regulations, series 2, and cotton regulations, series 2, supplement 1, and to the extent of such revision, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect on and after December 1, 1933, and until amended or superseded by regulations thereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

I. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:

First domestic processing: First domestic processing—

(a) With respect to cotton that is to be spun, is every state of manufacture or processing up to the removal of the bobbin or cop from the spinning machine on which its yarn has been spun;

(b) With respect to cotton that is not to be spun, is that amount and degree of manufacture or processing up to the point where the cotton is fashioned into an article, either to be packaged and sold as such, or to be used for further manufacturing into a different type of article.

Absorbent cotton: Absorbent cotton is cotton treated chemically to remove natural fatty substances and further prepared for surgical purposes.

Adhesive tape: Adhesive tape is a cut-edge ribbon of cotton cloth having adhesive on one side, usually intended for surgical purposes.

Artificial leather: Artificial leather is a stout coarse cotton fabric, spread or coated with nitrocellulose or varnish, and grained and finished, usually to resemble leather.

Auto slip-cover cloth: Auto slip-cover cloth is a medium weight cotton fabric, plain weave, with ingrain colored warp stripes.

Awning stripes: Awning stripes is a strong, durable cotton canvas made in colored stripes with colored warp yarns, or having printed, stenciled, and/or painted stripes. This classification includes ingrain solid-colored awning material.

Bags: Bags are cotton containers woven, or cut and sewn, into tubular form and closed on one end. Tubular woven or seamless bags generally contain a few colored ingrain warp stripes.

Bathing suits: Bathing suits are torso outer garments in one piece or in two separate pieces, top and bottom, fabricated from a knit cotton fabric.

Bathrobes: Bathrobes are lounging robes with sleeves, full length, front opened, usually with belt cord, and made of terry cloth, blanket cloth, or other cotton fabrics.

Batting: Batting is layers of cotton, cleaned and slightly matted.

Bed sheets: Bed sheets are articles of bedding, torn or cut from cotton fabric, and hemmed at both ends.

Bedspreads: Bedspreads are cotton household articles, commonly known as "counterpanes", cut and hemmed, or fringed on both ends, made from bedspread and/or woven quilt fabric.

Bedspread and quilting: Bedspread and quilting are cotton fabrics used for making the top covers of a bed, such as crochet quilts,

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[1] Except where the factored article from which such part is made is distilled spirits, in which case "each 1 gallon of 100 proof" is the measure instead of "each 100 pounds."

Marseilles quilts, satin quilts, dimity spreads, and crinkled or raised pattern spreads.

Belts, machinery: Machinery belts are cotton articles used to transmit power, woven from heavy cabled yarns into a strong fabric, one or more plies of which are stitched, stapled, or vulcanized together into a continuous band.

Blanketing: Blanketing is a napped cotton cloth having comparatively fine count warp yarns and coarse, soft-spun filling yarns.

Blankets: Blankets are articles made from blanketing, cut and hemmed in sizes suitable for bedding and other purposes.

Bleached: Bleached is a term indicating that the fibers in any state have been treated with chemicals for the purpose of whitening.

Book cloth: Book cloth is a woven cotton fabric which has been heavily filled, and is generally glazed and embossed.

Bloomers: Bloomers is an article of underwear for covering the lower portion of the torso and the thighs, with elastic at waist, and with or without elastic at knees, made from a knit cotton fabric.

Braided fabric: Braided fabric is a flat, round, or tubular narrow fabric plaited from cotton yarns.

Breeches, riding: Riding breeches are trousers, including jodhpurs, wide at the hips and shaped to fit the legs below the knees. They may be calf length or ankle length.

Broadcloth: Broadcloth is a cotton fabric woven with fine yarns, with warp yarns predominating.

Buckram: Buckram is a coarse, plain woven, lightweight cotton fabric, with a heavy glue dressing, used as stiffening material in garments or other articles.

Canton flannel: Canton flannel is a cotton fabric, with twill face and napped back.

Carded: Carded is a term meaning that the cotton fibers have been separated, straightened, and mixed by passage through a carding machine, but not through a comber.

Carded fabrics: Carded fabrics are any cotton products made from carded yarns.

Carded yarns: Carded yarns are yarns made of carded cotton fibers.

Card strips: Card strips are the flat strips, cylinder strips, and doffer strips, inclusive, which are removed during the carding process.

Casings, pneumatic: Pneumatic casings are articles made from cord, weftless cord, and/or square woven tire fabrics, impregnated and coated with vulcanized rubber, and used as the outer covering or casing for pneumatic tubes.

Chambray: Chambray is a medium-weight, plain woven cotton fabric, having a colored warp and white weft, usually dressed and calendared.

Cheesecloth: Cheesecloth is a light-weight, thin, loose-woven cotton gauze without dressing; also called "tobacco cloth", and sometimes used for mosquito netting.

Chenille fabric: Chenille fabric is a cotton fabric woven with chenille weft yarns.

Chenille yarn: Chenille yarn is a cotton yarn having a cut pile protruding all around at right angles.

Coated products: Coated products are cotton fabrics which have been impregnated with, and/or to which have been applied, one or more layers of nitrocellulose, pigmented linseed oil, clay, rubber, and/or like materials in order to impart a durable and impervious surface.

Coats, work: Work coats are work garments, including jumpers, that cover the torso, full button or half open, usually made from denim.

Colored: Colored is a term meaning that the fibers, in any state of preparation, have been impregnated with dyestuffs and/or other coloring matter, but does not include articles having only colored borders, hems, selvages, or occasional stripes used as distinctive markings, such as the types of towels which have a colored border or stripes.

Combed: Combed is a term meaning that the fibers of carded cotton have been further straightened and separated by a combing machine.

Combed fabrics: Combed fabrics are any cotton products made from combed yarns.

Combed yarns: Combed yarns are yarns in which the carded cotton fibers have been passed through a comber.

Comber waste or comber noils: Comber waste or comber noils are the fibers which are combed out during the combing process.

Conveyor belts: Conveyor belts are cotton articles made for use in transporting merchandise and other materials, constructed from plied yarn duck of single or numerous layers, which are stitched, stapled, or vulcanized together and connected into an endless loop.

Cordage: Cordage is a term used in a collective sense to include all kinds of twines, cords, and ropes.

Corduroy: Corduroy is a cut weft pile fabric having a surface of pile welts.

Corset cloth: Corset cloth is a strong, heavy cotton fabric, satin weave, usually with woven figured designs.

Cottonades: Cottonades are heavy, coarse, cotton fabrics, plain woven with ingrain colored checks and stripes, sometimes with napped back.

Crash towels: Crash towels are household articles cut and hemmed from crash toweling fabric.

Crash toweling: Crash toweling is a medium-weight cotton toweling fabric made with plain, twilled, or herringbone weave, and usually having warp-colored borders.

Crepe: Crepe is a light-weight cotton cloth with a fine crinkly surface.

Crinoline is a stiff, open, light-weight cotton fabric, heavily dressed, usually plain woven, commonly used for interlinings and hat construction.

Cut-pile fabric: Cut-pile fabric is a cotton-pile fabric in which the upright yarn loops have been cut and brushed.

Damask, table: Table damask is a medium-weight cotton fabric made with uncolored and/or colored yarns, with satin or figured reversible designs.

Denim: Denim is a strong, heavy-weight, cotton fabric, twill weave, woven ingrain, and single yarns.

Diapers: Diapers are cotton articles of infant's wearing apparel, usually made from diaper cloth.

Diaper cloth: Diaper cloth is an absorbent cotton fabric with soft, coarse weft yarns, and having a woven birdseye or diamond design.

Drawers: Drawers is an article of underwear for covering the lower portion of the torso and all or parts of the legs, fabricated from a knit cotton fabric.

Dresses, house: House dresses are women's cotton outer garments, in one or more pieces, with or without sleeves, cut and sewn from light- or medium-weight woven cotton fabrics.

Dressing or filling: Dressing or filling is a preparation applied to cotton fabrics to improve the finish and/or add weight.

Drills and twills: Drills and twills are heavy cotton fabrics woven with twill weave and having distinct diagonal lines running across the face of the cloth.

Duck:

Duck, enameled: Enameled duck is cotton duck coated with enamel.

Duck, enameling: Enameling duck is a heavy-weight, plain woven, cotton fabric made from single-warp yarns and single or plied weft yarns.

Duck, flat: Flat duck is a heavy-weight, plain woven, cotton fabric made from single yarns. It is usually woven with two warp ends in each heddle.

Duck, plied yarn: Plied yarn duck is a heavy-weight, plain woven, cotton fabric made with plied yarns.

Enameled drill: Enameled drill is cotton drill coated with enamel.

Express stripes or hickory stripes: Express stripes or hickory stripes is a strong, medium-weight cotton fabric, twill weave, woven ingrain usually with narrow alternating colored and white stripes.

Figured: Figured is a term meaning woven or cut designs.

Flannelette: Flannelette is a soft cotton fabric napped on both sides.

Frieze (loop pile) fabric: A frieze (loop pile) fabric is a cotton cloth with uncut loop pile on the face.

Gassed or singed: Gassed or singed is a term meaning that the cotton products have been subjected to a flame or hot plate in order to remove protruding fibers.

Gauze: Gauze is cheesecloth, fully bleached, uncolored, and without dressing, commonly used for surgical purposes.

Gingham: Gingham is a light-weight cotton fabric, plain weave, with large or small check or plaid patterns, ingrain colored warp and weft yarns.

Glazed or polished cotton products: Glazed or polished cotton products are products that have been treated with dressing and subjected to brushing and/or calendering to produce a smooth, glossy surface.

Gloves: Gloves are articles of wearing apparel for covering the hands and wrists, providing a separate compartment for each digit, fabricated from a knit or woven cotton fabric.

Chamois suede gloves: Chamois suede gloves are cotton gloves made from closely knit high-count combed yarn with a suede finish on the face.

Jersey work gloves: Jersey work gloves are cotton gloves made from a heavy flat knit fabric, generally fleece lined.

Gowns, night: Night gowns are loose, one-piece cotton articles of nightwear, with or without sleeves.

Handkerchiefs: Handkerchiefs are accessories of wearing apparel cut from cotton fabric and hemmed.

Hosiery: Hosiery is knit cotton footwear of any kind whatsoever.

Flat knit circular hosiery: Flat knit circular hosiery is cotton hosiery knit with a plain smooth surface on circular seamless knitting machines, having a single cylinder, and classified as those with (1) 144 or fewer needle spaces, (2) 145 to 200 needle spaces, and (3) over 200 needle spaces.

Full-fashioned hosiery: Full-fashioned hosiery is cotton hosiery knit on a flat machine to definite patterns to fit the shape of the leg and feet after seaming.

Ribbed knit hosiery: Ribbed knit hosiery is seamless cotton hosiery, knit with a firm elastic consistency, having lateral wales on inner and outer surfaces, and produced on circular knitting machines having different sets and numbers of needles in cylinder and dial, and classified as those having (1) less than 300 needle spaces, and (2) 300 or more needle spaces.

Huckaback, toweling, or huck toweling: Huckaback toweling or huck toweling is cotton toweling woven with small designs and soft-spun weft yarns.

Huck towels: Huck towels are household articles cut and hemmed from huckaback toweling fabric.

Hunting coats and vests: Hunting coats and vests are cotton coats and vests for covering the torso, with or without sleeves, usually full buttoned, with special pockets, made from a variety of cotton fabrics and generally interlined.

Infants' wear: See "Undershirts, bands, and wrappers, infants'"; "Pants, infants'."

Ingrain: Ingrain is a term indicating textile products made wholly or in part of cotton yarn that has been previously dyed.

Jerseys: See "Pull-over sweaters and jerseys."

Knickers: Knickers are short wide-leg cotton trousers fitted to the calf of the leg by bands of self-material or by elastic knit cuffs.

Knit articles other than hosiery: Knit articles other than hosiery are cotton articles knitted or made from knit fabrics, except hosiery.

Knit fabric: Knit fabric is a cotton fabric composed of one or more systems of yarns interlacing with self, or with each other, forming rows of loops, but not tied.

Lace: Lace is a cotton fabric composed of cotton yarn or thread intertwined at intervals forming open-mesh and/or closed patterns.

Laps: Laps are layers of carded or combed cotton fibers wound on a roller.

Picker laps: Picker laps are laps consisting of cotton which has been partially cleaned by one or more picking processes and formed into a lap.

Ribbon laps: Ribbon laps are laps formed from sliver laps.

Sliver laps: Sliver laps are laps formed from card slivers.

Laundry nets and dye nets: Laundry nets and dye nets are open-mesh cotton containers woven or cut and sewn into tubular form and closed on one end.

Lawn: Lawn is a thin, sheer, plain woven cotton fabric, usually lightly dressed.

Marquisette: See "Scrim, curtain, or marquisette."

Matched patterns: Matched patterns is a term meaning an article in which figures or colors have been pieced and fitted so that the symmetrical pattern scheme is preserved.

Mattress felt: Mattress felt is several layers of cotton batting arranged in tiers and cut to mattress size.

Mattress ticks: Mattress ticks are cotton articles of bedding, cut and sewn into a container for felt, springs, or stuffing. They are usually made from cotton ticking, or mattress damask, and tufted.

Mercerized yarns and fabrics: Mercerized yarns and fabrics are cotton yarns and fabrics chemically treated under tension for the purpose of adding luster to the product.

Moleskin: Moleskin is a strong, heavy-weight cotton fabric, napped on the back, generally with a weft faced twill or modified satin weave.

Mosquito nettings: Mosquito nettings are—

(1) Cotton cheesecloth, heavily sized.

(2) Leno woven cotton gauze, heavily sized.

(3) Light-weight cheesecloth having several warp and weft yarns placed closely to each other at regular intervals, being about 180 meshes per square inch.

(4) Machine-made cotton netting of yarns twisted around each other so as to produce hexagonal meshes, called bobbinette.

Mufflers: See "Scarfs or mufflers."

Napkins: Napkins are cotton household articles, usually damask, cut square and hemmed, or fringed on two or four sides.

Napped fabric: Napped fabric is a cotton fabric which has been scratched and/or brushed, in order to raise the loose fibers into a nap, on one or both sides.

Narrow fabric, 12 inches or under, elastic or nonelastic: Narrow fabric, 12 inches or under, elastic or nonelastic, is a woven, knit, or braided web, tape, or tube with fast selvages and/or cut edges. When fabricated with the introduction of rubber thread it becomes elastic.

Net: Net is a cotton fabric made of yarn or twine knotted into open meshes of uniform size and shape.

Noncotton content: Noncotton content is any material other than cotton contained in or attached to cotton articles as a part thereof, such as sizing or buttons, or rayon, silk, or any other textile fibers. However—except as to "rugs and mats, other than cotton weft"—the "noncotton content" figures given in the table of conversion factors herein established contain no allowance for rayon, silk, or other textile fibers.

Novelty yarn: Novelty yarn is a cotton yarn having an unusual appearance, such as loops, knobs, or corkscrew effects.

Oilcloth: Oilcloth is a cotton fabric spread or coated with enamel, or with vegetable oil, or animal oil, or other oils mixed with pigments and/or minerals.

Oilcloth, table and shelf: Table and shelf oilcloth is oilcloth with a muslin or other light cotton fabric base.

Osnaburg: Osnaburg is a plain woven, strong, coarse fabric made of carded cotton and/or carded cotton waste yarns.

Outerwear, knit: Knit outerwear is a knit cotton garment for outerwear of any type whatsoever, but does not include hosiery.

Overalls: Overalls is a work garment, usually made from denim, either sleeveless with a bib and straps over the shoulders or with sleeves and a long, open front.

Pajama checks or nainsook checks: Pajama checks or nainsook checks are medium-weight cotton fabrics with a distinctive crossbar pattern.

Pajamas: Pajamas are garments of night wear, either in one piece with pants effect, or in two pieces consisting of blouse and pants.

Pants, infants': Infants' pants are knit pants for infants' underwear.

Pants, knit: Knit pants are close-fitting knit cotton articles of underclothing without elastic at the bottoms.

Pants, work: Work pants are men's outer garments, including dungarees, usually made of coarse cotton fabrics such as denims, cottonades, or trouserings, and duck, for covering the lower part of the torso and legs.

Pile fabric: Pile fabric is a cotton fabric having a surface made of upright loops, which may be cut or uncut.

Pillow cases: Pillow cases are cotton articles of bedding, woven or sewn into tubular form, closed on one end, and hemmed, for use as coverings for bed pillows.

Pin checks: Pin checks is a medium-weight cotton fabric, plain weave, with ingrain small checked or striped patterns.

Pique: Pique is a heavy, stout cotton fabric having a raised surface of transverse cords or welts.

Plush: Plush is a cotton fabric having a deep cut pile.

Polished: See "Glazed or polished cotton products."

Poplin: Poplin is a medium-weight cotton fabric, plain weave, with fine cross-rib effect, warp yarns predominating.

Powder puffs: Powder puffs are cosmetic accessories quilted from cut-pile cotton fabrics.

Print cloth: Print cloth is a plain woven, medium-weight cotton fabric made with single carded yarns.

Printed fabrics: Printed fabrics are cotton fabrics decorated by printing with dyes, chemicals, or other substances.

Pull-over sweaters and jerseys: Pull-over sweaters and jerseys are knit cotton outer garments with no fastenings, with or without sleeves, to be put on by pulling over the head.

Quilting: See "Bedspreads and quilting."

Rep: Rep is a heavy cotton fabric having a transverse corded surface.

Roving: Roving is a slightly twisted, soft, and thick rope of cotton fibers.

Rubber coated and rubberized: Rubber coated or rubberized fabrics are cotton fabrics spread, coated, and/or impregnated with rubber.

Rugs or mats: Rugs or mats are cotton floor coverings, cut from fabrics woven and defined for cutting, hemming, and/or fringing, and sometimes made with a weft other than a cotton-yarn weft.

Sateen: Sateen is a closely woven cotton cloth, the fact of which is formed either by the warp or the weft in satin weave.

Scarfs or mufflers: Scarfs or mufflers are outerwear accessories cut to specified lengths from cotton fabric and faced, hemmed, and/or fringed.

Scrim, curtain or marquisette: Curtain scrim or marquisette is a light-weight cotton fabric with leno open weave.

Second-hand article: Second-hand articles are cotton articles that have been actually used for some clothing, or industrial, or household or other purpose, and which have been reclaimed and held for sale.

Seersucker: Seersucker is a light-weight cotton fabric, plain weave, with puckered and ingrain stripes alternating.

Sewing thread: See "Thread."

Shade cloth: Shade cloth is a light-weight, plain-woven cotton fabric, heavily filled, usually with clay, and designed for use on window shade rollers.

Sheetings: Sheetings are plain-woven, heavy or medium-weight cotton fabrics made with single carded yarns.

Shirting, madras: Madras shirting is a medium weight cotton fabric, woven with plain white or colored narrow stripes or small checks ingrain.

Shirts, other than work: Shirts, other than work, are cotton articles of men's wearing apparel for covering the torso and arms, with or without collar attached, usually with full-button front, but sometimes buttoned in back for evening wear, made from light to medium weight woven cotton fabrics, plain, or with matched patterns.

Shirts, work: Work shirts are cotton outer garments of male attire for covering the torso and arms, usually with soft attached collar, half-open or full-buttoned in front, made of medium to heavy weight cotton fabrics, which are usually chambrays, coverts, or khakis.

Shorts: Shorts are articles of underwear, similar in style to thigh-length drawers, fabricated from a woven cotton fabric.

Size or sizing: Size or sizing is a preparation applied to cotton warp yarns to facilitate weaving and/or add weight.

Sleepers: Sleepers are one-piece sleeping garments for children, covering the entire body with the exception of head, neck, hands, and sometimes the feet, fabricated from a knit cotton fabric.

Slips: Slips are articles of women's and girls' underwear, with skirt and bodice in one piece, sleeveless and with built-up strap shoulders.

Sliver: Sliver is a continuous rope of loose, untwisted cotton fibers.

Smocks: Smocks are loose, one-piece, protective outer garments, usually with full length front opening.

Step-ins: Step-ins, an article of women's underwear, are thigh-length drawers, fabricated from a cotton fabric.

Suits, seersucker: Seersucker suits are two-piece summer-outfit garments for male attire, consisting of coat and pants, and made of seersucker.

Supercarded yarns: Supercarded yarns are yarns in which the cotton fibers have been carded twice, or have received an extra amount of carding, through which an additional amount of card strips and other waste are removed.

Sweat shirts: See "Pull-over sweaters and jerseys."

Sweater, coat: Coat sweater is a full length, front-opening, knit cotton sweater which buttons from neck to bottom.

Table cloths: Table cloths are cotton household articles, cut and hemmed or fringed on both ends, or hemmed on all sides, and are usually made from damask.

Tapestries: Tapestries are medium- and heavy-weight cotton fabrics, usually woven with elaborate pictorial or verdure all-over designs, and generally woven ingrained.

Terry fabric: Terry fabric is a cotton pile fabric in which the back and face pile loops are uncut.

Terry towels: Terry towels are cotton household articles made from terry fabric, cut and hemmed or fringed.

Thread: Thread is a cotton line composed of two or more converted cotton yarns, usually used for sewing purposes.

Ticking: Ticking is (1) a heavy, stout cotton fabric, warp face twill or sateen, woven ingrain with colored warp yarns; or (2) a cotton damask, all-over designs, in mattress size, usually woven ingrain with colored yarns.

Tire fabrics, cord: Cord tire fabrics are cotton fabrics woven with cabled cord warp and an occasional weft pick sufficient to hold fabric together.

Tire fabrics, square-woven: Square-woven tire fabrics are strong, stout, heavy, woven cotton cloth, plain or leno weave, made with plied yarns.

Tire cord, weftless: Weftless tire cord is a plurality of cabled cotton cords without interlacing weft yarns.

Tobacco cloth: See "Cheesecloth."

Tracing cloth: Tracing cloth is a fine, plain-woven cotton fabric, heavily dressed, glazed, and transparent enough to permit tracing with ink and copying.

Training pants: Training pants are heavy-weight knit athletic or gymnasium cotton pants, usually with ankle length, loose-fitting legs, and with drawstring or elastic top and bottoms.

Trousering: Trousering is a heavy, coarse cotton fabric, twill weave, ingrain checks and stripes, sometimes with back napped.

Trunks: Trunks are an article of underwear, covering the lower part of the torso and thighs, fabricated from a knit cotton fabric.

Twine: Twine is a line or a cord made up of one or more yarns of medium or hard cabled twist, used for tying, making nets, and other purposes.

Tubular knit fabric: Tubular knit fabric is seamless fabric, composed of looped and interlaced cotton yarns, produced on a circular knitting machine.

Undershirts, athletic: Athletic undershirts are a pull-over type undershirt cut deep at the neck and armholes, fabricated from a light-weight knit cotton fabric.

Undershirts, bands, and wrappers, infants': Infants' undershirts, bands, and wrappers are articles of underwear for covering the upper part of the torso, with full open front and double-breasted, fastening with either ties or buttons, fabricated from a knit cotton fabric.

Undershirts, other than athletic and infants': Undershirts, other than infants' and athletic, are articles of underwear covering the torso, with or without sleeves, either pull-over style or half-open, fabricated from a knit cotton fabric.

Underwear: Underwear is a collective term including cotton garments of any type whatsoever worn under the visible apparel, hosiery excepted.

Uniforms, maids', nurses', etc.: Maids', nurses', and other kinds of women's uniforms are one-piece or two-piece suits, consisting of blouse and skirt, made of cotton woven fabrics, generally having distinctive characteristics of servitude or profession.

Uniforms, men's two-piece: Men's uniforms, two-piece, are suits consisting of jacket or coat and trousers, made of woven cotton fabrics, generally bearing distinctive characteristics of servitude, profession or fraternalism.

Union suits: Union suits are one-piece articles of cotton underwear, knit or woven, usually full-buttoned, with or without sleeves, and either long or short legs.

Velour or cotton velvet: Velour or cotton velvet is a cut cotton warp pile fabric.

Velveteen: Velveteen is a cut cotton weft pile fabric.

Vests, women's: Women's vests are articles of underwear, generally for covering only the torso, sometimes having sleeves, and fabricated from knit cotton fabrics.

Voile: Voile is a light-weight low-count cotton dress fabric, plain weave, made with hard or slack twisted yarns, usually gassed.

Waistsuits, children's and infants': Children's and infants' waistsuits are articles of underwear, torso length, buttoned front or back, reinforced by tape or other fabric, and having a number of extra buttons usually sewed on with tape to support outer garments, fabricated from knit cotton fabrics.

Warps: Warps are cotton yarns forming the lateral basis of fabrics.

Waste: Waste is motes and fly, card strips, comber noils, slasher waste, cuttings, clippings, rags, and similar materials (not including substandard products and short-length piece goods) incident to the processing, manufacturing, or fabricating of cotton or of cotton products.

Weft: Weft is the system of yarns in woven cotton fabrics which interlaces with the warp yarns.

Woven fabrics: Woven fabrics are fabrics composed of different systems of yarn which interlace with each other.

Yarn: Yarn is a continuous strand, single or plied, spun from cotton fibers.

II. CONVERSION FACTORS

In lieu of and in revision of the third paragraph of the above-mentioned Cotton Regulations, series 2, supplement 1 (which said paragraph was adopted in lieu of and in revision of the fourth paragraph of the above-mentioned Cotton Regulations, series 2), I do hereby establish that the conversion factors for articles processed from cotton, effective on and after December 1, 1933, to determine the amount of tax imposed or refunds to be made with respect thereto, are as follows:

The following table fixes (1) the conversion factors, being the percentage of the per pound processing tax on cotton, with respect to each pound of the cotton content of the following articles processed from cotton, which cotton content is found by deducting from the total weight of such articles the percentage of the total weight thereof represented by the weight of sizing or buttons, rayon, silk, other textile fibers, or other noncotton content, and (2) the percentage of the total weight of said articles determined to represent, as to "rugs and mats other than cotton weft", the weight of all noncotton content, and, as to all other said articles, the weight of all noncotton content except rayon, silk, and other textile fibers other than cotton:

Articles	Carded						Combed					
	Unbleached not colored		Unbleached colored		Bleached colored or uncolored		Unbleached not colored or mercerized		Unbleached colored and/or mercerized		Bleached colored or uncolored—mercerized or unmercerized	
	Conversion factor	Noncotton content [1]	Conversion factor	Noncotton content [1]	Conversion factor	Noncotton content [1]	Conversion factor	Noncotton content [1]	Conversion factor	Noncotton content [1]	Conversion factor	Noncotton content [1]
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Laps:												
Picker (before carding)	105	0	109	0	112	0						
Ribbon and sliver	110	0	113	0	117	0						
Sliver	109	0	112	0	116	0	116	0	120	0	124	0
Roving	110	0	114	0	117	0	118	0	122	0	126	0
Waste:												
Card strips	60	0	60	0	60	0						
Comber waste							80	0	80	0	80	0
All other	0		0		0		0		0		0	
Yarn:												
Chenille	118	0	122	0								
Gassed							125	0	129	0	135	0
Novelty	113	0	116	0			123	0	127	0		
Supercarded	114	0	117	0	122	0						
All other	112	0	115	0	120	0	121	0	125	0	131	0
Thread, twine, and cordage:												
Thread:												
Glazed	113	4.0	117	4.0	122	4.0	123	4.0	126	4.0	132	4.0
Other than glazed	113	2.0	117	2.0	122	2.0	123	2.0	126	2.0	132	2.0
Twine and cordage:												
Polished	112	10.0	115	10.0								
Not polished	112	0	115	0	117	0						
Woven fabrics—over 12 inches wide:												
Auto slip cover			117	5.0								
Awning stripes:												
Ingrain and printed			116	5.0								
Painted and stenciled			116	15.0								
Bedspreads and quilting	118	2.0	122	2.0	129	4.0	135	1.0	139	1.0	142	1.0
Blanketing	117	2.5	120	2.5	126	0						
Broadcloth	115	7.0	119	5.0	126	4.0	127	7.0	131	3.0	139	1.0
Buckram	115	55.0	119	55.0								

[1] No allowance is included for the rayon silk, or other textile fiber content of articles except as to rugs and mats, other than cotton weft.

Articles	Carded						Combed					
	Unbleached not colored		Unbleached colored		Bleached colored or uncolored		Unbleached not colored or mercerized		Unbleached colored and/or mercerized		Bleached colored or uncolored—mercerized or unmercerized	
	Conversion factor	Noncotton content	Conversion factor	Noncotton content	Conversion factor	Noncotton content	Conversion factor	Noncotton content	Conversion factor	Noncotton content	Conversion factor	Noncotton content
Woven fabrics—over 12 inches wide—Con.	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Canton flannel	117	2.5	120	2.5	128	.5						
Chambray			117	7.5								
Chenille	121	3.0	125	3.0								
Corduroy	118	2.5	122	2.5	127	8.0	129	2.0	133	5.0	139	8.0
Corset cloth							127	5.0	131	4.0	137	4.0
Cottonades and trousering			117	4.0								
Crash toweling	116	2.5			122	1.0						
Crepe	115	5.0	119	5.0	126	3.0	127	5.0	131	3.0	139	3.0
Crinoline	115	38.0	119	38.0	126	38.0						
Damask—table	115	5.0	119	5.0	126	4.0	127	5.0	131	3.0	139	3.0
Denim			118	7.5								
Diaper cloth	115	3.0			126	0						
Drills and twills	116	5.5	120	5.0	123	4.0	127	5.0	131	4.5	139	4.0
Duck:												
Enameling	116	6.5	120	4.0								
Flat	116	6.5	120	5.0	124	6.5						
Plied yarn	114	0	118	0	120	0						
Express stripes or hickory stripes and pin checks			117	7.5								
Flannelette	119	2.5	123	2.5	130	0.5						
Frieze			133	1.0					144	1.0		
Gingham			121	7.0					135	4.0		
Huckaback toweling	116	3.0			126	2.0						
Lawn	116	5.0	120	4.0	126	3.0	127	5.0	131	3.0	139	2.0
Marquisette or curtain scrim							127	3.0	131	3.0	139	3.0
Moleskin	117	2.5	121	2.5	124	1.0						
Mosquito netting	115	8.0	119	8.0	126	8.0						
Osnaburg	118	5.0	122	2.0	125	2.0						
Pajama checks or nainsook checks	115	6.0	119	7.0	126	7.0	127	5.0	131	3.0	139	3.0
Pique	115	5.0	119	5.0	126	5.0	127	5.0	131	3.0	139	3.0
Plush and velour:												
Figured			139	1.0					152	1.0		
Not figured	128	0	132	1.0	138	0	139	0	143	1.0	149	0
Poplin	115	5.0	119	4.0	126	5.0	127	5.0	131	2.0	139	2.0
Print cloth	115	6.5	119	6.0	122	7.0						
Rep	115	5.0	119	3.0	122	2.0	127	5.0	131	2.0	139	1.0
Sateen	116	6.0	120	5.0	123	4.0	127	6.0	131	4.0	139	3.0
Seersucker			117	5.0								
Sheetings:												
Over 40 inches	115	4.0	119	3.0	126	2.0	127	4.0	131	3.0	139	2.0
40 inches and less	116	5.0	120	5.0	122	6.0						
Shirting—madras	115	6.5	119	4.0	126	4.0	127	5.0	131	3.0	139	2.0
Tapestry			126	1.0					137	1.0		
Terry pile	115	3.0	119	0	124	0	127	2.0	131	0	139	0
Ticking			117	7.5								
Tire fabrics:												
Cord, and weftless cord	114	0					122	0				
Square woven	114	0										
Tobacco cloth and cheesecloth	115	4.0	119	2.0	126	2.0						
Velveteen	118	2.5	122	2.0	127	2.0	129	2.0	133	1.0	139	1.0
Voile	115	4.0	119	2.0	126	3.0	127	2.0	131	2.0	139	2.0
All other:												
Napped	118	2.5	122	1.0	129	0						
Not napped	115	5.0	118	4.0	125	3.0	127	4.0	131	3.0	139	2.0
Narrow fabrics (12 inches and under) woven or braided:												
Nonelastic	115	4.0	119	3.0	123	5.0	125	4.0	129	3.0	133	2.0
Elastic	115	25.0	119	25.0	123	25.0	125	25.0	129	25.0	133	25.0
Knit fabrics	115	0	119	.5	123	0	125	0	128	0.5	133	0
Knit articles other than hosiery:												
Outerwear:												
Bathing suits			150	3.0								
Coat—sweater	125	2.0	129	2.0	134	2.0						
Gloves:												
Jersey work			143	1.0								
Chamois suede							152	1.0	157	1.0	169	1.0
Pull over—sweaters and jerseys	139	0	143	0	148	0						
Scarfs and mufflers	118	0	121	0	126	0						
Sweat shirts	124	0	128	0	132	0						
Training pants	127	0	131	0	135	0						
All other	128	1.0	132	1.0	137	1.0	142	1.0	146	1.0	151	1.0
Underwear:												
Bands and wrappers, infants'	129	0	131	0	133	0	140	0	144	0	145	0
Drawers, bloomers, step-ins, and pants, except infants'	129	1.0	131	1.0	133	1.0	140	1.0	144	1.0	145	1.0
Pants, infants'	138	.5	144	.5	149	.5	150	.5	155	.5	162	.5
Sleepers	132	2.0	136	2.0	140	2.0	143	2.0	147	2.0	152	2.0
Undershirts:												
Athletic	138	0	144	0	149	0	150	0	155	0	162	0
Infants'	133	.5	135	.5	138	.5	145	.5	149	.5	150	.5
Other	129	1.0	131	1.0	133	1.0	140	1.0	144	1.0	145	1.0
Vests	129	0	131	0	133	0	140	0	144	0	145	0
Union suits	132	1.5	136	1.8	140	2.0	143	2.0	147	2.5	152	3.0
Waist suits, children's	138	4.0	144	4.0	149	4.0	150	5.0	155	5.0	162	5.0
All other	133	1.0	136	1.0	139	1.0	143	1.0	147	1.0	150	1.0
Lace	120	7.0	124	7.0	132	7.0	131	7.0	135	7.0	143	7.0
Articles made from lace:												
In the manufacture of which the lace is cut parallel and/or at right angles to selvage	127	7.0	131	7.0	138	7.0	137	7.0	142	7.0	150	7.0
In the manufacture of which the lace is cut other than parallel and/or at right angles to selvage	142	7.0	146	7.0	155	7.0	154	7.0	158	7.0	168	7.0

Articles	Carded				Combed			
	Unbleached not colored		Colored or bleached		Unbleached not colored or mercerized		Colored, bleached, or mercerized	
	Conversion factor	Noncotton content	Conversion factor	Noncotton content	Conversion factor	Noncotton content	Conversion factor	Noncotton content
Articles made from fabrics other than knit and lace, in the manufacture of which the cloth is cut or torn parallel to the warp and/or weft:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Bags	117	5.0	122	12.0				
Bed sheets	118	4.0	129	3.0			143	2.0
Bedspreads	123	1.0	135	3.0			150	3.0
Blankets			130	2.5				
Conveyor belts and machinery belts	115	0						
Diapers			128	0				
Gauze			126	0				
Handkerchiefs			126	5.0			143	2.0
Laundry nets and dye nets	116	0						
Mattress ticks			121	7.5			143	3.0
Napkins			129	4.0			143	3.0
Pillowcases	118	4.0	129	3.0			143	2.0
Rugs and mats:								
Chenille	121	3.0	125	3.0				
Cut pile:								
Cotton weft			144	1.0			156	1.0
Other than cotton weft			145	19.0			157	19.0
Frieze			133	1.0			144	1.0
Terry	119	3.0	125	0			142	0
Other than pile	122	3.0	126	1.0	132	3.0	137	1.0
Tablecloths			129	4.0			143	3.0
Towels:								
Crash	119	2.5	125	1.0				
Huck			129	2.0				
Terry			127	0			142	0
All other:								
Not colored	118	3.0	127	4.0	135	3.0	143	2.0
Colored			125	4.0			130	2.0

Articles	Carded		Combed	
	Conversion factor	Noncotton content [1]	Conversion factor	Noncotton content [1]
Articles made from fabrics other than knit and lace, in the manufacture of which the cloth is cut other than parallel to the warp and/or weft:	*Percent*	*Percent*	*Percent*	*Percent*
Bathrobes	136	2.0		
Breeches, riding	131	5.0	150	4.0
Coats:				
Work	131	6.5		
Hunting	134	6.0		
Dresses, house:				
Matched pattern	139	5.0	153	4.0
Other than matched pattern	133	4.0	151	3.0
Gloves	138	2.5		
Gowns, night	137	3.0	151	2.0
Knickers	127	5.0		
Overalls and work pants	128	8.5		
Pajamas:				
Matched pattern	138	5.0	158	4.0
Other than matched pattern	133	5.0	151	4.0
Powder puffs	159	0	171	0
Shirts:				
Other than work:				
Matched pattern	143	7.0	158	5.0
Other than matched pattern	136	7.0	151	5.0
Work	126	7.0		
Shorts	139	6.0	154	4.0
Slips	134	5.0	149	3.0
Smocks	127	6.0		
Suits, seersucker	133	6.0		
Uniforms:				
Men's, 2-piece	132	7.0		
Maids', nurses', etc	136	7.0		
Union suits	139	8.0	154	5.0
Vests—hunting, etc	131	8.0		
All others:				
Bleached:				
Other than matched pattern	136	5.0	151	4.0
Matched pattern	142	5.0	158	4.0
Unbleached:				
Other than matched pattern	128	7.0	142	5.0
Matched pattern	134	7.0	149	5.0
Hosiery:				
Flat knit—circular:				
144 needles and less	121	0	131	0
145 to 200 needles	124	0	135	0
Over 200 needles	128	0	139	0
Ribbed knit—circular, basis size, 9 inches:				
Less than 300 needles	121	0	131	0
300 needles and over	124	0	135	0
Full fashioned	128	0	139	0
Coated products:				
Oilcloth:				
Table and shelf	122	83.0		
Enameled:				
Drill	122	60.0		
Duck	122	55.0		

[1] No allowance is included for the rayon silk, or other textile fiber content of articles except as to rugs and mats, other than cotton weft.

Articles	Carded		Combed	
	Conversion factor	Noncotton content	Conversion factor	Noncotton content
Coated products—Continued	*Percent*	*Percent*	*Percent*	*Percent*
Adhesive tape	142	50.0		
Artificial leather	122	50.0		
Tracing cloth			140	40.0
Book cloth	127	50.0	139	50.0
Shade cloth	122	50.0		
Rubber-coated and rubberized, except pneumatic casings	126	60.0		
All other	124	50.0	140	50.0
Pneumatic casings	120	80.0	128	80
Absorbent cotton	125	0		
Batting and mattress felts	105	0		
Second-hand articles	0		0	
Articles processed in whole from comber waste [2]				
Articles processed in part from comber waste [3]				
Articles processed in whole from card strips [4]				
Articles processed in part from card strips [5]				
Articles processed in whole from second-hand articles or from waste other than card strips or comber waste	0		0	
Articles processed in part from second-hand articles or from waste other than card strips or comber waste [6]				

[2] The conversion factor for such articles shall be 85 percent of the above-established conversion factor for like articles processed from raw cotton.

[3] The conversion factor for such part of such articles shall be 85 percent of the above-established conversion factor for like articles processed from raw cotton.

[4] The conversion factor for such articles shall be 65 percent of the above-established conversion factor for like articles processed from raw cotton.

[5] The conversion factor for such part of such articles shall be 65 percent of the above-established conversion factor for like articles processed from raw cotton.

[6] The conversion factor for such part of such articles shall be 0 percent.

A. As to any article for which no conversion factor is assigned, I hereby establish (1) that, if such article is made, directly or indirectly, in some part from another article for which a conversion factor is assigned, then as to each pound of the cotton content of such part the conversion factor shall be the conversion factor for such other article, and (2) that, if such article is made, directly or indirectly, in some part from cotton, but not as to such part from another article for which a conversion factor is assigned, then as to such part, the tax or refund shall be computed at the rate of the processing tax, upon the basis of the amount of cotton established to have been actually used in the production of such part.

B. In the event that any taxpayer or person entitled to a refund establishes that any article processed from cotton, with respect to which a tax is imposed, or which may be the subject of a claim for refund, which is included in the above list, contains more or less cotton than represented by the listed conversion factor, then the amount of the tax or of the refund shall be computed at the rate of the processing tax, upon the basis of the amount of cotton established to have been actually used in the production of the article,

with proper allowances for card strips and comber waste based on conversion factors hereinabove established therefor.

C. In the event that any taxpayer or person entitled to a refund establishes that any article processed from cotton, with respect to which a tax is imposed, or which may be the subject of a claim for refund, which is included in the above list, has more or less noncotton content of the kind for which provision has been made hereinabove, than that represented by the percentage of total weight of the article deductible for noncotton content to determine the cotton content of the article, then the amount of the noncotton content to be deducted from the total weight of the article shall be the amount of noncotton content established to be actually contained in the particular article. The noncotton content to which this election refers does not include rayon, silk, or other textile fiber content of articles (except as to "rugs and mats, other than cotton weft").

In witness whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, this 29th day of November 1933.

[SEAL] R. G. TUGWELL,
Acting Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

NOVEMBER 29, 1933.

[C.-H.-4. F. C. R.-A. A. A. Series 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Field Corn Regulation, Series 1.) (Marketing year, rate of processing tax, definitions and conversion factors with respect to field corn.) Issued October 1933]

FIELD CORN REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE, WITH THE APPROVAL OF THE PRESIDENT, UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, Henry A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

I do hereby ascertain and prescribe that for the purposes of said act the first marketing year for field corn shall begin November 5, 1933.

I do hereby determine as of November 5, 1933, that the processing tax on the first domestic processing of field corn shall be at the rate of 28 cents per bushel of 56 pounds, which rate equals the difference between the current average farm price for field corn and the fair exchange value of field corn, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture.

I. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:

First domestic processing: The first domestic processing of field corn is the milling or other processing of field corn for market (except cleaning and drying), including cutting, grinding, cracking, breaking, by mechanical or other means, and custom milling for toll as well as commercial milling, but does not include cutting, grinding, cracking, or breaking, not in the form of flour, for feed purposes only.

Cracked corn, corn chop, or ground corn: Cracked corn, corn chop, or ground corn is the entire product made by cutting, grinding, cracking, or breaking corn.

Screened cracked corn, screened corn chop, or screened ground corn: Screened cracked corn, screened corn chop, or screened ground corn is the coarse portion of the corn chop, ground corn, or cracked corn from which most of the fine particles have been removed.

Corn bran or hulls: Corn bran or hulls is the outer coating of the corn kernels, with little or none of the starchy part or germ.

Corn feed meal: Corn feed meal is the fine siftings obtained in the manufacture of screened corn chop, screened ground corn, or screened cracked corn, with or without its aspiration products added.

Bolting: Bolting is the sifting of any meal through wire screens or cloths.

Corn meal, maize meal, or Indian-corn meal: Corn meal, maize meal, or Indian-corn meal is meal made by grinding corn, with or without bolting, or with or without the extraction of the corn germ.

Degermed and nondegermed corn meals: Corn meal, maize meal, or Indian-corn meal may be classified according to the process of manufacture as degermed or nondegermed meals.

(a) Degermed corn meal: Degermed corn meal is bolted or unbolted corn meal from which the corn germ has been removed in whole or in part by a degerming process and is sometimes branded for sale as cream meal, standard meal, or pearl meal. Degermed meal contains not more than 1½ percent of fat by ether extraction.

(b) Nondegermed corn meal: Nondegermed corn meal is bolted or unbolted corn meal from which the corn germ has not been removed. Nondegermed meal may be treated by a blast of air to remove chaff and/or bran, and is sometimes branded for sale as old-fashioned meal, water-ground meal, or stone-ground meal. Nondegermed meal contains more than 1½ percent of fat by ether extraction.

Hominy grits, corn grits, or brewers' grits: Hominy grits, corn grits, or brewers' grits are the hard, flinty portions of the corn kernels, containing little or none of the bran or the germ. Hominy grits, corn grits, or brewers' grits may be classified as coarse, medium, or fine. The granular particles of fine grits average larger than those of coarse corn meal.

Corn flour or brewers' flour: Corn flour or brewers' flour is the residue from the manufacture of corn grits and/or corn meal. To be so classified it must be of a texture fine enough so that not less than 75 percent will sift through a no. 9XX bolting silk and the balance sift through a no. 72 grits gauze.

White hominy feed, white hominy meal, or white hominy chop: White hominy feed, white hominy meal, or white hominy chop is the kiln-dried mixture of the mill-run bran coating, the mill-run germ, with or without a partial extraction of the oil, and a part of the starchy portion of the white corn kernel obtained in the manufacture of hominy, hominy grits, and corn meal by the degerming process.

Yellow hominy feed, yellow hominy meal, or yellow hominy chop: Yellow hominy feed, yellow hominy meal, or yellow hominy chop is the kiln-dried mixture of the mill-run bran coating, the mill-run germ, with or without a partial extraction of the oil, and a part of the starch portion of the yellow corn kernel obtained in the manufacture of yellow hominy grits and yellow corn meal by the degerming process.

Brewers' corn flakes: Brewers' corn flakes are flakes produced by passing corn grits through rolls.

Corn flakes (breakfast-food type): Corn flakes of the breakfast-food type are corn grits which have been treated with malt and/or sugar, sirups, and salt, and subsequently flaked by rolls. The flakes are then dried and toasted.

Pearl or table hominy: Pearl or table hominy is degermed hulled corn.

Pastes, adhesives, or binders: Pastes, adhesives, or binders are flours, starches, or other starchy materials that have been partially gelatinized and/or dextrinized so as to increase their power of absorption and/or adhesiveness without further treatment.

Cornstarch (not modified): Cornstarch (not modified) is the white, odorless, tasteless, carbohydrate obtained from corn after the bran, gluten, and germ have been separated from soaked and cracked corn, and includes products commercially known as "pearl, powdered, crystal, and lump cornstarch."

Corn gluten: Corn gluten is that portion of the endosperm of the corn kernel which can be separated from cornstarch and other soluble matter in a current of water.

Corn germ: Corn germ is the embryo of the corn kernel. The commercial product contains some bran and endosperm.

Cornstarch (modified): Cornstarch (modified) is cornstarch the fluidity of which has been increased by treatment with heat and/or chemicals, and includes products commercially known as "thin boiling starches."

Dextrine: Dextrine is a powdery product formed by treating cornstarch with heat and/or chemicals. Dextrines with water form a viscous gum having adhesive properties.

Glucose, mixing glucose, confectioners' glucose, or sirup: Glucose, mixing glucose, confectioners' glucose, or sirup is a thick, viscous colorless product made by incompletely hydrolyzing cornstarch, and decolorizing and evaporating the product.

Corn sugar, crude, "70": Corn sugar, crude, "70" is hydrous starch sugar containing between 68 and 72 percent of dextrose.

Corn sugar, crude, "80": Corn sugar, crude, "80" is hydrous starch sugar containing between 79 and 81 percent of dextrose.

Dextrose: Dextrose is the product chiefly made by the hydrolysis of cornstarch followed by refining and crystallization. Dextrose is known commercially as "refined corn sugar."

Anhydrous dextrose: Anhydrous dextrose is dextrose containing not less than 99.5 percent of dextrose and not more than 0.5 percent of moisture.

Hydrated dextrose: Hydrated dextrose is dextrose containing not less than 92 percent of dextrose and not more than 8 percent of moisture, including water of crystallization.

Corn molasses or hydrol: Corn molasses or hydrol is a byproduct in the manufacture of dextrose from cornstarch.

Corn oil, crude: Corn oil, crude, is the oil obtained from the pressing of corn germs.

Corn oil, refined: Corn oil, refined, is the oil resulting from the purification of the crude corn oil.

Soap stock or foots: Soap stock or foots is the residue resulting from the purification of crude corn oil.

Corn-oil cake: Corn-oil cake consists of the corn germ from which part of the oil has been removed.

Corn-oil cake meal: Corn-oil cake meal is ground corn-oil cake.

Corn germ cake: Corn germ cake meal is ground corn-oil cake. other parts of the corn kernel from which part of the oil has been removed.

Corn germ meal: Corn germ meal is ground corn germ cake.

Corn gluten feed: Corn gluten feed is that part of the corn kernel that remains after the separation of the larger part of the starch and the oil. It may or may not contain corn solubles and the germ.

Corn gluten meal: Corn gluten meal is that part of the corn kernel that remains after the separation of the larger part of the starch, oil, and bran. It may or may not contain corn solubles and the germ.

Distillers' dried grains: Distillers' dried grains are the dried residue obtained in the manufacture of alcohol and other distilled spirits from corn.

Distillers' corn solubles: Distillers' corn solubles is a byproduct from the manufacture of alcohol from corn solids obtained by the evaporation of the mash liquor after the removal of the alcohol and wet grains.

Mash: Mash is materials, of which corn is the product of chief value, assembled and combined in such manner as to produce distilled spirits.

Distilled spirits: Distilled spirits are alcoholic liquors made by the distillation of mash, and include alcohol and whisky.

II. CONVERSION FACTORS

I do hereby establish the following conversion factors for articles processed wholly or in chief value from corn to determine the amount of tax imposed or refunds to be made with respect thereto.

The following tables of conversion factors fix the percentage of the per bushel processing tax on corn with respect to 100 pounds or proof gallon of the following articles processed from corn.

Article	Unit	Conversion factor
	Pounds	*Percent*
Cracked corn, corn chop, or ground corn (except for feed [1])	100	178.57
Screened cracked corn, screened corn chop, or screened ground corn (except for feed [1])	100	185.19
Corn bran or hulls	100	0
Corn feed meal	100	0
Cornmeal, maize meal, or Indian cornmeal:		
Degermed	100	300.00
Nondegermed	100	200.00
Hominy grits, corn grits, or brewers' grits (coarse, medium, and/or fine)	100	300.00
Corn flour or brewers' flour	100	200.00
Hominy feed, white or yellow, resulting from manufacture of hominy, hominy grits, or cornmeal by the degerming process	100	0
Brewers' corn flakes	100	350.00
Corn flakes (breakfast-food type)	100	450.00
Pearl or table hominy	100	300.00
Pastes, adhesives, or binders	100	350.00
Cornstarch (nor modified):		
Cornstarch, standard powdered (less than 11% moisture)	100	281.39
Cornstarch, standard pearl (11 to 13% moisture)	100	275.11
Cornstarch, lump (more than 13% moisture)	100	265.80
Cornstarch (modified):		
Starch, laundry	100	281.39
Starch used as brewers' materials	100	275.11
Dextrines (4% or less moisture)	100	300.19
Dextrines (more than 4% moisture)	100	293.57
Glucose, mixing glucose, confectioners' glucose or syrup and sugars:		
Sirup or glucose 41° Baumé	100	237.50
Sirup or glucose 42° Baumé	100	243.60
Sirup or glucose 43° Baumé	100	249.05
Sirup or glucose 44° Baumé	100	253.84
Sirup or glucose 45° Baumé	100	258.68
Sugar, crude, "70"	100	233.01
Sugar, crude, "80"	100	260.46
Dextrose, anhydrous	100	187.27
Dextrose, hydrous	100	203.56
Corn molasses, hydrol	100	128.46
Corn oil:		
Corn oil, crude	100	311.52
Corn oil, refined	100	331.61
Soap stock or foots	100	0
Corn oil cake or corn oil-cake meal	100	0
Corn germ cake or corn germ meal	100	0
Corn gluten feed	100	0
Corn gluten meal	100	0
Corn in secondary processing, including mash [2]	100	178.57
Distilled spirits [3]	(4)	20.00
Distillers' dried grains	100	0
Distillers' corn solubles	100	0

[1] To be exempt from the floor-stocks tax, cracked corn, corn chop, or ground corn, screened or not screened, must be the product of field corn processed for feed purposes only.

[2] The above conversion factors for mash and distilled spirits are based upon a mash containing only corn. The conversion factors for mash and distilled spirits, in chief value of field corn, shall be the proportion of the above conversion factor which the weight of the field corn in the mash bears to the total weight of grains and grain products in the mash.

[3] Per gallon 100 proof.

Field-corn products for which no specific conversion factor is prescribed in these regulations are not excluded from the payment of the compensating or floor-stock taxes.

As to any article for which no conversion factor is specifically assigned, I hereby establish (1) that if such article is made, directly or indirectly, in some part from another article to which a conversion factor is assigned, then as to each 100 pounds of such part the conversion factor shall be the conversion factor for such other article, and (2) if such article is made, directly or indirectly, in some part from field corn but not (as to such part) from another article to which a conversion factor is assigned, then as to each 100 pounds of such part the conversion factor shall be 178.57 percent of the per bushel processing tax on field corn.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 21st day of October 1933.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
President of the United States.

OCTOBER 23, 1933.

[C.-H.-6, F. C. R.—A. A. A., Series 1, Supplement 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Field Corn Regulations, Series 1, Supplement 1.) (Rate of processing tax and conversion factors with respect to field corn.) Issued November 1933]

SUPPLEMENTARY FIELD CORN REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE, WITH THE APPROVAL OF THE PRESIDENT, UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, Rexford G. Tugwell, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a supplement to and in part a revision of Field Corn Regulations, Series 1, and to the extent of such revision, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

In lieu of and in revision of the third paragraph of the above-mentioned Field Corn Regulations, Series 1, I do hereby find, after investigation and due notice and opportunity for hearing to interested parties and due consideration having been given to all of the facts, that the rate of tax as of November 5, 1933, which equals the difference between the current average farm price for field corn and the fair exchange value of field corn, which price and value both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture, will cause such reduction in the quantity of field corn, or products thereof, domestically consumed as to result in the accumulation of surplus stocks of field corn, or products thereof, or in the depression of the farm price of field corn. I do hereby, accordingly, determine: as of November 5, 1933, that the rate of the processing tax on the first domestic processing of field corn shall be five (5) cents per bushel of fifty-six (56) pounds; and that, as of December 1, 1933, the rate of the processing tax on the first domestic processing of field corn shall be twenty (20) cents per bushel of fifty-six (56) pounds, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks and depression of the farm price of field corn.

In lieu of and in revision of the table of conversion factors contained in the above-mentioned Field Corn Regulations, Series 1, I do hereby establish that the conversion factors for articles processed wholly or in chief value from corn, to determine the amount of tax imposed or refunds to be made with respect thereto are as follows:

The following table of conversion factors fix the percentage of the per bushel processing tax on corn with respect to 100 pounds net weight, or proof gallon, of the following articles processed from corn:

Article	Unit	Conversion factor
	Pounds	*Percent*
Cracked corn, corn chop, or ground corn (except for feed [1])	100	178.57
Screened cracked corn, screened corn chop, or screened ground corn (except for feed [1])	100	185.19
Corn bran or hulls	100	0
Corn feed meal	100	0
Corn meal, maize meal, or Indian-corn meal:		
Degermed	100	300.00
Nondegermed	100	200.00
Hominy grits, corn grits, or brewers' grits (coarse, medium, and/or fine	100	300.00
Corn flour or brewers' flour	100	300.00
Hominy feed, white or yellow, resulting from manufacture of hominy, hominy grits, or corn meal by the degerming process	100	0
Brewers' corn flakes	100	325.60
Corn flakes (breakfast-food type)	100	350.00
Pearl or table hominy	100	300.00
Pastes, adhesives, or binders	100	350.00
Cornstarch (not modified):		
Cornstarch, standard powdered (less than 11% moisture)	100	281.39
Cornstarch, standard pearl (11% to 13% moisture)	100	275.11
Cornstarch, lump (more than 13% moisture)	100	265.80
Cornstarch used as brewers' materials	100	275.11
Cornstarch (modified): Cornstarch, laundry	100	281.39
Dextrines (4% or less moisture)	100	300.19
Dextrines (more than 4% moisture)	100	293.57
Glucose, mixing glucose, confectioners' glucose or sirup and sugars:		
Sirup or glucose 41° Baumé	100	237.50
Sirup or glucose 42° Baumé	100	243.60
Sirup or glucose 43° Baumé	100	249.05
Sirup or glucose 44° Baumé	100	253.84
Sirup or glucose 45° Baumé	100	258.68
Sugar, crude, "70"	100	233.01
Sugar, crude, "80"	100	260.46
Dextrose, anhydrous	100	288.11
Dextrose, hydrous	100	313.16
Corn molasses, hydrol	100	0
Corn oil:		
Corn oil, crude	100	311.52
Corn oil, refined	100	331.61
Soap stock or foots	100	0
Corn oil cake or corn oil-cake meal	100	0
Corn germ cake or corn germ meal	100	0

[1] To be exempt from the floor-stocks tax, cracked corn, corn chop, or ground corn, screened or not screened, must be the product of field corn processed for feed purposes only.

Article	Unit	Conversion factor
	Pounds	*Percent*
Corn gluten feed	100	0
Corn gluten meal	100	0
Corn in secondary processing, including mash [2]	100	178.57
Distilled spirits [2]	([3])	20.00
Distillers' dried grains	100	0
Distillers' corn solubles	100	0
Canned field corn	100	23.00
Canned hominy	100	60.00

[2] The above conversion factors for mash and distilled spirits are based upon a mash containing only corn. The conversion factors for mash and distilled spirits, in chief value of field corn, shall be the proportion of the above conversion factor which the weight of the field corn in the mash bears to the total weight of grains and grain products in the mash.

[3] Per gallon 100 proof.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 4th day of November 1933.

[SEAL] REXFORD G. TUGWELL,
Acting Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

NOVEMBER 4, 1933.

[A–10. F. C. R.—A. A. A. Series 1, Supplement 1, Revision 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Field Corn Regulations, Series 1, Supplement 1, Revision 1.) (Rate of processing tax with respect to field corn.) Issued November 1933]

REVISION OF FIELD CORN REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, R. G. Tugwell, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a revision of Field Corn Regulations, Series 1, Supplement 1, and to the extent of such revision, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

I do hereby determine that, in order to effectuate the declared policy of said act, an adjustment of the rate of the processing tax on the first domestic processing of field corn, as of December 1, 1933, is necessary. Accordingly, in part revision of the second paragraph of Field Corn Regulations, Series 1, Supplement 1, I do hereby determine that the rate of the processing tax on the first domestic processing of field corn, as of December 1, 1933, shall be 5 cents per bushel of 56 pounds which said rate will prevent the accumulation of surplus stocks and depression in the farm price of field corn.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 29th day of November 1933.

[SEAL] R. G. TUGWELL,
Acting Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

NOVEMBER 29, 1933.

[R.-9. F. C. R.—A. A. A. Series 1, Supplement 2. United States Department of Agriculture, Agricultural Adjustment Administration. (Field Corn Regulations, Series 1, Supplement 2.) (Exemption under section 15 (b) with respect to field corn processed by community grist mills.) Issued November 1933]

SECOND SUPPLEMENTARY FIELD CORN REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act approved May 12, 1933, as amended, I, R. G. Tugwell, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a supplement to, and in part a revision of, Field Corn Regulations, Series 1, and Field Corn Regulations, Series 1, Supplement 1), with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

EXEMPTION

In my judgment, the imposition of the processing tax upon field corn processed by, or for a producer, who, together with his own family, employees, or household, processes, or has processed for him, less than one (1) bushel of field corn, in any calendar week, is unnecessary to effectuate the declared policy of the act. Accordingly, I do hereby exempt from the processing tax field corn processed by or for the producer who, together with his own family, employees, or household, processes, or has processed for him, less than one (1) bushel of field corn in any calendar week. Included in computing this amount of field corn, shall be any field corn with respect to which the payment of the processing tax is not required to be made. If a producer processes, or has processed for him, field corn, not in the form of flour, for feed purposes only, or for consumption by his family, employees, or household, the amount so processed shall be taken into account in computing the amount with respect to which this exemption is permitted, and only the balance, if any, will be subject to exemption hereunder.

In the case of community grist mills for toll, in order to entitle the miller to the foregoing exemption, it will be sufficient for the miller to make a statement under oath, monthly, that he has not knowingly milled more than one (1) bushel of corn, during any calendar week during that month for any producer and his own family, employees, or household, without securing the affidavit or witnessed statement required by the Bureau of Internal Revenue; that he has ascertained by inquiry from the person delivering the field corn to be milled that no further amount of field corn is being, or has been, milled by or for that producer, his own family, employees, or household, during that calendar week than the amount ground by the miller making affidavit; and that, if the contrary has been ascertained, he has not milled field corn for the producer and his own family, employees, or household, without securing the affidavit or witnessed statement required by the Bureau of Internal Revenue. The said affidavit shall be transmitted, during the calendar month following the month for which made, to the Collector of Internal Revenue.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 29th day of November 1933.

[SEAL.] R. G. TUGWELL,
Acting Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

NOVEMBER 29, 1933.

[R–15. F. C. R.—A. A. A. Series 1, Supplement 3. United States Department of Agriculture, Agricultural Adjustment Administration. (Field Corn Regulations, Series 1, Supplement 3.) Issued February 1934]

THIRD SUPPLEMENTARY FIELD CORN REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a supplement to, and in part a revision of, Field Corn Regulations, Series 1; Field Corn Regulations, Series 1, Supplement 1; Field Corn Regulations, Series 1, Supplement 1, Revision 1; and Field Corn Regulations, Series 1, Supplement 2) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

The term "field corn", as used in the field corn regulations, means shelled corn, commonly known as "field corn", which may be white or yellow or mixed in color, the equivalent of 56 pounds per bushel adjusted to a 15½ percent moisture basis.

Field Corn Regulations, Series 1, Supplement 1, Revision 1, are hereby revised by inserting a comma after the word "bushel", in line 8 of paragraph 2, followed by the words "the equivalent", and by striking out the comma which follows the word "pounds", in line 8 of paragraph 2, and adding the words "adjusted to a 15½ percent moisture basis", followed by a comma.

The foregoing supplement to, and revision of, the field corn regulations shall be effective as of 12:01 a. m. February 1, 1934, and shall be applicable only upon the processing of field corn on and after that date.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 23d day of February 1934.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

FEBRUARY 24, 1934.

[H. R., Series 1, No. 1. United States Department of Agriculture, Agricultural Adjustment Administration, Washington, D. C. (Hog Regulations, Series 1, No. 1.) (Marketing year, rate of processing tax, definitions, conversion factors, and exemptions with respect to hogs.) Issued Oct. 29, 1934]

HOG REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act approved May 12, 1933, as amended, I, M. L. Wilson, Acting Secretary of Agriculture, do

make, prescribe, publish, and give public notice of these regulations (being a reprint, revision, and supplementation of Hog Regulations, Series 1; Hog Regulations, Series 1, Supplement 1; Hog Regulations, Series 1, Revision 1; Hog Regulations, Series 1, Supplement 2; Hog Regulations, Series 1, Supplement 3; and Hog Regulations, Series 1, Revision 2, and to the extent of such revision and supplementation, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.[1]

I do hereby ascertain and prescribe that for the purposes of said act the first marketing year for hogs shall begin November 5, 1933.[2]

I do hereby find that the rate of tax as of November 5, 1933, which equals the difference between the current average farm price for hogs and the fair exchange value of hogs, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture, will cause such reduction in the quantity of hogs, or products thereof, domestically consumed as to result in the accumulation of surplus stocks of hogs, or products thereof, or in the depression of the farm price of hogs.[3]

I do hereby determine that, in order to effectuate the declared policy of said act, an adjustment of the rate of the processing tax on the first domestic processing of hogs, as of January 1, 1934, February 1, 1934, and March 1, 1934, is necessary. Accordingly, I do hereby determine: As of January 1, 1934, that the rate of the processing tax on the first domestic processing of hogs shall be one (1) dollar per hundred (100) weight, live weight; as of February 1, 1934, that the rate of the processing tax on the first domestic processing of hogs shall be one (1) dollar fifty (50) cents per hundred (100) weight, live weight; as of March 1, 1934, that the rate of the processing tax on the first domestic processing of hogs shall be two (2) dollars twenty-five (25) cents per hundred (100) weight, live weight, which said rate, as of the effective date thereof, will prevent the accumulation of surplus stocks and depression of the farm price of hogs.[3]

I. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:[4]

First domestic processing: The term "first domestic processing" means the slaughter of hogs for market; except that (a) in the case of a producer or feeder who shall distribute the carcass or any edible hog product directly to a consumer, the term "first domestic processing" means the preparation of the carcass or any edible hog product for sale, transfer, or exchange or for use by the consumer, and only the edible product or products so sold, transferred, exchanged, or distributed by or for the producer or feeder shall be deemed to have been processed, and (b) in the case of a producer or feeder who shall sell, transfer, or exchange any carcass or edible hog product (1) to any person engaged in reselling, rehandling, cutting, trimming, rendering, or otherwise preparing such products for market (including, but not limited to, retailers, wholesalers, distributors, butchers, packers, factors, or commission merchants), or (2) to any restaurant, hotel, club, hospital, institution, or establishment of similar kind or character, the term "first domestic processing" means the initial act of such person, restaurant, hotel, club, hospital, institution, or establishment which involves the preparation of the carcass or any edible hog product for further distribution or use.[5]

Live weight: Live weight is the weight of the live animal at the time of slaughter. However, the actual weight at the time of purchase may be used as the live weight in the meaning of these regulations, provided the hogs are slaughtered within 3 days after the date of such weighing. *When any primal part or edible portion of the viscera has been condemned as a result of the first post-mortem inspection made prior to the cutting of the carcass into parts, by any Federal, State, county, or municipal authority, as being unfit for human food, the equivalent live weight of such condemned part shall not be included in the live weight subject to the processing tax: Provided, however, that the processor of such condemned part shall show by his affidavit the actual weight thereof; the actual weight so shown shall be restored to a live-weight basis by using the conversion factor prescribed for such part in the tables of conversion factors herein, except that the conversion factor for the edible portion of condemned viscera sets shall be 50 percent.*[6]

Carcass: Carcass is the animal body after the blood, hair, toes, and viscera have been removed.

Wiltshire: A Wiltshire is half of a hog carcass with head, feet, and part of jowl removed, consisting of the ham, side, and shoulder in one piece.

Cumberland: A Cumberland is similar to a Wiltshire except that the ham is removed.

Cuts: Cuts are the various parts into which the hog carcass is divided in the operation of converting the carcass into products which go into commercial trade.

Ham: A ham is that part of the hog carcass which consists of the hind leg extending from the foot to the backbone (not inclusive). It may include part or all of the hock and part or all of the pelvic bone.

Regular ham: A regular ham is a ham, either long cut or short cut, from which skin has not been removed. This classification includes such styles as American, English, Italian, and all other varieties of unskinned hams.

Skinned ham: A skinned ham is a ham, either long cut or short cut, of any description from which all or part of the skin has been removed.

Boneless ham: A boneless ham is a ham of any description from which all of the bone has been removed.

Rough shoulder: A rough shoulder is that part of the hog carcass extending from near the third rib to but not including the jowl, with the foot removed.

Regular shoulder: A regular shoulder is a rough shoulder with neck and rib bones removed. This classification includes such styles as English, New York, New Orleans, and all other varieties of unskinned shoulders.

Skinned shoulder: A skinned shoulder is a regular shouldler from which part or all of the skin has been removed.

Picnic: A picnic is a cut comprising about the lower two-thirds of the shoulder. This classification includes regular shank, short shank, shankless, and skinned or unskinned picnics; and also shanks (sometimes called "hocks") which may have been previously separated.

Boneless picnic: A boneless picnic is a picnic of any description from which all of the bone has been removed.

Shoulder butt: A shoulder butt is the top portion of the shoulder which is removed from the shoulder in making a picnic.

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[1] The within regulations (Hog Regulations, Series 1, No. 1) partially revise and supplement Hog Regulations, Series 1, and the regulations which have heretofore been issued to revise and supplement the same. For convenience, there is also reprinted herein all portions of the prior hog regulations which are now applicable, with references in the footnotes to the regulations from which they were taken and the dates they took effect. The footnotes show the superseded portions of the prior hog regulations, the dates such portions took effect, and the dates upon which they were superseded. All portions which are herewith issued for the first time are written in italics.

[2] Hog Regulations, Series 1, effective Nov. 5, 1933.

[3] At the beginning of the second sentence in this paragraph, the words "in part revision of the third paragraph of Hog Regulations, Series 1" after the word "Accordingly" have been eliminated herein, but in other respects the paragraph is taken, verbatim, from Hog Regulations, Series 1, Revision 1, effective December 21, 1933, which superseded the following provisions contained in Hog Regulations, Series 1:

"I do hereby find that the rate of tax as of November 5, 1933, which equals the difference between the current average farm price for hogs and the fair exchange value of hogs, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture, will cause such reduction in the quantity of hogs, or produce thereof, domestically consumed as to result in the accumulation of surplus stocks of hogs, or produce thereof, or in the depression of the farm price of hogs. I do accordingly hereby determine: As of November 5, 1933, that the rate of processing tax on the first domestic processing of hogs shall be fifty (50) cents per hundred (100) weight, live weight; as of December 1, 1933, that the rate of the processing tax on the first domestic processing of hogs shall be one (1) dollar per hundred (100) weight, live weight; as of January 1, 1934, that the rate of the processing tax on the first domestic processing of hogs shall be one (1) dollar fifty (50) cents per hundred (100) weight, live weight; as of February 1, 1934, that the rate of the processing tax on the first domestic processing of hogs shall be two (2) dollars per hundred (100) weight, live weight, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks and depression of the farm price of hogs."

[4] Except where the contrary is noted, all definitions herein are taken from the Hog Regulations, Series 1, effective November 5, 1933.

[5] The definition herein of "first domestic processing" supersedes the definition thereof contained in Hog Regulations, Series 1, effective November 5, 1933, which reads as follows:

"First domestic processing: The first domestic processing is the slaughtering of hogs for market."

Slaughtering: Slaughtering is the actual killing of hogs. Hogs condemned by an authorized Federal, State, county, or municipal inspector as being totally unfit for human food shall not be considered hogs slaughtered for market within the meaning of these regulations.

[6] The first two sentences of the definition herein are reproduced, verbatim, from the first two sentences of the definition of "live weight" contained in Hog Regulations, Series 1, Revision 2, effective Apr. 1, 1934; the last sentence herein (printed in italics) has been substituted for the following two sentences contained in Hog Regulations, Series 1, Revision 2:

"When any part of a hog has been condemned by any Federal, State, county, or municipal authority as being unfit for human food, the equivalent live weight of such condemned part shall not be included in the live weight subject to the processing tax. The actual weight of the condemned part shall be restored to a live-weight basis by using the conversion factor 132 percent."

The definition contained in Hog Regulations, Series 1, Revision 2, superseded the definition of "live weight" contained in Hog Regulations, Series 1, effective Nov. 5, 1933, which read as follows:

"Live weight: Live weight is the weight of the live animal at the time of slaughter. However, the actual weight at the time of purchase may be used as live weight in the meaning of these regulations, provided the hogs are shipped direct to the slaughterhouse for immediate slaughter within 3 days after purchase is made."

Butt: The butt is the portion of the shoulder butt after removal of plate. This classification includes such styles as Boston, Milwaukee, Buffalo, and all other types of butts except boneless butts.

Boneless butt: A boneless butt is a Boston or other style butt with bone removed.

Plate: A plate is the fat portion of the shoulder butt.

Rough short ribs: Rough short ribs are the middle portion of the hog carcass after removal of the hams and shoulders.

Short ribs: Short ribs are the rough short ribs with the backbone and tenderloin removed.

Extra short ribs: Extra short ribs are the rough short ribs with the loin removed.

Short clears: Short clears are the rough short ribs with the backbone, spareribs, and tenderloin removed.

Extra short clears: Extra short clears are the rough short ribs with the loin and spareribs removed.

Rib back: The rib back is the upper half of the rough side with the tenderloin removed.

Pork loin: Pork loin is that portion of the side of the carcass from which the belly and fat back have been removed; it usually contains the backbone, back ribs, and tenderloin and has but a small amount of fat on the outside. This classification, however, includes bladeless loin, tenderloin, and boneless loin, either domestic trim or Canadian style.

Fat back: Fat back is that portion of the side which remains after removal of the pork loin and belly. This classification includes skinned, unskinned, and long-cut and short-cut fat backs.

Spareribs: Spareribs are the meaty ribs taken from the side in half or whole sheets.

Belly (when cured and smoked, commonly known as "bacon"):

Dry salt trim (commonly known as "belly D. S. trim"): The roughly trimmed portion of the rough side remaining after removal of loin and fat backs and including or excluding spareribs, whether or not put down in dry salt.

Pickle trim (commonly known as "belly S. P. trim"): Same as above except trimmed reasonably square. This classification includes English style bellies and all belly cuts not otherwise described, including fancy trimmed bellies and briskets.

Briskets: Briskets are pieces removed from the shoulder ends of bellies.

Jowl: A jowl is the cheek and part of the neck. This classification includes jowl butts and bacon squares.

Head: The head is the hog skull and jaw bones with attached organs and fleshy covering, except the jowls.

Trimmings: The trimmings are the boneless meat of all degrees of lean and fat derived from any portion of the hog carcass which has lost its identity as a major cut.

Foot: The foot is that part of the front or hind leg from approximately the knee joint downward.

Neckbones: Neckbones are bones of the neck with adhering flesh after removal from the rough shoulder.

Cheek meat and temple meat: Cheek meat and temple meat consist of the fleshy covering of the upper jaw bone and fore part of skull.

Lard: Lard is edible hog fat after rendering. This includes refined and unrefined lard, neutral lard, and leaf lard. Unrendered fats should be converted to a lard-yield basis.

Viscera: Viscera are the intestines, with their contents, and vital organs of the body cavities, with their attached fats.

Edible offal: Edible offal are the various edible products obtained from hog viscera and hog heads; also the hog feet and tails.

Inedible offal: Inedible offal are the various inedible products obtained in the slaughter of hogs, consisting largely of blood, hair, bristles, parts of the viscera and their contents, and skin.

Tankage: Tankage is the residue from rendering or cooking operations in the production of lard or grease from hog products.

Fresh, chilled, or green meat: Fresh, chilled, or green meat is meat which has not been subjected to any preservative treatment, such as cooking, drying, freezing, or the use of curing agents.

Frozen meat: Frozen meat is fresh meat held below the freezing temperature of such meat.

In cure: In cure (usually called by the trade "in process of cure") is meat under treatment of curing or preservative agents. This includes all meat packed as barreled pork.

Cured meat: Cured meat is meat which has gone through a complete curing or preservative process.

Put down or pack: To place meat in cure.

Smoked meat: Smoked meat is meat exposed to a smoking treatment.

Cooked meat: Cooked meat is meat exposed to a cooking treatment.

Canned meat: Canned meat is meat cooked and packed in hermetically sealed metal or glass containers.

Dried meat: Dried meat is meat preserved by a drying treatment.

General: Barreled pork is to be classified according to the cut from which derived, and reported on basis of put-down green weight.

Sausage: Sausage is chopped or ground meat composed wholly or in chief value from pork and seasoned. It may be in bulk, or stuffed in animal casings, or packed in other containers.

Fresh sausage: Fresh sausage is sausage made of fresh or frozen meat and not subjected to a treatment of smoking, cooking, or drying.

Smoked and/or cooked sausage: Smoked and/or cooked sausage is sausage made from fresh, frozen, or cured meat and further treated by smoking or cooking, or both, but not treated by drying.

Dried sausage: Dried sausage is sausage made from fresh, frozen, or cured meat and further treated by drying. It may be further treated by smoking or cooking, or both. It includes all cervelats, salamis, and mettwursts of Italian, German, Polish, or other styles.

Luncheon meats: Luncheon meats are mixtures prepared for eating without further cooking, and include such articles as pork loaf, sandwich meat, headcheese, souse, and similar combinations. This classification does not include canned loins or canned tongue; whole or part pieces of canned ham, which are derived from hams; canned deviled ham, canned spiced ham, and canned spiced luncheon meats which are derived from trimmings. They are to be considered as cooked products of the cuts from which derived, and are subject to the conversion factor prescribed therefor.

Feeder: The term "feeder" means any individual or individuals, actively and regularly engaged in the fattening of hogs for market, or in farming operations, a part of which is the fattening of hogs, except retailers, wholesalers, or distributors of meat, butchers, abattoirs, slaughter houses, packers, factors, or commission merchants.[7]

Producer: The term "producer" means the individual or individuals who own the hog at the time of farrowing.[8]

Preparation of the carcass or any edible hog product: The term "preparation of the carcass or any edible hog product" means the preparation, conversion and/or delivery of any hog carcass or any edible hog product, including, but not limited to, any operation connected with receiving, handling, storing, wrapping, cutting, trimming, and/or rendering any hog carcass or any edible hog product.[7]

Primal parts: The term "primal parts" means the commercially so-designated sections, cuts, or parts of the dressed carcass (including, but not limited to, such parts as shoulders, hams, bellies, tongues, livers, and heads) before they have been cut, shredded, or otherwise subdivided as a preliminary to use in the manufacture of meat products.[7]

Green weight: The term "green weight" means the weight of any hog product in its fresh state, after chilling and before any manufacturing operation (including, but not limited to, such operations as freezing, curing, cooking, or drying) has been performed.[7]

II. CONVERSION FACTORS

I do hereby establish the following conversion factors for articles processed from hogs, to determine the amount of tax imposed or refunds to be made with respect thereto.

A. The following table of conversion factors fixes the percentage of the per pound processing tax on hogs with respect to a pound of the following articles processed wholly or in chief value from hogs:[9]

Article	Conversion factor				
	Fresh, frozen, in cure, or barreled pork	Cured		Smoked	Cooked, dried, or canned
		Dry salt	Pickle		
Carcass:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Head and leaf included	132	132	125	140	178
Head included, leaf removed	134	134	127	142	181
Head removed, leaf included	138	138	131	146	186
Head and leaf removed	139	139	132	147	188
Wiltshire side	145	145	138	154	190
Cumberland side	132	132	125	140	178
Regular ham	194	194	184	205	242
Skinned ham	219	219	205	229	292
Boneless ham	252	252	239	267	340
Rough shoulder	85	85	81	90	115
Regular shoulder	89	89	86	94	120
Skinned shoulder	94	94	89	100	127
Picnic	76	76	72	81	103
Boneless picnic	99	99	95	105	129
Shoulder butt and butt	123	123	116	130	166
Boneless butt	179	179	170	190	242
Plate	80	80	76	85	108

[7] The terms "Feeder", "Preparation of the Carcass or any Edible Hog Product", "Primal Parts", and "Green Weight" have not been heretofore defined.

[8] The definition herein of "producer" supersedes the definition thereof contained in Hog Regulations, Series 1, Supplement 3, effective January 27, 1934, which reads as follows:

"The term 'producer' means the owner of the hog at the time of farrowing."

[9] The conversion factors in this table are taken from Hog Regulations, Series 1, effective November 5, 1933, and Hog Regulations, Series 1, Supplement 1, effective November 14, 1933. The only change made by Hog Regulations, Series 1, Supplement 1, was to add to the conversion factors for "carcass", which were set forth in Hog Regulations, Series 1, as follows:

ARTICLE	*Conversion factor, percent*
Carcass:	
Head and leaf included	132
Head included, leaf removed	134
Head removed, leaf included	138
Head and leaf removed	139
Wiltshire Side	145
Cumberland Side	132

Article	Conversion factor				
	Fresh, frozen, in cure, or barreled pork	Cured		Smoked	Cooked, dried, or canned
		Dry salt	Pickle		
Rough short ribs	Per cent	Percent	Percent	Percent	Percent
Short ribs	135	135	129	143	182
Extra short ribs					
Short clears					
Extra short clears					
Rib back					
Pork loin	216	216	205	229	292
Fat back	87	87	83	92	117
Spareribs	66	66	63	70	89
Belly D. S. trim	124	124	118	131	167
Belly S. P. trim	180	180	171	191	243
Briskets					
Jowl	80	80	76	85	108
Head	60	60	58	63	81
Trimmings	80	80	76	85	108
Neck bones	19	19	18	20	26
Feet	19	19	18	20	26
Tails	44	44	42	47	59
Livers, hearts, and kidneys	44	44	42	47	59
Snouts, ears, lips, and miscellaneous edible offal	22	22	21	23	30
Cheek meat	88	88	84	94	118
Brains	44	44	42	47	59
Tongues	166	166	157	176	224
Lard	110				
Pork sausage	80	80	76	85	112
Dried sausage (including cervelats and salamis)	60	60	57	63.75	84
Luncheon meats (including pork loaf, headcheese, souse, and sandwich meat)	76	76	72.20	81.73	106.40
Inedible offal	0	0	0	0	0

B. In the event that any taxpayer or person entitled to a refund establishes that any or all of the types of sausages, processed wholly or in chief value from hogs, on which a tax is imposed, or which may be the subject of a claim for refund, which are included in the above list, contain more or less pork, green weight, than represented by the listed conversion factor, then the conversion factor, for each pound of pork which said sausages are established to contain, shall be the following percentage of the per pound processing tax on hogs:

(a) If fresh meat, 80 percent.
(b) If cured, dry-salt meat, 80 percent.
(c) If cured, sweet-pickle meat, 76 percent.
(d) If smoked meat, 85 percent.
(e) If cooked, dried, or canned meat, 112 percent.[10]

C. The following table of conversion factors fixes the percentage of the per pound processing tax on hogs with respect to a pound of the following hog products sold *directly to the consumer* by the producer *or feeder* of the hogs: [11]

ARTICLE	*Conversion factor, percent*
Dressed carcass	132
Lard	110
All fresh, frozen, in cure or barreled pork, dry-salt cured pork	132
All pickle-cured pork	125
All smoked pork	140
All cooked, dried, or canned pork	178

D. *When any edible product for which no specific conversion factor is prescribed in these regulations (1) is wholly or partly of pork and is subject to the payment of a compensating tax or with respect to which a refund of tax is allowable upon exportation or with respect to which a credit or refund of tax is allowable by reason of the delivery thereof for charitable distribution or use, or (2) is wholly or in chief value of pork and is subject to the payment of a floor-stocks tax or with respect to which a credit or refund of tax upon floor stocks is allowable, such tax shall be paid or such credit or refund shall be allowed with respect to the said product on the amount of the pork content thereof, according to the conversion factor prescribed for each cut from which the pork contained in such product was derived.*[12]

[10] This paragraph is taken from Hog Regulations, Series 1, effective Nov. 5, 1933, except that the words "green weight" following the words "for each pound of pork" have been eliminated.

[11] The conversion factors in this table are taken from Hog Regulations, Series 1, Supp. 2, effective Jan. 9, 1934. The table is revised herein only to the extent that the words "directly to the consumer" (in italics) and "or feeder" (in italics) have been added.

[12] This paragraph replaces and supersedes the following paragraph contained in Hog Regulations, Series 1, effective Nov. 5, 1933:

"Edible products, wholly or in chief value of pork, for which no specific conversion factor is prescribed in these regulations, are not excluded from the payment of the compensating or floor-stocks taxes. They shall be subject, with respect to the amount of their pork content, to the conversion factor prescribed for the cut from which they are derived in whole or in chief part."

III. EXEMPTIONS

In my judgment, the imposition of the processing tax upon hogs processed by the producer thereof who sells directly to or exchanges directly with the consumer not more than three hundred (300) pounds of the products derived therefrom, during any marketing year, is unnecessary to effectuate the declared policy of the act. Accordingly, I do hereby exempt from the processing tax, hogs processed by the producer thereof who sells directly to or exchanges directly with the consumer not more than three hundred (300) pounds of the products derived therefrom, during any marketing year: Provided, however, That is the producer processes hogs produced by him and sells directly to or exchanges directly with the consumer during any marketing year, products derived therefrom in excess of three hundred (300) pounds, but does not sell or exchange in excess of one thousand (1,000) pounds, he shall be entitled to the foregoing exemption, but shall pay the processing tax on the excess above three hundred (300) pounds, restored to a live-weight basis by use of the conversion factors prescribed as provided herein in paragraphs C and D under the heading "II. Conversion Factors." Provided further, That if the producer processes hogs produced by him and sells or exchanges more than one thousand (1,000) pounds of the products derived therefrom, during any marketing year, he shall not be entitled to the foregoing exemption.[13]

When hogs are owned on a share basis, the foregoing exemption shall be apportioned between the joint owners thereof on the basis of their respective shares.[14]

When a producer has processed hogs produced by him and has sold, during the marketing year, products derived therefrom in excess of one thousand (1,000) pounds, and has failed to pay the processing tax on hogs for the month in which the said hogs were processed, due to a reliance on the foregoing exemption, then he shall be liable for the processing tax upon all of the hogs, live weight, theretofore *processed*, with respect to which no processing tax has been paid, as for the month in which the hog products sold exceeded one thousand (1,000) pounds, at the rate of tax in effect on the date of *processing*. To restore the hog products sold to a live-weight basis, the producer shall use the conversion factors prescribed *as provided herein in paragraphs C and D under the heading "II. Conversion Factors."* [15]

When the hogs are processed by the producer, it will not be necessary for the producer to furnish an affidavit, or witnessed statement, upon the processing of hogs for sale or exchange by him, of the hog products sold or exchanged, to the extent of the foregoing exemption and tolerance allowance, and/or upon the processing of hogs *by or for the producer thereof for consumption by his own family*, employees, or household, of the hogs slaughtered for that purpose, provided the producer keeps a written record showing: The date on which the hogs were slaughtered; the number of hogs slaughtered; the live weight of the hogs slaughtered (*or* where not practicable, an estimate of the live weight of the hogs and the basis used in arriving at this estimate); the hog products sold, the weight thereof, the price paid therefor, the date of the sale, and (where practicable) the name and address of the person to whom sold; the hog products consumed by his *own* family, employees, or household and the actual or estimated weight thereof; and the live weight of hogs processed *by or* for the producer *thereof*, his *own* family, employees, or

[13] This paragraph supersedes the following paragraph contained in Hog Regulations, Series 1, Supplement 3, made effective as of Nov. 5, 1933:

"In my judgment, the imposition of the processing tax upon hogs processed by the producer thereof who, together with his own family, employees, or household, sells or exchanges not more than three hundred (300) pounds of the products derived therefrom, during any marketing year, is unnecessary to effectuate the declared policy of the act. Accordingly, I do hereby exempt from the processing tax, hogs processed by the producer thereof who, together with his own family, employees, or household, sells or exchanges not more than three hundred (300) pounds of the products derived therefrom, during any marketing year: *Provided, however,* That if the producer processes hogs produced by him and, together with his own family, employees, or household, sells or exchanges, during any marketing year, products derived therefrom in excess of three hundred (300) pounds, but not in excess of one thousand (1,000) pounds, he shall be entitled to the foregoing exemption, but shall pay the processing tax on the excess above three hundred (300) pounds, restored to a live-weight basis by use of the conversion factors prescribed in Hog Regulations, Series 1, Supplement 2: *Provided further,* That if the producer, together with his own family, employees, or household, processes hogs produced by him and sells or exchanges more than one thousand (1,000) pounds of the products derived therefrom, during any marketing year, he shall not be entitled to the foregoing exemption."

[14] Hog Regulations, Series 1, Supplement 3, made effective as of Nov. 5, 1933.

[15] This paragraph is taken from Hog Regulations, Series 1, Supplement 3, made effective as of Nov. 5, 1933, except that the words "processed", "processing", and "as provided herein in paragraphs C and D under the heading 'II. Conversion Factors'" (in italics) have been substituted for the words, respectively, "slaughter", "slaughter of the hogs", and "by Hog Regulations, Series 1, Supplement 2", contained in Hog Regulations, Series 1, Supplement 3.



household, together with the name and address of the processor thereof.[10]

The provisions of these regulations shall take effect as of November 1, 1934.

In testimony whereof, I have hereto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 29th day of October 1934.

[SEAL] M. L. WILSON,
Acting Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

OCTOBER 29, 1934.

[Peanut Reg. Series 1, No. 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Peanut Regulations, Series 1, No. 1.) (Marketing year, rate of processing tax, definitions, and conversion factors with respect to peanuts.) Issued Sept. 25, 1934.]

PEANUT REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE, WITH THE APPROVAL OF THE PRESIDENT, UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

I do hereby ascertain and prescribe that for the purposes of said act the first marketing year for peanuts shall begin October 1, 1934.

I do hereby find, after investigation and due notice and opportunity for hearing to interested parties and due consideration having been given to all of the facts, that the rate of processing tax on the first domestic processing of peanuts as of October 1, 1934, which equals the difference between the current average farm price for peanuts and the fair exchange value of peanuts, which price and value both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture, will cause such reduction in the quantity of peanuts, or products thereof, domestically consumed as to result in the accumulation of surplus stocks of peanuts, or products thereof, or in the depression of the farm price of peanuts. I do hereby, accordingly, determine as of October 1, 1934, that the rate of the processing tax on the first domestic processing of peanuts shall be one (1) cent per pound, farmers' stock weight, which rate will prevent such accumulation of surplus stocks and depression of the farm price of peanuts.

I. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:

First domestic processing of peanuts is the cleaning, polishing, grading, shelling, crushing, or other processing thereof.

Farmers' stock weight is the weight of peanuts in the shell, not including unattached foreign materials, which have been removed from the vine and are in that condition which is usual and customary when delivered by the grower.

Cleaned peanuts are peanuts in the shell which have been cleaned and which may or may not have been treated for obtaining uniformity of size and color.

Shelled peanuts are peanut kernels, either whole or split, from which the shells, but not the skins, have been removed.

Blanched peanuts are peanut kernels, either whole or split, from which the skins, or skins and seed germs, have been removed.

Salted peanuts are shelled peanuts which have been cooked and to which salt has been added.

Blanched salted peanuts are blanched peanuts which have been cooked and to which salt has been added.

Roasted shelled peanuts are shelled or blanched peanuts which have been roasted.

Roasted cleaned peanuts are cleaned peanuts which have been roasted.

Peanut butter is the product of grinding roasted shelled peanuts with salt.

Peanut confections and bakery goods are confections and bakery goods which contain peanuts or any peanut products as an ingredient.

II. CONVERSION FACTORS

I do hereby establish conversion factors for articles processed wholly, in chief value, or partly from peanuts to determine the amount of tax imposed or refunds to be made with respect thereto as follows:

[10] This paragraph is taken from Hog Regulations, Series 1, Supplement 3, made effective as of Nov. 5, 1933, except that the words "by or for the producer thereof for consumption by his own family" (in italics) have been substituted for the words "for consumption by himself, his family", the words "by his own family" (in italics) have been substituted for the words "by himself, his family" and the words "or", "by or", "thereof", and "own" (in italics) have been added.

The following table of conversion factors fixes the percentage of the per pound processing tax on peanuts, farmers' stock weight, with respect to each pound of the following articles processed wholly, in chief value, or partly from peanuts:

Article	*Conversion factors, per pound (percent)*
Cleaned peanuts	105
Shelled peanuts	150
Blanched peanuts	173
Salted peanuts	148
Blanched salted peanuts	168
Roasted shelled peanuts	175
Roasted cleaned peanuts	116
Peanut butter	173

As to any article for which no conversion factor is assigned, I hereby establish (1) that if such article is made, directly or indirectly, in some part from another article for which a conversion factor is assigned, then as to each pound of the peanut content of such part the conversion factor shall be the conversion factor for such other article, and (2) that if such article is made, directly or indirectly, in some part from peanuts but not as to such part from another article for which a conversion factor is assigned, then as to such part the tax or refund shall be computed at the rate of the processing tax upon the basis of the amount of peanuts, farmers' stock weight, established to have been actually used in the production of such part.

In the event that the Commissioner of Internal Revenue, any taxpayer, or any person entitled to a refund establishes that any article processed from peanuts, with respect to which a tax is imposed, or which may be the subject of a claim for refund, which is included in the above list, contains more or less peanut content than represented by the listed conversion factor, then the amount of the tax or of the refund shall be computed at the rate of the processing tax upon the basis of the amount of peanuts, farmers' stock weight, established to have been actually used in the production of the article.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 24th day of September 1934.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT.
President of the United States.

SEPTEMBER 25, 1934.

[T. R. Series, No. 1. U. S. Department of Agriculture, Agricultural Adjustment Administration. (Tobacco Regulations, Series 1, No. 1.) Marketing year, rates of processing taxes, and conversion factors. Issued October 1934]

TOBACCO REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a revision of, and reprinting in combined form, Tobacco Regulations, Series 1, Tobacco Regulations, Series 2, and Tobacco Regulations, Series 2, Revision 1, and to the extent of such revision, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.[11]

I. MARKETING YEAR

I do hereby ascertain and prescribe that for the purposes of said act the first marketing year for cigar-leaf, Maryland, burley, flue-cured, fire-cured, and dark air-cured tobacco shall begin October 1, 1933.[12]

[11] The within regulations (Tobacco Regulations, Series 1, No. 1) partially revise Tobacco Regulations, Series 1, Tobacco Regulations, Series 2, and Tobacco Regulations, Series 2, Revision 1. For convenience, there are also reprinted herein all portions of the prior tobacco regulations which are now applicable, with references in the footnotes to the regulations from which they were taken and the dates they took effect. The footnotes show the superseded portions of the prior tobacco regulations, the dates such portions took effect, and the dates upon which they were superseded. All portions of these regulations which are written for the first time are written in italics.

[12] The paragraph herein which prescribes the marketing year for all types of tobacco is a combination of the paragraphs performing that function in Tobacco Regulations, Series 1, and Tobacco Regulations, Series 2, both effective Oct. 1, 1933. T. R., Series 1, provides as follows:

"I do hereby ascertain and prescribe that for the purposes of said act the first marketing year for cigar-leaf tobacco shall begin Oct. 1, 1933."

T. R., Series 2, provides as follows:

"I do hereby ascertain and prescribe that for the purposes of said act the first marketing year for Maryland, burley, flue-cured, fire-cured, and dark air-cured tobacco shall begin Oct. 1, 1933."

II. RATES OF TAX

A. Cigar-leaf tobacco: I do hereby find that the rate of tax as of October 1, 1933, which equals the difference between the current average farm price for cigar-leaf tobacco, farm sales weight, and the fair exchange value of cigar-leaf tobacco, farm sales weight, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture, will cause such reduction in the quantity of cigar-leaf tobacco, or products thereof, domestically consumed as to result in the accumulation of surplus stocks of cigar-leaf tobacco, or products thereof, or in the depression of the farm price of cigar-leaf tobacco. I do accordingly hereby determine, as of October 1, 1933, that the rate of the processing tax on the first domestic processing of cigar-leaf tobacco shall be 3 cents per pound, unsweated, farm sales weight, which rate will prevent such accumulation of surplus stocks and depression of the farm price of cigar-leaf tobacco. Whenever sweated cigar-leaf tobacco from which stem has not been removed is processed, the measure of tax to be paid by the processor in respect of each pound of such tobacco processed shall be 3.75 cents; whenever sweated cigar-leaf tobacco from which stem has been removed is processed, the measure of tax to be paid by the processor in respect of each pound of such tobacco processed shall be 5 cents; these amounts being in accordance with the respective weight relationships determined to exist between cigar-leaf tobacco in such States and the farm sales weight of unsweated cigar-leaf tobacco.[19]

B. Maryland tobacco: *In order to effectuate the declared policy of the act, I find it necessary to adjust the rate of the processing tax on Maryland tobacco to conform to such rate as will equal the difference between the current average farm price and the fair exchange value of Maryland tobacco as of October 1, 1934. I do accordingly determine as of October 1, 1934, that* the processing tax on the first domestic processing of Maryland tobacco shall be at the rate of *zero (0)* cents per pound, farm sales weight, which rate equals the difference between the current average farm price for Maryland tobacco and the fair exchange value of Maryland tobacco, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture.[20]

C. Burley tobacco: *In order to effectuate the declared policy of the act, I find it necessary to adjust the rate of the processing tax on burley tobacco to conform to such rate as will equal the difference between the current average farm price and the fair exchange value of burley tobacco as of October 1, 1934. I do accordingly determine, as of October 1, 1934, that* the processing tax on the first domestic processing of burley tobacco shall be at the rate of *six and one-tenth (6.1)* cents per pound, farm sales weight, which rate equals the difference between the current average farm price for burley tobacco and the fair exchange value of burley tobacco, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture. Whenever burley tobacco in processing order from which stem has not been removed is processed, the measure of tax shall be *seven (7)* cents per pound of such tobacco; whenever burley tobacco in processing order from which stem has been removed is processed, the measure of tax shall be *nine and five-tenths (9.5)* cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to exist between burley tobacco in such States and the farm sales weight of burley tobacco.[21]

I do hereby find, as of October 1, 1934, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, that in the first domestic processing of burley tobacco the rate of processing tax as hereinabove determined will cause such reduction in the quantity of burley tobacco, manufactured into plug chewing tobacco and twist, domestically consumed, as to result in the accumulation of surplus stocks of burley tobacco, or of plug chewing tobacco and twist produced therefrom, or in the depression of the farm price of burley tobacco. I do hereby, accordingly, determine, as of October 1, 1934, that the processing tax on the first domestic processing of burley tobacco used in the manufacture of plug chewing tobacco and twist shall be at the rate of four and one-tenth (4.1) cents per pound, farm sales weight, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks of burley tobacco, plug chewing tobacco and twist produced therefrom, and the depression of the farm price of burley tobacco; whenever burley tobacco in processing order, from which stem has not been removed, is processed in the manufacture of plug chewing tobacco or twist, the measure of tax shall be four and seven-tenths (4.7) cents per pound of such tobacco; whenever burley tobacco in processing order, from which stem has been removed, is processed in the manufacture of plug chewing tobacco or twist, the measure of tax shall be six and four-tenths (6.4) cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to exist between burley tobacco in such States and the farm sales weight of burley tobacco.[22]

D. Flue-cured tobacco: *I do hereby determine as of October 1, 1933, that* the processing tax on the first domestic processing of flue-cured tobacco shall be at the rate of 4.2 cents per pound, farm sales weight, which rate equals the difference between the current average farm price for flue-cured tobacco and the fair exchange value of flue-cured tobacco, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture. Whenever flue-cured tobacco in processing order from which stem has not been removed is processed, the measure of tax shall be 4.7 cents per pound of such tobacco; whenever flue-cured tobacco in processing order from which stem has been removed is processed, the measure of tax shall be 6.1 cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to exist between flue-cured tobacco in such States and the farm sales weight of flue-cured tobacco.[23]

I do hereby find as of August 1, 1934, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, that in the first domestic processing of flue-cured tobacco the rate of processing tax, as determined by the Secretary of Agriculture, with the approval of the President, in Tobacco Regulations, series 2, paragraph C, is causing and will cause such reduction in the quantity of flue-cured tobacco, manufactured into plug chewing tobacco and twist, domestically consumed, as to result in the accumulation of surplus stocks of flue-cured tobacco, or of plug chewing tobacco and twist produced therefrom, or in the depression of the farm price of flue-cured tobacco. I do hereby, accordingly, determine, as of August 1, 1934, that the processing tax on the first domestic processing of flue-cured tobacco used in the manufacture of plug chewing tobacco and twist, shall be at the rate of 3.3 cents per pound, farm sales weight, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks of flue-cured tobacco, plug chewing tobacco and twist produced therefrom, and the depression of the farm price of flue-cured tobacco; whenever flue-cured tobacco in processing order from which stem has not been removed, is processed in the manufacture of plug chewing tobacco or twist, the measure of tax shall be 3.7 cents per pound of such tobacco; whenever flue-cured tobacco in processing order from which stem has been removed, is processed in the manufacture of plug chewing tobacco or twist, the measure of tax shall be 4.8 cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to exist between flue-cured tobacco in such states and the farm sales weight of flue-cured tobacco.[24]

E. Fire-cured tobacco: *I do hereby determine as of October 1, 1933, that* the processing tax on the first domestic processing of fire-cured tobacco shall be at the rate of two and nine-tenths (2.9) cents per pound, farm sales weight, which rate equals the difference between the current average farm price for fire-cured tobacco and the fair exchange value of fire-cured tobacco, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture. Whenever fire-cured tobacco in processing order from which stem has not been removed is processed, the measure of tax shall be three and two-tenths (3.2) cents per pound of such tobacco; whenever fire-cured tobacco in processing order from which stem has been removed is processed, the measure of tax shall be four and one-tenth (4.1) cents per pound of such tobacco; these amounts being in accordance with the respective weight relation-

[19] This paragraph is taken from Tobacco Regulations, series 1, effective Oct. 1, 1933, except that the heading "A. Cigar-leaf tobacco" has been added herein.

[20] This paragraph is taken from the first sentence of the paragraph in Tobacco Regulations, series 2, effective Oct. 1, 1933, which fixes the rate of the tax on Maryland tobacco; however, the words "B. Maryland tobacco—in order to effectuate the declared policy of the act, I find it necessary to adjust the rate of the processing tax on Maryland tobacco to conform to such rate as will equal the difference between the current average farm price and the fair exchange value of Maryland tobacco as of Oct. 1, 1934. I do accordingly determine as of Oct. 1, 1934, that" (in italics) have been substitute for the words "A. That"; the word and figure zero (0)" (in italics) have been substituted for the words and figures "one and seven-tenths (1.7)." The second sentence of the paragraph in Tobacco Regulations, series 2, effective Oct. 1, 1933, which fixes the rate of tax on Maryland tobacco, is entirely superseded by these Regulations and is therefore omitted.

[21] This paragraph is taken from the paragraph in Tobacco Regulations, Series 2, effective Oct. 1, 1933, which fixes the rate of the tax on burley tobacco; however, the words "C. Burley tobacco: In order to effectuate the declared policy of the act, I find it necessary to adjust the rate of the processing tax on burley tobacco to conform to such rate as will equal the difference between the current average farm price and the fair exchange value of burley tobacco as of Oct. 1, 1934. I do accordingly determine, as of Oct. 1, 1934, that" (in italics) have been substituted for the words "B. That"; the words and figures "six and one-tenth (6.1)" (in italics) have been substituted for the word and figure "two (2)"; the word and figure "seven (7)" (in italics) have been substituted for the words and figures "two and three-tenths (2.3)"; and the words and figures "nine and five-tenths (9.5)" (in italics) have been substituted for the words and figures "three and one-tenth (3.1)"; to the extent of the changes mentioned, the paragraph of T. R., Series 2, above referred to, is superseded.

[22] The terms of this paragraph are new.

[23] This paragraph is taken from Tobacco Regulations, Series 2, effective Oct. 1, 1933, except that the heading "D. Flue-Cured Tobacco" and the words "I do hereby determine as of Oct. 1, 1933, that" (in italics) have been substituted for the words "C. That."

[24] The contents of this paragraph have been taken, verbatim, from Tobacco Regulations, Series 2, Revision 1, effective Aug. 1, 1934.

ships determined to exist between fire-cured tobacco in such States and the farm sales weight of fire-cured tobacco.[25]

F. Dark air-cured tobacco: *I do hereby determine as of October 1, 1933, that* the processing tax on the first domestic processing of dark air-cured tobacco shall be at the rate of three and three-tenths (3.3) cents per pound, farm sales weight, which rate equals the difference between the current average farm price for dark air-cured tobacco and the fair exchange value of dark air-cured tobacco, which price and value, both as defined in said act, have been ascertained by me from available statistics of the Department of Agriculture. Whenever dark air-cured tobacco in processing order from which stem has not been removed is processed, the measure of tax shall be three and eight tenths (3.8) cents per pound of such tobacco; whenever dark air-cured tobacco in processing order from which stem has been removed is processed, the measure of tax shall be five and one-tenth (5.1) cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to exist between dark air-cured tobacco in such States and the farm sales weight of dark air-cured tobacco.[26]

III. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:

First domestic processing.—The first domestic processing of cigar-leaf tobacco is the fabricating of the product to be used by the consumer. The acts of stemming, sweating or fermenting and conditioning shall not be deemed processing.[27]

(a) In the case of cigars, stogies, cheroots or small cigars, it is the fabricating of cigar-leaf tobacco into the form to which no tobacco is added and from which no tobacco is subtracted; all scrap, cuttings and clippings not left in such products shall be deemed not to have been processed.[27]

(b) In the case of a scrap chewing and/or smoking tobacco, it is the preparing of any form of cigar-leaf tobacco for consumption as scrap chewing and/or smoking tobacco.[27]

The first domestic processing of Maryland, burley, flue-cured, fire-cured, or dark air-cured tobacco is the fabricating of the product to be used by the consumer. In the case of cigarettes, smoking tobacco, chewing tobacco, and snuff, it is the fabricating of any one or more of the above kinds of tobacco into the articles to be consumed.[28]

Cigar-leaf tobacco: *Cigar-leaf tobacco is leaf tobacco, classified in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements No. 118, in classes 4, 5, 6, and 8, and any tobacco of other grades or types of leaf tobacco (including, but not limited to, Maryland, burley, flue-cured, fire-cured and dark air-cured tobacco), used in the manufacture or fabrication of cigars, stogies, cheroots, small cigars, scrap chewing tobacco and/or scrap smoking tobacco.*[29]

Maryland: Maryland tobacco is the kind of air-cured tobacco classified as type 32 in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements No. 118, *except such tobacco so classified as is specifically included in the above definition of cigar-leaf tobacco.* It shall be deemed to include also all the other domestic light air-cured tobacco excepting burley when processed in the manufacture of cigarettes, smoking tobacco, chewing tobacco, and/or snuff.[30]

Burley: Burley tobacco is the kind of air-cured tobacco classified as type 31, in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements No. 118, *except such tobacco so classified as is specifically included in the above definition of cigar-leaf tobacco.*[30]

Flue-cured: Flue-cured tobacco is the kind of tobacco classified as types 11, 12, 13, 14, and 90 in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements No. 118, *except such tobacco so classified as is specifically included in the above definition of cigar-leaf tobacco.* It shall be deemed to include also all other flue-cured tobacco when processed in the manufacture of cigarettes, smoking tobacco, chewing tobacco, and/or snuff.[30]

Fire-cured: Fire-cured tobacco is the kind of tobacco classified as types 21, 22, 23, and 24 in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements No. 118, *except such tobacco so classified as is specifically included in the above definition of cigar-leaf tobacco.* It shall be deemed to include also all other domestic fire-cured tobacco when processed in the manufacture of cigarettes, smoking tobacco, chewing tobacco, and/or snuff.[30]

Dark air-cured: Dark air-cured tobacco is the kind of tobacco classified as types 35, 36, and 37 in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements No. 118, *except such tobacco so classified as is specifically included in the above definition of cigar-leaf tobacco.* It shall be deemed to include also all other domestic dark air-cured tobacco when processed in the manufacture of cigarettes, smoking tobacco, chewing tobacco, and/or snuff.[30]

Processing order: Processing order is the State of Maryland, burley, flue-cured, fire-cured, and/or dark air-cured tobacco at the time of processing thereof.[31]

Cigarettes: Cigarettes are rolls of tobacco wrapped in paper.[31]

Snuff: Snuff is tobacco that has been cut, ground, or pulverised into small particles for use in sniffing, dipping, or chewing.[31]

Smoking tobacco: Smoking tobacco is tobacco of different kinds prepared for use principally for smoking purposes.[31]

(a) Granulated smoking tobacco: Granulated smoking tobacco is tobacco that is cut, threshed or broken into small particles suitable particularly for pipe smoking or hand-rolled cigarettes.[31]

(b) Other smoking tobacco: Other smoking tobacco is tobacco not granulated which is prepared for use principally for pipe smoking.[31]

Chewing tobacco: Chewing tobacco is tobacco of different kinds prepared for use principally for chewing purposes.[31]

(a) Plug chewing tobacco: Plug chewing tobacco is chewing tobacco manufactured and pressed into flat cakes.[32]

(b) Twist: Twist is the type of chewing tobacco manufactured in the form of a twist.[32]

(c) Other chewing tobacco: Other chewing tobacco is tobacco prepared for use principally for chewing.[31]

Leaf tobacco: Leaf tobacco is tobacco in the forms in which it appears between the time it is stripped from the stalk, or primed and cured, and the time it enters into a manufacturing process.[34]

Leaf tobacco from which stem has not been removed:

Unstemmed: Unstemmed leaf tobacco is leaf tobacco from which stem or mid-rib has not been removed, including both whole leaf and leaf-scrap.[35]

Leaf-scrap: Leaf-scrap is leaf tobacco consisting of loose and tangled whole and/or broken leaves.[35]

Leaf tobacco from which stem has been removed:

Stemmed or strips: Stemmed or strips are leaf tobacco from which stem or mid-rib has been removed.[36]

Strip-scrap: Strip-scrap is leaf tobacco consisting of loose and tangled portions of stemmed or strips.[36]

Shredded filler: Shredded filler is leaf tobacco commonly known as such and usually consisting of strip scrap of two or more types of tobacco.[37]

Cuttings: Cuttings are portions of cigar wrapper and/or cigar binder strips.[37]

Clippings: Clippings are small portions of strips, frequently including small portions of wrapper, binder, and filler strips.[37]

By-products:

Siftings: Siftings are particles of leaf tobacco salvaged from the residue of tobacco after processing.[38]

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[25] This paragraph is taken from Tobacco Regulations, Series 2, effective Oct. 1, 1933, except that the heading "E. Fire-cured tobacco" and the words "I do hereby determine as of Oct. 1, 1933, that" (in italics) have been substituted for the words "D. That."

[26] This paragraph is taken from Tobacco Regulations, Series 2, effective Oct. 1, 1933, except that the heading "F. Dark air-cured tobacco" and the words "I do hereby determine as of Oct. 1, 1933, that" (in italics) have been substituted for the words "E. That."

[27] Tobacco Regulations, Series 1, effective Oct. 1, 1933.

[28] Tobacco Regulations, Series 2, effective Oct. 1, 1933.

[29] The definition herein of "Cigar-Leaf Tobacco" is a combination and rewording of the definitions of "Cigar-Leaf Tobacco" contained in Tobacco Regulations, Series 1, and Tobacco Regulations, Series 2, both effective Oct. 1, 1933, superseding both of the definitions. The definition in T. R. Series 1 read as follows:

"Cigar-leaf tobacco: Cigar-leaf tobacco is leaf tobacco, classified in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements No. 118 in classes 4, 5, 6, and 8; and other types and/or grades of leaf tobacco, when used in the fabrication of cigars, stogies, cheroots, small cigars, or scrap chewing and/or smoking tobacco."

The definition in T. R. Series 2 read as follows:

"Cigar-leaf tobacco: When any of the above kinds of tobacco is used in the manufacture of cigars, stogies, cheroots, small cigars, or scrap chewing and/or smoking tobacco, that part so used shall be deemed not to be included in the above commodities. Such tobacco when so used is defined as cigar-leaf tobacco by Tobacco Regulations, Series 1."

[30] From Tobacco Regulations, Series 2, effective Oct. 1, 1933, except that the words "except such tobacco so classified as is specifically included in the above definition of cigar-leaf tobacco" (in italics) have been added.

[31] Tobacco Regulations, Series 2, Oct. 1, 1933.

[32] The definition herein of "plug chewing tobacco" is taken from Tobacco Regulations, Series 2, revision 1, effective Aug. 1, 1934. This definition superseded the definition in Tobacco Regulations, Series 2, effective Oct. 1, 1933, which read as follows: "Plug tobacco is tobacco which is manufactured and pressed into flat cakes."

[33] Tobacco Regulations, Series 2, revision 1, effective Aug. 1, 1934.

[34] Tobacco Regulations, Series 2, effective Oct. 1, 1933. The same definition appears in Tobacco Regulations, Series 1, effective Oct. 1, 1933.

[35] Tobacco Regulations, Series 2, effective Oct. 1, 1933. Similar definitions for "cigar-leaf tobacco from which stem has not been removed" appear in Tobacco Regulations, Series 1, but, in view of the above definitions, need not be reprinted herein.

[36] Tobacco Regulations, Series 2, effective Oct. 1, 1933. Similar definitions for "cigar-leaf tobacco from which stem has been removed" appear in Tobacco Regulations, Series 1, but, in view of the above definitions, need not be reprinted herein.

[37] Tobacco Regulations, Series 1, effective Oct. 1, 1933. These definitions, as originally issued, appear under the heading "Cigar-leaf tobacco from which stem has been removed", which heading it has not been considered necessary to reprint herein.

[38] Tobacco Regulations, Series 2, effective Oct. 1, 1933. The same definitions appear in Tobacco Regulations, Series 1, effective Oct. 1, 1933.

Dust: Dust is the residue of tobacco resulting from processing after siftings have been salvaged.[38]

Sweating: Sweating is the handling of leaf tobacco as it passes through one or more fermentations.[39]

Order: Order is the state of tobacco with respect to its moisture content.[38]

Sweated: Sweated is the condition of cigar-leaf tobacco which has passed through one or more seasonal fermentations or which has reached a corresponding degree of fermentation.[40]

Fermenting: See Sweating.[40]

Conditioning: Conditioning is the preparing of cigar-leaf tobacco for storage.[40]

Unsweated: Unsweated is the condition of unfermented cigar-leaf tobacco.[40]

Cigars, stogies, cheroots: Cigars, stogies, and cheroots are rolls of tobacco wrapped with tobacco.[40]

Small cigars: Small cigars are cigars weighing not more than 3 pounds per 1,000.[40]

Farm sales weight: The farm sales weight of leaf tobacco is the weight of leaf tobacco in its unstemmed form and in the order it is usually delivered by the grower.[41]

IV. CONVERSION FACTORS

A.[42] I do hereby establish the following conversion factors for articles processed from cigar-leaf tobacco to determine the amount of tax imposed or refunds to be made with respect thereto.

The following table of conversion factors fixes the percentage of the per pound processing tax on cigar-leaf tobacco with respect to a pound of the following articles processed wholly, *partly*, or in chief value from cigar-leaf tobacco:

	Percent
Cigars, stogies, cheroots, small cigars	167
Scrap chewing and/or smoking tobacco	110
Siftings and/or dust	0

In the computation of the weight of cigars, stogies, cheroots, or small cigars for the purposes of the application of the above table of conversion factors, in order to compute the tax adjustment on floor stocks, 1,000 cigars, stogies, or cheroots shall be deemed to weigh 17½ pounds, if the taxpayer so elects, and 1,000 small cigars shall be deemed to weigh 2.75 pounds, if the taxpayer so elects.

B.[43] I do hereby establish the following conversion factors for articles processed from Maryland, burley, flue-cured, fire-cured, and/or dark air-cured tobacco to determine the amount of tax imposed or refunds to be made with respect thereto, except taxes and refunds on floor stocks:

Article	Unit	Conversion factor
Cigarettes	1,000	183 percent of the per pound processing tax on flue-cured tobacco, plus 122 percent of the per pound processing tax on burley tobacco, plus 3 percent of the per pound processing tax on Maryland tobacco.
Smoking tobacco:		
(1) Granulated smoking tobacco.	Pound	88 percent of the per pound processing tax on flue-cured tobacco, plus 29 percent of the per pound processing tax on burley tobacco.
(2) Smoking tobacco other than granulated.	...do...	59 percent of the per pound processing tax on burley tobacco, plus 7 percent of the per pound processing tax on dark air-cured tobacco, plus 6 percent of the per pound processing tax on flue-cured tobacco, plus 1 percent of the per pound processing tax on fire-cured tobacco.
Chewing tobacco:		
(1) Plug chewing tobacco	...do...	45 percent of the per pound processing tax on burley tobacco used in the manufacture of plug chewing tobacco and twist, plus 33 percent of the per pound processing tax on flue-cured tobacco used in the manufacture of plug chewing tobacco and twist, plus 21 percent of the per pound processing tax on dark air-cured tobacco.
Chewing tobacco—Cont.		
(2) Twist chewing tobacco	Pound	70 percent of the per pound processing tax on dark air-cured tobacco, plus 61 percent of the per pound processing tax on burley tobacco used in the manufacture of plug chewing tobacco and twist, plus 5 percent of the per pound processing tax on fire-cured tobacco.
(3) Other chewing tobacco	...do...	50 percent of the per pound processing tax on burley tobacco, plus 23 percent of the per pound processing tax on dark air-cured tobacco, plus 10 percent of the per pound processing tax on fire-cured tobacco.
Snuff	...do...	102 percent of the per pound processing tax on fire-cured tobacco, plus 5 percent of the per pound processing tax on dark air-cured tobacco, plus 1 percent of the per pound processing tax on burley tobacco.
Siftings and dust	...do...	0

In any event that any taxpayer, the Commissioner of Internal Revenue, or any person entitled to a refund establishes that any article processed wholly or partly from Maryland, burley, flue-cured, fire-cured, and/or dark air-cured tobacco on which a tax is imposed (other than a tax on floor stocks), or which may be the subject of a claim for refund (other than a refund on floor stocks), which is included in the above list is processed wholly or partly from a kind or kinds of tobacco other than those listed above for such article, or contains more or less of the kinds of tobacco so listed than represented by the listed conversion factors, the conversion factor shall be:

(a) One hundred and forty-four percent of the per pound processing tax on Maryland tobacco for each pound of Maryland tobacco said article is established to contain, plus

(b) One hundred and fifty-five percent of the per pound processing tax applicable to the burley tobacco used in the manufacture of said product for each pound of burley tobacco said article is established to contain, plus

(c) One hundred and forty-five percent of the per pound processing tax applicable to the flue-cured tobacco used in the manufacture of the said product for each pound of flue-cured tobacco said article is established to contain, plus

(d) One hundred and forty-three percent of the per pound processing tax on fire-cured tobacco for each pound of fire-cured tobacco said article is established to contain, plus

(e) One hundred and fifty-six percent of the per pound processing tax on dark air-cured tobacco for each pound of dark air-cured tobacco said article is established to contain.

C.[44] I do hereby establish the following conversion factors for articles processed from Maryland, burley, flue-cured, fire-cured, and/or dark air-cured tobacco to determine the amount of tax imposed on *floor stocks* or refunds to be made with respect to *floor stocks:*

Article	Unit	Conversion factor
Cigarettes	1,000	183 percent of the per pound processing tax on flue-cured tobacco.
Smoking tobacco:		
(1) Granulated smoking tobacco.	Pound	88 percent of the per pound processing tax on flue-cured tobacco.
(2) Smoking tobacco other than granulated.	...do...	59 percent of the per pound processing tax on Burley tobacco.
Chewing tobacco:		
(1) Plug chewing tobacco	...do...	45 percent of the per pound processing tax on burley tobacco used in the manufacture of plug chewing tobacco and twist.
(2) Twist chewing tobacco	...do...	70 percent of the per pound processing tax on dark air-cured tobacco.
(3) Other chewing tobacco	...do...	50 percent of the per pound processing tax on burley tobacco.
Snuff	...do...	102 percent of the per pound processing tax on fire-cured tobacco.
Siftings and dust	...do...	0.

[38] Tobacco Regulations, Series 2, effective Oct. 1, 1933. The same definitions appear in Tobacco Regulations, Series 1, effective Oct. 1, 1933.

[39] Tobacco Regulations, Series 2, effective Oct. 1, 1933. The same definition appears in Tobacco Regulations, Series 1, effective Oct. 1, 1933, except that in T. R., Series 1, the word "cigar-leaf" appears where the word "leaf" appears herein.

[40] Tobacco Regulations, Series 1, effective Oct. 1, 1933.

[41] Tobacco Regulations, Series 2, effective Oct. 1, 1933. A similar definition of "Farm Sales Weight", appearing in Tobacco Regulations, Series 1, effective Oct. 1, 1933, which it is not considered necessary to reprint herein, reads as follows:

"Farm sales weight: The farm sales weight of cigar-leaf tobacco is the weight of such tobacco in its unstemmed form, unsweated and in the order in which it is usually delivered by the grower."

[42] The portion within the designation "A", under the heading "Conversion factors", is taken, verbatim, from Tobacco Regulations, Series 1, effective Oct. 1, 1933, except that the word "partly" (in italics) has been added herein.

[43] The portion within the designation "B", under the heading "Conversion Factors" is new herein.

[44] The portion within the designation "C", under the heading "Conversion Factors" is taken verbatim from Tobacco Regulations, Series 2, effective Oct. 1, 1933, with the exception of the following additions and substitutions (appearing in italics): The words "on floor stocks" wherever they appear to have been added; the words "to floor stocks", have been substituted for the word "thereto"; the words "the Commissioner of Internal Revenue" have been added; in the table, the words and figures "(2) twist chewing tobacco: Pound: 70 percent of the per pound processing tax on dark air-cured tobacco", and "(3) Other chewing tobacco: Pound: 50 percent of the per pound processing tax on burley tobacco." have been substituted for "(2) chewing tobacco other than plug: Pound: 81 percent of the per pound processing tax on dark air-cured tobacco"; in the conversion factor for plug chewing tobacco the words "used in the manufacture of plug chewing tobacco and twist" have been added; in subdivisions (b) and (c) the words "applicable to the" have been substituted for the word "on" and the words "used in the manufacture of said product" have been added.

In the event that any taxpayer, *the Commissioner of Internal Revenue*, or any person entitled to a refund establishes that any article processed wholly or in chief value from Maryland, burley, flue-cured, fire-cured, or dark air-cured tobacco, on which a tax *on floor stocks* is imposed or which may be the subject of a claim for refund *on floor stocks*, which is included in the above list is processed wholly or in chief value from a kind of tobacco other than that listed above for such article, or contains more or less of the kind of tobacco so listed than represented by the listed conversion factor, the conversion factor for such article shall be:

(a) If processed wholly or in chief value from Maryland tobacco, 144 percent of the per pound processing tax on Maryland tobacco for each pound of Maryland tobacco said article is established to contain.

(b) If processed wholly or in chief value from burley tobacco, 155 percent of the per pound processing tax *applicable to the* burley tobacco *used in the manufacture of said product* for each pound of burley tobacco said article is established to contain.

(c) If processed wholly or in chief value from flue-cured tobacco, 145 percent of the per pound processing tax *applicable to the* flue-cured tobacco *used in the manufacture of the said product* for each pound of flue-cured tobacco which said article is established to contain.

(d) If processed wholly or in chief value from fire-cured tobacco, 143 percent of the per pound processing tax on fire-cured tobacco for each pound of fire-cured tobacco which said article is established to contain.

(e) If processed wholly or in chief value from dark air-cured tobacco, 156 percent of the per pound processing tax on dark air-cured tobacco *for each pound of dark air-cured tobacco* which said article is established to contain.[*]

The provisions of these regulations shall take effect as of October 1, 1934.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 26th day of September 1934.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

SEPTEMBER 27, 1934.

[T. R. Series 1, No. 2. United States Department of Agriculture, Agricultural Adjustment Administration, Washington, D. C. (Tobacco Regulations, Series 1, No. 2.) Rates of processing taxes, with respect to the processing of cigar-leaf tobacco used in the manufacture of scrap chewing and/or smoking tobacco; burley, flue-cured, fire-cured, and dark air-cured tobacco used in the manufacture of chewing tobacco; and definition and conversion factors. Issued Jan. 19, 1935]

REVISION OF TOBACCO REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT, AS AMENDED

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a revision and supplementation of Tobacco Regulations, Series 1, No. 1, and to the extent of such revision and supplementation, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

RATES OF TAX

A. Cigar-leaf tobacco: In lieu of and in revision of the last sentence of the first paragraph contained in Tobacco Regulations, Series 1, No. 1, under the heading "II Rates of Tax", which sentence fixes the measures of tax for sweated cigar-leaf tobacco, I do hereby establish the following measures of tax for sweated cigar-leaf tobacco, to be effective on and after February 1, 1935:

"Whenever sweated cigar-leaf tobacco from which stem has not been removed is processed the measure of tax to be paid by the processor in respect of each pound of such tobacco processed shall be 3.75 cents, except that when the cigar-leaf tobacco so processed is of the kind classified in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements, No. 118, as fire-cured tobacco, the measure of tax shall be 3.25 cents; whenever sweated cigar-leaf tobacco from which stem has been removed is processed, the measure of tax to be paid by the processor in respect of each pound of such tobacco processed shall be 5 cents, except that when the cigar-leaf tobacco so processed is of the kind classified in the United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements, No. 118, as fire-cured tobacco, the measure of tax shall be 4.3 cents. The above amounts are in accordance with the respective weight relationships determined to exist between cigar-leaf tobacco in such States and the farm sales weight of unsweated cigar-leaf tobacco.

I do hereby find, as of February 1, 1935, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, that the processing tax at the rate determined by the Secretary of Agriculture as of October 1, 1933, to equal the difference between the current average farm price and the fair-exchange value of cigar-leaf tobacco, on the processing of cigar-leaf tobacco manufactured into scrap chewing and/or smoking tobacco, will cause such reduction in the quantity of cigar-leaf tobacco manufactured into scrap chewing and/or smoking tobacco, domestically consumed, as to result in the accumulation of surplus stocks of cigar-leaf tobacco, or of scrap chewing and/or smoking tobacco produced therefrom, or in the depression of the farm price of cigar-leaf tobacco. I do hereby, accordingly, determine, as of February 1, 1935, that the processing tax on the first domestic processing of cigar-leaf tobacco used in the manufacture of scrap chewing and/or smoking tobacco shall be at the rate of 2 cents per pound, unsweated, farm sales weight, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks of cigar-leaf tobacco, scrap chewing and/or smoking tobacco produced therefrom, and depression of the farm price of cigar-leaf tobacco. Whenever sweated cigar-leaf tobacco from which stem has not been removed is processed in the manufacture of scrap chewing and/or smoking tobacco, the measure of tax to be paid by the processor in respect of each pound of such tobacco processed shall be 2.5 cents; whenever sweated cigar-leaf tobacco from which stem has been removed is processed in the manufacture of scrap chewing and/or smoking tobacco, the measure of tax to be paid by the processor in respect of each pound of such tobacco processed shall be 3.3 cents; these amounts being in accordance with the respective weight relationships determined to exist between cigar-leaf tobacco in such States and the farm-sales weight of unsweated cigar-leaf tobacco.

B. Burley tobacco: I do hereby find, as of February 1, 1935, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, that the processing tax at the rate determined by the Secretary of Agriculture as of October 1, 1934, to equal the difference between the current average farm price and the fair exchange value of burley tobacco, on the processing of burley tobacco manufactured into chewing tobacco, will cause such reduction in the quantity of burley tobacco manufactured into chewing tobacco, domestically consumed, as to result in the accumulation of surplus stocks of burley tobacco, or of chewing tobacco produced therefrom, or in the depression of the farm price of burley tobacco. I do hereby, accordingly, determine, as of February 1, 1935, that the processing tax on the first domestic processing of burley tobacco used in the manufacture of chewing tobacco shall be at the rate of 2.5 cents per pound, farm sales weight, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks of burley tobacco, chewing tobacco produced therefrom, and depression of the farm price of burley tobacco; whenever burley tobacco in processing order, from which stem has not been removed, is processed in the manufacture of chewing tobacco, the measure of tax shall be 2.9 cents per pound of such tobacco; whenever burley tobacco in processing order, from which stem has been removed, is processed in the manufacture of chewing tobacco, the measure of tax shall be 3.9 cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to exist between burley tobacco in such States and the farm sales weight of burley tobacco.

C. Flue-cured tobacco: I do hereby find, as of February 1, 1935, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, that the processing tax at the rate determined by the Secretary of Agriculture as of October 1, 1933, to equal the difference between the current average farm price and the fair exchange value of flue-cured tobacco, on the processing of flue-cured tobacco manufactured into chewing tobacco, will cause such reduction in the quantity of flue-cured tobacco manufactured into chewing tobacco, domestically consumed, as to result in the accumulation of surplus stocks of flue-cured tobacco, or of chewing tobacco produced therefrom, or in the depression of the farm price of flue-cured tobacco. I do hereby, accordingly, determine, as of February 1, 1935, that the processing tax on the first domestic processing of flue-cured tobacco used in the manufacture of chewing tobacco shall be at the rate of 2 cents per pound, farm sales weight, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks of flue-cured tobacco, chewing tobacco produced therefrom, and depression of the farm price of flue-cured tobacco; whenever flue-cured tobacco in processing order, from which stem has not been removed, is processed in the manufacture of chewing tobacco, the measure of tax shall be 2.5 cents per pound of such tobacco; whenever flue-cured tobacco in processing order, from which stem has been removed, is processed in the manufacture of chewing tobacco, the measure of tax shall be 2.9 cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to

[*] The words "for each pound of dark air-cured tobacco" (in italics) were erroneously omitted in the paragraph of Tobacco Regulations, Series 2, from which this paragraph is taken. To the extent of the added words Tobacco Regulations, Series 2, are superseded.

exist between flue-cured tobacco in such States and the farm sales weight of flue-cured tobacco.

D. Fire-cured tobacco: I do hereby find, as of February 1, 1935, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, that the processing tax at the rate determined by the Secretary of Agriculture as of October 1, 1933, to equal the difference between the current average farm price and the fair exchange value of fire-cured tobacco, on the processing of fire-cured tobacco manufactured into chewing tobacco, will cause such reduction in the quantity of fire-cured tobacco manufactured into chewing tobacco, domestically consumed, as to result in the accumulation of surplus stocks of fire-cured tobacco, or of chewing tobacco produced therefrom, or in the depression of the farm price of fire-cured tobacco. I do hereby, accordingly, determine, as of February 1, 1935, that the processing tax on the first domestic processing of fire-cured tobacco used in the manufacture of chewing tobacco shall be at the rate of 2 cents per pound, farm sales weight, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks of fire-cured tobacco, chewing tobacco produced therefrom, and depression of the farm price of fire-cured tobacco; whenever fire-cured tobacco in processing order, from which stem has not been removed, is processed in the manufacture of chewing tobacco, the measure of tax shall be 2.2 cents per pound of such tobacco; whenever fire-cured tobacco in processing order, from which stem has been removed, is processed in the manufacture of chewing tobacco, the measure of tax shall be 2.9 cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to exist between fire-cured tobacco in such States and the farm sales weight of fire-cured tobacco.

E. Dark air-cured tobacco: I do hereby find, as of February 1, 1935, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, that the processing tax at the rate determined by the Secretary of Agriculture as of October 1, 1933, to equal the difference between the current average farm price and the fair exchange value of dark air-cured tobacco, on the processing of dark air-cured tobacco manufactured into chewing tobacco, will cause such reduction in the quantity of dark air-cured tobacco manufactured into chewing tobacco, domestically consumed, as to result in the accumulation of surplus stocks of dark air-cured tobacco, or of chewing tobacco produced therefrom, or in the depression of the farm price of dark air-cured tobacco. I do hereby, accordingly, determine, as of February 1, 1935, that the processing tax on the first domestic processing of dark air-cured tobacco used in the manufacture of chewing tobacco shall be at the rate of two (2) cents per pound, farm sales weight, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks of dark air-cured tobacco, chewing tobacco produced therefrom, and depression of the farm price of dark air-cured tobacco; whenever dark air-cured tobacco in processing order, from which stem has not been removed, is processed in the manufacture of chewing tobacco, the measure of tax shall be two and three-tenths (2.3) cents per pound of such tobacco; whenever dark air-cured tobacco in processing order, from which stem has been removed, is processed in the manufacture of chewing tobacco, the measure of tax shall be three and one-tenth (3.1) cents per pound of such tobacco; these amounts being in accordance with the respective weight relationships determined to exist between dark air-cured tobacco in such states and the farm sales weight of dark air-cured tobacco.

DEFINITION

Scrap chewing and/or smoking tobacco: Scrap chewing and/or smoking tobacco is tobacco prepared for chewing or smoking purposes from scraps, cuttings, or clippings resulting from the manufacture of cigars, or from tobacco leaves primarily of the types classified in classes 4, 5, 6, and 8 in the United States Bureau of Agricultural Economics, Service and Regulatory Announcements, No. 118, cut or broken into small pieces but not shredded or granulated, to which flavoring or sweetening may or may not have been added.

CONVERSION FACTORS

A. I do hereby establish the following conversion factor for scrap chewing and/or smoking tobacco processed wholly, partly, or in chief value, from cigar-leaf tobacco, to determine the amount of tax imposed or refunds to be made with respect thereto:

Article	Unit	Conversion factor
Scrap chewing and/or smoking tobacco.	Pound	110 percent of the per pound processing tax on cigar-leaf tobacco used in the manufacture of scrap chewing and/or smoking tobacco.

B. I do hereby establish the following conversion factors for chewing tobacco processed from burley, flue-cured, fire-cured and/or dark air-cured tobacco to determine the amount of tax imposed or refunds to be made with respect thereto, except taxes and refunds on floor stocks:

Article	Unit	Conversion factor
Chewing tobacco:		
(1) Plug chewing tobacco	Pound	45 percent of the per pound processing tax on burley tobacco used in the manufacture of chewing tobacco, plus 33 percent of the per pound processing tax on flue-cured tobacco used in the manufacture of chewing tobacco, plus 21 percent of the per pound processing tax on dark air-cured tobacco used in the manufacture of chewing tobacco.
(2) Twist chewing tobacco	do	70 percent of the per pound processing tax on dark air-cured tobacco used in the manufacture of chewing tobacco, plus 61 percent of the per pound processing tax on burley tobacco used in the manufacture of chewing tobacco, plus 5 percent of the per pound processing tax on fire-cured tobacco used in the manufacture of chewing tobacco.
(3) Other chewing tobacco	do	50 percent of the per pound processing tax on burley tobacco used in the manufacture of chewing tobacco, plus 23 percent of the per pound processing tax on dark air-cured tobacco used in the manufacture of chewing tobacco, plus 10 percent of the per pound processing tax on fire-cured tobacco used in the manufacture of chewing tobacco.

In the event that any taxpayer, the Commissioner of Internal Revenue, or any person entitled to a refund establishes that any chewing tobacco processed wholly or partly from Maryland, burley, flue-cured, fire-cured, and/or dark air-cured tobacco on which a tax is imposed (other than a tax on floor stocks), or which may be the subject of a claim for refund (other than a refund on floor stocks), which is included in the preceding list is processed wholly or partly from a kind or kinds of tobacco other than those listed herein for such chewing tobacco, or contains more or less of the kinds of tobacco so listed than represented by the listed conversion factors, the conversion factor shall be:

"(a) 144 percent of the per pound processing tax on Maryland tobacco for each pound of Maryland tobacco said chewing tobacco is established to contain, plus

"(b) 155 percent of the per pound processing tax on burley tobacco used in the manufacture of chewing tobacco for each pound of burley tobacco said chewing tobacco is established to contain, plus

"(c) 145 percent of the per pound processing tax on flue-cured tobacco used in the manufacture of chewing tobacco for each pound of flue-cured tobacco said chewing tobacco is established to contain, plus

"(d) 143 percent of the per pound processing tax on fire-cured tobacco used in the manufacture of chewing tobacco for each pound of fire-cured tobacco said chewing tobacco is established to contain, plus

"(e) 156 percent of the per pound processing tax on dark air-cured tobacco used in the manufacture of chewing tobacco for each pound of dark air-cured tobacco said chewing tobacco is established to contain."

C. I do hereby establish the following conversion factors for chewing tobacco processed from burley, flue-cured, fire-cured, and/or dark air-cured tobacco to determine the amount of tax imposed on floor stocks or refunds to be made with respect to floor stocks:

Article	Unit	Conversion factor
Chewing tobacco:		
(1) Plug chewing tobacco	Pound	45 percent of the per pound processing tax on burley tobacco used in the manufacture of chewing tobacco.
(2) Twist chewing tobacco	do	70 percent of the per pound processing tax on dark air-cured tobacco used in the manufacture of chewing tobacco.
(3) Other chewing tobacco	do	50 percent of the per pound processing tax on burley tobacco used in the manufacture of chewing tobacco.

In the event that any taxpayer, the Commissioner of Internal Revenue, or any person entitled to a refund establishes that any chewing tobacco processed wholly or in chief value from Maryland, burley, flue-cured, fire-cured, or dark air-cured tobacco, on which a tax on floor stocks is imposed or which may be the subject of a claim for refund on floor stocks, which is included in the preceding list is processed wholly or in chief value from a kind of tobacco other than that listed herein for such chewing tobacco, or contains more or less of the kind of tobacco so listed than represented by the listed conversion factor, the conversion factor for such article shall be:

(a) If processed wholly or in chief value from Maryland tobacco, 144 percent of the per pound processing tax on Maryland tobacco

for each pound of Maryland tobacco said chewing tobacco is established to contain.

(b) If processed wholly or in chief value from burley tobacco, 155 percent of the per pound processing tax on burley tobacco used in the manufacture of chewing tobacco for each pound of burley tobacco said chewing tobacco is established to contain.

(c) If processed wholly or in chief value from flue-cured tobacco, 145 percent of the per pound processing tax on flue-cured tobacco used in the manufacture of chewing tobacco for each pound of flue-cured tobacco said chewing tobacco is established to contain.

(d) If processed wholly or in chief value from fire-cured tobacco, 143 percent of the per pound processing tax on fire-cured tobacco used in the manufacture of chewing tobacco for each pound of fire-cured tobacco said chewing tobacco is established to contain.

(e) If processed wholly or in chief value from dark air-cured tobacco, 156 percent of the per pound processing tax on dark air-cured tobacco used in the manufacture of chewing tobacco for each pound of dark air-cured tobacco said chewing tobacco is established to contain.

The provisions of these regulations shall take effect as of February 1, 1935.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 18th day of January 1935.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

JANUARY 19, 1935.

[R.-7. P. R.—A. A. A. Series 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Paper Regulations, Series 1.) (Definitions and conversion factors with respect to paper and the products thereof in competition with cotton and the products thereof.) Issued December 1933]

PAPER REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish and give public notice of these regulations with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

The following proclamation is hereby incorporated in these regulations:

"I, H. A. Wallace, Secretary of Agriculture of the United States of America, acting under and pursuant to an act of Congress, known as the 'Agricultural Adjustment Act', approved May 12, 1933, as amended, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, hereby find, and do hereby proclaim, that the payment of the processing tax upon cotton is causing, and will cause, to the processors thereof disadvantages in competition from paper, by reason of excessive shifts in consumption between such commodities or products thereof. I do accordingly hereby specify that the compensating rate of tax on the processing of paper, necessary to prevent such disadvantages in competition, is 2.04 cents per pound weight of paper, on the first domestic processing of paper into multi-wall paper bags; 3.36 cents per pound weight of paper, on the first domestic processing of coated paper into coated paper bags; 2.14 cents per pound weight of open-mesh paper fabric, on the first domestic processing of open-mesh paper fabric into open-mesh paper bags; 0.715 cent per pound weight of paper, on the first domestic processing of paper into paper towels; 4.06 cents per pound weight of paper, on the first domestic processing of paper into gummed paper tape. Hereafter there shall be levied, assessed, and collected, upon the first domestic processing of paper into multi-wall paper bags, coated paper into coated paper bags, open-mesh paper fabric into open-mesh paper bags, paper into paper towels, or paper into gummed paper tape, as aforesaid, a tax, to be paid by the processor thereof, at the rates hereinabove specified, until such rates are altered pursuant to a further finding under section 15 (d) of said act, or the tax or the rate thereof on cotton is altered or terminated.

"In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 1st day of December 1933, 12:01 a. m.

"[SEAL] H. A. WALLACE,
"Secretary of Agriculture."

I. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:

First domestic processing: The first domestic processing of paper is

(a) the manufacture or fabrication of paper into multi-wall paper bags, or paper towels, or gummed paper tape; or

(b) the manufacture of coated paper into coated paper bags; or

(c) the manufacture of open-mesh paper fabric into open-mesh paper bags.

Paper: Paper is a compacted web of cellulose fibers, sized, or unsized, filled or unfilled, coated or uncoated, gummed or ungummed, in the form of a sheet and made from an aqueous suspension.

Weight of paper: Weight of paper includes the fiber, and any filler, sizing, coating, adhesive, gum, or other material, composing the finished sheet or web, as used in any processing herein defined.

Multi-wall paper bags: Multi-wall paper bags are bags having more than one wall and weighing more than 200 pounds per thousand bags.

Coated paper bags: Coated paper bags are bags of the type usually made from so-called "coated rope paper" or "coated kraft paper", or similar material.

Open-mesh paper fabric: Open-mesh paper fabric is fabric woven in open-mesh form from spun paper, or twisted paper, or paper yarn, or paper filament.

Open-mesh paper bags: Open-mesh paper bags are bags made from open-mesh paper fabric.

Paper towel: Paper towel is any paper toweling, but does not include tissues of the type commonly known as "cleansing tissues" or "facial tissues."

Gummed paper tape: Gummed paper tape is paper, one surface of which is covered with gum or other adhesive material, processed for distribution in ribbon form, and less than 2 inches in width.

Second-hand articles: Second-hand articles are multi-wall paper bags, coated paper bags, or open-mesh paper bags which have been used one or more times for the purpose for which processed.

II. CONVERSION FACTORS

I hereby establish the following conversion factors for articles processed wholly or in chief value from paper, coated paper, or open-mesh paper fabric, as aforesaid, to determine the amount of tax imposed or refunds to be made with respect thereto:

The following table fixes the percentage of the per pound processing tax on paper, coated paper, or open-mesh paper fabric, determined for the respective processings set forth hereinabove, with respect to each pound of the following articles:

Conversion factor for finished weight of article

Article	*Percent*
Multi-wall paper bags	102.06
Coated paper bags	104.71
Open-mesh paper bags	100.50
Paper towels	102.04
Gummed-paper tape	103.80
Second-hand articles	0.00

In the event that any taxpayer or person entitled to a refund establishes that a greater or lesser amount of paper, or coated paper, or open-mesh paper fabric was used in the production of multi-wall paper bags, coated paper bags, open-mesh paper bags, paper towels, or gummed-paper tape, respectively, included in the above list, processed wholly or in chief value from paper, or coated paper, or open-mesh paper fabric, on which a tax is imposed or which may be the subject of a claim for refund, than the amount represented by the listed conversion factors, then the amount of the tax, or of the refund, shall be computed at the rate of the processing tax upon the basis of the amount of paper, or coated paper, or open-mesh paper fabric established to have been actually used in the production of the particular article.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, this 1st day of December 1933.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

DECEMBER 5, 1933.

[R-19. P. R.—A. A. A. Series 1, Revision 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Paper Regulations, Series 1, Revision 1.) Definitions with respect to paper.) Issued June 1934]

REVISION OF PAPER REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL DEPARTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, R. G. Tugwell, Acting Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting a revision of Paper Regulations, Series 1, and to the extent of such revision but not otherwise, superseding such said regulations) with the force and effect of law, to be in force and effect as of December 1, 1933, and until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

DEFINITIONS

The following term, as used in Paper Regulations, Series 1, shall have the meaning hereby assigned to it:

Gummed paper tape: Gummed paper tape is paper tape, commonly known as "parcel" (or "package") sealing tape, one surface of which is covered with gum or other adhesive material; made from paper of more than 25 pounds weight basis and not more than 80 pounds weight basis (24 by 36 inches, 480 sheets to the ream before gumming); having a tensile strength of more than 25 pounds pull to the finished width; processed for ultimate distribution in ribbon form, more than one-half inch but less than 2 inches in width, in rolls from 2 inches to 9 inches in diameter, including cores; with perforations or couponing, if any, not less than 12 inches apart. The reduction of any gummed paper or gummed paper tape, by mechanical means or otherwise, at the time of or at any time prior to use, into gummed paper tape, as herein defined, shall be considered a part of the manufacture or fabrication of paper into gummed paper tape.

In witness whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 31st day of May 1934.

[SEAL] R. G. TUGWELL,
Acting Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
President of the United States.

JUNE 4, 1934.

[R-24. P. R.—A. A. A. Series 1, Revision 2. United States Department of Agriculture, Agricultural Adjustment Administration. (Paper Regulations Series 1, Revision 2.) (Definitions and conversion factors with respect to paper.) Issued June 1934]

REVISION OF PAPER REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations, constituting a revision of Paper Regulations Series 1, and superseding said regulations (but not revising or superseding Paper Regulations Series 1, Revision 1) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

The following proclamation is hereby incorporated in these regulations:

"Whereas by subsection (d) of section 15 of the act of Congress approved May 12, 1933, as amended, known as the "Agricultural Adjustment Act", it is provided that the Secretary of Agriculture shall 'ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof. If the Secretary of Agriculture finds, after investigation and due notice and opportunity for hearing to interested parties, that such disadvantages in competition exist or will exist, he shall proclaim such finding. The Secretary shall specify in this proclamation the competing commodity and the compensating rate of tax on the processing thereof necessary to prevent such disadvantages in competition. Thereafter there shall be levied, assessed, and collected upon the first domestic processing of such competing commodity a tax, to be paid by the processor at the rate specified until such rate is altered pursuant to a further finding under this section or the tax or rate thereof on the basic agricultural commodity is altered or terminated. In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity'; and

"Whereas by subsection (c) of section 10 of said act the Secretary of Agriculture is authorized, 'with the approval of the President, to make such regulations with the force and effect of law as may be necessary to carry out the powers vested in him by this title, including regulations establishing conversion factors for any commodity and article processed therefrom to determine the amount of tax imposed or refunds to be made with respect thereto. Any violation of any regulation shall be subject to such penalty, not in excess of $100, as may be provided therein'; and

"Whereas on December 1, 1933, the Secretary of Agriculture of the United States of America, acting under and pursuant to and by virtue of the authority contained in said act, made the following proclamation:

"'I, H. A. Wallace, Secretary of Agriculture of the United States of America, acting under and pursuant to an art of Congress known as the "Agricultural Adjustment Act", approved May 12, 1933, as amended, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, hereby find, and do hereby proclaim, that the payment of the processing tax upon cotton is causing, and will cause, to the processors thereof disadvantages in competition from paper by reason of excessive shifts in consumption between such commodities or products thereof. I do accordingly hereby specify that the compensating rate of tax on the processing of paper necessary to prevent such disadvantages in competition is 2.04 cents per pound weight of paper on the first domestic processing of paper into multi-wall paper bags; 3.36 cents per pound weight of paper on the first domestic processing of coated paper into coated paper bags; 2.14 cents per pound weight of open-mesh paper fabric on the first domestic processing of open-mesh paper fabric into open-mesh paper bags; 0.715 cent per pound weight of paper on the first domestic processing of paper into paper towels; 4.06 cents per pound weight of paper on the first domestic processing of paper into gummed paper tape. Hereafter there shall be levied, assessed, and collected upon the first domestic processing of paper into multi-wall paper bags, coated paper into coated paper bags, open-mesh paper fabric into open-mesh paper bags, paper into paper towels, or paper into gummed paper tape, as aforesaid, a tax, to be paid by the processor thereof, at the rates hereinabove specified, until such rates are altered pursuant to a further finding under section 15 (d) of said act, or the tax or the rate thereof on cotton is altered or terminated'; and

"Whereas on December 1, 1933, the Secretary of Agriculture made Paper Regulations Series 1, which were approved by the President on December 5, 1933; and

"Whereas, acting under section 15 (a) of said act, I have certified to the Secretary of the Treasury that 'large cotton bags, a class of products of cotton, are of such low value compared with the quantity of cotton used in the manufacture thereof that the imposition of the processing tax on cotton used in the manufacture of such products would prevent in large part the use of cotton in the manufacture of such class of products and thereby substantially reduce consumption and increase the surplus of cotton'; and

"Whereas, after investigation and due notice and opportunity for hearing to interested parties, and after due consideration of all the facts, I find that further findings of fact with respect to the disadvantages in competition found and proclaimed in the proclamation of December 1, 1933, and with respect to the competitive situation between cotton and its products on the one hand, and paper and its products, on the other hand, as affected by the payment of the processing tax on cotton, and as affected by the payment of the processing tax on paper, must be made; and

"Whereas, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all the facts, I find that an alteration of the compensating rate of tax on the processing of paper necessary to prevent the disadvantages in competition found and proclaimed on December 1, 1933, must be specified; and

"Whereas I find, after such investigation and after such hearing of interested parties, that the competitive situation between cotton and its products, on the one hand, and paper and its products, on the other hand, is such that, unless there exists a compensatory rate of tax on the first domestic processing in certain forms of paper, the payment of the processing tax on cotton will cause to the processors thereof disadvantages in competition from paper by reason of excessive shifts in consumption from cotton and its products to:

"(a) Paper when processed into paper towels;

"(b) Paper (open-mesh paper fabric) when processed into open-mesh paper bags as hereinafter defined;

"(c) Paper when processed into all paper bags, of a sacking capacity of 4½ pounds and over, and less than 75 pounds (including coated paper bags and multiwall paper bags, but not including open-mesh paper bags), printed, labeled, or otherwise identified as bags designed and in form for use in the packing of grain flours, corn meal, sugar, salt, fertilizers, feeds, or potatoes; and

"Whereas I find, after such investigation and after such hearing of interested parties, that the payment of the processing tax on cotton is causing and will cause to the processors thereof disadvantages in competition from paper by reason of excessive shifts in consumption between cotton and paper when processed into other bags, in addition to coated paper bags, and in addition to multiwall paper bags, printed, labeled, or otherwise identified, as bags designed and in form for use in the packaging of grain flours, corn meal, sugar, salt, fertilizers, feeds, or potatoes; the processing of paper into such other bags not having been within the terms of the proclamation of December 1, 1933, and the present finding being, therefore, effective as of the date of the present proclamation; and

"Whereas the proclamation of December 1, 1933, finds such disadvantages in competition existed and would exist with respect to paper (coated paper) when processed into coated paper bags, and paper when processed into multiwall paper bags (both as defined in Paper Regulations, Series 1); and

"Whereas, with respect to all paper bags not included in the findings of December 1, 1933, but included in the present finding, the present finding is effective only as of the date of this proclamation; and

"Whereas I find, in view of the physical characteristics of paper, as a commodity in competition with cotton, as contrasted with the physical characteristics of cotton, that a compensating rate of tax on the processing of paper necessary to prevent the disadvantages in competition found and proclaimed on December 1, 1933, and found and proclaimed in this proclamation, with respect to the processing of paper into bags (other than open-mesh paper bags) should hereafter be computed and measured by the product of the first domestic processing, rather than by the weight of material entering processing; and

"Whereas I find that, with respect to the processing of paper into all paper bags (other than open-mesh paper bags) the compensat-

ing rate of tax, and the rate of tax necessary to prevent the disadvantages in competition in said proclamation found, and the disadvantages found in the present proclamation, should hereafter be specified as a compensating rate of tax on the processing of paper into paper bags of a sacking capacity of 4½ pounds and over, and less than 75 pounds, printed, labeled, or otherwise identified, as bags designed and in form for use in the packaging of grain flours, corn meal, sugar, salt, fertilizers, feeds, or potatoes:

"Now, therefore, be it known that I, H. A. Wallace, Secretary of Agriculture of the United States of America, acting under and pursuant to, and by virtue of, the authority vested in me by an act of Congress known as the "Agricultural Adjustment Act", approved May 12, 1933, as amended, after due consideration of all the facts, do hereby proclaim all my findings as above set out, which are further findings under section 15 (d) of said act, and do hereby specify that hereafter the compensating rate of tax on the processing of paper necessary to prevent such disadvantages in competition is:

"(a) With respect to the processing of paper into paper towels, 0.346 cent per pound weight of paper on the first domestic processing of paper into paper towels.

"(b) With respect to the processing of paper into all paper bags, including coated paper bags and multiwall paper bags, but not open-mesh paper bags, on the first domestic processing of paper into paper bags, printed, labeled, or otherwise identified as bags designed and in form for use in the packaging of grain flours, corn meal, sugar, salt, fertilizers, feeds, or potatoes, of a sacking capacity of 4½ pounds and over, and less than 75 pounds:

"4.5- to 5.4-pound size bags, inclusive, $1.24 per thousand bags produced;

"5.5- to 7.9-pound size bags, inclusive, $1.47 per thousand bags produced;

"8- to 10.9-pound size bags, inclusive, $2.02 per thousand bags produced;

"11- to 12.9-pound size bags, inclusive, $2.25 per thousand bags produced;

"13- to 16.9-pound size bags, inclusive, $3.11 per thousand bags produced;

"17- to 29.9-pound size bags, inclusive, $3.96 per thousand bags produced;

"30 to 74.9 pounds size bags, inclusive, $7.91 per thousand bags produced.

"(c) With respect to the processing of paper (open-mesh paper fabric) into open-mesh paper bags, no further findings are made, and no alteration is specified of the compensating rate of tax specified in said proclamation of December 1, 1933, except that such bags are hereby defined as follows:

"Open-mesh paper bags are bags made from open-mesh paper fabric, and having a cut area (area of fabric before sewing or folding) of less than 950 square inches per bag; or having a basis weight of less than 369 pounds of paper content per thousand bags; and bags having a basis weight greater than 369 pounds but less than 825 pounds of paper content per thousand bags provided that for each pound decrease in basis weight from 825 pounds per thousand bags the cut area per bag be not more than 1.15 square inches greater than 950 square inches.

"(d) With respect to the processing of paper into gummed paper tape, this proclamation makes no further findings or specifications whatsoever, in view of the terms and nature of the proclamation of the Acting Secretary of Agriculture, dated May 31, 1934.

"(e) Insofar as the compensating rate of tax above specified affects the processing of coated paper into coated paper bags, and paper into multi-wall paper bags weighing more than 200 pounds per thousand, and paper into paper towels, it is a specification, effective as of the date of this proclamation, of the altered rate of tax necessary to prevent the disadvantages in competition found; insofar as such specified rate affects the processing of paper into bags, as to which no findings and no specifications of rate were made in the proclamation of December 1, 1933, it is a specification effective as of date of this proclamation of the compensating rate of tax on the processing of paper necessary to prevent the disadvantages in competition found herein to be caused to processors of cotton by the payment of the processing tax on cotton as a result of excessive shifts in consumption from cotton to paper when processed into such bags.

"In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 12th day of June 1934, 12: 01 a. m.

[SEAL] "H. A. WALLACE,
"*Secretary of Agriculture.*"

I. DEFINITIONS

The following terms as used in these regulations shall have the meanings hereby assigned to them:

First domestic processing: The first domestic processing of paper is—

(a) The manufacture or fabrication of paper into paper towels, or gummed paper tape; or

(b) The manufacture of paper (open-mesh paper fabric) into open-mesh paper bags; or

(c) The manufacture of paper, including coated paper, into bags, of a sacking capacity of 4½ pounds or over, and less than 75 pounds, printed, labelled, or otherwise identified, as bags designed and in form for use in the packaging of grain flours, corn meal, sugar, salt, fertilizers, feeds, or potatoes, and includes the printing labeling, or otherwise identifying of such bags as containers for the named commodities.

Paper: Paper is a compacted web of cellulose fibers, sized or unsized, filled or unfilled, coated or uncoated, gummed or ungummed, in the form of a sheet and made from an aqueous suspension, or in the form of a tube, or in the form of an open-mesh paper fabric.

Weight of paper: Weight of paper includes the fiber, and any filler, sizing, coating, adhesive, gum, or other material, composing the finished sheet, web or fabric, as used in any processing herein defined.

Sacking capacity: Sacking capacity means the normal content bags are designed to hold when packed and closed for distribution.

Open-mesh paper fabric: Open-mesh paper fabric is fabric woven in open-mesh form from spun paper, or twisted paper, or paper yarn, or paper filament.

Open-mesh paper bags: Open-mesh paper bags are bags made from open-mesh paper fabric and having a cut area (area of fabric before sewing or folding) of less than 950 square inches per bag; or having a basis weight of less than 369 pounds of paper content per thousand bags; and bags having a basis weight greater than 369 pounds but less than 825 pounds of paper content per thousand bags, provided that for each pound decrease in basis weight from 825 pounds per thousand bags the cut area per bag be not more than 1.15 square inches greater than 950 square inches.

Paper towel: Paper towel is any paper toweling, but does not include tissues of the type commonly known as "cleansing tissues" or "facial tissues."

Paper bags: Paper bags are all paper bags, including coated paper bags, and multi-wall paper bags (but not including open-mesh paper bags), of a sacking capacity of 4½ pounds and over, and less than 75 pounds, printed, labeled, or otherwise identified as bags designed and in form for use in the packaging of grain flours, corn meal, sugar, salt, fertilizers, feeds, or potatoes.

Gummed paper tape: Gummed paper tape is paper tape, commonly known as "parcel" or "package" sealing tape, one surface of which is covered with gum or other adhesive material; made from paper of more than 25 pounds weight basis and not more than 80 pounds weight basis (24 inches×36 inches—480 sheets to the ream before gumming); having a tensile strength of more than 25 pounds pull to the finished width; processed for ultimate distribution in ribbon form, more than one-half inch but less than 2 inches in width, in rolls from 2 inches to 9 inches in diameter, including cores; with perforations or couponings, if any, not less than 12 inches apart. The reduction of any gummed paper or gummed paper tape, by mechanical means or otherwise, at the time of, or at any time prior to use, into gummed paper tape, as herein defined, shall be considered a part of the manufacture or fabrication of paper into gummed paper tape.

Second-hand articles.—Second-hand articles are paper bags, or open-mesh paper bags, which have been used one or more times for the purpose for which processed.

II. CONVERSION FACTORS

I hereby establish the following conversion factors for articles processed from paper to determine the amount of tax imposed or refunds to be made with respect thereto:

The following table fixes the percentage of the per pound processing tax on paper (including open-mesh paper fabric), determined for the respective processings set forth hereinabove, with respect to each pound of paper towels, gummed paper tape, and open-mesh paper bags, and establishes the conversion factor with respect to each thousand paper bags, and with respect to second-hand articles:

Article	*Conversion factor, percent*
Paper towels	102.04
Gummed paper tape	103.80
Open-mesh paper bags	100.50
Paper bags (per thousand)	100.00
Second-hand articles	0

In the event that any taxpayer or person entitled to a refund establishes that a greater or lesser amount of paper was used in the production of paper towels, gummed paper tape, or open-mesh paper bags, respectively, included in the above list, processed from paper, on which a tax is imposed, or which may be the subject of a claim for refund, than the amount represented by the listed conversion factors, then the amount of the tax, or of the refund, shall be computed at the rate of the processing tax upon the basis of the amount of paper established to have been actually used in the production of the particular article.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, this 12th day of June 1934.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

JUNE 13, 1934.

[R.-S. J. R.—A. A. A. Series 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Jute Regulations, Series 1.) (Definitions and conversion factors with respect to jute and the products thereof in competition with cotton and the products thereof.) Issued December 1933]

JUTE REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act approved May 12, 1933, as

amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

The following proclamation is hereby incorporated in these regulations:

"I, H. A. Wallace, Secretary of Agriculture of the United States of America, acting under and pursuant to an act of Congress, known as the Agricultural Adjustment Act, approved May 12, 1933, as amended, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, hereby find, and do hereby proclaim, that the payment of the processing tax upon cotton is causing, and will cause, to the processors thereof disadvantages in competition from jute fabric and jute yarn, by reason of excessive shifts in consumption between such commodities or products thereof. I do accordingly hereby specify that the compensating rate of tax on the processing of jute fabric necessary to prevent such disadvantages in competition, is 2.9 cents per pound of jute fabric, on the first domestic processing of jute fabric into bags, and that the compensating rate of tax on the processing of jute yarn, necessary to prevent such disadvantages in competition, is 2.9 cents per pound of jute yarn, on the first domestic processing of jute yarn into twine of a length 275 feet per pound, or over, finished weight of twine. Hereafter, there shall be levied, assessed, and collected upon the first domestic processing of jute fabric into bags and jute yarn into twine, as aforesaid, a tax, to be paid by the processor thereof, at the rates hereinabove specified, until such rates are altered, pursuant to a further finding under section 15 (d) of said act, or the tax or rate thereof on cotton is altered or terminated.

"In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 1st day of December 1933, 12:01 a. m.

"[SEAL] H. A. WALLACE,
"Secretary of Agriculture."

I. DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:

First domestic processing:

(a) The first domestic processing of jute fabric is the manufacture of jute fabric into bags.

(b) The first domestic processing of jute yarn is the manufacture or preparation in any form of said yarn into twine, and includes the twisting, or polishing, or sizing, or the putting up of said yarn into balls, cones, tubes, reels, skeins, or other forms of put-ups of twine, or any other preparation for market of said yarn as twine.

Jute fabric: Jute fabric is fabric or cloth, woven or otherwise manufactured, wholly or in chief value from jute or jute yarn.

Jute yarn: Jute yarn is material, spun or otherwise prepared, wholly or in chief value from jute, in form for use in weaving or twisting or other manufacturing.

Bags: Bags are all bags less than 6 feet in length and less than 3 feet in width, made from jute fabric.

Twine: Twine is line, cord, string, or other tying material made from jute yarn, of a length not less than 275 feet per pound, finished weight of twine, and includes polished twine and unpolished twine, and twine made from a single ply or more than one ply of jute yarn.

Polished jute twine: Polished jute twine is jute twine that has been specially treated with sizing or other nonjute material to improve its strength, quality, or appearance.

Unpolished jute twine: Unpolished jute twine is twine other than polished jute twine.

Finished weight of twine: Finished weight of twine means the weight of the jute yarn and any filler, or sizing, or any other nonjute material composing the finished twine.

Second-hand articles: Second-hand articles are jute bags or jute twine which have been used one or more times for the purpose for which processed.

II. CONVERSION FACTORS

I hereby establish the following conversion factors for articles processed wholly or in chief value from jute fabric or jute yarn, as aforesaid, to determine the amount of tax imposed or refunds to be made with respect thereto:

The following tables fixes the percentage of the per pound processing tax on jute fabric or jute yarn, determined for the respective processings set forth hereinabove, with respect to each pound of the following articles:

	Conversion factor, finished weight of articles, percent
Bags	100.5
Twine:	
Unpolished	100.1
Polished	91.0
Second-hand articles	0

In the event that any taxpayer or person entitled to a refund establishes that a greater or lesser amount of jute fabric or jute yarn was used in the production of jute bags or jute twine, respectively, included in the above list, processed wholly or in chief value from jute fabric or jute yarn, on which a tax is imposed or which may be the subject of a claim for refund, than the amount represented by the listed conversion factors, then the amount of the tax, or of the refund, shall be computed at the rate of the processing tax upon the basis of the amount of jute fabric or jute yarn established to have been actually used in the production of the particular article.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, this 1st day of December 1933.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

DECEMBER 5, 1933.

[R–23. J. R.—A. A. A. Series 1, Revision 1. United States Department of Agriculture, Agricultural Adjustment Administration. (Jute Regulations, Series 1, Revision 1.) (Definitions with respect to jute fabric, a commodity in competition with cotton.) Issued June 1934]

JUTE REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE, WITH THE APPROVAL OF THE PRESIDENT, UNDER THE AGRICULTURAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of these regulations (constituting in part a revision of Jute Regulations, Series 1, and to the extent of such revision, but not otherwise, superseding said regulations), with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

DEFINITION

The following term as used in these regulations shall have the meaning hereby assigned to it:

Bags: Bags are small jute bags having a cut area (area of fabric before sewing or folding) of less than 950 square inches per bag, or jute bags having a basis weight of less than 393 pounds of jute content per thousand bags, or jute bags having a basis weight greater than 393 pounds but less than 879 pounds of jute content per thousand bags, provided that for each pound decrease in basis weight from 879 pounds per thousand bags the cut area per bag be not more than 1.08 square inches greater than 950 square inches. The reduction of large jute bags into small jute bags, as hereinabove defined, by cutting or dividing, shall be considered a part of the processing of jute fabric into small bags.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 12th day of June 1934 at 12:01 a. m.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

JUNE 13, 1934.

BY THE SECRETARY OF AGRICULTURE OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas by subsection (d) of section 15 of the act of Congress approved May 12, 1933, as amended, known as the "Agricultural Adjustment Act", it is provided that the Secretary of Agriculture shall "ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing, or will cause, to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof. If the Secretary of Agriculture finds, after investigation and due notice and opportunity for hearing to interested parties, that such disadvantages in competition exist, or will exist, he shall proclaim such finding. The Secretary shall specify in this proclamation the competing commodity and the compensating rate of tax on the processing thereof necessary to prevent such disadvantages in competition. Thereafter there shall be levied, assessed, and collected upon the first domestic processing of such competing commodity a tax, to be paid by the processor, at the rate specified, until such rate is altered pursuant to a further finding under this section, or the tax or rate thereof on the basic agricultural commodity is altered or terminated. In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity"; and

Whereas on December 1, 1933, the Secretary of Agriculture of the United States of America, acting under and pursuant to, and by virtue of, the authority contained in said act, made the following proclamation:

"I, H. A. Wallace, Secretary of Agriculture of the United States of America, acting under and pursuant to an act of Congress, known as the Agricultural Adjustment Act", approved May 12, 1933, as amended, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, hereby find, and do hereby proclaim, that the payment of the processing tax upon cotton is causing, and will cause, to the processors thereof disadvantages in competition from jute fabric and jute yarn, by reason of exces-

sive shifts in consumption between such commodities or products thereof. I do accordingly hereby specify that the compensating rate of tax on the processing of jute fabric necessary to prevent such disadvantages in competition, is 2.9 cents per pound of jute fabric, on the first domestic processing of jute fabric into bags, and that the compensating rate of tax on the processing of jute yarn necessary to prevent such disadvantages in competition is 2.9 cents per pound of jute yarn on the first domestic processing of jute yarn into twine of a length 275 feet per pound or over, finished weight of twine. Hereafter there shall be levied, assessed, and collected upon the first domestic processing of jute fabric into bags and jute yarn into twine, as aforesaid, a tax to be paid by the processor thereof, at the rates hereinabove specified, until such rates are altered, pursuant to a further finding under section 15 (d) of said act, or the tax or rate thereof on cotton is altered or terminated."

Whereas I have certified to the Secretary of the Treasury that "large cotton bags, a class of products of cotton, are of such low value compared with the quantity of cotton used in the manufacture thereof that the imposition of the processing tax on cotton used in the manufacture of such products would prevent in large part the use of cotton in the manufacture of such class of products and thereby substantially reduce consumption and increase the surplus of cotton"; and

Whereas section 15 (a) of the Agricultural Adjustment Act provides that following such certification the "Secretary of the Treasury shall abate or refund any processing tax assessed or paid after the date of such certification with respect to such amount of the commodity (cotton) as is used in the manufacture of such products."

Now, therefore, be it known that I, H. A. Wallace, Secretary of Agriculture of the United States of America, acting under and pursuant to, and by virtue of the authority vested in me by an act of Congress known as the "Agricultural Adjustment Act", approved May 12, 1933, as amended, on due consideration of all the facts, do hereby find, specify, and proclaim that hereafter the compensating rate of tax on the processing of jute fabric necessary to prevent the disadvantages in competition set out in proclamation of December 1, 1933, is 2.1 cents per pound of jute fabric on the first domestic processing of jute fabric into small jute bags, which such bags are hereby defined as follows:

Small jute bags are jute bags having a cut area (area of fabric before sewing or folding) of less than 950 square inches per bag; or jute bags having a basis weight of less than 393 pounds of jute content per thousand bags; or jute bags having a basis weight greater than 393 pounds but less than 879 pounds of jute content per thousand bags, provided that for each pound decrease in basis weight from 879 pounds per thousand bags the cut area per bag be not more than 1.08 square inches greater than 950 square inches.

Other than as hereinabove set out, this proclamation does not alter or change in any way the findings and specifications contained in the proclamation of December 1, 1933.

In witness whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 12th day of June 1934, at 12:01 a. m.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

[S. R. Series 1, No. 1.—U. S. Department of Agriculture, Agricultural Adjustment Administration, Washington, D. C. (Sugar Regulations, Series 1, No. 1.) (Rate of processing tax, definitions, conversion factors, and exemptions with respect to sugar beets and sugarcane.) Issued February 1935]

SUGAR REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTUAL ADJUSTMENT ACT

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I, H. A. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give notice of these regulations (being a reprint, revision and supplementation of Sugar Regulations, Series 1, and Sugar Regulations, Series 1, Revision 1, and to the extent of such revision and supplementation, but not otherwise, superseding said regulations) with the force and effect of law, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.[1]

I find (1) that the difference between the current average farm price and the fair exchange value of a ton of sugar beets divided by the average extraction of sugar therefrom, in terms of pounds of raw value, gives a quotient of 0.4077 cent per pound of sugar raw value, and (2) that the difference between the current average farm price and the fair exchange value of a ton of sugarcane divided by the average extraction of sugar therefrom, in terms of pounds of raw value, gives a quotient of 0.7939 cent per pound of sugar raw value (which current average farm prices, fair exchange values, and average extractions of sugar, for both sugar beets and sugarcane, have been ascertained and determined by me from available statistics of the Department of Agriculture). I further find that, if the amount of 0.7939 cent (the higher of the two quotients resulting as hereinabove determined) be applied as the rate of tax to the direct-consumption sugar resulting from the first domestic processing of sugar beets or sugarcane, translated into terms of pounds of raw value, such rate will exceed the amount of 0.5 cent, by which amount the President, by proclamation issued May 9, 1934, reduced the rate of duty on a pound of sugar raw value, in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930, as adjusted to the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, and/or the provisions of the act of December 17, 1903, chapter I. I do accordingly determine as of June 8, 1934, that the processing tax, upon the direct-consumption sugar resulting from the first domestic processing of sugar beets and sugarcane, shall be at the rate of 0.5 cent per pound of sugar raw value, which rate of tax equals, but does not exceed, the amount of the reduction by the President on a pound of sugar raw value, of the rate of duty in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930, as adjusted to the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, and/or the provisions of the act of December 17, 1903, chapter I.

I do hereby find as of June 8, 1934, after investigation and due notice and opportunity for hearing to interested parties and due consideration having been given to all of the facts, that the processing tax upon the direct-consumption sugar resulting from the first domestic processing of sugar beets and sugarcane, at the rate of 0.5 cent per pound of sugar raw value (which rate, except as limited by the amount of the reduction by the President on a pound of sugar raw value of the rate of duty in effect on Jan. 1, 1934, under par. 501 of the Tariff Act of 1930, as adjusted to the treaty of commercial reciprocity concluded by the United States and the Republic of Cuba on December 11, 1902, and/or the provisions of the act of December 17, 1903, ch. I, equals the higher of the two following quotients: The difference between the current average farm price and the fair exchange value (1) of a ton of sugar beets and (2) of a ton of sugarcane, divided in the case of each commodity by the average extraction therefrom of sugar in terms of pounds of raw value), if applied as the rate of tax upon sirup of cane juice and edible molasses resulting from the first domestic processing of sugarcane will cause such reduction in the quantity of such sirup of cane juice and edible molasses domestically consumed as to result in the accumulation of surplus stocks of sugarcane, sirup of cane juice, and edible molasses or in the depression of the farm price of sugarcane. I do accordingly determine as of June 8, 1934, that the rate of the processing tax upon sirup of cane juice and edible molasses, resulting from the first domestic processing of sugarcane, shall be 0.125 cent per pound of the total sugar content thereof translated into terms of pounds of raw value, which rate, as of the effective date thereof, will prevent such accumulation of surplus stocks of sugarcane, sirup of cane juice, and edible molasses, or in the depression of the farm price of sugarcane.[2]

DEFINITIONS

The following terms, as used in these regulations, shall have the meanings hereby assigned to them:

First domestic processing: The term "first domestic processing" means each domestic processing, including each processing of successive domestic processings, of sugar beets, sugarcane, or raw sugar, which directly results in direct-consumption sugar.

Sugar: The term "sugar" means sugar in any form whatsoever, derived from sugar beets or sugarcane, whether raw sugar or direct-consumption sugar, including also edible molasses, sirups, and any mixture containing sugar (except blackstrap molasses and beet molasses).

Blackstrap molasses: The term "blackstrap molasses" means the commercially so-designated by-product of the cane-sugar industry, not used for human consumption or for the extraction of sugar.

Beet molasses: The term "beet molasses" means the commercially so-designated by-product of the beet-sugar industry, not used for human consumption or for the extraction of sugar.

Raw sugar: The term "raw sugar" means any sugar, as defined above, manufactured or marketed in, or brought into, the United States, in any form whatsoever, for the purpose of being, or which shall be, further refined (or improved in quality, or further prepared for distribution or use).

Direct-consumption sugar: The term "direct-consumption sugar" means any sugar, as defined above, manufactured or marketed in, or brought into, the United States in any form whatsoever, for any purpose other than to be further refined (or improved in quality, or further prepared for distribution or use).

Beet sugar: The term "beet sugar" means all direct-consumption sugar resulting from the processing of sugar beets.

Sugar sirup: The term "sugar sirup" means any product made by dissolving to the consistency of a sirup any sucrose sugar which has been at any time wholly or partially crystallized (*including also, but not limited to, any intermediate or final molasses* [*often called*

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[1] The within regulations (Sugar Regulations, Series 1, No. 1) partially revise and supplement Sugar Regulations, Series 1, and Sugar Regulations, Series 1, Revision 1, both effective on June 8, 1934. All portions which are herewith issued for the first time are written in italics. For convenience, there is also reprinted herein all portions of Sugar Regulations, Series 1, and Sugar Regulations, Series 1, Revision 1, which have not been superseded. All portions which are not italicized herein are taken from Sugar Regulations, Series 1, unless otherwise noted in the footnotes. The footnotes also show all portions of the prior sugar regulations which are superseded hereby.

[2] This paragraph is taken from Sugar Regulations, Series 1, Revision 1.

refiners' sirup] obtained in the process of refining raw sugar which contains more than 90 percent [90%] of the total solids therein in the form of total sugars, when used for human consumption).[3]

Cane sirup and sirup of cane juice: The terms "cane sirup" and "sirup of cane juice" mean sirup made by the evaporation of the juice of the sugarcane or by the solution of sugarcane concrete.

Granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or any other molded shape and confectioners' sugar: The terms "granulated sugar", "lump sugar", "cube sugar", "powdered sugar", "sugar in the form of blocks, cones, or any other molded shape", and "confectioners' sugar" mean the commercially so-described or so-designated different forms of sugar, testing by the polariscope 99.8 sugar degrees or above.

Washed sugar, clarified sugar, plantation white sugar, turbinado, and centrifugal sugar: The terms "washed sugar", "clarified sugar", "plantation white sugar", "turbinado", *and* "centrifugal sugar", mean the commercially so-designated or so-described different products produced from sugarcane.[4]

Refiners' soft sugar: The term "refiners' soft sugar" (sometimes called "brown sugar") means the commercially so-designated or so-described product produced in the process of refining raw sugar.

Sugar mixtures: The term "sugar mixtures" means the commercially so-designated or so-described mixtures containing sugar.

Edible molasses: *The term "edible molasses" means the commercially so-designated or so-described byproduct of the sugarcane industry, when used for human consumption (including, when used for human consumption, first molasses, second molasses, any intermediate or final molasses [often called refiners' sirup] obtained in the process of refining raw sugar which does not contain more than 90 percent [90%] of the total solids therein in the form of total sugars, and other molasses not included within the terms of any other definition in these regulations).*[5]

Raw value: The term "raw value" means a standard unit of sugar testing 96 sugar degrees by the polariscope. All taxes shall be imposed and all quotas shall be established in terms of "raw value" and for the purposes of quota and tax measurements all sugar shall be translated into terms of "raw value" according to regulations to be issued by the Secretary, except that in the case of direct-consumption sugar produced in continental United States from sugar beets, the raw value of such sugar shall be one and seven one-hundredths times the weight thereof.

Invert sugar, invert sirup, or invert mush: The terms "invert sugar", "invert sirup", or "invert mush" mean any product resulting from the complete or partial inversion, whether in one or more stages, of any sucrose sugar which has been at any time wholly or partially crystallized.

Total sugar content: The term "total sugar content" (or "total sugars") means the sum of the sucrose (Clerget) and the reducing sugars contained in any grade or type of sugar as defined in the act.

Refiners' blackstrap: *The term "refiners' blackstrap" means the final molasses obtained in the process of refining raw sugar when not used for human consumption.*[6]

Converter: The term "converter" means any person who converts into any article, or use in the manufacture of any article, any product or byproduct of sugar beets or sugarcane.

Muscovado sugar: *The term "muscovado sugar" means the dark, moist, sticky, impure sugar product obtained by the process of boiling the first cane sirup to a crystal in open kettles and then running the crystallized mass into kegs, hogsheads, molds, or other containers, the bottoms of which are filled with small holes which, when opened, allow the molasses to drain off.*[7]

FORMULAS FOR TRANSLATING SUGAR INTO TERMS OF "RAW VALUE"

Section 9 (d) (6) (G) of the Agricultural Adjustment Act, as amended, provides as follows:

"The term 'raw value' means a standard unit of sugar testing 96 sugar degrees by the polariscope. All taxes shall be imposed and all quotas shall be established in terms of 'raw value' and for purposes of quota and tax measurements all sugar shall be translated into terms of 'raw value' according to regulations to be issued by the Secretary, except that in the case of direct-consumption sugar produced in continental United States from sugar beets the raw value of such sugar shall be one and seven one-hundredths times the weight thereof."

I find that, in order to obtain 100 pounds of refined cane sugar, testing by the polariscope 99.8 sugar degrees and above, it is necessary to use 107 pounds of sugar raw value, i. e., sugar testing by the polariscope 96 sugar degrees, and that the raw value of 1 pound of refined sugar testing by the polariscope 99.8 sugar degrees or above is, therefore, 1.07 pounds. I also find that, *since there is 1 pound of sugar raw value per pound of sugar testing by the polariscope 96 sugar degrees,* the pounds of sugar raw value to be added to *1 pound* for each degree (and fractions of a degree in proportion) of polarization, from 96 degrees to 100 degrees, is to be determined by the formula $\frac{1.07-1.00}{100-96}$ and is 0.0175 pound, *and that, similarly, the pounds of sugar raw value to be subtracted from 1 pound for each degree (and fractions of a degree in proportion) of polarization from 96 degrees to 92 degrees is to be determined by the same formula and is 0.0175 pound.*[8]

I find that the most accurate method for translating any quantity of sugar testing by the polariscope less than *92* degrees into terms of raw value is to find what weight of sugar raw value will have the same weight of total sugar content as such quantity of sugar. I further find that the total sugar content per pound of 96-degree sugar (i. e., raw value sugar) is 0.972 pound. I, therefore, find that the raw value of any sugar testing less than *92* degrees by the polariscope is to be determined by dividing the number of pounds of the total sugar content thereof by 0.972 pound.[9]

I do hereby prescribe that, in determining the total sugar content of any sugar, the amount of the sucrose (Clerget) and of the reducing or invert sugars contained therein shall be ascertained in the manner prescribed in paragraphs 758, 759, 762, and 763 of the United States Customs Regulations (1931 edition) or in the manner prescribed on pages 367 to 383, inclusive, of Official and Tentative Methods of the Association of Official Agricultural Chemists (1930 edition).

CONVERSION FACTORS

The following table fixes the amount of sugar, in terms of pounds of sugar raw value, with respect to 1 pound, net weight, *or 1 gallon* of the following listed articles:[10]

	Pounds of sugar raw value per pound of article
A.[11] Beet sugar; other direct-consumption sugar, including granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or any other molded shape, and confectioners' sugar, testing by the polariscope 99.8 sugar degrees or above	1.07
B.[12] *Direct-consumption sugar, including washed sugar, centrifugal sugar, clarified sugar, turbinado, plantation white sugar, muscovado sugar, refiners' soft sugar, sugar mixtures, sirups, and molasses (except sirup of cane juice, edible molasses, and refiners' blackstrap), testing by the polariscope:*	
99° (plus proportionate part of 0.0175 pound for any additional fraction of a degree above 99° but less than 99.8°)	*1.0525*
98° (plus proportionate part of 0.0175 pound for any additional fraction of a degree above 98° but less than 99°)	*1.0350*
97° (plus proportionate part of 0.0175 pound for any additional fraction of a degree above 97° but less than 98°)	*1.0175*
96° (plus proportionate part of 0.0175 pound for any additional fraction of a degree above 96° but less than 97°)	*1.0000*

[3] The words "(including also, but not limited to, any intermediate or final molasses [often called refiners' sirup] obtained in the process of refining raw sugar which contains more than 90 percent [90%] of the total solids therein in the form of total sugars, when used for human consumption)" (in italics) have been added herein to the definition of sugar sirup contained in Sugar Regulations, Series 1.

[4] This definition is taken from Sugar Regulations, Series 1, except that the word "and" (in italics) has been added, and the words "and 'muscovado sugar'," have been eliminated herein. The heading of this definition has been changed to conform to these alterations.

[5] This definition of "edible molasses" replaces and supersedes the definition of "edible molasses" contained in Sugar Regulations, series 1, which reads as follows: "Edible molasses: The term 'edible molasses' means the commercially so-designated or so-described by-product of the sugarcane industry, used for human consumption (including first molasses, second molasses, and other molasses, when used for human consumption)."

[6] This definition of "refiners' blackstrap" replaces and supersedes the definition of "refiners' sirup" contained in Sugar Regulations, Series 1.

[7] This definition of "muscovado sugar" is new herein.

[8] This paragraph is taken from Sugar Regulations, Series 1, except that the words "since there is 1 pound of sugar raw value per pound of sugar testing by the polariscope 96 sugar degrees" (in italics), the words "to 1. pound" (in italics), and the words "and that, similarly, the pounds of sugar raw value to be subtracted from 1 pound for each degree (and fractions of a degree in proportion) of polarization from 96 degrees to 92 degrees is to be determined by the same formula and is 0.0175 pound" (in italics) have been added herein.

[9] This paragraph is taken from Sugar Regulations, Series 1, except that the figures "92" (in italics) have been substituted herein for the figures "96" appearing in S. R., Series 1.

[10] This paragraph is taken from Sugar Regulations, Series 1, except that the words "or 1 gallon" (in italics) have been added herein.

[11] The portion of the table after the designation "A" is taken from Sugar Regulations, Series 1.

[12] The portion of the table after the designation "B" replaces and supersedes the following portion of the table of conversion factors contained in Sugar Regulations, Series 1:

"Direct-consumption sugar, including washed sugar, centrifugal sugar, clarified sugar, turbinado, plantation white sugar, and muscovado sugar, tested by the polariscope:

Not less than 99°, but less than 99.8°	1.0525
Not less than 98°, but less than 99°	1.0350
Not less than 97°, but less than 98°	1.0175
Not less than 96°, but less than 97°	1.0000"

	Pounds of sugar raw value per pound of article
95° (plus proportionate part of 0.0175 pound for any additional fraction of a degree above 95° but less than 96°)	.9825
94° (plus proportionate part of 0.0175 pound for any additional fraction of a degree above 94° but less than 95°)	.9650
93° (plus proportionate part of 0.0175 pound for any additional fraction of a degree above 93° but less than 94°)	.9475
92° (plus proportionate part of 0.0175 pound for any additional fraction of a degree above 92° but less than 93°)	.9300
C.[12] Direct-consumption sugar, including washed sugar, centrifugal sugar, clarified sugar, turbinado, plantation white sugar, muscovado sugar, refiners' soft sugar, sugar mixtures, sirup and molasses (except sirup of cane juice, edible molasses, and refiners' blackstrap), testing by the polariscope less than 92 degrees: the poundage of the total sugar content of each pound of the article divided by 0.972, equals the poundage of sugar raw value per pound of the article.	
D.[13] Sirup of cane juice	7.5600
E.[14] Edible molasses	7.3600
F.[14] Refiners' blackstrap	0

G.[15] *In the event that the Commissioner of Internal Revenue, or any taxpayer, or any person entitled to refund, shall establish that any product or by-product, wholly derived from the processing of sugar beets or sugarcane, does not come within any of the above classifications and has had no conversion factor established for it, or does come within any of the above classifications but contains more or less total sugar expressed in terms of raw value than is represented by the listed conversion factor, then the amount of tax or refund with respect to such product or by-product shall be computed at the rate of the processing tax on the basis of the amount of the total sugar content, expressed in terms of raw value, established to be actually contained therein.*

H.[15] *The amount of tax or refund with respect to any article partly derived from the processing of sugar beets, sugarcane and/or any product or by-product thereof, shall be computed at the rate of the processing tax on the basis of the amount of sugar, expressed in terms of raw value, established to have been used in the processing of the said article.*

EXEMPTIONS

In my judgment, the imposition of the processing tax applied to the sirup of cane juice (sometimes called "molasses") resulting from the first domestic processing of sugarcane, by or for the producer thereof, who, together with his family, employees, or household, finally prepares for distribution or use and sells directly to, or exchanges directly with, consumers, or who sells to, or exchanges with, any person for sale to, or exchange with, or who shall sell to, or exchange with, consumers, without further improving in quality or further preparing for distribution or use, not more than 200 gallons, in the aggregate, of sirup of cane juice, produced during any crop year, is unnecessary to effectuate the declared policy of the act. Accordingly, I do hereby exempt from the processing tax sirup of cane juice, resulting from the first domestic processing of sugarcane by or for the producer thereof who, together with his family, employees, or household, finally prepares for distribution or use and sells directly to, or exchanges directly with, consumers, or sells to, or exchanges with, any person for sale to, or exchange with, or who shall sell to, or exchange with, consumers, without further improving in quality or further preparing for distribution or use, not more than 200 gallons, in the aggregate, of sirup of cane juice, produced during any crop year: *Provided, however,* That if the producer processes or has processed for him sugarcane produced by him, and together with his family, employees, or household, finally prepares for distribution or use and sells directly to, or exchanges with, any person for sale to, or exchange with, or who shall sell to, or exchange with, consumers, without further improving in quality, or further preparing for distribution or use, in excess of 200 gallons, but not in excess of 500 gallons, in the aggregate, of sirup of cane juice, produced during any crop year, such processing shall be exempt to the extent of 200 gallons, but shall be subject to the processing tax on the amount in excess of 200 gallons, sold directly to, or exchanged directly with, consumers, or sold to, or exchanged with, any person for sale to, or exchange with, or sold to, or exchanged with, consumers: *Provided further,* That if the producer processes or has processed for him sugarcane produced by him, and together with his family, employees, or household, finally prepares for distribution or use and sells directly to, or exchanges directly with, consumers, or sells to, or exchanges with, any person for sale to, or exchange with, and who shall sell to, or exchange with, consumers, without further improving in quality or further preparing for distribution or use, more than 500 gallons, in the aggregate, of sirup of cane juice, produced during any crop year, such processing shall not be subject to the foregoing exemption. For the purpose of this exemption the crop year shall be considered to commence with the harvesting of the sugarcane.[16]

In my judgment, the payment of the processing tax upon the processing of sugarcane by or for the producer thereof for sale by him, where such processing directly results in muscovado sugar and where such muscovado sugar is sold by the said producer as direct-consumption sugar, is unnecessary to effectuate the declared policy of the act. Accordingly, I do hereby exempt from the payment of the processing tax the processing of sugarcane by or for the producer thereof for sale by him, where such processing directly results in muscovado sugar and where such muscovado sugar is sold by the said producer as direct-consumption sugar.[17]

The provisions of these regulations shall take effect as of March 1, 1935.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 18th day of February 1935.

[SEAL] H. A. WALLACE,
Secretary of Agriculture.

Approved:

FRANKLIN D. ROOSEVELT,
The President of the United States.

FEBRUARY 19, 1935.

[S. R., Series 1, No. 2, Revised. United States Department of Agriculture, Agricultural Adjustment Administration. (Sugar Regulations, Series 1, No. 2, Revised.) (Exemption under section 15 (b) with respect to the processing of sugar cane into sirup or molasses under any sugar production adjustment contract for use for animal feed or distillation purposes.) Issued —— 1935]

SUGAR REGULATIONS MADE BY THE SECRETARY OF AGRICULTURE WITH THE APPROVAL OF THE PRESIDENT UNDER THE AGRICULTURAL ADJUSTMENT ACT, AS AMENDED

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Agricultural Adjustment Act, approved May 12, 1933, as amended, I ——————————, Secretary of Agriculture, do make, prescribe, publish, and give notice of these regulations (being a revision and supplementation of Sugar Regulations, Series 1, No. 1, and to the extent of such revision and supplementation, but not otherwise superseding said regulation and being a revision of, and superseding, Sugar Regulations, Series 1, No. 2) with the force and effect of law, to be in force and effect until amended, or superseded by regulations hereafter made by the Secretary of Agriculture, with the approval of the President, under said act.

EXEMPTION

In my judgment, the payment of the processing tax upon the processing of sugarcane by or for the producer thereof for sale by him, where such processing has been prescribed, directed, or permitted by the Secretary of Agriculture under the provisions of any sugarcane production adjustment contract and where such processing results in sirup or molasses for use, and which shall be used, for animal feed or for distillation purposes, is unnecessary to effectuate the declared policy of the act. Accordingly, I do hereby exempt from the payment of the processing tax the processing of sugarcane by or for the producer thereof for sale

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[12] The portion of the table after the designation "C" replaces and supersedes the following portion of the table of conversion factors contained in Sugar Regulations, Series 1:

"Direct-consumption sugar, including washed sugar, centrifugal sugar, clarified sugar, turbinado, plantation white sugar, and muscovado sugar, testing by the polariscope less than 96 degrees, and refiners' soft sugar, sugar mixtures, sirups, and edible molasses, having a total sugar content as follows:" followed by a table which gives the equivalent number of pounds of sugar raw value for each one-hundredth of a pound of total sugar content, from 0.97 pound down to 0.01 pound.

[13] The portions of the table after the designations "D", "E", and "F" are new herein.

[14] The paragraphs designated "G" and "H" replace and supersede the following paragraph contained in Sugar Regulations, Series 1:

"In the event that the Commissioner of Internal Revenue, or any taxpayer, or any person entitled to refund shall establish (1) that any product, by-product, or article, derived wholly or partly from the processing of sugar beets, sugarcane, and/or any product or by-product thereof, does not come within any of the above classifications and has had no conversion factor established for it, or (2) that any product, by-product, or article, derived wholly or partly from the processing of sugar beets, sugarcane, and/or any product or by-product thereof, which comes within any of the above classifications contains more or less total sugar expressed in terms of raw value than is represented by the listed conversion factor, then, in either event, the amount of the tax or refund with respect to such product, by-product, or article shall be computed at the rate of the processing tax, on the basis of the amount of total sugar content expressed in terms of raw value established to be actually contained therein."

[16] This paragraph is taken from Sugar Regulations, Series 1, except for the omission herein of the sentence at the end of the paragraph, which reads as follows:

"For the purpose of determining any tax due on sirup of cane juice produced by or for a producer and sold by him, a gallon of sirup of cane juice shall be deemed to weigh 11½ pounds and to contain 65 percent of total sugars, unless the person subject to tax establishes to the satisfaction of the Commissioner of Internal Revenue that the said sirup of cane juice has a different weight and/or contains a different percentage of total sugar."

[17] This paragraph is new herein.

by him, where such processing has been prescribed, directed, or permitted by the Secretary of Agriculture under the provisions of any sugarcane production adjustment contract and where such processing results in sirup or molasses for use, and which shall be used, for animal feed or for distillation purposes.

The foregoing exemption shall take effect as of March 4, 1935, the effective date of Puerto Rico Administrative Ruling No. 1 relating to the Pureto Rico sugarcane production adjustment contract.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 17th day of June 1935.

———,
Secretary of Agriculture.

Approved:

———,
The President of the United States.

JUNE 18, 1935.

SUPPRESSION OF PROSTITUTION IN THE DISTRICT

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 405) for the suppression of prostitution in the District of Columbia.

Mr. KING. I move that the Senate disagree to the amendments of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. KING, Mr. COPELAND, and Mr. CAPPER conferees on the part of the Senate.

PREVENTION OF SMOKE NUISANCE IN THE DISTRICT

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2034) to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes.

Mr. KING. I move that the Senate disagree to the amendments of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. KING, Mr. COPELAND, and Mr. CAPPER, conferees on the part of the Senate.

THE BANKING SYSTEM

Mr. BULKLEY. I move that the Senate proceed to the consideration of House bill 7617, the so-called "banking bill."

The VICE PRESIDENT. The question is on the motion of the Senator from Ohio.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, which had been reported from the Committee on Banking and Currency, with an amendment.

SECOND DEFICIENCY APPROPRIATIONS

Mr. ADAMS. I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 8554, being the second deficiency appropriation bill.

The VICE PRESIDENT. Is there objection?

Mr. BULKLEY. I have no objection.

There being no objection, the Senate proceeded to consider the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. ADAMS. I ask unanimous consent that the formal reading of the bill be dispensed with, and that it be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Is there objection to the request of the Senator from Colorado? The Chair hears none. The clerk will state the first committee amendment.

Mr. McNARY. Mr. President, is not the Senator from Colorado willing now to lay aside the bill until tomorrow at 12 o'clock?

Mr. ADAMS. I should greatly prefer to go on this afternoon. The bill has been delayed, and several departments are waiting for funds. I hope the Senate may proceed with the bill this afternoon.

Mr. McNARY. Mr. President, I thought it was generally understood that after a final vote on the bill amending the Agricultural Adjustment Act a motion would be made to take up the banking bill, which is now the unfinished business, and then that a recess would be taken until 12 o'clock noon tomorrow. We have been in session since 10 o'clock this morning, and we were in session yesterday from 10 o'clock in the morning until 5 in the evening. I think we are entitled to a surcease.

Mr. ADAMS. It is only 3:30 o'clock in the afternoon. This bill is of great importance. It has been held over pending the long consideration of the bill just passed. I do not think there are any items in the appropriation bill which will require extended consideration.

Mr. HAYDEN. Mr. President, I desire to make a suggestion to the Senator from Oregon. The committee amendments might well be considered today and, if there are any to which there is any objection, they might go over until tomorrow; but, so far as I know, there are only one or two controverted matters among the amendments. It seems to me that by disposing of the routine amendments we should make progress on the bill.

Mr. McNARY. Mr. President, I have this feeling, and I have it very intensely:

It was not expected that the appropriation bill would come up this afternoon. I am very sure Members have left the Senate Chamber who probably would like to be here during the consideration of the bill. Personally, I have no objection to the consideration of the committee amendments at this time, if the Senator will not go any further with the consideration of the bill.

Mr. ADAMS. If we can take up the committee amendments, I think the other amendments might go over.

The VICE PRESIDENT. The clerk will read the bill for committee amendments.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the heading "Title I—General appropriations—Legislative", on page 2, after line 2, to insert:

SENATE

To pay to Olivia M. Cutting, mother of Hon. Bronson M. Cutting, late a Senator from the State of New Mexico, $10,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 6, to insert:

The unobligated balance of the appropriation for expenses of inquiries and investigations ordered by the Senate, contingent fund of the Senate, for the fiscal year 1935, is reappropriated and made available for the fiscal year 1936.

The amendment was agreed to.

The next amendment was, on page 2, after line 10, to insert:

For the purchase of furniture, fiscal year 1936, $2,089.18.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Architect of the Capitol", on page 3, after line 15, to insert:

Capitol, Senate and House Office Buildings: For providing and installing complete air-conditioning systems, Capitol, Senate and House Office Buildings, including all necessary structural alterations required for such installations, $2,550,000, to remain available until June 30, 1937, and to be expended by the Architect of the Capitol, and the Architect of the Capitol is hereby authorized to enter into contracts in the open market, to make expenditures for material, supplies, equipment, accessories, advertising, travel expenses and subsistence therefor, and, without regard to section 35 of the Public Buildings Act, approved June 25, 1910, as amended, or the Classification Act of 1923, as amended, to employ all necessary personnel, including professional, architectural, engineering, and other assistants: *Provided*, That said air-conditioning systems shall be procured and installed after competitive bidding on the whole project in accordance with the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5).

The amendment was agreed to.

The next amendment was, on page 4, after line 9, to insert:

Senate Office Building: For letter-filing cabinets, $5,000; wire-mesh partitions, $5,040; and two cut-off partitions with fire doors, $1,500; in all, fiscal year 1936, $11,540.

Mr. ADAMS. Mr. President, I desire to submit a correction in the committee amendment. On page 4, line 11, after the figures "$5,000" and the semicolon, I move to insert the words "for fireproofing attic and."

The VICE PRESIDENT. Without objection, the amendment to the amendment will be agreed to. The question is on agreeing to the amendment, as amended.

The amendment, as amended, was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 5, after line 13, to insert:

LIBRARY OF CONGRESS

Books for adult blind: For an additional sum required to enable the Librarian of Congress to carry out the provisions of the act entitled "An act to provide books for the adult blind", approved March 3, 1931, as amended (U. S. C., Supp. VII, title 2, sec. 135a), fiscal year 1936, $75,000.

The amendment was agreed to.

The next amendment was, under the heading "Independent Offices—Executive", on page 6, line 14, after the numerals "1924" to insert "$66,500, of which $40,000 shall be available for the fiscal year 1936,"; so as to read:

Protection of interests of the United States in matters affecting oil lands in former naval reserves: For an additional amount for compensation and expenses of special counsel and for all other expense, including employment of experts and other assistants at such rates as may be authorized or approved by the President, in connection with carrying into effect the "Joint resolution directing the Secretary of the Interior to institute proceedings touching sections 16 and 36, township 30 south, range 23 east, Mount Diablo meridian", approved February 21, 1924, $66,500, of which $40,000 shall be available for the fiscal year 1936, and $26,500, to be available for services rendered during the fiscal year 1934 and prior fiscal years, and to be expended by the President.

The amendment was agreed to.

The next amendment was, on page 7, after line 16, to insert:

FEDERAL TRADE COMMISSION

Salaries and expenses: For an additional amount for the Federal Trade Commission, including the same objects specified under this head in the Independent Offices Appropriation Act, 1936, including $2,000 for printing and binding, $100,000, to remain available until December 31, 1936.

Mr. DUFFY. Mr. President, I desire to offer an amendment to the committee amendment; and I assume, under the agreement just had, that it should go over. Its consideration will take a few minutes.

The VICE PRESIDENT. Will the Senator state, for the benefit of the RECORD, his proposed amendment?

Mr. DUFFY. The proposed amendment is, on page 7, line 22, to strike out "$100,000" and insert in lieu thereof "$300,000"; and in the preceding line, line 21, to strike out "$2,000" and insert in lieu thereof "$4,000."

Mr. ADAMS. I suggest that we allow that amendment to go over until tomorrow.

The VICE PRESIDENT. Without objection, the amendment to the committee amendment, and the committee amendment itself, will be passed over without prejudice until tomorrow. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 8, after line 7, to insert:

For carrying into effect the provisions of the joint resolution entitled "Joint resolution providing for the participation of the United States in the celebration in 1929 and 1930 of the one hundred and fiftieth anniversary of the conquest of the Northwest Territory by Gen. George Rogers Clark and his army, and authorizing an appropriation for the construction of a permanent memorial of the Revolutionary War in the West, and of the accession of the old Northwest to the United States on the site of Fort Sackville, which was captured by George Rogers Clark and his men February 25, 1779", approved May 23, 1928 (45 Stat., pp. 723, 724), as amended by the act of February 28, 1931 (46 Stat., pp. 1459–1460), and for the completion of said memorial, fiscal year 1936, $50,000 to remain available until June 30, 1937: *Provided*, That the unexpended balances of the appropriations heretofore made for carrying out the purposes of such joint resolution, as amended shall be available until June 30, 1937: *Provided further*, That the said Commission shall cease and terminate June 30, 1937.

Mr. McKELLAR. Mr. President, in line 26, page 8, I move to strike out the words "shall cease and terminate", and to insert in lieu thereof the words "is continued until."

Mr. ADAMS. Mr. President, I will state to the Senator that it has been suggested, I think by some Member of the House of Representatives, that the words to be inserted preferably should be the words "is hereby reestablished, and."

Mr. McKELLAR. I accept the suggestion of the Senator.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. After the word "Commission" in line 26, page 8, it is proposed to insert the words "is hereby reestablished, and."

Mr. McKELLAR. I accept that amendment and offer it in lieu of the one suggested.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 9, after line 17, to insert:

NATIONAL CAPITAL PARK AND PLANNING COMMISSION

For the work of the National Capital Park and Planning Commission necessary toward carrying into effect the provisions of section 4 of the act approved May 29, 1930 (46 Stat. 482), providing for a comprehensive park, parkway, and playground system of the National Capital, and so forth; personal services in the District of Columbia, including real-estate and other technical services, at rates of pay to be fixed by the Commission not exceeding those usual for similar services and without reference to civil-service rules and the Classification Act of 1923, as amended; travel expenses; survey, searching of titles, and all other costs incident to the acquisition of land; reimbursements to be made as prescribed in such Act, as amended, fiscal year 1936, $800,000, to remain available until expended.

The amendment was agreed to.

The next amendment was, on page 10, after line 18, to insert:

PAYMENT TO OFFICERS AND EMPLOYEES OF THE UNITED STATES IN FOREIGN COUNTRIES DUE TO APPRECIATION OF FOREIGN CURRENCIES

For an additional amount for payment to officers and employees of the United States in foreign countries due to appreciation of foreign currencies, including the same objects specified under this head in the Independent Offices Appropriation Act, 1936, $1,478,652.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, I give notice that tomorrow I shall offer an amendment to line 16, on page 11; and in order to have the amendment in the RECORD I now submit the amendment, and ask that it be printed in the RECORD. The amendment will strike out "$300,000" and insert "$600,000."

In addition to having the amendment printed, I ask permission to have printed at this point in the RECORD a letter received from the Secretary of the Interior advocating the amendment as now suggested.

The PRESIDENT pro tempore. Without objection, the amendment will be received, printed, and lie on the table, and the amendment and letter will be printed in the RECORD.

The amendment and letter are as follows:

Strike out, on page 11 of H. R. 8554, all of line 11, after the word "expenses", and lines 12, 13, 14, 15, and 16, and insert in lieu thereof "contract stenographic reporting services, rent, stationery, and office supplies, not to exceed $10,000 for printing and binding, not to exceed $1,500 for books and periodicals, not to exceed $20,000 for the purchase, exchange, hire, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles, and not to exceed $20,000 for the maintenance, operation, and repair of boats, fiscal year 1936 (act June 19, 1934, 48 Stat. 1057), $600,000."

THE SECRETARY OF THE INTERIOR,
Washington, July 17, 1935.

Hon. ELMER THOMAS,
United States Senate.

MY DEAR SENATOR THOMAS: My attention is called to H. R. 8554, an act to make appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for

prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes.

On page 11 of the bill is an item for the Petroleum Administration which provides a total sum of $300,000 for the fiscal year 1936 for administering and enforcing the provisions of the Connally Act.

This item was originally submitted by this Department through the Bureau of the Budget to provide during the fiscal year 1936 for the operation of the Federal tender boards and the Federal petroleum agencies created or to be created by the Secretary of the Interior under authority delegated to him by Executive order of February 28, 1935.

On June 20, D. W. Bell, Acting Director of the Bureau of the Budget, submitted to the President a supplemental estimate of an appropriation for the Department of the Interior for the fiscal year 1936 in the amount of $600,000 which item was in substitution for the estimate of $300,000 transmitted by the President to the Congress on May 15, 1935, and printed in House Document No. 186, Seventy-fourth Congress.

Acting Director of the Budget Bell, in the letter referred to, addressed to the President, stated as follows:

"Investigations of violations of the act of February 22, 1935, which are now being conducted by the Division of Investigation of the Department of the Interior with funds provided from the appropriation of $1,500,000 for the Petroleum Administration contained in the Emergency Appropriation Act, fiscal year 1935, will require for that purpose during the fiscal year 1936, an additional amount of $300,000."

I want to call your particular attention to the increase in the estimate of $300,000 which was intended to provide funds for the activities of the Division of Investigation of this Department by means of a force of special agents and other personnel to investigate violations of the Connally Act throughout the entire United States. The urgency of this additional sum lies in the fact that unless this money is immediately available there will be no effective means whereby the Division of Investigation may carry on investigations of cases relating to the transportation of petroleum products in interstate commerce.

I attach hereto for your information a copy of H. R. 8554 and Senate Document No. 75 relating to the supplemental estimate of this Department, being a communication from the President of the United States transmitting the supplemental estimate of Acting Director of the Budget Bell. I would appreciate your interest in having the item restored.

Sincerely yours,

HAROLD L. ICKES, *Secretary of the Interior.*

The next amendment was, on page 13, after line 5, to insert:

TEXAS CENTENNIAL EXPOSITION

For the purpose of carrying into effect the provisions of the public resolution entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes", approved June 28, 1935, and for each and every object thereof, and within the limits of the cost specified therein, $3,000,000, said sum to include $300,000 toward the Texas Memorial Museum to be granted to the board of directors of such museum for expenditures for such purposes, to remain available until expended.

The amendment was agreed to.

The next amendment was, under the heading "District of Columbia—Contingent and miscellaneous expenses", on page 15, line 7, after the numerals "1935", to strike out "$1,478.50" and insert "$2,095.50", so as to read:

Judicial expenses: For an additional amount for judicial expenses, including the same objects specified under this head in the District of Columbia Appropriation Acts for the following fiscal years:

For 1934, $911.37;
For 1935, $2,095.50.

The amendment was agreed to.

The next amendment was, under the subhead "Health Department", on page 17, after line 4, to insert:

Salaries: For an additional amount for personal services, including the same objects specified under this head in the District of Columbia Appropriation Act for the fiscal year 1936, $59,120.

The amendment was agreed to.

The next amendment was, at the top of page 22, to insert:

WATER SERVICE

Washington Aqueduct: For replacing the pumping equipment and appurtenant features of the pumping station of the McMillan Filter Plant and for each and every purpose connected therewith, fiscal year 1936, $150,000, or so much thereof as may be necessary, to remain available until expended, to be paid wholly out of the revenues of the Water Department of the District of Columbia.

The amendment was agreed to.

The next amendment was, under the subhead "Settlement of Claims", on page 22, line 16, after the word "in" to insert "Senate Document No. 78 and", and in line 18, after the name "Congress" to strike out "$8,981.25" and insert "$11,522.30"; so as to read:

For the payment of claims approved by the Commissioners under and in accordance with the provisions of the act entitled "An act authorizing the Commissioners of the District of Columbia to settle claims and suits against the District of Columbia", approved February 11, 1929 (45 Stat., 1160), as amended by the act approved June 5, 1930 (46 Stat., 500), and reported in Senate Document No. 78 and House Document No. 177, Seventy-fourth Congress, $11,522.30.

The amendment was agreed to.

The next amendment was, under the subhead "Judgments", on page 23, line 8, after the word "in" to insert "Senate Document No. 77 and", and in line 9, after the name "Congress" to strike out "$9,545.20" and insert "$12,749.93"; so as to read:

For the payment of final judgments, including costs, rendered against the District of Columbia, as set forth in Senate Document No. 77 and House Document No. 188, Seventy-fourth Congress, $12,749.93, together with the further sum to pay the interest at not exceeding 4 percent per annum on such judgments, as provided by law, from the date the same became due until the date of payment.

The amendment was agreed to.

The next amendment was, on page 23, after line 13, to insert:

WORKMEN'S COMPENSATION ACT

Relief of Lyman C. Drake: For payment to Lyman C. Drake, under the provisions of the act of June 19, 1935, on account of an award made by the United States Employees' Compensation Commission on September 6, 1934, under the District of Columbia Workmen's Compensation Act, case no. 5927-91, for personal injuries sustained by the said Lyman C. Drake on April 6, 1933, while in the employee of the District of Columbia Committee on Employment, $1,316.40: *Provided*, That payment to and the receipt by the claimant of the sum herein appropriated shall be in full settlement of any and all claims arising out of said personal injuries.

The amendment was agreed to.

The next amendment was, under the heading "Department of Agriculture", at the top of page 27, to insert:

BUREAU OF BIOLOGICAL SURVEY

Maintenance of mammal and bird reservations: For an additional amount for maintenance of mammal and bird reservations, including the same objects specified under this heading in the Agricultural Appropriation Act for the fiscal year 1936, $25,000.

The amendment was agreed to.

The next amendment was, on page 27, after line 16, to insert:

MISCELLANEOUS

To carry into effect the provisions of an act entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges", approved June 29, 1935, as follows: For special research work by the Department of Agriculture, including the employment of persons and means in the District of Columbia and elsewhere, and for payment to the several States, Hawaii, Alaska, and Puerto Rico for research work, pursuant to the authorizations contained in title I of said act, $1,000,000; and for payments to the States and the Territory of Hawaii for cooperative agricultural extension work, pursuant to the authorizations contained in section 21 of title II of said act, $8,000,000; in all, fiscal year 1936, $9,000,000: *Provided*, That the Secretary of Agriculture is hereby authorized and directed to ascertain and certify to the Secretary of the Treasury, on or before September 1, 1935, as to Puerto Rico and each State and Territory, whether it has assented to the provisions of the act of June 29, 1935, and is entitled to receive its share of the appropriations herein provided: *Provided further*, That the allotments due July 1, 1935, shall be payable upon such certification by the Secretary of Agriculture to the Secretary of the Treasury (U. S. C., title 5, secs. 511, 512; Act June 29, 1935).

The amendment was agreed to.

The next amendment was, under the heading "Department of Commerce", on page 30, after line 11, to insert:

BUREAU OF FISHERIES

Fish cultural station in the State of Nevada: For the establishment of a fish cultural station in the State of Nevada, in accordance with the provisions of an act entitled "An act to provide for a 5-year construction and maintenance program for the United States Bureau of Fisheries", approved May 21, 1930, fiscal year 1936, $60,000.

The amendment was agreed to.



The next amendment was, under the heading "Department of the Interior—Office of the Secretary", on page 31, line 2, after the numerals "1936", to strike out "$5,000" and insert "$10,000", so as to read:

Contingent expenses: For an additional amount for contingent expenses of the Department of the Interior, including the same objects specified under this head in the Department of the Interior Appropriation Act, fiscal year 1935, fiscal years 1935 and 1936, $10,000.

The amendment was agreed to.

The next amendment was, on page 32, line 3, after the numerals "1936", to strike out "$10,500" and insert "$19,000", so as to read:

WAR MINERALS RELIEF

Administrative expenses: For administrative expenses made necessary by section 5 of the act entitled "An act to provide relief in cases on contracts connected with the prosecution of the war, and for other purposes", approved March 2, 1919 (40 Stat., 1272), including personal services, without regard to the civil-service laws and regulations; traveling and subsistence expenses; supplies and all other expenses incident to the proper prosecution of this work, both in the District of Columbia and elsewhere, fiscal year 1936, $19,000.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Indian Affairs", on page 32, after line 16, to insert:

Klamath Indians: For an additional amount for support of Indians and administration of Indian property, Klamath Reservation, Oreg., fiscal year 1936, $4,000, payable from funds on deposit to the credit of the Klamath Indians: *Provided*, That the foregoing amount shall be available only for fees and expenses of an attorney or firm of attorneys selected by the Klamath Tribe and employed under contract approved by the Secretary of the Interior in accordance with existing law.

The amendment was agreed to.

The next amendment was, at the top of page 33, to insert:

Menominee Indians: The appropriation of $20,000 from tribal funds of the Menominee Indians, Wisconsin, for the purpose of making an audit of such funds and for other purposes, contained in the Interior Department Appropriation Act, fiscal year 1936, approved May 9, 1935, is hereby made available for the expenses of such audit from and after February 1, 1935, and the contract or contracts for such audit may be made retroactive to February 1, 1935.

The amendment was agreed to.

The next amendment was, on page 33, after line 8, to insert:

Conservation of health among Indians (Sioux Sanatorium and employees' quarters, Pierre, S. Dak.): The unexpended balance of the appropriation of $375,000 (including the amount impounded under section 320 of the act of June 30, 1932), contained in the Interior Department Appropriation Act, fiscal year 1932, and continued available by the acts of April 22, 1932, and February 17, 1933, for the construction of the Sioux Sanatorium and employees' quarters at Pierre, S. Dak., is hereby reappropriated and made available for the same purpose until June 30, 1937.

The amendment was agreed to.

The next amendment was, on page 33, after line 18, to insert:

Payment to Sioux Indians for failure to receive allotments: For payment to various Sioux Indians, or their heirs, on account of allotments of land to which they were entitled but did not receive, as authorized by the act of June 14, 1935 (Public, No. 136, 74th Cong.), fiscal year 1936, $79,002.19.

The amendment was agreed to.

The next amendment was, at the top of page 34, to insert:

Compensation to Chippewa Indians of Minnesota for certain lands patented to the State of Minnesota under the Swamp Land Act: For payment, as authorized by the act of June 4, 1935 (Public, No. 89, 74th Cong.), to the Chippewa Indians of Minnesota in full compensation for 178,530.10 acres of land embraced within reservations established by the treaties of March 11, 1883 (12 Stat. 1249), May 7, 1864 (13 Stat. 693), and March 19, 1867 (16 Stat. 719), for the future homes of said Indians, and later patented to the State of Minnesota under the provisions of the amendatory Swamp Land Act of March 12, 1860, without compensation to said Indians, fiscal year 1936, $223,162.62, which shall be credited to the trust fund of said Chippewa Indians of Minnesota arising under the provisions of section 7 of the act of January 14, 1889, and shall bear interest in accordance with existing law.

The amendment was agreed to.

The next amendment was, on page 34, after line 18, to insert:

Construction, enlargement, or improvement of public-school buildings: For cooperation with public-school districts in the construction, enlargement, or improvement of local public elementary or high schools, including purchase of necesary equipment, as authorized by and in conformity with numerous acts of the Seventy-fourth Congress approved June 7, 1935, fiscal year 1936, $931,000, as follows: Queets, Wash., $10,000 (Public, No. 111); Glacier County, Mont., $100,000 (Public, No. 103); Wolf Point, Mont., $50,000 (Public, No. 104); Polson, Mont., $40,000 (Public, No. 105); Lake and Missoula Counties, Mont., $100,000 (Public, No. 106); Brockton, Mont., $40,000 (Public, No. 107); Poplar, Mont., $25,000 (Public, No. 108); Marysville, Wash., $38,000 (Public, No. 110); Frazer, Mont., $25,000 (Public, No. 109); White Swan, Wash., $50,000 (Public, No. 112); Covelo, Calif., $50,000 (Public, No. 113); Shannon County, S. Dak., $125,000 (Public, No. 114); Big Horn County, Mont. (district no. 27), $80,000 (Public, No. 119); Blaine County, Mont., $15,000 (Public, No. 120); Medicine Lake, Mont., $25,000 (Public, No. 127); Hardin and Crow Agency, Big Horn County, Mont. (district 17–H), $158,000 (Public, No. 126): *Provided*, That plans and specifications for construction, enlargement, or improvement of structures shall be furnished by local or State authorities, without cost to the United States, and upon approval thereof by the Commissioner of Indian Affairs actual work shall proceed under the direction of such local or State officials. Payment for work in place shall be made monthly, on vouchers properly certified by local officials of the Indian Service: *Provided, further*, That any amount expended hereunder shall be reimbursed to the United States within a period of 30 years, through reducing the annual Federal tuition payments for the education of Indian pupils enrolled in public or high schools of the districts involved, or by the acceptance of Indian pupils in such schools without cost to the United States.

The amendment was agreed to.

The next amendment was, on page 36, after line 7, to insert:

NATIONAL PARK SERVICE

Big Bend National Park: To enable the Secretary of the Interior to determine the boundaries of the Big Bend National Park under the provisions of an act entitled "An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes", approved June 15, 1935, and to carry out the provisions of said act, fiscal year 1936, $10,000.

The amendment was agreed to.

The next amendment was, on page 36, after line 15, to insert:

Everglades National Park: For a topographic survey of the Everglades National Park and adjacent areas in the State of Florida, for expenditure by the Geological Survey under the direction of the Secretary of the Interior, including personal services in the District of Columbia and elsewhere; the computation and adjustment of control; the office drafting and photolithographic publication of the resulting maps; the purchase of equipment and the procurement of such aerial photographs as are needed to conduct the field surveys, fiscal year 1936, $10,000.

The amendment was agreed to.

The next amendment was, at the top of page 37, to insert:

Kennesaw Mountain National Battlefield Park: To carry out the purposes of Public Act No. 167, Seventy-fourth Congress, entitled "An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes", approved June 26, 1935, fiscal year 1936, $100,000.

The amendment was agreed to.

The next amendment was, on page 37, after line 6, to insert:

OFFICE OF EDUCATION

Further endowment of colleges of agriculture and the mechanic arts: For carrying out the provisions of section 22 of the act entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges", approved June 29, 1935 (Public Act No. 182, 74th Cong.), fiscal year 1936, $980,000.

The amendment was agreed to.

The next amendment was, under the subhead "Government in the Territories", on page 37, after line 22, to insert:

Legislative expenses, Territory of Alaska: For additional legislative expenses for the fiscal year 1935, including $29 for mileage of members, and $3,021 for printing, indexing, comparing proofs, and binding laws, printing, indexing and binding journals, stationery, supplies, printing of bills, reports, etc.; in all, $3,050, to be expended under the direction of the Governor of Alaska.

The amendment was agreed to.

The next amendment was, under the heading "Department of Justice—Federal Bureau of Investigation", on page 39, after line 21, to insert:

That portion of the appropriation for the Federal Bureau of Investigation contained in the Department of Justice Appropriation Act, 1936, reading "Detection and prosecution of crimes: For the detection and prosecution of crimes against the United States" is amended to read "Prevention, detection, and prosecution of crimes: For the prevention, detection, and prosecution of crimes against the United States": *Provided*, That not exceeding $50,000 of this appropriation shall be available for the prevention of crimes, including personal services in the District of Columbia not to exceed $29,240, travel expenses, and incidental expenses.

The amendment was agreed to.

The next amendment was, under the subhead "Marshals, district attorneys, clerks, and other expenses of United States courts", on page 41, after line 21, to insert:

Payment to special assistants to Attorney General: For compensation in full to special assistants to the Attorney General for services rendered by them in the case of the *United States* v. *Pan American Petroleum Co.* (B–115M, in equity) in the United States District Court for the Southern District of California, fiscal year 1936, $300,000.

The amendment was agreed to.

The next amendment was, under the heading, "Department of Labor", on page 44, line 21, after the name "District of Columbia", to insert a colon and the following proviso: "*Provided*, That officers and employees may be appointed and paid from the amount herein appropriated without regard to the provisions of civil-service laws and the Classification Act of 1923, as amended", so as to read:

OFFICE OF THE SECRETARY

Commissioners of Conciliation, salaries and expenses: For an additional amount for salaries and expenses, including the same objects specified under this head in the Department of Labor Appropriation Act, 1936, $281,000, to be immediately available, of which not to exceed $125,000 may be expended for personal services in the District of Columbia: *Provided*, That officers and employees may be appointed and paid from the amount herein appropriated without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended.

The amendment was agreed to.

The next amendment was, under the heading "Navy Department—Office of the Secretary", on page 46, after line 9, to insert:

Contingent and miscellaneous expenses, Naval Observatory: Not to exceed $6,000 of the appropriation of $110,000 for the purchase and installation of equipment, utilities, and appurtenances for astrographic and research work and modernization of astronomical plant of the Naval Observatory, as contained in the Naval Appropriation Act for the fiscal year 1933, approved June 30, 1932, is hereby reappropriated and made available until June 30, 1936, for the payment of obligations heretofore incurred under said appropriation.

The amendment was agreed to.

The next amendment was, on page 47, after line 21, to insert:

BUREAU OF NAVIGATION

Transportation: For travel allowances, etc., including the same objects specified under this head in the Naval Appropriation Act for the fiscal year 1923, $10.

The amendment was agreed to.

The next amendment was, at the top of page 48, to insert:

BUREAU OF YARDS AND DOCKS

Public works, Bureau of Yards and Docks: For the following named public works and public-utilities projects at a limit of cost not to exceed the amount stated for each project enumerated, respectively:

Naval Air Station, Pensacola, Fla.: Barracks and mess hall, $650,000; assembly and repair shop, $675,000; quarters for student officers, $500,000; improvement to power plant and distributing systems, roads, walks, and sewer systems, $175,000;

Marine Barracks, Quantico, Va.: Quarters for officers, $1,050,000;

In all, fiscal year 1936, $3,050,000, which, together with unexpended balances of appropriations heretofore made under this head, shall be disbursed and accounted for in accordance with existing law and shall constitute one fund: *Provided*, That of the amount herein appropriated not to exceed $90,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

Mr. ADAMS. Mr. President, on line 13 I wish to add a clarifying amendment, to strike out the words "fiscal year 1936", to comply with the ordinary statutory provision.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment was, under the heading "Department of State", on page 49, after line 20, to insert:

Salaries of Ambassadors and Ministers, fiscal years 1935 and 1936: So much as may be necessary of the appropriations for salaries of Ambassadors and Ministers contained in the Department of State Appropriations Acts for the fiscal years 1935 and 1936 shall be available for the salary of an Ambassador Extraordinary and Plenipotentiary to China at the rate of $17,500 per annum.

The amendment was agreed to.

The next amendment was, on page 50, after line 16, to insert:

Foreign Service buildings fund: For the purpose of further carrying into effect the provisions of the Foreign Service Buildings Act, 1926, as amended (U. S. C., Supp. VII, title 22, sec. 295), and for each and every object thereof, including the acquisition of a site, erection of buildings, and the furnishings thereof, for the use of the diplomatic and consular establishments of the United States at Helsingfors, Finland, as authorized by Public Act No. 145, approved June 15, 1935, $300,000, to remain available until expended.

The amendment was agreed to.

The next amendment was, on page 54, after line 10, to insert:

Bureau of Interparliamentary Union for Promotion of International Arbitration: For an additional amount for United States contributions to international commissions, congresses, and bureaus, including $2,500 for the contribution of the United States toward the maintenance of the Bureau of Interparliamentary Union for Promotion of International Arbitration in addition to the amount contained in the Department of State Appropriation Act, 1936; and $10,000 for the expenses of the American group of the Interparliamentary Union, including personal services in the District of Columbia and elsewhere without regard to the Classification Act of 1923, as amended, stenographic reporting and other services by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5), such lump sums as may be determined by the president of the American group payable to each member and the permanent executive secretary of the group to cover all expenses of travel and subsistence, notwithstanding the provisions of any other act; purchase of necessary books, documents, newspapers, periodicals, and maps, stationery, official cards, printing and binding, entertainment, and other necessary expenses, to be disbursed on vouchers approved by the president and executive secretary of the American group; in all, fiscal year 1936, $12,500.

The amendment was agreed to.

The next amendment was, on page 55, after line 9, to insert:

Payment to Germaine M. Finley: For payment to Germaine M. Finley, widow of James G. Finley, late a Foreign Service officer of the United States at Havre, France, of 1 year's salary of her deceased husband, who died while in the Foreign Service, as authorized by the act approved June 24, 1935, $2,750.

The amendment was agreed to.

The next amendment was, on page 55, after line 15, to insert:

Payment to Lily M. Miller: For payment to Lily M. Miller, widow of Ransford S. Miller, late American consul general, of 1 year's salary of her deceased husband, who died while in the Foreign Service, as authorized by the act approved June 29, 1935, $9,000.

The amendment was agreed to.

The next amendment was, under the heading "Treasury Department—Office of the Secretary", on page 57, line 2, before the word "fiscal" to insert "as amended by section 3 (a) of the Farm Credit Act of 1935, approved June 3, 1935 (Public, No. 81),"; in the same line, after the numerals "1936" to strike out "$18,000,000" and insert "$36,000,000", and in line 6, after the word "shall" to strike out "remain available" and insert "be available for the purposes named herein"; so as to read:

Payments to Federal land banks on account of reductions in interest rate on mortgages: To enable the Secretary of the Treasury to pay each Federal land bank such amount as the land

bank commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such bank have been reduced, in accordance with the provisions of section 24 of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 31), as amended by section 3 (a) of the Farm Credit Act of 1935, approved June 3, 1935 (Public, No. 87), fiscal year 1936, $36,000,000: *Provided*, That the unexpended balance of the appropriation of $7,950,000 made in the Emergency Appropriation Act of June 19, 1934 (48 Stat. 1060), for the purposes of said section 24, shall be available for the purposes named herein until June 30, 1936.

Mr. ADAMS. Mr. President, I present a clarifying amendment on line 25, page 56. There is the letter "a" in parentheses which I wish to have stricken out.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 58, after line 22, to insert:

The Comptroller General of the United States is authorized and directed to allow credit in the accounts of Guy F. Allen, chief disbursing officer, Division of Disbursement, and J. L. Summers, disbursing clerk, Division of Disbursement, for disbursements made from the fund "Expenses, National Banking Emergency Act, March 9, 1933, Comptroller of Currency", during the period March 6, 1933, to July 1, 1934, in connection with the emergency arising out of the national banking crisis and disallowed by the Comptroller General of the United States: *Provided*, That such total credit shall not exceed the sum of $25,000.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of the Mint", on page 51, after line 13, to insert:

Assay office, Helena, Mont.: For the establishment, equipment, and maintenance of an assay office at Helena, Mont., fiscal year 1936, $22,000.

The amendment was agreed to.

The next amendment was, on page 62, after line 6, to insert:

MEMORIAL TO PERSONNEL OF AMERICAN EXPEDITIONARY FORCES

For settlement of any indebtedness in connection with Pershing Hall, a memorial already erected in Paris, France, under the auspices of the American Legion, Inc., to the commander in chief, officers, men, and auxiliary services of the American Expeditionary Forces, and for the creation by the Secretary of the Treasury of a special fund to be known as the "Pershing Hall Memorial Fund", to be derived from the "Recreation fund, Army", created by the War Department Appropriation Act approved March 4, 1933: *Provided*, That the amount herein appropriated shall not be used until the legal title to said property shall have been vested in the Government of the United States for the use and benefit of all American officers and enlisted men of the World War, all as authorized by the act approved June 28, 1935, to remain available until expended, $482,032.92.

The amendment was agreed to.

The next amendment was, under the heading "War Department—Military activities—Quartermaster Corps", on page 63, after line 7, to insert:

Acquisition of land: For the acquisition of land in the vicinity of West Point, N. Y., as authorized by the act approved March 3, 1931 (46 Stat. 1491), $1,500,000, to remain available until expended.

The amendment was agreed to.

The next amendment was, on page 63, after line 11, to insert:

Claim of the Public Service Coordinated Transport of Newark, N. J.: For payment of the claim of the Public Service Coordinated Transport of Newark, N. J., upon settlement and adjustment by the Comptroller General of the United States, arising out of the removal of the War Department during the late war of certain tracks, car house, storage tracks, etc., belonging to said company or its predecessors, as authorized and directed in Private Act, No. 25, Seventy-fourth Congress, approved April 24, 1935, $122,422.43.

The amendment was agreed to.

The next amendment was, on page 64, after line 6, to insert:

For payment of General Accounting Office Settlement No. 1301581, in favor of the Colt's Patent Fire Arms Manufacturing Co., chargeable to the appropriation "Replacing Ordnance and Ordnance Stores, 1926 and 1927", $812.91.

The amendment was agreed to.

The next amendment was, under the subhead "Nonmilitary activities", on page 64, after line 12, to insert:

Construction of buildings for United States representative in the Philippine Islands: For the necessary housing for office and residence purposes for the establishment of the United States representative in the Philippine Islands, including the acquisition of land, the purchase, construction, and reconstruction of buildings, and the procurement of furniture, furnishings, and equipment, as authorized by the act approved June 24, 1935, to remain available until expended, $750,000.

The amendment was agreed to.

The next amendment was, on page 64, after line 21, to insert:

Cemeterial expenses: For the purchase of 10,000 additional headstones, fiscal year 1936, $90,300.

The amendment was agreed to.

The next amendment was, on page 65, after line 17, to strike out the following section:

SEC. 2. In all suits now pending in the Court of Claims by an Indian tribe or band the Court of Claims is hereby directed to offset against any amount found due the said tribe or band all sums expended gratuitously by the United States for the benefit of the said tribe or band; and in any suit hereafter filed in the Court of Claims by an Indian tribe or band the Court of Claims is likewise directed to offset against any amount found due the said tribe or band all sums expended gratuitously by the United States for the benefit of the said tribe or band, and in all cases now pending or hereafter filed in the Court of Claims in which an Indian tribe or band is party plaintiff, wherein the duty of the court is merely to report its findings of fact and conclusions to Congress, the said Court of Claims is hereby directed to include in its report a statement of the amount of money which has been expended by the United States gratuitously for the benefit of the said tribe or band.

The amendment was agreed to.

The next amendment was, under the heading "Title II—General Public Works—Tennessee Valley Authority", on page 66, line 21, after the word "including", to insert: "the continued construction of Norris Dam, Wheeler Dam, Pickwick Landing Dam, and the beginning of construction on a dam at or near Guntersville, Ala., and a dam at or near Chickamauga Creek, both on the Tennessee River, and a dam on the Hiwassee River, a tributary of the Tennessee River, at or near Fowlers Bend, and the continuation of preliminary investigations as to the location and desirability of a dam at or near Aurora Landing, a dam at or near Whites Creek, and"; and on page 67, line 15, after the name "Tennessee Valley Authority", to strike out "$34,675,192" and insert "$38,000,000", so as to read:

For the purpose of carrying out the provisions of the act entitled "The Tennessee Valley Authority Act of 1933", approved May 18, 1933 (48 Stat. 58), including the continued construction of Norris Dam, Wheeler Dam, Pickwick Landing Dam, and the beginning of construction on a dam at or near Guntersville, Ala., and a dam at or near Chickamauga Creek, both on the Tennessee River, and a dam on the Hiwassee River, a tributary of the Tennessee River, at or near Fowlers Bend, and the continuation of preliminary investigations as to the location and desirability of a dam at or near Aurora Landing, a dam at or near Whites Creek, and the acquisition of necessary land, the clearing of such land, relocation of highways, and the construction or purchase of transmission lines and other facilities, and all other necessary works authorized by said act, and for printing and binding, law books, books of reference, newspapers, periodicals, purchase, maintenance, and operation of passenger-carrying vehicles, rents in the District of Columbia and elsewhere, and all necessary salaries and expenses connected with the organization, operation, and investigations of the Tennessee Valley Authority, $38,000,000.

The amendment was agreed to.

The next amendment was, on page 68, line 5, after the numerals "1936", to insert a colon and "*Provided further*, That not to exceed $1,000,000 shall be expended on the dam on the Hiwassee River", so as to read:

Provided, That this appropriation and all appropriations, allotments, and other funds made available heretofore to the Tennessee Valley Authority, including any unexpended balances remaining from the appropriation of $50,000,000 made to the Tennessee Valley Authority by the Fourth Deficiency Act, fiscal year 1933, the allocation of $25,000,000 made to the Tennessee Valley Authority under the Emergency Appropriation Act, fiscal year 1935, and the receipts of the Tennessee Valley Authority from all sources, except as limited by section 26 of the Tennessee Valley Authority Act approved May 18, 1933 (48 Stat. 58), shall be covered into and accounted for as one fund to be known as the "Tennessee Valley Authority Fund" and shall remain available until June 30, 1936: *Provided further*, That not to exceed $1,000,000 shall be expended on the dam on the Hiwassee River.

Mr. NORRIS. Mr. President, I wish to call the attention of the Senator in charge of the bill to the proviso on page 68. I do not see any necessity for it, but I have no objection to the proviso, except that there might be a misunderstanding or a misinterpretation of the language. The proviso reads:

Provided further, That not to exceed $1,000,000 shall be expended on the dam on the Hiwassee River.

It is possible that the area to be flooded might be construed as part of the dam. There probably would not be any such construction, but in order to avoid such a possibility, I should like to offer an amendment on line 6, page 68, after "$1,000,000", to insert the words "exclusive of the purchase of overflowed land."

Mr. ADAMS. Mr. President, I will say to the Senator from Nebraska that the form of this amendment was based upon statements and explanations made by Mr. Arthur E. Morgan, who stated that the appropriation of a million dollars toward this dam would be entirely adequate for the coming fiscal year.

Mr. NORRIS. I think that is true. The reason for putting in Hiwassee Dam here is because in the construction of the Norris Dam, which is soon to be completed, the machinery used cannot be utilized in the construction of any other dam across the Tennessee River, because the dam on the Clinch River, the Norris Dam, is across a large draw, and they use different machinery from that used in building a dam across the Tennessee River When that dam is completed they will not be able to utilize the machinery on these other dams on the Tennessee River, but will be able to utilize it at Hiwassee.

Mr. ADAMS. Mr. President, that is the explanation, and it would mean a saving of a good deal of money if the machinery used at the Norris Dam could be used at Hiwassee Dam.

Mr. NORRIS. Exactly.

Mr. McKELLAR. I hope the Senator from Colorado will agree to the amendment.

Mr. ADAMS. I have no objection to the Senator's amendment.

Mr. NORRIS. I suggested to Dr. Morgan that I would offer this amendment, and he is very much in favor of it, because there may be some doubt.

Mr. ADAMS. I have no objection to it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment, which will be stated.

The CHIEF CLERK. On page 68, line 6, after the numerals "$1,000,000", it is proposed to insert the words "exclusive of the purchase of overflowed land."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment was, under the subhead "Veterans' Administration", on page 68, line 9, after the word "facilities", to strike out "$20,000,000" and insert "$22,000,000", so as to read:

Hospital and domiciliary facilities: For hospital and domiciliary facilities, $22,000,000, to remain available until expended.

The amendment was agreed to.

The next amendment was, under the heading "Department of State", on page 72, line 2, after the name "Rio de Janeiro", to strike out "Brazil, $1,000,000" and insert "Brazil; and for the acquisition of a legation residence and the initial alteration, repair, and furnishing thereof, at Ottawa, Canada, $1,325,000,", so as to read:

For the erection and initial furnishing of a building on the site at Shanghai, China, owned by the Government of the United States; and for the acquisition of an embassy residence and the initial alteration, repair, and furnishing thereof and the conversion by alteration, repair, and furnishing of the Government owned combined office and residence building, to provide office accommodations for the use of the diplomatic and consular and other establishments of the United States at Rio de Janeiro, Brazil; and for the acquisition of a legation residence and the initial alteration, repair, and furnishing thereof, at Ottawa, Canada, $1,325,000, which shall be available for the purposes and subject to the applicable provisions of the Foreign Service Buildings Act of 1926, as amended (U. S. C., Supp. VII, title 22, secs. 292–299).

The amendment was agreed to.

The next amendment was, under the heading "Treasury Department—Procurement Division—Public Works Branch", on page 72, line 22, after the word "paragraph", to strike out "$58,000,000" and insert "$70,000,000"; so as to read:

Public buildings outside the District of Columbia: For emergency construction of public-building projects outside of the District of Columbia (including the acquisition, where necessary, by purchase, condemnation, exchange, or otherwise of sites and additional land for such buildings; the demolition of old buildings where necessary and construction, remodeling, or extension of buildings; rental of temporary quarters during construction, including moving expenses; purchase of necessary equipment for buildings and such additional administrative expenses and salaries as may be required solely for the purpose of carrying out the provisions of this paragraph), $70,000,000; such projects, including the sites therefor, to be selected by the Secretary of the Treasury and the Postmaster General, acting jointly, from the public-building projects specified in statement no. 1 contained in House Report No. 1879, Seventy-third Congress, second session, as revised April 15, 1935, and statement no. 2 attached thereto, and the projects so selected shall be carried out within the respective estimates of proposed limits of cost specified in such statement no. 1 and those hereafter fixed by the Secretary of the Treasury and the Postmaster General for projects selected from statement no. 2 and other, except that the unobligated balance of the $2,500,000 fund established by the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1061), shall be available also for the augmentation of limits of cost of projects selected under the provisions of this act in an amount not exceeding 10 percent for any project and including $70,000 for the completion of the Oak Park (Ill.), post-office building as planned by the Treasury Department, and $56,000 for the Marquette (Mich.), post-office and courthouse building, in order to award the contract therefor to the lowest responsible bidder:

The amendment was agreed to.

The next amendment was, on page 76, after line 14, to strike out:

General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

And in lieu thereof to insert:

General Accounting Office: For the acquisition of the block bounded by B, C, First and Second Streets Northeast, and the construction of a building for the General Accounting Office, including furniture, equipment, and moving expenses, $2,000,000, within a total limit of cost not to exceed $11,150,000.

The amendment was agreed to.

The next amendment was, under the heading "War Department—Quartermaster Corps", on page 77, line 9, after the word "improvements" to strike out "with" and insert "without"; in line 23, before the word "as" to strike out "$9,850,000" and insert "$20,000,000", and in line 25, after the figures "$4,525,750" to insert a semicolon and "toward construction elsewhere, $10,150,000"; so as to read:

Construction of buildings, utilities, and appurtenances at military posts: For construction, remodeling, reconditioning, and installation at military posts of buildings and appurtenances thereto, including interior facilities, necessary services, roads, connections to water, sewer, gas, and electric mains, and similar improvements without reference to sections 1136 and 3734, Revised Statutes (U. S. C., title 10, sec. 1339; title 40, sec. 267), including also the engagement by contract or otherwise without regard to section 3709, Revised Statutes (U. S. C., title 41, sec. 5), and without regard to the restrictions of existing law governing the employment or compensation of employees of the United States, and at such rates of compensation as the Secretary of War may determine of the services of architects or firms or corporations thereof and other technical and professional personnel as may be necessary, and including also general overhead expenses of transportation, engineering, supplies, inspection and supervision, travel connected therewith, and such services as may be necessary in the office of the Quartermaster General, to remain available until expended, $20,000,000 as follows: Toward construction at the United States Military Academy, $5,324,250; toward construction of an airdrome in Hawaii, $4,525,750; toward construction elsewhere, $10,150,000.

Mr. O'MAHONEY. Mr. President, I give notice that I shall move to amend the committee amendment by striking out "$10,150,000" in line 26 and inserting in lieu thereof "$10,500,000."

Mr. ADAMS. Why not propose the amendment now?

Mr. O'MAHONEY. If the Senator will accept the amendment, I shall offer it now.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 77, line 26, it is proposed to strike out "$10,150,000" and insert in lieu thereof "$10,500,000."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. ADAMS. Mr. President, that will make necessary changing the totals, in order to conform.

The PRESIDENT pro tempore. Without objection, the totals will be changed.

The reading of the bill was resumed.

The next amendment was, under the heading "Title III—Judgments and authorized claims—Damage claims", on page 78, line 11, to change the section number from section 1 to section 1 (a).

The amendment was agreed to.

The next amendment was, on page 79, after line 12, to insert:

(b) For the payment of claims for damages to or losses of privately owned property, adjusted and determined by the following respective departments and an independent office, under the provisions of the Act entitled "An act to provide a method for the settlement of claims arising against the Government of the United States in sums not exceeding $1,000 in any one case", approved December 28, 1922 (U. S. C., title 31, secs. 215–217), as fully set forth in Senate Document No. 80 of the Seventy-fourth Congress, as follows:

Federal Civil Works Administration, $2,897.71;
Department of Agriculture, $2,350.42;
Department of the Interior, $685.98;
Navy Department, $393.43;
Treasury Department, $1,086.40;
War Department, $3,091.88;
Post Office Department (payable from postal revenues), $45.03;
In all, $10,549.85.

The amendment was agreed to.

The next amendment was, under the subhead "Judgments, Court of Claims", on page 82, line 8, after the word "in", to insert "Senate Document No. 83 and"; after line 10, to insert "Department of the Interior (Indians), $622,465.57;"; in line 12, after the name "Navy Department", to strike out "$10,576.49" and insert "$90,361.70"; in line 15, after the name "War Department", to strike out "$229,734.97" and insert "$298,145.58"; and in line 16, after the words "In all", to strike out "$245,156.21" and insert "$1,015,817.60", so as to read:

SEC. 3 (a) For payment of the judgments rendered by the Court of Claims and reported to the Seventy-fourth Congress in Senate Document No. 83 and House Document No. 199, under the following departments and establishments, namely:

Department of the Interior (Indians), $622,465.57;
Navy Department, $90,361.70;
Post Office Department, $849.48;
Treasury Department, $3,995.27;
War Department, $298,145.58;
In all, $1,015,817.60.

The amendment was agreed to.

The next amendment was, on page 83, after line 2, to insert:

(c) For payment of judgments rendered by the Court of Claims and reported to Congress in House Document No. 174, Seventy-second Congress, first session, as follows:

No. H–320, in favor of Tillett S. Daniel, $648;
No. K–138, in favor of William B. Hetfield, $2,510.93;
In all, $3,158.93.

The amendment was agreed to.

The next amendment was, under the subhead "Audited claims", on page 88, after line 21, to insert:

(b) For the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (U. S. C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1932 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266), as fully set forth in Senate Document No. 85, Seventy-fourth Congress, there is appropriated as follows:

Independent offices: For loans to farmers in drought and storm-stricken areas, emergency relief, 27 cents.
For salaries and expenses, United States Shipping Board, $33.
For Army pensions, $54.26.
For medical and hospital services, Veterans' Bureau, $180.28.
For salaries and expenses, Veterans' Administration, $94.45.
Department of Agriculture: For salaries and expenses, Bureau of Dairy Industry, $1.75.
Department of Commerce: For promoting commerce, Department of Commerce, $22.01.
For air navigation facilities, $145.83.
For general expenses, Lighthouse Service, $157.13.
For salaries and expenses, Patent Office, $7.73.
For improvement and care of grounds, Bureau of Standards, $290.
For miscellaneous expenses, Bureau of Fisheries, $30.91.
Department of the Interior: For Fredericksburg and Spotsylvania County battlefields memorial, Virginia, $50.
For administration of Indian forests, $79.80.
Department of Justice: For salaries and expenses, Bureau of Prohibition, $129.14.
For salaries, fees, and expenses of marshals, United States courts, $34.85.
For fees of jurors and witnesses, United States courts, $9.15.
For miscellaneous expenses, United States courts, $24.
For support of United States prisoners, $1,052.70.
Navy Department: For organizing the Naval Reserve, $3.60.
For ordnance and ordnance stores, Bureau of Ordnance, $797.50.
For pay, subsistence, and transportation, Navy, $56.24.
For pay of the Navy, $215.90.
For instruments and supplies, Bureau of Navigation, $136.01.
For maintenance, Bureau of Supplies and Accounts, $37.84.
For aviation, Navy, $12,336.12.
For pay, Marine Corps, $121.60.
For general expenses, Marine Corps, $1.
Department of State: For transportation of Foreign Service officers, $350.
For salaries of ambassadors and ministers, $7.50.
For contingent expenses, foreign missions, $99.04.
Treasury Department: For outfits, Coast Guard, $21.
For pay and allowances, Coast Guard, $1.80.
For collecting the internal revenue, $3.70.
For refunding internal-revenue collections, $5.
For enforcement of narcotic and national prohibition acts, internal revenue, $20.
For mechanical equipment of public buildings, $12.65.
For operating force for public buildings, $1,338.10.
For repairs and preservation of public buildings, $278.72.
For printing and binding, Treasury Department, $5.
For operating supplies for public buildings, $8.70.
War Department: For pay, etc., of the Army, $5,309.27.
For pay of the Army, $345.97.
For increase of compensation, Military Establishment, $267.34.
For general appropriations, Quartermaster Corps, $519.34.
For supplies, services, and transportation, Quartermaster Corps, $5.
For arms, uniforms, and equipment for field service, National Guard, $209.12.
For Army transportation, $130.21.
For pay of National Guard for armory drills, $64.13.
For pay, and so forth, of the Army, War with Spain, $12.99.
For registration and selection for military service, $56.50.
For Organized Reserves, $11.66.
For barracks and quarters, $9.75.
For clothing and equipage, $16.69.
For regular supplies of the Army, $35.64.
For ordnance service and supplies, Army, 79 cents.
For Reserve Officers' Training Corps, $28.20.
Post Office Department—Postal Service (out of the postal revenues): For city delivery carriers, $81.39.
For compensation to postmasters, $1,202.88.
For freight on stamped paper and mail bags, $3.53.
For indemnities, domestic mail, $87.21.
For indemnities, international mail, $13.50.
Total, audited claims, section 4 (b), $26,665.39, together with such additional sum due to increases in rates of exchange as may be necessary to pay claims in the foreign currency as specified in certain of the settlements of the General Accounting Office.

Mr. ADAMS. Mr. President, I move that the audited claims be approved en bloc. A series of them appears in the bill.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the amendments are approved en bloc.

The next amendment was, on page 93, after line 2, to strike out:

SEC. 5. Judgments against collectors of customs: For the payment of a claim allowed by the General Accounting Office covering a judgment rendered by a United States District Court against a collector of customs, where a certificate of probable cause has been issued as provided for under section 989, Revised Statutes (U. S. C., title 28, sec. 842), and certified to the Seventy-fourth Congress in House Document No. 200, under the Department of Labor, $1,488.62.

And in lieu thereof to insert:

SEC. 5. Judgments against collectors of customs: For the payment of claims allowed by the General Accounting Office covering judgments rendered by United States District Courts against collectors of customs, where certificates of probable cause have been issued as provided for under section 989, Revised Statutes (U. S. C., title 28, sec. 842), and certified to the Seventy-fourth Congress in Senate Document No. 84, under the Department of Labor, $7,711.14.

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments, with the exception of such as have passed over.

Mr. WAGNER. Mr. President, I wish to ask the Senator from South Carolina [Mr. BYRNES], in charge of the bill, if we may not return to page 11, where I desire to suggest some corrective language which has to do with the salaries and expenses of the Railroad Retirement Board. I am not asking that the amount appropriated be changed at all. I am simply asking for a change in the wording so the appropriation may be used up to September 30, instead of August 15.

Mr. BYRNES. May I suggest that under the agreement we were to consider only committee amendments.

Mr. WAGNER. These amendments I have in mind are really only in the nature of corrections.

Mr. BYRNES. I will state to the Senator that I also have an amendment to the same section. Of course, I know that under the agreement I could not offer that amendment today.

Mr. WAGNER. Does the Senator's amendment apply to the same section?

Mr. BYRNES. Yes; it applies to the same section. Under the agreement only committee amendments are to be considered today. Therefore, I did not offer my amendment.

Mr. ADAMS. Mr. President, I hope we may be allowed to conform to the understanding to consider only committee amendments today.

Mr. NORRIS. Mr. President, have we concluded consideration of committee amendments?

The PRESIDING OFFICER. The Chair understands the committee amendments have been concluded.

Mr. NORRIS. Has there been an understanding or agreement that the bill shall go over until tomorrow?

Mr. BARKLEY. It was understood that when the committee amendments were completed, we should not proceed further today.

Mr. NORRIS. Very well.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. RUSSELL in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of Harold M. Stephens, of Utah, to be an associate justice of the United States Court of Appeals for the District of Columbia, vice William Hitz, deceased.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of John P. Simpson to be postmaster at Ephrata, Wash., in place of L. H. Niles.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

The PRESIDING OFFICER. Without objection the nominations in the Marine Corps on the calendar will be confirmed en bloc.

THE JUDICIARY—TERRITORY OF HAWAII

The legislative clerk read the nomination of Emil C. Peters to be associate justice, Supreme Court, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Francis M. Brooks to be fourth judge, first circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Edward M. Watson to be United States district judge.

The PRESIDING OFFICER Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 53 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Wednesday, July 24, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 23 (legislative day of May 13), 1935

GOVERNOR OF THE VIRGIN ISLANDS

Lawrence W. Cramer, of New York, to be Governor of the Virgin Islands, vice Paul M. Pearson.

ASSOCIATE JUSTICE OF THE UNITED STATES COURT OF APPEALS, DISTRICT OF COLUMBIA

Harold M. Stephens, of Utah, to be an associate justice of the United States Court of Appeals for the District of Columbia, vice William Hitz, deceased.

APPOINTMENTS IN THE REGULAR ARMY

TO BE MAJOR GENERAL

Brig. Gen. Charles Evans Kilbourne, United States Army, from July 7, 1935, vice Maj. Gen. Stuart Heintzelman, died July 6, 1935.

TO BE BRIGADIER GENERALS

Col. Charles Frederic Humphrey, Jr., Infantry, vice Brig. Gen. Charles E. Kilbourne, United States Army, nominated for appointment as major general.

Col. Laurence Halstead, Infantry, from September 1, 1935, vice Brig. Gen. Otho B. Rosenbaum, United States Army, to be retired August 31, 1935.

PUBLIC HEALTH SERVICE

The following-named senior surgeons to be medical directors in the United States Public Health Service, to rank as such from the dates set opposite their names:

James P. Leake, July 30, 1935.

Lawrence Kolb, August 5, 1935.

Hermon E. Hasseltine, August 7, 1935.

The following-named surgeons to be senior surgeons in the United States Public Health Service, to rank as such from the dates set opposite their names:

William S. Bean, Jr., August 14, 1935.
Gleason C. Lake, August 16, 1935.
Thomas B. H. Anderson, August 12, 1935.
Herbert A. Spencer, August 27, 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 23 (legislative day of May 13), 1935

ASSOCIATE JUSTICE SUPREME COURT, TERRITORY OF HAWAII

Emil C. Peters to be associate justice, Supreme Court, Territory of Hawaii.

CIRCUIT JUDGE, TERRITORY OF HAWAII

Francis M. Brooks to be fourth judge, first circuit, Territory of Hawaii.

UNITED STATES DISTRICT JUDGE, DISTRICT OF HAWAII

Edward M. Watson, United States district judge, district of Hawaii.

PROMOTIONS IN THE NAVY

Francis A. L. Vossler to be captain.
Edmund D. Almy to be captain.
Edwin T. Short to be commander.
Alexander R. Early to be commander.
William A. Heard to be commander.
Robert W. Cary to be commander.
Lewis J. Stecher to be commander.
Gerard H. Wood to be commander.
Emmet P. Forrestel to be lieutenant commander.
Delmer S. Fahrney to be lieutenant commander.
Karl J. Christoph to be lieutenant commander.
Jack E. Hurff to be lieutenant commander.
Alf O. R. Bergesen to be lieutenant commander.
Lyman S. Perry to be lieutenant commander.
Jerome F. Donovan, Jr., to be lieutenant commander.
Dixwell Ketcham to be lieutenant commander.
William J. Strother, Jr., to be lieutenant commander.
Mark H. Crouter to be lieutenant commander.
Cato D. Glover, Jr., to be lieutenant commander.
Harold F. Fick to be lieutenant commander.
John E. Gingrich to be lieutenant commander.
Douglass P. Johnson to be lieutenant commander.
Joseph T. Talbert to be lieutenant commander.
Benjamin P. Ward to be lieutenant commander.
James R. Tague to be lieutenant commander.
James B. Carter to be lieutenant commander.
John B. Mallard to be lieutenant commander.
James L. Wyatt to be lieutenant commander.
John M. Thornton to be lieutenant commander.
George D. Morrison to be lieutenant commander.
William C. Schultz to be lieutenant.
Harry A. Simms to be lieutenant.
Glenn M. Cox to be lieutenant.
Richard S. Mandelkorn to be lieutenant (junior grade).
Floyd B. Schultz to be lieutenant (junior grade).
Charles J. Weschler to be lieutenant (junior grade).
Francis A. Van Slyke to be lieutenant (junior grade).
William R. Miller to be lieutenant (junior grade).
Charles J. Palmer to be lieutenant (junior grade).
Paul W. Pfingstag to be lieutenant (junior grade).
Robert L. Evans to be lieutenant (junior grade).
Halford A. Knoertzer to be lieutenant (junior grade).
Walter D. Coleman to be lieutenant (junior grade).
Donald I. Thomas to be lieutenant (junior grade).
Robert T. Simpson to be lieutenant (junior grade).
Joseph J. Loughlin, Jr., to be lieutenant (junior grade).
Charlton L. Murphy, Jr., to be lieutenant (junior grade).
John H. S. Johnson to be lieutenant (junior grade).
Terrell A. Nisewaner to be lieutenant (junior grade).
Albert E. Gates, Jr., to be lieutenant (junior grade).
Irwin Chase, Jr., to be lieutenant (junior grade).
Henry H. McCarley to be lieutenant (junior grade).
Reader C. Scott to be lieutenant (junior grade).
Charles H. Kretz, Jr., to be lieutenant (junior grade).
Charles H. Smith to be lieutenant (junior grade).
George Hutchinson to be ensign.
Robert M. Hinckley, Jr., to be ensign.
Andrew B. Davidson to be medical director.
William L. Irvine to be medical director.
Griffith E. Thomas to be medical director.
Gardner E. Robertson to be medical director.
Rolland R. Gasser to be medical inspector.
John H. Chambers to be medical inspector.
Orville R. Goss to be medical inspector.
Paul T. Crosby to be medical inspector.
Ladislaus L. Adamkiewicz to be medical inspector.
Robert H. Snowden to be medical inspector.
Thomas L. Morrow to be medical inspector.
William H. H. Turville to be medical inspector.
Clarence J. Brown to be medical inspector.
Ely L. Whitehead to be medical inspector.
Arthur H. Dearing to be medical inspector.
Paul M. Albright to be medical inspector.
Charles H. Savage to be medical inspector.
Walter A. Fort to be medical inspector.
Felix P. Keaney to be medical inspector.
James R. Thomas to be medical inspector.
Frank W. Ryan to be medical inspector.
Robert B. Team to be medical inspector.
Walter M. Anderson to be medical inspector.
Leslie B. Marshall to be medical inspector.
Robert P. Parsons to be medical inspector.
Travis S. Moring to be medical inspector.
Lynn N. Hart to be medical inspector.
Robert H. Collins to be medical inspector.
Otis Wildman to be medical inspector.
Charles L. Oliphant to be medical inspector.
John E. Porter to be medical inspector.
Horace R. Boone to be medical inspector.
Fenimore S. Johnson to be medical inspector.
David Ferguson, Jr. to be medical inspector.
Stephen R. Mills to be medical inspector.
James A. Brown to be medical inspector.
Rollo W. Hutchinson to be medical inspector.
Carlton L. Andrus to be medical inspector.
Millard F. Hudson to be medical inspector.
John T. Stringer to be medical inspector.
John H. Robbins to be medical inspector.
Leon C. Frost to be dental surgeon.
John L. H. Clarholm to be paymaster.
Charles J. Lanier to be paymaster.
Joseph L. McGuigan to be naval constructor.
Robert N. S. Baker to be naval constructor.
William Nelson to be naval constructor.
Melville W. Powers to be naval constructor.
Howard L. Vickery to be naval constructor.
Ben Moreell to be civil engineer.
Carl A. Trexel to be civil engineer.
Alden K. Fogg to be civil engineer.
Robert E. Thomas to be civil engineer.
Edward C. Seibert to be civil engineer.
William H. Smith to be civil engineer.
Willard A. Pollard, Jr., to be civil engineer.
John J. Manning to be civil engineer.
William M. Angas to be civil engineer.
Stanley F. Krom to be chief gunner.

MARINE CORPS

Clifton B. Cates to be lieutenant colonel.
Clarence J. Chappell, Jr., to be captain.
Frederick B. Winfree to be first lieutenant.
Ernest R. West to be first lieutenant.
Robert R. Porter to be first lieutenant.
Marvin T. Starr to be first lieutenant.
Julian G. Humiston to be first lieutenant.
William K. Enright to be first lieutenant.
Harvey C. Tschirgi to be first lieutenant.
Paul J. Shovestul to be first lieutenant.
Cleo R. Keen to be first lieutenant.

POSTMASTERS

FLORIDA

Florence M. Bowman, Clermont.
Mary B. McCormick, La Belle.
Montrose W. Neeley, Wabasso.

ILLINOIS

Joseph A. Roesler, Ashton.
John C. Kolb, Benson.
James H. Elliott, Danville.
James M. Ryan, East Moline.
Everett L. Cameron, Gillespie.
Byron L. McDow, Jerseyville.
Nellie Sutter, Lisle.
Irwin Knudson, Newark.
Herbert H. Cox, Palmyra.
Edward J. Hathaway, Rossville.
Henry R. Morrow, Seneca.
Philip F. Althoff, Valmeyer.
Carl Reeser, Weldon.
Elmer J. Freund, West McHenry.
Robert L. Cooper, Williamsville.

KENTUCKY

Howard L. Cummins, Falmouth.
Susannah Elizabeth Forston, Lyndon.
Rolla M. Chafin, Weeksbury.

MICHIGAN

John A. Yagley, Dearborn.
Francis W. Jewell, Elberta.
John A. Campbell, Ewen.
Bert A. Onsted, Onsted.

MISSISSIPPI

William Frank Irving, Ackerman.
Charlie J. Moore, Jr., Bentonia.
Hezekiah Logan, Bruce.
George D. Myers, Byhalia.
Vivian Bass, Hazlehurst.
Minnie L. Beall, Lexington.
Marie J. McDavid, Parchman.
Joseph Davenport, Port Gibson.
Ruby W. Bacon, Schlater.
Blanche M. Sledge, Sunflower.
Curtis E. Morgan, University.
Henry H. Mackey, Vicksburg.

NEW HAMPSHIRE

Sanford M. Tarbell, Winchester.

NEW JERSEY

Clarence S. Grover, Hightstown.
Clarence W. Felmey, Millville.
John V. Haring, Oradell.
Alexander W. McNeill, Ridgewood.
Arthur M. Kimble, Sussex.
Mary R. Warren, Tuckahoe.

OKLAHOMA

Audrey Teeter, Grandfield.
Eugene P. Estes, Reydon.
Elam A. Davis, Thomas.

VIRGIN ISLANDS

Adele Berg, Frederiksted.

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 23, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

It is a good thing to give thanks unto the Lord, and to show forth Thy loving-kindness in the morning and Thy faithfulness every night. We seek, Heavenly Father, to give expression of our gratitude and devotion; praises be unto Thy excellent name, both now and evermore. We pray Thee that our labors may be based on a genuine feeling of brotherhood, that those whom we represent may be loyally served, to the honor of our public office. Each day help us to weave for ourselves, out of the great loom of life, characters that shall stand the test of time and eternity; and unto Thee we ascribe all glory. Through Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. TAYLOR of Colorado. Mr. Speaker, I renew my request that I made on yesterday that business on Calendar Wednesday, tomorrow, be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. WARREN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. WARREN. Mr. Speaker, I doubt if we ought to dignify the exudings of certain politically inclined gentlemen here in the House who daily issue their statements to representatives of the press. This morning we are confronted with one from the distinguished gentleman from New York, HAMILTON FISH, in which he takes occasion to attack the Speaker of the House of Representatives with slurs and insinuations.

Ever since the gentleman from New York has become the candidate of Congressman KNUTSON and ex-Congressman De Priest for President of the United States he seems to have lost all sense of proportion. [Laughter.]

Frankly, many here doubt if he knows what is going on at this session of Congress.

Everyone knows his animus in this latest attack, and just the reason for it. The House recalls the disgraceful proceedings last week when the gentleman from New York [Mr. FISH] personally attacked a Member of the House and his words were taken down and held out of order under a most proper ruling of the Speaker. I might say that had any Republican in the House been occupying the chair at that time he would have ruled likewise, and the gentleman's remarks were expunged from the RECORD on a roll-call vote.

I wonder if the gentleman from New York thinks that he is getting anywhere or is accomplishing anything either in his reflections on the Speaker or on the President of the United States, whom he daily maligns and abuses. I wonder if this type of campaign meets with the approval of the minority party in the House or Republicans throughout the Nation.

When it comes to the question of the Speaker, history does not record the greatness of a Speaker either by the friends he makes, his personality, or his good fellowship.

Posterity will always measure the greatness of a Speaker of the House of Representatives by—

First. His zealousness in the protection of the rights of each Member of the House;

Second. His zealousness in the protection of the rights of the minority;

Third. His preservation of the jurisdiction and integrity of the committees of the House. [Applause.]

The present able and beloved Speaker of the House of Representatives has been forceful and vigorous whenever the occasion demanded. He had been fair, patient, and considerate at all times. His leadership in this body has been outstanding. He has in all respects measured up to the great standards and the great requirements incident to his high office, and the spiteful aspersions born in the political malice and political hatred of the gentleman from New York [Mr. FISH] will not detract in one iota from him. [Applause.]

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to proceed for 5 minutes. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Does the gentleman from Pennsylvania yield to the gentleman from New York?

Mr. RICH. I would like to have my 5 minutes.

The SPEAKER. The gentleman has been granted his 5 minutes.

Mr. RICH. Mr. Speaker, a parliamentary inquiry. May I yield to the gentleman from New York and would my 5 minutes come in after that?

Mr. O'CONNOR. Mr. Speaker, I did not know the request was put in respect to the gentleman from Pennsylvania.

The SPEAKER. The Chair put the request.

Mr. O'CONNOR. I must have been asleep; otherwise I would have objected.

Mr. RICH. Mr. Speaker, violation of the Presidential oath of office is a violation of the Constitution.

The President of the United States on taking office swears to "preserve, protect—defend the Constitution of the United States." The oath that Franklin D. Roosevelt took when he was inaugurated as President of the United States is an oath that is part of the Constitution itself.

A violation of that oath is not just the violation of an oath—it is a violation of the Constitution.

President Roosevelt had this to say when the Supreme Court declared his N. R. A. program unconstitutional:

The whole tendency over many years—

Mr. Roosevelt said—

had been to view the interstate-commerce clause in the light of present-day civilization, although it was written into the Constitution in the "horse and buggy" days of the eighteenth century.

Mr. O'CONNOR. Mr. Speaker, I rise to a point of order.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the gentleman from Pennsylvania is reading on the floor of the House. I do not press the point of order if the gentleman will state to the House that he is the author of this great manuscript and that it was not handed to him by somebody else.

Mr. RICH. Mr. Speaker, I will say this: It was not handed to me by somebody else. They are not my own remarks, and I shall give credit to the author of them before I finish my remarks.

Mr. BLANTON. Mr. Speaker, if they are not the gentleman's own remarks, I object to them.

Mr. RICH. I shall give credit to the proper people before I finish my remarks. I intended to do that regardless of any objection by Mr. BLANTON.

Mr. BLANTON. Mr. Speaker, I object to the gentleman reading an anonymous attack upon the President of the United States, for he admits that he has not written it himself.

Mr. RICH. These are exactly my own sentiments, Mr. Speaker, regardless as to whether I originally made them or not. The gentleman from Texas does not like what I am saying. They are facts, however.

Mr. BLANTON. The gentleman cannot read an anonymous attack by somebody else upon the President of the United States, and I make the point of order against it.

The SPEAKER. That is a matter which under the rules must be submitted to the House. The question is, Shall the gentleman from Pennsylvania be permitted to continue to read the manuscript from which he has been reading?

The question was taken.

Mr. RICH. Mr. Speaker, I demand a division, and I want to say that if you are going to prohibit me from reading these remarks, there will not be any other reading of speeches. I am quoting and I must read to quote correctly.

The House divided; and there were—ayes, 33, noes, 71.

The SPEAKER. The noes have it and permission to read from the document is denied the gentleman from Pennsylvania.

Mr. RICH. Mr. Speaker, I want to be fair. I could have objected to this vote upon the ground that there is no quorum present, but I would like to give credit to the individual who wrote this speech if I may.

The SPEAKER. The gentleman can use his 5 minutes in debate. He has permission to speak for 5 minutes. The gentleman can proceed, but the gentleman will not be permitted under the action of the House to read from manuscript.

Mr. RICH. Not being an orator, and not being one who is well versed in parliamentary procedure, and wishing to quote the people who wrote this article verbatim, I want to make this statement, that I was reading an editorial from a Washington newspaper, the Herald, of July 18. Get a copy and read it. The editorial I consider one of the most sound editorials that I have read in a long while, and when we come to the conclusion that the President of the United States has taken an oath and obligation to defend the Constitution of the United States, and he does not do it, we know what should be done and so does he.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. RICH. Not now. When the President took this oath and obligation, "I, Franklin Delano Roosevelt, do solemnly swear that I will faithfully execute the office of President of the United States and will to the best of my ability preserve and protect and defend the Constitution of the United States, so help me God"——

Mr. MAVERICK. Mr. Speaker, I call attention to the fact that the gentleman is now reading.

Mr. RICH. Mr. Speaker, I am not reading. When the President of the United States, Mr. Roosevelt, wrote the letter to Samuel B. Hill in reference to the Guffey-Snyder coal bill, and when he said, "I hope your committee will not permit doubt as to the constitutionality, however reasonable, to block the suggested legislation", then I think that we are getting far afield from the oath that each Member of the House has taken.

I would like to say to the Members of Congress that we all have taken an oath and have an obligation to preserve, protect, and defend the Constitution——

Mr. MAVERICK. Mr. Speaker, a point of order.

Mr. RICH. And that any Member of Congress who votes for legislation not constitutional, violates his oath. These are my own remarks, Mr. Speaker.

The SPEAKER. The Chair hopes the gentleman will proceed in order.

Mr. RICH. I am trying to, Mr. Speaker. These are my own remarks. The Democratic Members do not like them. Honest criticism should be good even for Democrats.

The SPEAKER. Is that the same manuscript?

Mr. RICH. No; it is not the same manuscript. These are my own remarks.

Mr. BLANTON. Mr. Speaker, I do not object to any Member reading his own remarks.

Mr. RICH. Mr. Speaker, I hope this is not to be taken out of my time.

Mr. BLANTON. I do not object to the gentleman reading anything he has written himself, but I do object to his reading an anonymous attack, the author of which we do not know, viciously attacking the President of the United States.

Mr. RICH. If the gentleman from Texas and other Members will not object, I will finish this. This should be good for every Democratic Member of the House. They too should remember their oath to support the Constitution.

Any man making the statement that the President made to Mr. Hill—"I hope your committee will not permit doubt as to the constitutionality, however reasonable, to block the suggested legislation"—should be severely criticized. If anyone continues to violate his oath and obligation in that manner he should be impeached.

It would do you all good to read the Democratic platform of 1932, to know the promises made there to the American people for reduction of expenditures, consolidation of offices, sound money, removal of Government from business, balanced Budget, and so forth, and then compare the promises of the President of the United States when he accepted that platform 100 percent with the results. You will find that they are as wide apart as the earth from the sun, as daylight is from dark, as white is from black.

I hope that those in public office will obey the Constitution and will try to protect and defend it. It is the only salvation of the American people. However, read the Saturday Evening Post of July 20—"Stumbling into Socialism", by David Lawrence. You will note there the 1932 Socialist Party platform demands and the new-deal fulfillments and see how they compare on relief, social security, labor policies, social ownership, banking, taxation, agriculture, constitutional changes, and international relations. The Democratic Party is carrying out the socialistic platform and has overturned the Democratic platform. Why? Why are they doing it? The answer is they are following the President and not their own platform; Roosevelt the Socialist and not the Democrat. [Applause.]

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. RICH] has expired.

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. TRUAX. Reserving the right to object, Mr. Speaker, I see the distinguished Chairman of the Ways and Means Committee is present and I assume that important legislation is to be considered today. Now, why should we listen to one of these customary political speeches at this particular time?

Mr. MAVERICK. That is fair. Let him talk.

Mr. O'CONNOR. Reserving the right to object, more than that, Mr. Speaker, the gentleman's speech would be in rebuttal. The gentleman made a statement which was ably answered by the gentleman from North Carolina [Mr. WARREN].

Mr. BLANTON. And his remarks would be merely a repetition of what we have heard many times before.

Mr. MARTIN of Massachusetts. But that has not been answered on the floor of the House.

Mr. O'CONNOR. That could be carried on ad infinitum.

The SPEAKER. Is there objection?

Mr. McCORMACK. Reserving the right to object, in this connection I would like to ask unanimous consent to address the House for 5 minutes after the gentleman from New York [Mr. FISH] concludes.

The SPEAKER. The Chair cannot put both requests. The Chair will put the gentleman's request immediately afterward.

Is there objection?

Mr. McFARLANE. Mr. Speaker, I object.

Mr. FISH. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. McFARLANE. Mr. Speaker, I withdraw my objection.

Mr. FISH. Mr. Speaker, I withdraw my point of no quorum.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

The SPEAKER. The gentleman from Massachusetts [Mr. McCORMACK] asks unanimous consent to proceed for 5 minutes after the remarks of the gentleman from New York [Mr. FISH]. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, how much further are we going with speeches, Mr. Speaker?

Mr. McCORMACK. I do not think the gentleman can very well object, since we have not objected to your speaking on that side.

Mr. MARTIN of Massachusetts. If the gentleman from Massachusetts is going to make another speech we might want somebody to reply to that.

The SPEAKER. The Chair will put the request when it is made.

Mr. MARTIN of Massachusetts. On what subject is the gentleman going to speak?

Mr. McCORMACK. If the gentleman wants to know what I am going to speak on, and if that is a condition precedent to my obtaining 5 minutes, I refuse to convey the information to the gentleman. I refuse to have any conditions imposed on a unanimous-consent request that I make to address the House. The gentleman can object if he wants to.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

Mr. FISH. Mr. Speaker, a few days ago the minority leader [Mr. SNELL] made a statement to the press that the actions of the President of the United States were bordering on the line of unconstitutionality. A reporter yesterday asked me if I knew any Republican who was preparing to introduce a resolution of impeachment. I said I did not, and I hoped that at least for the time being, no such resolution would be introduced, but that it was evident that the President had violated the Constitution on one or more occasions.

For example, the dismissal of Judge Humphreys by President Roosevelt was declared by the Supreme Court to be unconstitutional. The N. R. A. has already been declared unconstitutional by the Supreme Court of the United States, and there are pending six or seven other measures the constitutionality of which has been questioned, and in some instances, by the courts. So I said to this reporter—and it was no written, prepared statement; it was not animated by malice or hatred; it was merely following a request for a statement from one of the reporters—that it would be most unwise and foolish to introduce in the House of Representatives a resolution impeaching the President of the United States for acts for which the Congress itself was far more responsible, was far more to blame, than the President. If the President is to be blamed and to be held responsible, then the Speaker and the Democratic leaders, and the gentleman from North Carolina [Mr. WARREN] are doubly to blame and doubly responsible. There can be no question about this. When the Democratic side of the House, controlling all legislation by a 3-to-1 majority, votes to deprive this House of its legislative authority, votes to surrender and abrogate its legislative and constitutional powers, it is the Speaker and the Democratic leaders who are responsible, much more so than the President of the United States.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. O'CONNOR. Did the gentleman vote for the Railroad Retirement Act that was held unconstitutional by the United States Supreme Court?

Mr. FISH. I believe I was not here at the time.

Mr. O'CONNOR. That was one of those days when the gentleman was out campaigning?

Mr. FISH. That was a time when I was out campaigning against the new deal and serving the best interests of the country.

Mr. COX. The gentleman was familiar with the question. Does not the gentleman feel like disclosing his attitude upon the question and how he would have voted had he been present?

Mr. FISH. There is another measure pending, and we will meet that issue when it comes before the House. I hope it will be so framed as to be constitutional.

Mr. Speaker, I told the reporter almost word for word what was written in the Washington Herald today. There is not a single word or a single syllable that I would change or retract. I said the Speaker was responsible for the unconstitutional delegation of the powers of the House, and called attention to the fact that some of the great Speakers of the past, such as Speakers Clark, Gillett, and Longworth, would not have remained silent and permitted the legislative powers and the constitutional powers of the House to be dissipated, thrown away, and surrendered by a Democratic majority or any other majority without a strong protest.

I am glad the gentleman from North Carolina raised this issue. I know very well it is a political attack on me, and I know that the Democrats do not like anyone who attacks the new deal or the Democratic majority in Congress. The gentleman says I do not know what is going on. I will say to the gentleman, to his Democratic new-deal colleagues, and to the Speaker that I do know exactly what is going on; that the Democratic majority in this House has surrendered the constitutional powers of the House and turned them over

to the autocrat in the White House. [Applause.] I know very well that ever since the beginning of this session the Chief Executive in the White House has been insisting that you Democrats delegate to him the legislative power that rightly belongs to you under the Constitution; and from the very beginning of this session you have complied with these arrogant demands to such an extent that you have voted to deprive yourselves, to rob yourselves, of your own legislative powers, and have made the Congress into hardly anything more than a rubber stamp, a mere shadow of its former power, dignity, and prestige.

Furthermore, from what has gone on today it is apparent to me that you intend to continue taking away these constitutional and legislative powers and turning them over to the President of the United States in defiance of the Constitution. I, for one, will oppose such a program at every opportunity, and predict that no matter who the Republican candidate in the next Presidential election in 1936 is, that the main issue will be the restoration of representative and constitutional government in the United States and the substitution of a government by law in place of a government by Executive orders and by a Chief Executive that has deprived us of our legislative powers.

I said further to this reporter that there was a different situation surrounding the impeachment proceedings against President Andrew Johnson, because then the Congress, arrogating to itself supreme power, tried to prevent the President of the United States from saying who should be in his own Cabinet and not permit him to dismiss members of his own Cabinet. The Congress was then usurping the powers of the President.

The President at that time was right and within the Constitution in defending his Executive prerogatives and powers. The issue today is exactly the reverse—the President of the United States has usurped the powers of the Congress, and it is time we called a halt. [Applause.]

The SPEAKER. The gentleman from Massachusetts [Mr. McCORMACK] is recognized for 5 minutes.

Mr. McCORMACK. Mr. Speaker, I am very sorry to see the gentleman from New York [Mr. FISH] in his attempted apology of the emotional remarks that he has made within the past few days, unconsciously enter again into the field of emotionalism by making an entirely unwarranted and unjustified attack upon the distinguished gentleman whom we all respect, without regard to party affiliation, who so fearlessly and impartially presides over the destinies of this body, our beloved Speaker, "Jo" BYRNS. [Applause.]

I respect men who fight hard. I respect men, members of the Republican Party and the Democratic Party, who fight hard for their party, but who fight clean. I respect men who make constructive criticisms; but such respect for a man is somewhat lost when he departs from what should be and what ordinarily is his general conduct and enter into the field of unnecessary, unfair, and unwarranted attack and argument.

The gentleman from New York [Mr. FISH], whether he intended it or not, is guilty of that crime; not only a few days ago but is again guilty of the same crime on this occasion.

Mr. FISH. Mr. Speaker, I ask that those words be taken down.

Mr. McCORMACK. The gentleman is offended——

Mr. FISH. Mr. Speaker, I ask that the gentleman's words be taken down.

The SPEAKER. What are the words which the gentleman wishes taken down?

Mr. FISH. That I am guilty of a crime.

The SPEAKER. The Clerk will report the words.

Mr. FISH. Mr. Speaker, I ask that the gentleman be requested to take his seat.

The SPEAKER. The gentleman from Massachusetts will take his seat.

Mr. O'CONNOR assumed the chair as Speaker pro tempore.

The SPEAKER pro tempore. The Clerk will read the words to which objection has been taken.

The Clerk read as follows:

Mr. McCORMACK. The gentleman from New York [Mr. FISH], whether he intended it or not, is guilty of that crime; not only a few days ago, but is again guilty of the same crime on this occasion.

Mr. COX. Mr. Speaker, a point of order. I insist, in connection with those words, that the previous statement that he had made an unfair argument also be included.

The SPEAKER pro tempore. The Chair was about to make that suggestion. To properly inform the Chair, the words previously uttered should be read in connection with the words just reported.

The Clerk will report the words uttered previously to the words to which objection was taken.

The Clerk read as follows:

I respect men who fight hard. I respect men, members of the Republican Party and the Democratic Party, who fight hard for their party, but who fight clean. I respect men who make constructive criticisms; but my general respect for men is somewhat lost when they depart from what should be and what ordinarily is their general conduct and enter into the field of unnecessary, unfair, and unwarranted attacks and arguments.

The SPEAKER pro tempore. The Clerk will again report the words to which objection was taken.

The Clerk read as follows:

The gentleman from New York [Mr. FISH], whether he intended it or not, is guilty of that crime; not only a few days ago, but is again guilty of the same crime on this occasion.

The SPEAKER pro tempore. The Chair is ready to rule.

The Chair may state, even though it may be gratuitous, that from his personal standpoint there has grown up in this House a ridiculous habit of causing the words of a Member to be taken down, which course often consumes a great deal of time; and, as the Chair said on the floor the other day, it appears to have come to pass recently that a Member cannot even say "boo" to another Member without some Member demanding that the words be taken down. This practice has become reductio ad absurdum.

The gentleman from Massachusetts [Mr. McCORMACK] has just uttered the words reported. The gentleman from New York [Mr. FISH] thereupon demanded that the words be taken down.

For the gentleman from Massachusetts to state that what the gentleman from New York did or said was a "crime", in the opinion of the present occupant of the chair, is but a loose expression—a word commonly used as a mere figure of speech. The word "wrong" in the dictionary is a synonym for "crime", and the Chair holds that the use of the word "crime", under the particular circumstances, is not unparliamentary language; and the gentleman from Massachusetts may proceed.

Mr. TABER. Mr. Speaker, I appeal from the decision of the Chair.

The SPEAKER pro tempore. The gentleman from New York appeals from the decision of the Chair. The question is, Shall the decision——

Mr. BLANTON. Mr. Speaker, I move to lay the appeal on the table.

The SPEAKER pro tempore. The Chair had started to put the question.

The question is, Shall the decision of the Chair stand as the judgment of the House?

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 165, noes 35.

Mr. TABER. I object to the vote, Mr. Speaker, on the ground there is no quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] Two hundred and eighteen Members are present, a quorum.

Mr. TABER. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. The gentleman from New York demands the yeas and nays. Those in favor of taking this vote by the yeas and nays will rise and stand until counted. [After counting.] Thirty-three Members have risen, not a sufficient number, and the yeas and nays are refused.

The gentleman from Massachusetts will proceed.

Mr. McCORMACK. Mr. Speaker, I listened with interest to the gentleman from Pennsylvania [Mr. RICH] and in view of the fact that the distinguished minority leader and other distinguished Members of the Republican Party have made similar remarks within the past few days about the contents of a letter sent by the President to the distinguished gentleman from Washington [Mr. HILL] and about an amendment to the Constitution. Let us coldly, even if you do not openly agree with me in this argument analyze some of the evidence relating thereto.

If we are not to have a government that is static, or if government is to be a living entity, it must be in a position to meet changes in existing conditions. There is only one way under a written constitution we can prevent ourselves from remaining static, and that is by congressional action and court interpretation.

Under the written form of government, the Constitution we have, we must first have congressional action, and then we must expect judicial interpretation whenever the constitutionality of legislation is raised.

This is our system of government, and if we have got to experiment from time to time we have got to enter into the legislative field of uncertainty. When conditions justify it, we cannot entirely depend upon past court decisions alone, and when circumstances in a particular case demand it, we must pass legislation with the expectation that the Supreme Court will pass upon it. We have got to continue to pass legislation and we must reasonably go into the field of uncertainty because, under our form of government, the only way the Government, as such, can prevent itself from becoming stationary and static is by a combination of congressional action and of court interpretation, and that applies whether the Democratic Party is in power or the Republican Party is in power. If legislative power does not exist, and circumstances and the general welfare require it, then the proper and constitutional method to employ is to amend the Constitution, giving to Congress necessary power.

Now, whether I may agree with an amendment that may be proposed is immaterial. My mind is open on the question of whether one is necessary to meet the changed conditions and to adjust the commerce clause to them, and before I vote for a constitutional amendment, I am going to be certain it is absolutely necessary. However, to amend the Constitution is a constitutional right. Furthermore, for the President to suggest an amendment of the Constitution, if he feels it is necessary, is within his power and his province, and I call the attention of my distinguished Republican friends to the fact that one of the greatest humanitarian Presidents in the history of our country was a great Republican, Theodore Roosevelt, had marked views on this subject.

I have before me copies of his speeches when he went around the country fighting the big corporations and trusts, and repeatedly, as President of the United States, he said in speeches in every part of the country that if legislation cannot meet the problem of huge trusts in the interest of the general public, an amendment to the Constitution will be necessary. I read but one citation:

I believe the Nation must assume this power of control by legislation, if necessary, by constitutional amendment.

[Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. EKWALL. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes. I might state that what I desire to say is on a purely nonpartisan subject.

The SPEAKER. Is there objection?

There was no objection.

Mr. EKWALL. Mr. Speaker, several days ago words I uttered on the floor were taken down and expunged from the RECORD. If I had seriously meant the words I uttered, of course I would stick by them through thick and thin, but I did not mean those words. I thought everybody in the room understood at the time that I was trying to pour a little oil on the troubled waters. However, I find that some of my colleagues seriously thought I meant the words; that I had some feeling against the gentleman from Texas [Mr. PATMAN]. When there is a misunderstanding, if I am in the wrong or if I have spoken out of turn on any particular occasion I am big enough to acknowledge it. When I am right; when I am serious about a matter, I shall always stand by the words that I utter. I want it distinctly understood by my colleagues that I had no feeling at all against the gentleman from Texas, that I have always been his friend, as I believe I have been a friend to every other Member on the floor of this House. And I rise now to dissipate any idea which might exist in anyone's mind that I was other than speaking facetiously when I used the term that was taken down at that time. [Applause.] I was on that occasion of the opinion that possibly by some little quip or fling the apparent tension would be dispelled and that we could go on with the business before the House. The gentleman from Texas has been a soldier, fighting valiently in the interest of the ex-service men, and I, too, am intensely interested in their problem and welfare. I do not want any one to misunderstand my object in speaking the other day. I was wrong, and I admit it. My words were properly expunged. I meant no personal aspersion against the gentleman from Texas.

THE FEDERAL SOCIAL-SECURITY BILL AND PENNSYLVANIA

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, before the inauguration of President Roosevelt, the fight for real social legislation was making very little headway, locally or nationally.

Not until the people had gone through the misery and suffering of the depression did they awaken to the need for real social legislation. Able-bodied men and women could find no jobs month after month and year after year. They began to understand the need for unemployment insurance.

When old people had to stand in bread lines and before soup kitchens, the plea for old-age pensions became too strong to be further denied.

MANY SOCIAL NEEDS ARE MET

When it became known that 9,000,000 children under 16 years of age were on the relief rolls, that their health and future development would be permanently impaired through undernourishment, then the need for child welfare and mothers' assistance funds, for maternity care, and for real public-health measures was conceded by a majority of the people. All these needs are dealt with in the social-security bill just passed.

In the past, old-age pensions came out of the public treasuries. Consequently there was much opposition to the passage of old-age-pension laws because of the heavy burden imposed upon the taxpayer through the levying of additional taxes for their payment.

THE CONTRIBUTORY SYSTEM OF OLD-AGE INSURANCE

Therefore, I introduced a resolution in the Congress based on the contributory system of old-age insurance. That resolution was adopted by the House of Representatives on February 15, 1934. It contemplated contributions into a pension fund from the Government, from the employers, and from the employees. Under this system old-age-pension benefit payments became a matter of contractual right, not charity.

STATE FUNDS INADEQUATE

Pennsylvania has an old-age-assistance law under which indigent persons over 70 years should receive up to $30 a month. This law, totally inadequate as it is, exists on paper only. The Pennsylvania Legislature failed to appropriate sufficient funds to make payments to all who were eligible. In Allegheny County, for example, thousands of old people registered with the proper authorities, and complied with every requirement, but were compelled to go hungry because there were no funds to pay to them.

FEDERAL FUNDS BRING AID

That condition will continue no longer. With the passage of the social-security bill, the Federal Government will pay

one-half of the total old-age-pension expenditures in Pennsylvania, making available enough money to care for every aged person who comes under the terms of the law. But this law is not enough.

CHANGES IN LAW REQUIRED

The age limit in both the State and Federal law is too high. What we want is an old-age pension and not a graveyard pension.

A man or woman should not have to be 70, or even 65, to get a pension. Our industrial system, our mass production burns us out and condemns us as unfit for industrial competition long before we are 60. Pensions should begin at 60 years, and not later.

I also urge that the payments be increased. Thirty dollars is far too low. Thirty dollars is totally inadequate to provide a living in decency and comfort, such as old people should have in a country as wealthy as the United States.

UNEMPLOYMENT COMPENSATION

And now, Mr. Speaker, I want to discuss the part of the social-security bill which deals with unemployment insurance.

Under the social-security bill, the Federal Government levies a tax on pay rolls, beginning at 1 percent in January 1937 and increasing every year until it becomes 3 percent in 1939, and thereafter. All employers of four or more people pay this tax.

Over 26,000,000 employees in the United States will be benefited. This tax must be paid into the Federal Treasury, but in those States where unemployment-compensation laws are enacted, the employers are permitted to deduct their payments to State unemployment funds up to 90 percent of the Federal tax. The purpose of the Federal tax is not to collect revenue, but to place the employers of every State on the same competitive basis regarding the payment of unmployment-insurance benefits.

Six States have already passed unemployment-compensation laws to protect their employees against that greatest of all hazards—unemployment.

PENNSYLVANIA FAILS TO ENACT LAW

With deep regret I must say that my own State—Pennsylvania—is not among those six. An unemployment-compensation bill was introduced in Pennsylvania by the Earle administration and passed by the House of Assembly in Harrisburg. It was pickled in a Senate committee. The State Senate adjourned without reporting this bill.

I cannot understand it. I cannot explain the killing of this bill. Governor Earle fought for its passage, but the reactionary senate let it die. Why? Not on the ground of added expense. The law that was proposed would have cost the employer of the State of Pennsylvania in 1936 only one-tenth of 1 percent of his pay roll, in the year 1937, two-tenths of 1 percent, and in 1938 and thereafter, three-tenths of 1 percent of the pay roll, but it would have given to the employees of the State 1 percent in 1937, 2 percent in 1938, and 3 percent of the pay roll in 1939 and thereafter in unemployment-compensation benefits.

REPUBLICAN SENATORS BLAMED

So short-sighted, so steeped in the ways of yesterday were the Republican senators in Harrisburg that when an unemployment-compensation bill was sent over from the house they said "No" without examining the bill, without studying it, and without understanding it.

The action of the Republican-controlled senate in scuttling the unemployment-compensation bill is a betrayal of every employed man and woman in the State. It is a betrayal of the people of Pennsylvania by the puppets of reactionary, short-sighted industrialists. And it is a cowardly betrayal—cowardly because these senators did not have the nerve to vote it down on the floor of the senate.

FOES OF ALL SOCIAL LEGISLATION

Even if we overlook, for the moment, the fact that the Republican controlled State senate throttled, stifled, maimed, mutilated, and slaughtered every labor and social bill, every humane and progressive measure for the benefit of the people, which was passed by the house in Harrisburg, we would still be amazed, shocked, and stunned by the brutal and stupid killing of the State unemployment-compensation bill. That act alone should be sufficient to retire into political oblivion every one of these puppet senators—these enemies of the people—these messenger boys of reactionaries. In killing this bill the Republican senators have committed political suicide.

PENNSYLVANIA EMPLOYERS MUST PAY THE TAX, BUT PENNSYLVANIA EMPLOYEES WILL NOT GET THE BENEFIT

Pennsylvania business will pay millions of dollars into the Federal Treasury and Pennsylvania employees will not get a dime of benefits of these taxes—taxes that were intended by the Government to be paid back to Pennsylvania for unemployment-insurance benefits.

The Federal Government stands ready and willing to pay back those millions of dollars to the State of Pennsylvania, but it cannot do so, because the State senate in Harrisburg refused to set up the machinery to receive this money.

SENATE REFUSES FEDERAL GRANTS

The Federal Government says to the State of Pennsylvania, "Here are millions of dollars which we have collected from you and which we want to return to you to pay for unemployment insurance", but the State senate says, "We do not want the jobless of Pennsylvania to have these benefits." Instead of voting for unemployment compensation laws, the Republican senators would rather see the unemployed starve.

When a special session is called, the State unemployment-compensation law must be passed or Pennsylvania will lose forever the money which must be paid into the Federal Treasury for the benefit of Pennsylvania jobless employees.

END RULE OF REACTIONARIES

The time has come to banish forever from public life all such reactionary senators. The people are awakening; they will no longer tolerate the slaughter of social legislation by reactionary bodies like the Pennsylvania State Senate.

The session of the Pennsylvania State Legislature which ended recently must see the finish of these reactionaries. Social-insurance and social-security laws must go forward in the United States.

The people of this Nation demand and will get real social security, so that to the wealth of this Nation will be added a peaceful and happy life for its citizens.

FINAL PROOF BY HOMESTEAD AND DESERT-LAND ENTRYMEN

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1065) to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen, which I send to the desk.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman please explain the bill?

Mr. DEMPSEY. This extends the time for final proof of certain homestead and desert entrymen. It provides that they shall have until December 1935, if they can show it will be a hardship to comply at an earlier date.

Mr. MARTIN of Massachusetts. It extends the present law 1 year?

Mr. DEMPSEY. Yes.

Mr. MARTIN of Massachusetts. Does it entail any cost on the Treasury?

Mr. DEMPSEY. No.

Mr. TABER. This is not the same bill that was up with reference to homesteads?

Mr. DEMPSEY. No.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, as amended, is amended by striking out "December 31, 1934" and inserting in lieu thereof "December 31, 1935."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill was laid on the table.

CONTRACTS FOR CONSTRUCTION AND ALTERATION OF PUBLIC BUILDINGS

Mr. MILLER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8519) requiring contracts for the construction, alteration, and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Will the gentleman please explain the bill?

Mr. MILLER. This bill merely provides that in the construction of public buildings and other public works there shall be two bonds, one for the performance of the contract with the Government, and the other a payment bond for the protection of subcontractors and those furnishing the labor and material.

Under the present law we have but one bond, with a dual obligation, but it is not satisfactory in that it does not afford protection to the subcontractors, materialmen, and laborers.

This merely provides for two bonds, one for the protection of the Government's interests, and the other for the protection of the rights of labor, the subcontractors, and material furnishers. It permits the filing of a suit on the payment bond 90 days after the work has been done, or material furnished.

Mr. MARTIN of Massachusetts. It gives protection to the subcontractors.

Mr. MILLER. That is right.

Mr. MARTIN of Massachusetts. Was it a unanimous report from the committee?

Mr. MILLER. Yes; so far as I know, no opposition developed.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) before any contract, exceeding $2,000 in amount, for the construction, alteration, or repair of any public building or public work of the United States is awarded to any person, such person shall furnish to the United States the following bonds, which shall become binding upon the award of the contract to such person, who is hereinafter designated as "contractor":

(1) A performance bond with a surety or sureties satisfactory to the officer awarding such contract, and in such amount as he shall deem adequate, for the protection of the United States.

(2) A payment bond with a surety or sureties satisfactory to such officer for the protection of all persons supplying labor and material in the prosecution of the work provided for in said contract for the use of each such person. Whenever the total amount payable by the terms of the contract shall be not more than $1,000,000 the said payment bond shall be in a sum of one-half the total amount payable by the terms of the contract. Whenever the total amount payable by the terms of the contract shall be more than $1,000,000 and not more than $5,000,000, the said payment bond shall be in a sum of 40 percent of the total amount payable by the terms of the contract. Whenever the total amount payable by the terms of the contract shall be more than $5,000,000 the said payment bond shall be in the sum of $2,500,000.

(b) The contracting officer in respect of any contract is authorized to waive the requirement of a performance bond and payment bond for so much of the work under such contract as is to be performed in a foreign country if he finds that it is impracticable for the contractor to furnish such bonds.

(c) Nothing in this section shall be construed to limit the authority of any contracting officer to require a performance bond or other security in addition to those, or in cases other than the cases specified in subsection (a) of this section.

SEC. 2. (a) Every person who has furnished labor or material in the prosecution of the work provided for in such contract, in respect of which a payment bond is furnished under this act and who has not been paid in full therefor before the expiration of a period of 90 days after the day on which the last of the labor was done or performed by him or material was furnished or supplied by him for which such claim is made, shall have the right to sue on such payment bond for the amount, or the balance thereof, unpaid at the time of institution of such suit and to prosecute said action to final execution and judgment for the sum or sums justly due him: *Provided, however*, That any person having direct contractual relationship with a subcontractor but no contractual relationship, express or implied, with the contractor furnishing said payment bond shall have a right of action upon the said payment bond upon giving written notice to said contractor within 90 days from the date on which such person did or performed the last of the labor or furnished or supplied the last of the material for which such claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the material was furnished or supplied or for whom the labor was done or performed. Such notice shall be served by mailing the same by registered mail, postage prepaid, in an envelop addressed to the contractor at any place he maintains an office or conducts his business, or his residence, or in any manner in which the United States marshal of the district in which the public improvement is situated is authorized by law to serve summons.

(b) Every suit instituted under this section shall be brought in the name of the United States for the use of the person suing, in the United States District Court for any district in which the contract was to be performed and executed and not elsewhere, irrespective of the amount in controversy in such suit, but no such suit shall be commenced after the expiration of 1 year after the date of final settlement of such contract. The United States shall not be liable for the payment of any costs or expenses of any such suit.

SEC. 3. The Comptroller General is authorized and directed to furnish, to any person making application therefor who submits an affidavit that he has supplied labor or materials for such work and payment therefor has not been made or that he is being sued on any such bond, a certified copy of such bond and the contract for which it was given, which copy shall be prima facie evidence of the contents, execution, and delivery of the original, and, in case final settlement of such contract has been made, a certified statement of the date of such settlement, which shall be conclusive as to such date upon the parties. Applicants shall pay for such certified copies and certified statements such fees as the Comptroller General fixes to cover the cost of preparation thereof.

SEC. 4. The term "person" and the masculine pronoun as used throughout this act shall include all persons whether individuals, associations, copartnerships, or corporations.

SEC. 5. This act shall take effect upon the expiration of 60 days after the date of its enactment, but shall not apply to any contract awarded pursuant to any invitation for bids issued on or before the date it takes effect, or to any persons or bonds in respect of any such contract. The act entitled "An act for the protection of persons furnishing materials and labor for the construction of public works", approved August 13, 1894, as amended (U. S. C., title 40, sec. 270), is repealed, except that such act shall remain in force with respect to contracts for which invitations for bids have been issued on or before the date this act takes effect, and to persons or bonds in respect of such contracts.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RECONSTRUCTION FINANCE CORPORATION LOANS

Mr. SISSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill—S. 3269—to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman explain the purposes of the bill?

Mr. SISSON. Mr. Speaker, in reply to the gentleman from Massachusetts I will say that a bill identical with this was passed last year giving the Reconstruction Finance Corporation the power to make loans for replacing buildings destroyed by flood, hurricane, and other causes.

That was occasioned by floods in Oklahoma and Tennessee. The authorization was limited to $5,000,000. Of that amount about $1,700,000 was expended by the R. F. C. for these purposes. That leaves $3,300,000. This bill is occasioned at this time more specifically by reason of the floods in New York and Pennsylvania, but its general application is wide and it may be used anywhere. The act of last year expired in April, and this is the identical language extending the act to 1936, inclusive.

Mr. FISH. Will the gentleman yield?

Mr. SISSON. I yield.

Mr. FISH. Is it not a fact that this bill is occasioned by the floods in the upper part of New York State?

Mr. SISSON. That is right.

Mr. FISH. I would like to call the attention of the House to the fact that one-third of the taxes come from New York

State, and that we have been contributing to flood relief all over the United States in years past. I hope this bill will go through.

Mr. STEAGALL. The bill applies to the United States generally. Relief may be had in any other State, and ample security is provided for under the bill.

Mr. SISSON. The chairman of the committee is exactly right in saying it was originally limited to $5,000,000, but there was $1,700,000 expended under that authorization last year, and this authorization is limited to the expenditure of the balance of that authorization or $3,330,000.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SISSON]?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the first paragraph of the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934 (48 Stat. 589), is hereby amended by striking out the words "year 1933, and in the months of January and February 1934" and inserting in lieu thereof the words "years 1933, 1934, 1935, and 1936."

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

SHALL CONGRESS SABOTAGE FREE SPEECH?

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting in the RECORD a speech which I made over the radio the other evening.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert the following address made by me, Friday, July 19, 1935, 7:30 p. m., New York time, over station WEAF, New York; station WRC, Washington; and associated stations of the National Broadcasting Co.:

Thomas Jefferson once said: "If I had the choice between government without free speech and free speech without government, I would choose the latter." To him, and in fact to all right-minded persons, free speech, together with freedom of the press and freedom of religion—the Bill of Rights—which are embodied in the first amendments of the Constitution, is more important than the Constitution itself. Yet men and women, forgetful of our history and traditions, are constantly agitating for the enactment of measures that put vipers in the bosom of this same Bill of Rights.

I am a member of the Judiciary Committee of the House of Representatives and was designated to act as chairman of the committee to hear the various sedition bills offered by a number of Representatives. Foremost amongst these is H. R. 6427, introduced by my dear and esteemed friend Mr. KRAMER, able Member from California.

This bill is also sponsored by Representatives JOHN W. MCCORMACK, of Massachusetts, and SAMUEL DICKSTEIN, of New York, two distinguished Members and my dear friends. It is therefore with great reluctance that I oppose these gentlemen. Duty, however, compels.

This Kramer bill provides that any person who knowingly makes any statement, orally or in writing, which advocates or urges the overthrow of the Government of the United States, or of any State or Territory, by force or violence, or by assassination of the Executive head or any other official of such Government, or other unlawful means, and any person who knowingly prints, publishes, issues, edits, circulates, sells, distributes, or displays in public any written matter containing any such statement, shall, upon conviction thereof, be punished by a fine of not more than $5,000 or imprisonment for not more than 5 years, or both.

This bill, at first blush, seems worthy enough; but after close scrutiny it is readily discernible that it would become an instrument of oppression. It would doubtlessly lay an ax at the foot of the tree of free speech, would subject the great majority of the American people, particularly its workmen, engaged in union and strike activities, to the absolute domination of the small minority of powerful and vested interests, would be the means of oppression against unpopular minorities, and would finally be an attempt to sabotage free speech and other inalienable rights.

Under this statute no overt act is necessary. Merely harboring radical opinions might invite punishment. The speaker or the writer would find himself in the toils of the law if his utterances, though innocent, were forceful enough to incite his audience to violence. It is not what he says. It is the effect of what he says that would count. Different people are affected differently. A perfectly fair, yet sharp criticism of the Government by a street-corner orator, by a striker, by an editorial writer, might have little or no effect upon many persons, yet cause others to do violence. That striker, editor, or orator would be clapped into jail.

It is difficult to draw the line between advocacy and incitement. Justice Brandeis, in the Bitlow case, very significantly stated:

"Every idea is an incitement. It offers itself for belief, and if believed it is acted upon unless some other belief outweighs it or some failure of energy stifles the movement at its birth. The only difference between the expression of an opinion and an incitement in the narrow sense is the speaker's enthusiasm for the result. Eloquence may set fire to reason."

Pass this bill, and what will be the result? People would be afraid to speak or write their thoughts. They would fear prosecution, or rather persecution. Rather than speak the truth, they would remain silent. Or, if they do speak, they would "pull their punches." In other words, the truth would remain partly spoken or unspoken for fear of jail. Free speech, freedom of the press, freedom of assemblage would all go aglimmering.

Suppose I live in Louisiana. A certain individual, wearing the toga of high office, is enabled to reduce the people of that State practically to serfdom. This bill would place a plaster over the mouths of those likely to criticize or protest. They would not dare offer objection, much less condemn the machinations of this despot. They would be incarcerated for violations of this statute. They would be charged with attempted overthrow of the State's government, despite the fact that that government ought to be overthrown and the tyrant at its head deposed.

The owner of a plant—wealthy, powerful, ruthless—could use the statute for his own fell, selfish purposes. Where he controls local officials, he could claim that strikers at his plant were guilty of sedition and were aiming at the overthrow of government, whereas, in reality, higher wages and shorter hours were their goal. Subservient and complaisant district attorneys and sheriffs would readily prosecute.

Under this act, anyone saying anything not in accord with the views of those in power—be they great industrialists, Governors, sheriffs, or political bosses—would come to grief.

I am for punishment of those who commit overt, specific, illegal acts; punishment for those who are guilty of active treason, criminal anarchy, riot, insurrection, assault and battery, criminal conspiracy, incendiarism. But under this statute, mere words would be illegal; wild, forceful, emotional utterances—reprehensible; absurd, untruthful statements could enmesh a person.

Henry Thomas Buckle, author of that great classic The History of Civilization in England, significantly states: "The only answer to words is words; when an attempt is made to answer them by force, it becomes tyranny." Voltaire put it this way: "I may disagree utterly with what you say, but I will defend to the death your right to say it."

Furthermore, there is no threatened danger to public peace as justifies the restrictions of free speech contemplated. Our normal criminal law affords adequate protection against any real or fancied disturbances.

There seems to be a general hysteria of fear gripping the Nation against communism, socialism, and all manner and kinds of other "isms." In almost every legislature a flood of gag bills and sedition measures have been introduced. In Georgia a woman was thrown into jail. Her sole offense was the possession of copies of some liberal magazines like the Nation, the New Republic, and Liberty. In fact, the sheriff who broke into her home illegally stated that the magazine Liberty was the most dangerous of the magazines seized. He said the very name proved that it was a seditious document. In California, during the past session, 24 bills were introduced denying civil liberties and imposing restrictions of the right to strike. Measures were introduced ranging from the establishment of a bureau of espionage to one making radical meeting places public nuisances; from one making the advocacy of a change in government a felony, to another making the advocacy of pacifism a felony. If all these bills had been passed, it is pointed out by the editor of the New Republic, California would have a form of government besides which that of tsarist Russia would be called progressive.

President Robert M. Hutchins, of the University of Chicago, in a recent commencement address, attacked vigorously these so-called "patrioteers" who seek to whittle away the rights of free speech and freedom of the press. He said, "Almost everybody is now afraid. This is reflected in the hysteria of certain organs of opinion which insist on free speech themselves, although nobody has thought of taking it away from them, though at the same time they demand that it be denied everybody else. * * * It—this fear—is reflected in the general resistance to all uncomfortable truths * * *."

These sedition bills before my Judiciary Committee are urged as a means of combating the spread of communism and facism. They would, I repeat, curtail free speech; and, in my humble opinion, the best antidote to communism and fascism is more, not less, free speech. My friend and esteemed colleague, Representative VITO MARCANTONIO, of New York, vigorously and valiantly opposed these bills and held with Senator BORAH—

"That to oppose communism and fascism by surrendering the very things, as free speech, the right of assemblage, which distinguish Americanism from fascism and communism, is blundering leadership and unworthy of the support of true Americans."

But there is no real danger from communism in this country. The total enrollment of the Communist Party is 36,000 votes,

18,000 of which are in New York. However, if there is no danger from the Communists now, there will be danger if these gag and sedition bills are passed. That is the meat upon which the Communists feed—repression and restraint. I believe the sound method of dealing with communism is to bring it out in the open so that its tenets, if unsound, may be so demonstrated. The most effective method of defeating the Communists is to throw as much light as possible upon their program, so that its unsoundness may be revealed. The bills before us would have the contrary effect of driving their activities underground, with the inevitable consequence that they would become further intensified and publicized. Driving Fascists and Communists in secret channels would only martyrize them—make them heroes and their doctrines popular and romantic. Their adherents would consequently greatly grow in numbers.

Jefferson properly said: "It is error alone which needs the support of government. Truth can stand by itself." Let us, therefore, place communism with all its hideousness and loathsomeness in the open market place, where we can place a value upon it. Let us freely speak and write about it and show it to be cheap and worthless, not keep it hidden like a jewel in a safe, as though it were valuable and precious. Only by dragging it out, will we consign it to the dunghill, where it belongs.

The situation that confronts us today with these pending repressive bills is not unlike that which confronted Jefferson, Madison, and Livingston upon the eve of the Alien and Sedition Acts of 1798. John Adams and the Federalists then in power were restive under the sharp criticism of their regime. They felt that they, like the king, "could do no wrong." They wished to prevent criticism and stop the spread of Jefferson "radicalism." They passed the Alien and Sedition Acts. This aroused the greatest indignation and caused their decisive defeat at the polls by Jefferson and his followers.

In the House of Representatives in 1798, Edward Livingston, in opposing the Sedition Act, predicted as follows:

"The country will swarm with informers, spies, delators, and all the odious reptile tribe that breed in the sunshine of despotic power. * * * The hours of the most unsuspected confidence, the intimacies of friendship, or the recesses of domestic retirement afford no security. The companion whom you must trust, the friend in whom you must confide, the domestic who waits in your chamber, all are tempted to betray your imprudent or unguarded follies; to misrepresent your words; to convey them, distorted by calumny, to the secret tribunal where jealousy presides—where fear officiates as accuser and suspicion is the only evidence that is heard * * *."

My colleague, Hon. MAURY MAVERICK, Representative from the State of Texas, very forcefully and ably drew attention to the fact that Livingston's predictions were not unjustified and that the Sedition Act led to a campaign of systematic snooping, and that Federalist judges and officials used the statute to oppress their political enemies.

The very first prosecution under the Sedition Act was against an anti-Federalist Congressman. Collendar, a friend of Jefferson, was convicted for saying: "Mr. Adams has only completed the scene of ignominy which Mr. Washington began." Some mad wag has stated that Hoover made monkeys out of us and Roosevelt is now planting trees (presumably to have us climb them). If this Kramer bill were on the statute books today, that person could undoubtedly be hailed to court, despite the fact that his utterance was doubtlessly half facetious, half serious.

Charles Beard points out that: "Editors of Republican (Jeffersonian) papers soon found themselves in jail or broken by heavy fines; bystanders at political meetings who made contemptuous remarks about Adams or his policies were hurried off to court, lectured by irate Federalist judges, and convicted of sedition. In vain did John Marshall urge caution, explaining that the sedition law was useless and calculated to arouse rather than allay discontent."

The Alien and Sedition Acts were, of course, repealed, and Congress, many years after the repeal, repaid the fines imposed on some of its prominent victims.

I warn, let there be no recurrence of the wild and pitiful scenes of the Sedition Acts of 1798.

If these gag and sedition bills are permitted to become imbedded in our permanent statutes, then what apparently is desired in this country is a sort of dead-level of mediocrity, a nation of nincompoops and dullards. If we cannot speak our minds freely and openly on economic and political topics, then we will be reduced to automatons, without intelligence, ideas, or courage. Without freedom to express ideas and thoughts there can be no progress. We might as well go back to horse and buggy days. If the Government is to throttle free thought and free expression, fear and timidity will replace courage and initiative of our citizenry.

Remember, only those countries that permitted free speech and never attempted gag bills, are free today. Russia, Germany, Austria, Italy, Spain—all placed the heel of oppression upon their peoples and banned free speech. Communism and dictatorship are their rewards. England always maintained and still maintains its Hyde Park. Speech is as free as air. It always gave asylum to radicals and Communists like Kropotkin. It accepted many whom we barred. Its reward is not dictatorship, not communism. It is still free.

There is a need for progressive and patriotic men and women everywhere to take heed and be watchful lest these sedition and gag bills take hold.

BRIDGE ACROSS TENNESSEE RIVER NEAR SHEFFIELD, ALA.

Mr. CARMICHAEL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8229) to amend the act approved June 12, 1934, relating to the granting of the consent of Congress to certain bridge construction across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala.

The Clerk read the title of the bill.

Mr. CARMICHAEL. At the last session of Congress a bill was passed giving the consent of Congress for the building of a bridge over the Tennessee River between Sheffield and Florence, Ala., and authority was given to the State of Alabama and some of its agencies. After that, at the present session of the Legislature of Alabama a bridge corporation was incorporated and authorized, and I wish to extend that authority by this amendment to that act to this bridge corporation.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. MARTIN of Massachusetts. Reserving the right to object, what is the urgency of this request and why should it be treated differently from any of the other bridge bills? Why should it not be called up on the regular calendar?

Mr. CARMICHAEL. The Authority is very anxious now to procure money from the P. W. A. with which to construct the bridge. The Authority is unable to proceed without the consent of Congress. I think the matter is urgent. For that reason I ask for its consideration at this time.

Mr. MARTIN of Massachusetts. We are going to have the Consent Calendar next Monday, so I will object at the present time.

GIVE INDEPENDENT MERCHANTS SAME RIGHTS AND PRIVILEGES AS CHAIN STORES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting my testimony before the Committee on the Judiciary in reference to a bill in behalf of which I appeared before that committee.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, permission having been granted, I am inserting herewith a copy of my testimony before the Judiciary Committee of the House of Representatives on July 10, 1935, in support of H. R. 8442, a bill making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors.

Mr. PATMAN. Mr. Chairman, H. R. 8442 was introduced by me in the House and Senator JOSEPH T. ROBINSON, of Arkansas, introduced the same bill in the Senate. The number of the Senate bill is S. 3154. I am sure you will find a similarity in all bills that have been introduced on this subject by reason of the fact that an investigation that was made by the Federal Trade Commission caused a report to be made by the Federal Trade Commission, and in this report certain suggestions and recommendations were set forth, and I suspect that all the authors of these different bills took into consideration the recommendations that were made by the Federal Trade Commission. If each member of the committee does not have a copy of the final report on the chain-store investigation by the Federal Trade Commission, which is Senate Document No. 4, Seventy-fourth Congress, first session, I hope the clerk will make arrangements to get each member a copy, because I consider it very material to the inquiry.

Mr. GUYER. What is the number?

Mr. PATMAN. Senate Document No. 4, Seventy-fourth Congress, first session, Chain-Store Investigation. The clerk tells me he has made arrangements to furnish each member of the committee with a copy.

CHAIN STORES AND MAIL-ORDER HOUSES

We recognize, in the introduction of this bill, the rights of chain stores and mail-order houses to do business. They have just as much right to do business in this country as anyone else. This bill is not intended to destroy any right or benefit that they have—that they should have; this bill proposes to give all of the independent merchants of this country the same rights, privileges, benefits, and opportunities as the larger chains or concerns receive, and no more. In other words, it is a bill not to grant



special privileges but to deny special privileges and benefits to a few, and to give equal rights to all and special privileges to none.

MERGERS AND CONSOLIDATIONS

I feel like there is an evil existing in this country in our economic system. I feel like it has done more to aggravate the depression than any other one factor. That system is this: During the time of prosperity, or inflation of credit, or boom in this country, there were mergers and consolidations of business concerns. The Chase National Bank, it was disclosed, has 2,023 directorships in different industrial and manufacturing and transportation concerns and utilities. The National City Bank has over 4,019 such directorships. They would merge and consolidate those different concerns and there would be an interlocking arrangement between the different large concerns of the country, which has resulted in every bargain, every major bargain, that the same man was on both ends of the bargain. That has caused a system to grow up that I believe has been detrimental to the country generally.

INDEPENDENTS ON WAY OUT

I speak specifically of consolidation of food and grocery chain stores. Before a committee, of which I am chairman, investigating lobbying activities of certain large concerns, it was disclosed the other day by Mr. Lazo, who was the executive secretary of the food and grocery code, which has now passed out of existence, or practically so, that only 18 percent of the food and grocery business of this country in 1933—the latest year that they have figures available for—only 18 percent of the cash business of the food and grocery business was done by independent stores, including voluntaries.

Mr. CELLER. That is excluding meat, is it not?

Mr. PATMAN. No; that is including meat, the way I understand it. That is the way I understand it, that it includes meat. Only 18 percent of the cash business is done by independents. Therefore the cash business of the food and grocery business is done by the large corporate chains, and that has caused this unhappy situation to result: You have a chain store on one side of the street that is getting special benefits, special discounts, special commissions and bonuses and they are enabled to put the same goods on their shelves as the independent across the street puts on his shelves at 20 percent less—about 20 percent less. That is just a guess, but I believe the figure is approximately correct. I am sure it is in regard to many articles. The independents, now, on the other side of the street, have not only got to compete with that corporate chain in their prices—because people do consider the price when they purchase goods in this country—but they must also extend credit and run the risk of getting their money after they let the goods go. They must also render special services like delivery, and things like that, in order to get any business at all.

SOMETHING MUST BE DONE QUICKLY

The result is, I believe it is the opinion of everyone who has studied this subject, that the day of the independent merchant is gone unless something is done and done quickly. He cannot possibly survive under that system. So we have reached the crossroads; we must either turn the food and grocery business of this country—now, that is just one division—we must either turn the food and grocery business of this country over to a few corporate chains, or we have got to pass laws that will give the people, who built this country in time of peace and saved it in time of war, an opportunity to exist—not to give them any special rights, special privileges, or special benefits, but just to deny their competitors the special benefits that they are getting, that they should not be permitted to have.

Mr. WILSON. How is this 20-percent saving in cost to be reflected in the charge to the general consumer?

GOVERNMENT OWNERSHIP OR MONOPOLY

Mr. PATMAN. Well, the general consumer will possibly save some on it—a very small amount. But looking at this from the narrow point of view, what I consider—of course, other people differ with me, and they are just as honest in their views as I am—but I will say from the short-range point of view, that possibly the consumer, if the chains were to get control of the grocery business of the country, that for a very short time they would get better prices—maybe they would. But we would have a monopoly and along with that monopoly would come higher prices and oppression, which will really result in either oppression of both producers and consumers or Government ownership. The question then will come up, should any monopoly exist not in the interest of the Government, not in the interest of the people, that therefore the Government should take it over. That will be the argument then. So the argument we are making here now is an argument against Government ownership. We want individual units, independent business; we want to encourage independent business.

Mr. MICHENER. You mean all along the line?

Mr. PATMAN. Absolutely—all along the line. We know there is such a thing as greed. Every human being has something in him that we call "greed" or "selfishness." I do not know whether it is a good thing or a bad thing under all conditions, but it is there and we have to consider it. And we know when a few people get control of the food business, or any other business, we know what they are going to do—they are going to tell the producer what he can get for his products, and are going to tell the consumer what he will pay for what they sell. So, looking at it from the long-range standpoint—and I believe right now is a critical time—this Congress should determine whether or not they are going to give the independent merchants in this country an opportunity to live, or whether or not they are going to let them be frozen and squeezed out of existence by unfair methods of competition.

On yesterday, before this committee of which I was speaking, it was disclosed that one concern, a food concern, from one manufacturer receives, in addition to special rebates and special commissions, $360,000 a year in what is called "advertising allowance." They call it different names, "brokerage" or "advertising allowance" or "window display", or something. They just want to call it something in order to get the benefits from the manufacturers, and it has gotten down to where the large corporate chains are demanding certain things of manufacturers—they have got to pay their advertising bills. It was shown before this committee on yesterday that this one large concern has collected from manufacturers last year $8,000,000 in what might be termed "advertising allowances" that the manufacturers had to pay to them for handling their goods. They spent about $6,000,000 of that in advertising. Of course, they were advertising their own stores at the same time they were advertising these products. But how can the independent merchant in this country exist when the goods on his shelves cost him 15 percent to 20 percent more than the goods cost his chain competitor on the other side of the street?

The CHAIRMAN. May I ask you a question there?

Mr. PATMAN. Yes, sir.

The CHAIRMAN. From your investigation, does the advantage of the chain result from the benefits which they get through quantity purchases in the main?

Mr. PATMAN. Part of it is; not all of it.

The CHAIRMAN. From where does the rest of it come?

Mr. PATMAN. In special rebates and special commissions.

The CHAIRMAN. That are given to them by reason of the fact that they make quantity purchases?

Mr. PATMAN. Not always.

Mr. CELLER. And they give less service to the customers, too, do they not, and that is less expensive?

The CHAIRMAN. Wait; I want to inquire further. The advertising arrangements made with these chain stores, you say, is not always due to the leverage which they exercise by reason of their quantity purchases?

Mr. PATMAN. That enters into it, but it is not a determining factor.

The CHAIRMAN. What else would enter into it?

Mr. PATMAN. The fact that they have a number of stores.

The CHAIRMAN. And that gives quantity purchasing power?

Mr. PATMAN. Yes; that gives quantity purchasing power. What I mean is that that is not a requirement. I misunderstood you; we did not have our definitions correct. I suspect the quantity purchasing enters into it, but it is not always required.

The CHAIRMAN. You mean they do not stipulate it?

Mr. PATMAN. That is right; that is so.

The CHAIRMAN. I noticed in an article, I think in a California paper, where one of the chain stores stated that they had been buying, I believe, about $64,000,000 worth of products of California, and that they had cost $1,300,000 in a certain length of time in California in establishing their business. Does your investigation disclose how it comes about that they lose money trying to get into places?

POLICY TO SQUEEZE OUT COMPETITORS

Mr. PATMAN. Well, possibly in setting prices so low they will cause their competitor to have to go out of business. I believe they all admit their policy is to undersell their competitor, and they can always do it. You know they can sell all the goods on their shelves this morning for the same price the independent has to pay for his and make enormous profits and pay enormous dividends.

The CHAIRMAN. You have in mind to try to bring about some sort of arrangement under which people who sell to stores would have to give the same price to each purchaser?

Mr. PATMAN. Yes, sir; the point is, judge, that we want to prevent these special benefits in the way of special discounts and secret rebates and bonuses that give one retailer an advantage over the other retailer.

The CHAIRMAN. You know we used to have those difficulties in regard to railroad rates in our State.

Mr. PATMAN. Yes, sir.

The CHAIRMAN. Where the railroads, by reason of rebates and special rates and by reason of the fact they gave a cheaper rate to one shipper for 100 cars than they would give per car to a man who shipped one car, which was probably responsible for the establishment of our railroad commission in Texas. Do you run into any such thing as that?

Mr. PATMAN. Yes, sir; we are using that comparison as a basis for our argument on this.

Mr. CELLER. Do not you also find the chain stores give less service, and therefore have less cost of operation and, furthermore, that the chains pay lower wages than the independent stores?

Mr. PATMAN. Well the Federal Trade Commission's report shows lower wages. About the service, I do not know—whether they give service that is any better or any worse, where it is considered to be the same class. They do not deliver as I understand.

Mr. CELLER. The Federal Trade Commission's report shows they give less service to customers as compared with the independents on the average.

SOME PRICES AND TERMS

Mr. PATMAN. Of course, I have not read all of the Federal Trade Commission's report. So the point is we want some kind of law that will enable the retailer, when he purchases a certain quantity, to be able to get that merchandise at the same price and on the same terms as his competitor. We cannot make an independent be industrious or thrifty, we cannot give him good judgment, but, if he has good judgment and is energetic and industrious and thrifty, I say he should have the same right and opportunity to make a living in this country as his competitor.

Mr. MICHENER. Do you think there is any question about the constitutionality of such a law? For instance, if I am selling canned goods, I will say "I will sell these canned goods in 10-case lots for $1 a case, or I will sell them in 1,000-case lots at 50 cents a case", and I hold that proposition out to anybody who wants to come. Do you think by law you can prevent me from selling the thing which I own in that way, so long as I treat everybody alike?

Mr. PATMAN. You know we had that same thing on the railroads and we require, as the chairman has suggested, if you will haul one carload, that you charge the same rate per car. I think there should be a yardstick there somewhere; that all below a carload, say, they could discriminate in prices and terms or quantity, but all above a carload, over a certain amount, they could not.

Mr. WILSON. But does not the question of interstate commerce enter into it, insofar as the railroads are concerned?

Mr. PATMAN. Yes. Of course, most of this business is interstate commerce.

Mr. MICHENER. It would be a constitutional problem, would it not?

GIVE STATES COMPLETE JURISDICTION

Mr. PATMAN. There is much to be said in favor of some kind of law that will give the States complete jurisdiction over these chains and, if the State want to permit chain stores, let them have chain stores; if they want to regulate their chain stores, let them regulate the chain stores; if they want to destroy the chain stores, let them destroy them. In other words, let the States have complete authority.

Mr. PERKINS. Have not the States now that control?

Mr. PATMAN. They lose it through the holding companies. They have loopholes and technicalities in the present law to enable them to get around the State laws. They have tax laws that have been held constitutional, which some say are made to destroy them. That is called a discriminatory tax. We are not asking for any discrimination here; this is not a discriminatory law; this bill is asking that they be given the same rights, benefits, and opportunities all alike, and nobody have any advantage over the other fellow.

Mr. WALTER. Unless those commodities are shipped in interstate commerce, how can Congress possibly have jurisdiction?

TEEGARDEN WROTE BILL

Mr. PATMAN. Of course, that is a question I would rather Mr. Teegarden, who will follow me, would answer. Mr. Teegarden was for 6 years with the Department of Justice. He tried anti-trust cases for 6 years, from 1925 to 1931, and was for 2 years with the general solicitor for the Federal Power Commission, and I feel like he is qualified to pass on that question, better qualified than any other one man I know. Mr. Teegarden wrote this bill. He conferred with the officials of the Department of Justice, he conferred with the Federal Trade Commission officials, and when he gave me the bill I went over it carefully with the Legislative Drafting Service here, I went over it with officials of the Federal Trade Commission and with good lawyers here in this House and, although we disagreed about some parts of it, we considered it a good, long step in the right direction and introduced the bill so as to present it to this committee.

IF BILL NOT SUFFICIENT, CHANGE IT

If it does not carry out what we want, or what the country needs—of course, the interest of the general welfare comes first—if it does not do what is in the interest of this country, we want this committee to change the bill in its various features so it will carry out our intents and purposes and be in the interest of the country.

CONTROL DISSEMINATION OF INFORMATION

One benefit the large concerns have that is detrimental to this country now is this: There has been organized what is known as the American Retail Federation. Ordinarily you would think it was harmless; that it did not mean anything; that it was just some big concerns getting together for the purpose of protecting their own interests with the Government. That was on the surface. But when you look into it a little bit you discover it is a group of 28 people who are really behind this organization and represent $40,000,000 worth of advertising annually in this Nation; and those 28 people can get together and almost control the means of communication. I do not mean to say every newspaper is going to be subservient to the advertisers' will; I do not charge that. We have some good newspapers in this country that are independent and do what they want to; but, at the same time, where newspapers are dependent upon advertising from just a few people for their receipts, and this advertising bill determines whether they stay in business or go out of business, I suspect it has a little weight on their editorial policy. Therefore, when this food group and other groups get together and control such an enormous amount of advertising, they in a way, and to a certain extent at least, partially, I will say, control the means of communication in this country. And when they do that, you are not going to get all the truth and all the facts to the people; you are going to get colored information to them and biased information.

Mr. MICHENER. How are you going to help a thing like that? Take your radio: One group can talk on the holding bill, on one side or the other, and they can talk every night on it, and, if a fellow wants to hear one side, and the fellow wants to pay for it, he pays for the thing he wants to say, and the people only have the one side of it. How are you going to stop that?

RADIO FAIR

Mr. PATMAN. To a certain extent the radio has been very fair. In fact, I think they are fairer than any other means of communication. They have given both sides an opportunity to be heard on their free-time periods. But when it comes to paying for this time only the large concerns can afford to pay for time; the small concerns cannot afford to pay for time. But I think the radio has been pretty fair and pretty liberal with everybody on every viewpoint that they had. Where it was of national public interest I think the radio companies have been mighty fair. But you cannot say that about all the newspapers of the country. I know in one place in this country that several thousand dollars' worth of furniture ads were put in every Friday, and one day this newspaperman was told, "Now, you do so-and-so; if you don't these furniture ads won't be in your paper any more." He was an independent newspaperman, and he was not going to be browbeaten in any such manner as that, or intimidated, and he said, "I am not going to do it", and they kept those furniture ads out, and that man came mighty near going broke before he put those furniture ads back. That is only one little illustration. I do not say it is a general rule, but it can be done when a few large concerns control so much advertising in this country—control the means of communication.

RESERVOIR OF CREDIT DRIED UP

When you take money from the local community you dry up the reservoir of credit for that community, and the benefit that you get out of the corporate chains are destroyed many times in different ways. Take, for instance, a dollar in your home town: If that dollar is spent with your home merchant and the home merchant pays it to a home man, and that home man pays it to the gardener, and the gardener pays it to the butcher, and the butcher pays it to somebody else, it will go around and maybe $1 will do the work of $20, $30, or $50 before it leaves town. But if that dollar goes back to New York City, those people are denied that vehicle to do business, because it has left their community. That proposition should be taken into consideration in this legislation. It is drying up the reservoir of credit in the local communities throughout this country and has caused a big part of this depression from which we have been suffering.

Mr. MCLAUGHLIN. In some communities a number of stores, for instance, grocery stores, group together in what they call independent merchants' associations, or something of that kind. Now, these people are all citizens of the community. Each man, as I understand it, owns his own individual store, but he groups together in a large buying group in order to buy in quantity as suggested by our chairman. Would this bill work any hardship on that group at all?

VOLUNTARIES

Mr. PATMAN. That group is called "voluntaries." They get together for self-protection. Under the present system, they are to be commended and encouraged. They get together and will have one jobber and will either deposit money with that jobber to enable him to have sufficient funds to purchase their goods at quantity prices and warehouse them or form a separate corporation and buy stock in it. There are several different ways of forming voluntaries. While it is true they get part of the benefits that the chains get by doing that, through their mass purchasing power, at the same time they do not get all of the benefits and they cannot continue to exist indefinitely that way. Some of them might meet the competition for a while, but the corporate chains still have too much advantage over them. Here is the set-up now: The corporate chains have an advantage over both the voluntaries and the independents, but in either case the independent is gone.

Mr. MCLAUGHLIN. I think it would be helpful to the committee, perhaps, if you would define "independent."

Mr. PATMAN. I am talking about the store that is locally owned and usually owner operated or owner controlled.

Mr. MCLAUGHLIN. And not associated with other stores in a buying arrangement?

Mr. PATMAN. That is right—locally owned and owner operated.

Mr. PERKINS. Does not this problem really get back to the housewife—that she buys where she can buy the cheapest?

Mr. PATMAN. Yes; that is true.

Mr. PERKINS. Your idea would be to make all of the stores sell on the same basis?

Mr. PATMAN. I would not say that. Let them compete on services and prices; that is all right. I am in favor of competition, but I do not think the manufacturer should be allowed to sell to the corporate chains at a loss and make the independent pay such a price that he has to pay that loss and at the same time meet the competition with the chain.

Mr. MICHENER. Do you mean to indicate the manufacturer is selling to the retailer at a loss and then making it up somewhere else?

Mr. PATMAN. In some cases; I have no doubt about it.

Mr. MICHENER. There might be some little leader, or something like that, but as a policy you certainly would not say any

manufacturing concern was in the business for the privilege of selling to one group of people at a loss and taking it out of the other group? It would not help their business any.

Mr. PATMAN. You take one of the corporate chains, for instance—they filed a list with our committee yesterday showing they had 343 different commodities on which they got special prices, discounts, and bonuses that the independents do not get.

Mr. MICHENER. There is no question about that. The only thing I was questioning was that they sold at a loss—that any manufacturer sold to one group of dealers at a loss as a fundamental principle.

Mr. PATMAN. I do not make the charge that they do it as a general rule. I say this: That having interlocking arrangements where the same people who are selling are also buying there is a great inducement for them to do that, and they should not be allowed to have a system that would give them that inducement. In other words, the owners of the manufacturing plants are also owners of the chains.

The CHAIRMAN. Do you find in regard to the group organizations of grocers, which are formed in order to give them the benefit of quantity purchases, that they would not be safe as against attack by the national concern that could draw on its resources from other sections of the country and come into that territory and put even the group organizations of merchants out of business? Do you find anything in that direction?

Mr. PATMAN. I did not get all of your question, Judge.

The CHAIRMAN. Do you find with regard to these group organizations formed for the purpose of getting advantage of quantity purchases that they are imperiled by the existence of great national organizations that could draw on their resources in other sections of the country and go into that community and put the group out of business?

Mr. PATMAN. They are imperiled, and they cannot meet the competition. They think they can now. But, in either case, the independent is destroyed, even if the voluntaries continued along with the chains.

The CHAIRMAN. I was not asking about that. What I was trying to get at is their hope, from that standpoint, of the problem being solved by the formation of local groups, like in Dallas or some other community, local cooperative groups, for the purpose of getting the advantage of quantity purchases. Now, this is my question: Would they be imperiled, practically speaking, by some national organization that is drawing in profits from a big territory going into that particular territory where one of these groups is operating and selling at a loss in that community until they put the group out of business, and sustaining itself in its efforts from the profits made in territories where they are not doing that kind of business?

Mr. PATMAN. That happened in other lines of business, and I see no reason why it should not happen in this line of business, when they reach that stage. Let me tell you about the voluntaries: They think they can compete with the chains, but they cannot do it, and that is one of the reasons they cannot. But suppose the voluntaries do succeed, then you have just the voluntaries and the chains; the independent is out. In either event, the independent is gone, unless you pass some kind of law to protect him, one that will give him equal rights. I can give you an illustration of a voluntary. Here is a letter from Billings, Mont., from a man by the name of Keil, who says:

"Sometime ago a representative of the Diamond Match Co. was in our office. I questioned him with regard to his price on matches. He stated if we would join some buying group in Chicago, called the 'United States Buying Association', that they could give us an additional 5-percent discount. I asked him what this buying group would do for us. He said they would do nothing for us, no more than possibly taking 1 percent of the 5 percent allowed, and remitting the other 4 percent to us—in other words to allow some racketeer in Chicago to take a rake-off on our purchases for which he does nothing.

"We have the same information from the Graham Paper Co., of Salt Lake City, regarding wrapping paper."

There is a voluntary that the manufacturers could set up, or the individuals could set up to sell to retailers, and organize themselves into a voluntary and be given some rake-off, and render no service in the world. In some cases they do render service, but in this particular case they render none.

Mr. CELLER. But there are a great many cooperative voluntary chains which rendef very fine service.

Mr. PATMAN. Oh, yes; very substantial service, and they earn their money.

Mr. CELLER. Would your bill militate against these voluntary chains, or prevent their getting rebates?

Mr. PATMAN. It would give them the same benefits as the independents, give the same benefits as the chains. Like it is now, they have an advantage over the independent, and the chain has an advantage over the voluntary.

Mr. CELLER. Where is the language that undertakes to give that protection to the voluntary chains?

Mr. PATMAN. That is quantity purchases. We have an amendment which Mr. Teegarden will suggest here that will take care of that. Like it is now, the voluntaries have an advantage over the independents and the corporate chains have an advantage over the voluntaries. But in either event, the independent is gone, he cannot last, he is out of the picture.

The CHAIRMAN. Let me make this suggestion: I believe you have put before the committee that part of your case from your standpoint and, now then, if you could, as soon as you find it possible, proceed to advise the committee how you propose to bring about this arrangement under which it would be possible for the independent to do it, I think that is what we want to get to.

Mr. PATMAN. Judge, if you will permit me, I want to introduce to the committee Judge Teegarden, who is an authority on this bill—well informed on the Federal Trade Commission's report—and this bill is in line with the recommendations made by the Federal Trade Commission. I would like him to explain that, if you please.

Mr. CELLER. Before you sit down, let me ask you this: Considerable progress has been made on antichain store legislation in various States, and we have already had three very important decisions of the Supreme Court in a West Virginia case, an Indiana case, and a Florida case. Have you given up hope of controlling the chains by the multiple chain-store tax in the various States?

Mr. PATMAN. That is known as a "discriminatory" tax and is awfully hard to defend in some sections, and those tax laws have not gotten very far. I think you will find in the back of the Federal Trade Commission report here a number of States that have discriminatory laws, but not so many of those States. The difference between that law and this is that it is attempting to discriminate against the chains. This bill is asking you to give the independents the same rights and benefits as the chains. I think we are on solid ground in this bill.

Mr. CELLER. There is nothing unconstitutional about a multiple chain-store tax?

Mr. PATMAN. No; it has been held constitutional. The first one in Florida was held unconstitutional for some reason involving the county lines, but the recent decisions have held the tax constitutional.

The CHAIRMAN. In New Mexico the State supreme court held its law unconstitutional.

Mr. PATMAN. I did not know about that. If there are no further questions——

Mr. HANCOCK. Before you close, let me ask: A few years ago there was a tremendous amount of interest in the Capper-Kelley bill, but we have not heard anything about it recently. Have the independent stores lost interest in that principle?

Mr. PATMAN. The way I understand that legislation, that was to fix the price. In other words, that gave the thriftless and the lazy the same benefits as the fellow who was industrious and energetic.

Mr. MICHENER. Is not the answer to that question this: That the codes came in and the people who were back of the Capper-Kelley bill accepted the codes as their ideal situation, and it did not work with the little fellow? I do not think they are advocating it now, and I have talked with some of them. I think the codes demonstrated the fallacy, as a practical matter, of what they were advocating.

Mr. PATMAN. My theory is: Let us give every citizen in this country the same right and opportunity to make a living; then, if he cannot compete, we cannot help it. But I think we should give him the same right, and that is all I am advocating in this legislation.

WHILE MILLIONS ARE POVERTY STRICKEN, THERE IS NO JUSTIFICATION FOR RETIRING 4,500 ABLE-BODIED OFFICERS TO BECOME AN ADDITIONAL BURDEN TO THE TAXPAYERS

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOEPPEL. Mr. Speaker, in rising today to give expression to my views, I anticipate that they will be subject to criticism, and that even the officers and men of the Army, in whose welfare I am sincerely and vitally interested, may criticize me personally because of my expressions.

The subject which I propose to discuss is one with which I am thoroughly familiar through 37 years of actual military and retired service. My private and public activities for years have been for and in the interest of the service. The legislation which I have introduced and championed and the legislation which I have assisted to enactment will prove this fact. It was I who opposed the bill forcing officers and enlisted men to remain in the Tropics for 3-year periods. It was I who introduced the first measure to correct this iniquity, and I was very happy to cooperate to the fullest extent in securing the change in the law so that officers and enlisted men are not forced to remain longer than 2 years continuously in our tropical possessions.

I have the highest personal regard for the present Chief of Staff, General MacArthur, who has assisted and cooperated with me on the various projects which I have presented to him. I cannot, however, permit my high regard for the Chief of Staff and my personal interest in the welfare of the officers and men of the service to deter me from opposing the officers' promotion bill, which, in my opinion, if enacted, will constitute a raid on the Treasury.

If the War Department is sincere in its endeavors to increase the efficiency of the Service and build up the

morale of the Service, it would appear that the first duty of the War Department should be to recognize the injustices and discriminations which apply today against the warrant officers and enlisted men, neither of whom are provided for in this bill.

As keenly as I realize the discriminations against these groups, I consider it my duty to advance the financial interest of our unfortunate unemployed before that of the personnel of the service, who have been receiving a steady salary throughout the years while our unemployed and the partially employed have had little or no earned income for a long period of time. In justice to these, our unfortunate unemployed, and to the taxpayers, I cannot approve of legislation which carries a potential burden to the taxpayers of hundreds of millions of dollars while, at the same time, we are endeavoring to devise further means of taxation to provide additional revenues which, according to report, the administration does not wish to be applied on needless expenditures.

I am opposed to the Army promotion bill, Senate 1404, first, because I am interested in safeguarding the taxpayer from unnecessary expense, and second, because I am opposed to the perpetuation of caste or snobbish military aristocracy in American military service.

Under the provisions of this proposed promotion bill it will be possible for approximately 4,500 additional officers, in perfect physical condition, to go on the retired list with high retired pay for the balance of their lives. What a travesty on common sense and justice to the taxpayers is class legislation of this sort—that is, placing able-bodied officers on the retired list merely for the purpose of eliminating from the Army as many as possible of such officers as did not graduate from West Point and at the same time to bring rapid and enforced promotion to those who have graduated from West Point since 1920.

WILL THE PRESIDENT REVERSE HIMSELF?

The President was vehemently opposed to the payment of retired pay to emergency officers disabled during the war, and at least 4,000 of such officers have been taken from the emergency officers' retired list and have not been restored. By what sense of common justice can the Congress of the United States authorize 4,500 able-bodied officers to go on the retired list for the balance of their lives while at the same time approximately 4,000 World War emergency officers, with recognized war, service-connected disabilities, are denied retired pay? The President cannot be honest and sincere in his action in respect to the economy bill and at the same time approve of the pending promotion bill.

Since I have spoken of the retired list, it should be inserted here, as a matter of record, that the retired pay for officers and warrant officers of the Army is $11,538,900 and for enlisted men, $13,201,160.

The retired list of the Army will increase by leaps and bounds within the next few years, due to the augmentation of personnel. This huge expenditure of funds for retired officers and men is becoming a menace to financial stability and is an increasing burden on the taxpayers which should not be encouraged by legislation of the kind proposed in this bill.

THE SERVICE IS TOPHEAVY WITH HIGH-RANKING OFFICERS

Another provision of this bill seeks to increase the number of field officers: Colonels up to 6 percent, lieutenant colonels 9 percent, and majors 25 percent. If we follow the provisions of this bill, it is very likely that in the not-distant future, we will have as many colonels and high-ranking officers as did the various revolutionary armies of Mexican Insurrection days. There is no need for 890 additional majors, 364 additional lieutenant colonels, and 158 additional colonels. Think of it, a total of 1,412 additional officers in these three grades alone. Are we going to war?

We have more than a sufficient number of officers of field rank today. I reiterate, we have more than sufficient, and I am unalterably opposed to any increase in the field-officer percentage. I present a table here, showing the maximum pay and allowances received by field officers and a comparative analysis of a retired enlisted man's pay and allowances:

	Pay	Subsistence	Quarters
Major	$437.50	$54.00	$120.00
Lieutenant colonel	479.17	36.00	120.00
Colonel	500.00	36.00	120.00
Retired enlisted man	(1)	9.50	6.25

[1] Varies according to grade.

We have so many field officers now that we actually have colonels drawing $600 per month who are doing duty on recruiting service which a mere sergeant would be in a position to do if he were authorized to take an oath of enlistment. Just think of it, $600 a month for officers merely administering oaths!

According to my computation, there are 98 generals in active service today, with 33 of them on duty here in the city of Washington, some of whom appear to be very adept in their efforts to obtain increased benefits for the commissioned personnel, but none for the enlisted men. The casualties in the World War were very few and far between among officers of the higher grades. No officer of the rank of a general was killed, and none, as far as I can recall, reported as wounded. Graduates of West Point, according to reports reaching me, did not participate in combat in the same proportion as did National Guard, Reserve, and other officers. I have been informed that the official records show that only 25 West Pointers were killed in action and only 7 died as a result of action during the entire World War period.

The maximum pay for colonels, lieutenant colonels, and majors is $600 per month each. These high-salaried officers in Washington usually act in a capacity not one whit more important than that of a Congressman's secretary, and in my opinion they perform about one-tenth the amount of work.

JUNIOR OFFICERS OCCUPY PALACES AS QUARTERS

It should be borne in mind that the quarter allowance is not paid to these officers in the event they are on duty in the post and assigned public quarters. If any individual will examine the new public quarters in the various Army posts, he will find quarters occupied by lieutenants which cost the Government from $15,000 to $20,000 each or more, if one may judge from similar buildings in the cities. These buildings require constant maintenance, care of grounds, furnaces, and so forth, with the result that much of the military personnel is occupied in assisting in making the officers comfortable.

The editor of a service periodical recently divulged to me his opinion, in which I concur, that except in remote stations, there should be no quarters furnished for the officers and their families but they should be given commutation and permitted to live in the adjoining cities. This is the procedure followed in Europe and works most satisfactorily in the interest of the government. It also eliminates the social dissensions which arise, from time to time, in the service, and which, in several instances known to me, have interfered with military efficiency.

I reiterate, we have more than a sufficient number of field officers, and I hope the committee considering Senate 1404 will not provide for increasing the present percentage. If an increase in the officer personnel is authorized, it should be only in company grades. The junior officers of the service are apparently considered by the General Staff somewhat on the order of enlisted men. Its attitude appears to be, Why worry about the second lieutenant? I am firm in my conviction that the second and first lieutenants of our service are underpaid. These two grades, in my opinion, should receive an increase in compensation.

I would suggest, in the interest of equity and justice, that the subsistence allowances for officers be abolished and that a revised pay schedule be enacted. It is unfair that merely because an officer is married he should receive more compensation than does an officer who is not married.

OFFICERS OBTAIN INCREASES IN SUBSISTENCE—ENLISTED MEN REFUSED

While I am discussing subsistence allowances, it is noted that a major receives $54 per month subsistence allowance. It is also noted that in the recently passed deficiency bill an item of $1,800,000 was provided for subsistence of the Army. This deficiency appropriation was necessary because of the increased allowances in subsistence authorized to officers and the increased cost of food required for the subsistence of the enlisted men.

War Department representatives came before the committees of Congress requesting an increase in subsistence allowances for the officers in active service, but at the same time the War Department registered violent opposition to an increase in the allowance for subsistence to retired enlisted men. To pay a major in the service $54 a month for subsistence and to pay an enlisted man on the retired list only $9.50 monthly for subsistence is, indeed, the rankest and most unfair of discriminations, and attests, as nothing else can, the apparently deliberate discrimination which the General Staff exercises against enlisted men to the advantage of the officer. As a matter of official record, it may be well to state here that some enlisted men, retired after 30 years service in two wars, receive as low as $19.69 per month retired pay.

This is, indeed, class, caste, and aristocratic domination, as the poor enlisted men, most of whom are veterans of two or more wars, advanced in years, cannot present the justice of their own argument with sufficient political force to obtain justice.

The selfish and unfair attitude of the War Department is reflected in this bill wherein it is proposed that second lieutenants, graduates of West Point, after 3 years' service, be advanced to the rank of first lieutenant. The War Department bases its attitude on this point on the fact that medical and dental officers, after 3 years' service and other periodic terms, obtain specified promotion. The War Department has failed to recognize that medical and dental officers educate themselves at their own expense and enter the service at a more mature age than do the West Point graduates, and from my observation, I should say that they are entitled to more benefits than they receive.

I honor the members of the medical and dental professions of the service and have long contended that they are underpaid in comparison with the pay they would receive in similar professional duty in civil life. The average doctor of the service is contributing more to the service and to humanity than is contributed to the profession of arms by the average officer whose duties in time of peace, to a great extent, consist of the arduous tasks of golf, polo, and other exercise. The 30-hour work week which organized labor espouses may well be contrasted with the approximately 20 hours, or less, per week actually performed by the average field officer in the active service in Army posts.

ENLISTED MEN PERFORM NONMILITARY DUTY

The efficiency of the enlisted personnel is reduced due to the necessity for enlisted men to act as lawn manicurists and servants for the elaborate grounds and gardens maintained at Army posts. Incidentally, if the Army wishes to economize and is actually interested in military efficiency, it should insist upon the abandonment of the large number of useless, isolated, and expensively maintained Army garrisons.

In addition to recognizing the millions which will be lost to the taxpayers in the enactment of the promotion bill, it should be borne in mind that the Army is living in clover today. From the P. W. A. it is receiving appropriations into the millions and millions of dollars for projects which are not basically essential from the standpoint of defense.

Experience and official records would indicate that the officers have no concern for the warrant officers or the enlisted men except where the enlisted men fit in to furnish a basis for obtaining additional officer personnel or where they can use the enlisted men as an argument for something for themselves. This is especially evidenced in the present status of the warrant officers of the service. The act establishing the grade of warrant officer provided that selections be made from enlisted men who had served honorably and creditably as officers during the World War and who had not been considered for promotion to a commissioned status in the Army reorganization act of 1920.

The Army board, headed by General Pershing, which examined the qualifications of former emergency officers for commissions in the Regular Establishment, gave complete evidence of its antienlisted bias. Notwithstanding that enlisted men who were commissioned during the World War conducted themselves most admirably, very few of them were commissioned in the Regular Service in the reorganization of the Army in 1920. Of the few enlisted men who were commissioned in 1920 in the Regular Service, the most of them have been "eased" out of the service at this date. They are now on the retired list.

Apparently as a sop to the enlisted men who were not approved by the Army Promotion Board of 1920, presumably because they had at one time been enlisted men, a bill was passed providing that this group of emergency officers found not qualified for commissions would be given the grade of warrant officer. When the bill authorizing the warrant grade for these former emergency officers was enacted, it provided that they should receive the longevity pay of officers, which they received until 1922 when, lo and behold, with the General Staff safely in the saddle, in the further reorganization of the Army, the officers' longevity pay for these emergency officers was repealed and instead, warrant officers since 1922 have only received longevity increases of enlisted men! This is a most flagrant and inexcusable discrimination against this worthy body of men who conducted themselves so admirably during the World War, in action and otherwise, but who apparently because of "social" reasons were not wanted in the Regular Establishment as commissioned officers.

In this same so-called "increased efficiency of the Service Act of 1922" it was found very expedient by the officers to recommend that enlisted men have their pay reduced from $30 to $21 per month while they, at the same time, obtained a hitherto unknown concession from Congress, granting each officer subsistence allowance to a maximum of $54. Think of it! We took $9 from each enlisted man so that each officer might have added to his pay an amount up to $54 per month as additional subsistence allowance.

WHAT ABOUT THE "HUMP" TO WARRANT-OFFICER AND ENLISTED-MAN ADVANCEMENT

How puerile and unfair is the attitude of the War Department which seeks this promotion bill for the purpose of removing the so-called "hump"! The War Department does not show that there are a large number of West Pointers just ahead of this "hump" who are enjoying high rank because of the large influx of the 5,000 or more emergency officers in 1920. The War Department's objection to the "hump" and its failure to recognize the "hump" which prevails today in reference to warrant officers and enlisted men is indeed pathetic.

Under existing law, officers receive longevity increases up to 30 years of service. In addition, officers receive periodic increases in rank. In other words, they profit financially two steps at a time while the warrant officer is absolutely debarred from further promotion and his longevity increases terminate at the end of 20 years. Under every decision and ruling of the War Department, as well as of the Comptroller General, the warrant officer is entitled to all benefits, allowances, and privileges enjoyed by an officer. He suffers deduction in pay the same as an officer, but he does not receive the longevity pay of an officer which was provided in the original act establishing warrant grade.

The Military Affairs Committee must recognize this glaring discrimination against this worthy group of former emergency officers and legislation should be provided so that warrant officers may also have the longevity pay increases the same as other officers.

In my opinion, the action of the War Department in speaking only for officers in the promotion bill and absolutely disregarding the plight of the worthy warrant officer

is indeed an indictment of the system and indicates a deplorable lack of the fairness and justice which should prevail in a democratic Army as ours is supposed to be.

THE ENLISTED MAN'S PROBLEMS IGNORED OR OPPOSED

The plight of the enlisted man is even more pathetic and tragic. He exists primarily, as I have indicated, to form the nucleus upon which officer benefits, promotions, pay, and so forth, may be predicated.

First, as to the question of pay, the enlisted man of the Army receives only $21 per month. The enlisted man of the Navy, after 4 months' service, automatically receives $36 per month. The boy in the C. C. C. receives $30 per month and the benefits payable for disability for C. C. C. boys are almost double those paid to enlisted men who become disabled in service.

Notwithstanding the insignificant pay of $21 per month received by the Army enlisted man, the Senate has passed and the Military Affairs Committee of the House has favorably reported S. 1301 which authorizes the deduction, up to 25 cents per month, from the pay of enlisted men to maintain the United States Soldiers' Home in Washington, D. C. And, strange as it may seem, if retired enlisted men enter the Soldiers' Home at Washington, they must pay for their maintenance. In other words, the War Department is apparently an advocate of hitting the enlisted man "coming and going." The Soldiers' Home in Washington appears to exist, not for the benefit of the enlisted men of the service, but for the benefit of civilian employees, of which there were 323 on the pay roll at the last report.

The inconsistency of this attitude of the War Department is further emphasized by the fact that on June 27, the Military Affairs Committee secured the enactment of a bill, approved by the War Department, taking from enlisted men $482,000 of the recreation fund, rightfully belonging to them, for expenditure in Paris, France, which the enlisted man will never have an opportunity to visit.

To summarize briefly, the War Department advocates a promotion bill for the benefit of officers entailing a potential expense to the taxpayers of millions of dollars annually and, at the same time, advocates reducing the already insignificant pay of $21 per month received by enlisted men.

Apparently to silence a twinge of apprehension as to the possible reaction against such discriminatory legislation, the War Department advocates the enactment of S. 2253, already passed by the Senate and approved by the House Military Affairs Committee, which makes it a crime for any civilian, in time of peace, to attempt to incite enlisted men to disobedience. Under the broad and general terms of this measure, any citizen, rightfully advocating world peace, and any civilian who voices any criticism whatsoever of the status quo in the Army, may be considered as having violated the provisions of this act, and therefore liable to fine or imprisonment or both. In other words, the officers, after garnering everything for themselves, would deny the right to any civilian to inform the enlisted men how the military lobby here in Washington has discriminated against them in legislation.

The officers' "hump", which the War Department wishes to remove through the enactment of this bill at the expense of the taxpayers, is apparently so important that the War Department fails to see the "hump" which pertains to promotion of enlisted men. Notwithstanding this "hump" which prevents meritorious enlisted men from receiving higher rank, the War Department, by a special, arbitrary order, prevents deserving, qualified enlisted men from receiving higher rank or promotion for retirement purposes. Existing law, however, stipulates that officers, entitled to promotion but who fail physically, shall attain one increase in rank when they go on the retired list.

ENLISTED MEN LOSE RANK UNFAIRLY

Noncommissioned officers in active service, notwithstanding that they are unusually efficient and their services are honest and faithful throughout, suffer loss of rank and pay when they return from foreign service. That enlisted men, through no fault of their own, should lose rank which they rightfully earn through meritorious and creditable service, just because they are being sent to and from the United States, is an injustice which cries to high heaven for correction! No officer ever loses his rank or pay because he returns from foreign service. Why should the enlisted man?

Other discriminations in reference to quarters and other questions pertaining to men in active service exist which my limited time precludes me from discussing in detail. As I retired from the Army as an enlisted man, and because of the fact that I publish a periodical in the interest of the retired personnel, officers and men of the active service, especially the enlisted men, appeal to me constantly with their problems. The discriminations and injustices which they present in some instances are appalling.

The higher-ranking officer personnel appears to be little concerned as to the plight of the enlisted man and his personal and promotional problems. From long association and contact with the enlisted men during my own active service days, and from observation and contact since my retirement, I am convinced that the enlisted man of the service is a most worthy and competent individual. In times of stress or emergency the War Department recognizes the high character and standard of the enlisted man, as was evidenced during the World War, when so many of them were commissioned and attained rank as high as lieutenant colonel.

COMPANY OFFICERS MORE CONSIDERATE THAN FIELD OFFICERS

It may be well to state at this time also that the average company officer is quite considerate of the men directly under him. The arrogant and supercilious attitude which does prevail toward the enlisted men comes from the field and staff officers who no longer serve directly with troops and who permit their exalted position to alienate their sympathies from the plight of the enlisted men who are also human and entitled to a square deal.

General Hagood, commanding the Eighth Corps Area, apparently believes in the "closed shop" in reference to officers. In passing upon the applications of Reserve officers for duty in the C. C. C. camps, he is giving preference to officers who belong to the Reserve Officers' Association, thus showing discrimination against other Reserve officers who, because of personal and valid reasons, have not affiliated with this organization. The report does not indicate whether there are further discriminations on the basis of fraternal affiliations or social standing of the applicant.

Personally, I have a high regard for the Reserve Officers' Association and I doubt whether the gentlemen who hold membership in this organization would be so selfish as to ask for preferential treatment for themselves.

While I am discussing the Reserve officer, I may state that it is my opinion, and I believe the American people will concur in my views, that the Reserve Corps and National Guard activities should be encouraged and expanded. This would not necessitate a large standing Army and would give us the same or a greater degree of military protection because of the high standard of efficiency and excellence found in the National Guard and Reserve components. It would reduce the burden of the taxpayers by obviating large expenditures for the Army and would prevent the retired list from being padded with thousands of able-bodied individuals who are a drain on the taxpayers for the rest of their natural lives.

RETIRED PERSONNEL ARE ESPECIALLY IGNORED

Officers and enlisted men on the retired list, who have contributed so much to the present high standing of the service, are the special objects of discrimination and lack of consideration on the part of high Army and Navy officials. This attitude of the high officers in active service will eventually react upon themselves as they, themselves, are all potential candidates for retirement.

Anything which is proposed for officers on the retired list is generally disapproved by the War Department. Even legislation pertaining to officers retired because of wounds has not yet met with the approval of the War Department. Officers retired from the regular service for wounds do not receive the pay rightfully due them and, in addition, in some instances increased rank is denied them.

Even when treated in hospitals, discrimination is reported, especially in respect to dental treatment. It is not understood why wives and other dependents and relatives of officers in the active service should have preferred standing for medical and dental treatment over officers and enlisted men who have served their country in two or more wars, honestly and faithfully, and who, in their age and enfeeblement, are certainly more entitled to this consideration because of the assumed fact that their disabilities may be traceable to service in the Tropics or to other hazards of the service in the past.

Retired enlisted men of long and honorable service were discriminated against in the regrading of noncommissioned officers. This was partially corrected by a special bill, but the War Department has not urged the enactment of later legislation to correct the injustices perpetrated by inexperienced or prejudiced officers in the enactment of the Pay Adjustment Act of 1922.

SUBSISTENCE ALLOWANCE FOR RETIRED ENLISTED MEN LESS THAN RECEIVED BY CONVICTS

Notwithstanding that living costs have increased since 1908, and in spite of the further fact that the administration which is increasing the cost of living is providing increased subsistence allowances for Army officers, nevertheless, on the request of the War Department, the poor retired enlisted man receives the same allowances for quarters and subsistence as he did in 1908. The constant objection of the War Department to an increase in allowances has prevented the enactment of such legislation, although it has been repeatedly introduced by Members of Congress. Counties and municipalities are paying two and three times more per day for the upkeep of prisoners than the War Department authorizes as subsistence to retired enlisted men messing individually. The War Department officers are apparently not interested in safeguarding the health of the retired enlisted men and giving them some small measure of comfort through the medium of an increase in allowances. They appear to be more concerned in obtaining increased rank and increased subsistence allowances for themselves.

MAIMED, BLIND, AND TOTALLY DISABLED ENLISTED MEN IGNORED

Notwithstanding that the War Department, as well as the Veterans' Administration, formerly provided artificial appliances to retired enlisted men who are maimed, the War Department is today opposed to providing prosthetic appliances for maimed retired enlisted men. One such individual known to me, who served in the Philippine Insurrection and in France and who has both limbs amputated well above the knee, is left in this manner as a burden upon himself and his family. That the War Department should be opposed to providing artificial limbs to an individual in this category is almost unbelievable.

The War Department is likewise opposed to granting any additional assistance to the comparatively few retired enlisted men who are blind, notwithstanding that in instances brought to the attention of the Department the individuals receive insignificant retired pay. One case which comes to my mind at this time is that of an individual who served as an officer during the Philippine Insurrection. He is blind and helpless and receives only $66.37 per month.

In common humanity and justice, individuals of 30 or more years of service, who served in war and who are receiving insufficient retired pay, should be provided with needed artificial appliances and attendants when totally and helplessly disabled, especially in view of the fact that they are not permitted to receive pension. Civil service retired personnel receive both retired pay and pension.

Existing law provides that a graduate from West Point who is disabled 30 percent after only 1 day's service will be retired for the balance of his life at three-fourths of the pay of his rank. An enlisted man of the highest rank, with 29 years and 11 months' service, equally disabled, will be discharged and receive not more than $13 per month pension, notwithstanding that he has completed almost 30 years of honorable service. There is no retirement law for enlisted men of long service, but there is a retirement law for officers of only 1 day's service.

THE ARMY DISCRIMINATES AGAINST RESERVE OFFICERS

If an aviation Reserve officer, training a lieutenant fresh from West Point, meets with an accident, and the Reserve officer and the new lieutenant are equally disabled to a degree of 30 percent, the West Point lieutenant receives three-fourths of his pay for life, while the Reserve officer who was instructing him receives $13 or less per month pension. The aristocracy of the Regular Army will not permit or condescend to authorize the same consideration for injuries to the Reserve officer as they insist upon for themselves.

If the Army wished to be fair and democratic toward the Reserve officer who contributes so much and so unselfishly to our national defense, and if it wished to be fair to the noncommissioned officer of long service, the General Staff would approve of legislation which would grant equal retirement benefits for disabilities in line of duty to Reserve officers and to noncommissioned officers of long service. "All for one and one for all" is obviously not the principle of the aristocracy which is developed at West Point. They are apparently satisfied to take all and give nothing and they seem to be utterly oblivious to the enlisted man wherever his interests may in any wise clash with the prerogatives, special privileges, and considerations which they themselves enjoy.

It is well to recall here that enlisted men have had taken from them the reenlistment bonus as a matter of economy, while in this bill a potential expenditure of from $9,000,000 to $12,000,000 annually is proposed for the officers, without consideration to economy.

INCREASED EFFICIENCY WITH SAVINGS TO TAXPAYERS

In conclusion, I wish to state that it is my candid opinion that if the War Department were duly solicitous about the welfare of the service and our national defense, it would give its support to the consideration of some of the questions which I have presented, it would not now encourage burdening the retired list with either officers or enlisted men, and it would insist upon the utmost economy in the service in the interest of the taxpayer.

Enlistments should be for 1 year only, except for foreign service, and reenlistments should be discouraged.

Enlisted men should be absolutely prevented from performing other than strictly military duty.

Useless garrisons should be abolished, troops should be concentrated in large areas, and duties of officers and men might well be continued through the day in the interest of attaining the utmost of military efficiency in both officers and men.

One-year enlistments, with intensified training, without reenlistment privileges except for the especially adept, would not necessitate an increased Army or additional officers and would give to our Nation a reserve of trained men sufficient for any emergency.

CONGRESS COMMITTEES HEAR ONLY OFFICER PRESENTATION—NO ENLISTED REPRESENTATIVES APPEAR

My observation here in the Congress is that the Membership appears to be hypnotized by gold braid and rank, and inasmuch as only officers are delegated to appear before the various committees of the Congress, it is, perhaps, only natural that their views and their special and selfish interests should be advanced and that, under their hypnotic spell, measures for the betterment of the enlisted men, active and retired, should be disregarded.

The junior officers are themselves, to a great extent, under the iron heel of the senior officers and for this reason appear to have a more sympathetic interest in the enlisted man's problems, but they apparently fear to give expression to what, in their own hearts, they must recognize as discriminatory. However, as they ascend in rank and eventually merge into field and staff service they appear to be alienated from the viewpoint of the enlisted man and fall into the niche of self-interest, garnering to themselves every prerogative and expending less energy in their profession the higher the rank to which they attain.

Although the treatment accorded to the enlisted man may reasonably be expected to engender in them a deep sense

of injustice, I have no hesitancy in asserting that, reports to the contrary, there is no communistic thought in the service. As a result of my years of experience with the enlisted man of the service, I have come to know him as loyal, faithful, and conscientious in the performance of duty and in his allegiance to his country, even under the most trying circumstances. That he continues to conduct himself with such a definite spirit of loyalty and faithfulness, under such discriminatory conditions as I have discussed, is indeed a testimonial to the high quality of the American citizenship which he so creditably represents.

ACQUISITION OF LAND ON M'NEIL ISLAND

Mr. LLOYD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3059) to authorize the acquisition of land on McNeil Island.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. MARTIN of Massachusetts. Reserving the right to object, what is the urgency of this request?

Mr. LLOYD. The Attorney General is very anxious to have the bill passed. It has already passed the Senate. It is very desirable that the balance of McNeil Island be acquired at the present time.

Mr. MARTIN of Massachusetts. What does the bill provide?

Mr. LLOYD. It authorizes the Attorney General to condemn the balance of McNeil Island for penitentiary purposes. A unanimous report from the committee accompanies the bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. LLOYD]?

Mr. MARTIN of Massachusetts. Mr. Speaker, I object at the present time.

EXTENSION OF REMARKS

Mr, DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting an article by Rev. Prof. Karl Sigmund Felder.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. RICH. Reserving the right to object, what is the article?

Mr. DICKSTEIN. It is an article dealing with American history.

Mr. RICH. How much of the RECORD will it occupy?

Mr. DICKSTEIN. It is three or four typewritten pages.

Mr. RICH. Is it the gentleman's own statement?

Mr. DICKSTEIN. No. I asked unanimous consent to extend my remarks by inserting this three- or four-page typewritten article dealing with American history.

Mr. RICH. Who wrote the article?

Mr. DICKSTEIN. Rev. Prof. Karl Sigmund Felder.

Mr. RICH. Mr. Speaker, I object.

FEDERAL ALCOHOL CONTROL BILL

Mr SABATH. Mr. Speaker, I call up House Resolution 305.

The Clerk read as follows:

House Resolution 305

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8870, a bill to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit with or without instructions.

Mr. SABATH. Mr. Speaker, I ask unanimous consent that I may have the right to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SABATH. Mr. Speaker, this time the gentlemen on the other side cannot charge that this is not a free and liberal rule.

Mr. Speaker, ladies and gentlemen of the House, Resolution 305 makes in order H. R. 8870, a bill creating a Federal Alcohol Administrator within the Treasury Department, which has been reported unanimously by the Ways and Means Committee. After general debate of 2 hours, the bill will be considered under the 5-minute rule for amendments. I feel it will have the unanimous approval of all.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MARTIN of Massachusetts. I will say, as a matter of further encouragement, that if the gentleman feels so kindly about it we are willing that he move the previous question, adopt the rule, and commence consideration of the bill.

Mr. SABATH. I want to say just a few words while I have the floor, to make a few observations in view of the many charges that have been made here from day to day regarding legislation that has been declared unconstitutional. The bill, though it gives the Administrator many powers, even the power to prescribe rules and regulations, I am sure it is constitutional. However, it is hard, of course, Mr. Speaker, to forecast nowadays what some of the judges or even the Supreme Court may say as to any piece of legislation that is enacted in the interest of the American people. It is, indeed, unfortunate that our courts have declared some of our acts unconstitutional. It was never intended that our judiciary should go so far afield.

Mr. Speaker and gentlemen of the House, unfortunately for the country, every piece of constructive legislation that has been enacted has been attacked as unconstitutional and some of the acts, unfortunately, were held unconstitutional by the courts. I recall that when an effort was being made to amend and repeal the prohibition act, we who advocated modification or repeal were charged as nullifiers, but I am satisfied, regardless of what has transpired within the past few months, that this bill is and will be held constitutional.

Day in and day out, on the floor of the House and in the press, we are charged with abrogating our constitutional power and that the President is usurping our rights.

On the other hand, Congress is charged with being a rubber stamp. During my many years of service I can truthfully certify that never was Congress as free and independent as this Congress, and the charge against the President of usurpation of power is unfounded and made only for political purposes, and you gentlemen on the Republican side, if honest, would concede it to be a fact.

Only a few minutes ago two Republican Members made attacks upon the President because he has recommended and advised the passage of legislation helpful and beneficial to the masses. The gentleman from Pennsylvania [Mr. RICH] has tried to read from an editorial on the situation, but he has said nothing about the Constitution giving the President the right and the duty imposed upon him to recommend legislation to Congress.

If there are any abuses, Mr. Speaker, of usurpation of powers, it is by our courts who have assumed power that was never given or contemplated by the framers of the Constitution. It is indeed unfortunate that many of the judges were corporation lawyers and are capitalistic minded and cannot forget their political and other affiliations.

I repeat that if there is a usurpation of power, it is not on the part of the President, and surely it is not on the part of Congress, but I fear it is on the part of our judiciary. In no other country which enjoys a democratic form of Government have the courts gone as far as in the United States. In fact, in the majority of these advanced nations courts have no power to declare laws passed by legislative bodies unconstitutional.

Only a few days ago I read with interest an article in the Christian Science Monitor on that question which I feel will be helpful and beneficial to all, but especially to those who day in and day out call attention to the action of some

of our courts, and for the purpose of enlightenment I insert a compilation of the power of judicial review in other democracies:

France: Legislature is interpreter of its own powers.

Belgium: Same as France.

England: Parliament supreme; courts will not pass on constitutionality of an act of Parliament, because an act of Parliament amends the constitution.

Canada: Supreme court has hardly any power of constitutional interpretation since powers of Provinces are enumerated and Dominion's powers are residual.

New Zealand: Parliament supreme.

Finland: Parliament supreme.

Switzerland: Federal court cannot declare law unconstitutional, even when it appears to be so.

Australia: Parliament may make laws giving original jurisdiction to the high court, the privilege being optional.

Latin America: In no republic do the federal or national courts possess either the degree of independence or the right to interpret or apply the constitution to the extent enjoyed by the Supreme Court of the United States.

Union of South Africa: Parliament supreme; courts have no power to declare laws unconstitutional.

I predict that in the not far distant future our Nation will amend the Constitution, or through congressional action restrict the courts from assuming powers never intended or delegated to the judicial branch of our Government.

It is also to be regretted that whenever a Member or citizen calls attention to the need of amending our Constitution immediately the corporation lawyers or representatives of corporate interests assail and attack any such suggestion. If honest and informed, they would be obliged to admit that the father of this Nation, George Washington, Thomas Jefferson, Abraham Lincoln and other great statesmen have made clear that from time to time it might become necessary to amend the Constitution and have made provision for the amendment of the Constitution, and up to now the country has adopted 21 amendments.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. McFARLANE. I noticed in the paper a few days ago where most of the late decisions attacking the constitutionality of acts of Congress reflected the political opinions delivered by the corporation lawyers of the Republican Party the gentleman mentioned.

Mr. SABATH. I have observed these reports with a great deal of concern and sorrow. It is to be regretted that the summary to which my colleague has called attention shows that the vast majority of the judges who have declared many of our acts unconstitutional are Republicans, and cannot divorce themselves from their political affiliations.

Mr. TAYLOR of South Carolina. Mr. Speaker, I make a point of order against the gentleman's speech.

The SPEAKER. The gentleman will state his point of order.

Mr. TAYLOR of South Carolina. The gentleman from Illinois is supposed to be discussing the rule under which we shall take up the alcohol control bill, but his speech has resolved itself into an attack on the Supreme Court.

Mr. SABATH. Mr. Speaker, I am showing that this bill will be constitutional but that no one can tell, under usurpation of power by the judiciary, what they may do.

Mr. TAYLOR of South Carolina. Mr. Speaker, I press my point of order.

The SPEAKER. The Chair hopes the gentleman from Illinois will proceed in order.

Mr. SABATH. Mr. Speaker, I am speaking of the bill made in order by the resolution and am maintaining that the bill is constitutional, but that in view of some of the actions and decisions on the part of some of our judges, no one can foretell how far some of the judges may go in declaring this act unconstitutional; and I say that it is to be regretted that the judges have assumed the power they have. They have assumed legislative powers belonging to Congress, which action I hope will not be continued or will be corrected very shortly. Such powers are not delegated in any other democratic form of government in the world.

We are, unfortunately, being deprived of our rights, of our legislative powers; and some day in the near future the chances are that the Congress of the United States will in a positive manner state what its powers are so that every piece of legislation some judge dislikes will not be declared unconstitutional.

Mr. GUYER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. GUYER. You say that the courts of this country have powers to declare legislative acts unconstitutional not possessed by those of any other civilized country. Is not that one of the greatest reasons why this is the best country on earth—because we have courts with such powers under whose protection immortal rights of the individual are sheltered and enshrined?

Mr. SABATH. Due to the action of some of our courts, unfortunately, we are losing the rights, the powers, and the privileges granted to the legislative branch; they are being usurped by the judiciary.

Mr. GUYER. But my question is: Is it not a fact that we have this power?

Mr. SABATH. Oh, we have some, yes; but the courts have gone far afield, much farther than the Constitution or the framers of the Constitution ever expected the courts would go.

Mr. Speaker, inasmuch as there are no further requests for time, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8870, the Federal Alcohol Administration Act, with Mr. MILLER in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from North Carolina [Mr. DOUGHTON] and the gentleman from Massachusetts [Mr. TREADWAY] are recognized for 1 hour.

Mr. DOUGHTON. Mr. Chairman, the bill (H. R. 8870) now before the Committee for consideration has the unanimous report of the Committee on Ways and Means. The bill was considered at great length by a subcommittee composed of members of both the majority and minority of which the able and distinguished gentleman from New York [Mr. CULLEN] was chairman. After the bill had been considered at length by the subcommittee, then the full committee in executive session gave lengthy consideration to every provision, and I might say every line of this bill. Thereafter the bill was reported unanimously by the committee.

The gentleman from New York [Mr. CULLEN] is more familiar with the provisions of the bill than myself or perhaps any other member of the committee, unless it be the ranking minority member of the subcommittee. He has given much study to the bill and is better prepared to explain it than I am. He is better qualified to answer any questions that might be propounded by members of the committee regarding the provisions and purposes of the bill, therefore I yield to the gentleman from New York [Mr. CULLEN] the remainder of my time.

(Mr. CULLEN asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. CULLEN. Mr. Chairman, the bill before us today is a bill to carry out the provisions of the twenty-first amendment. It is regulatory in character and it provides for administration under the jurisdiction of the Treasury Department. As the distinguished Chairman of the Ways and Means Committee said a moment ago, this bill comes from the Ways and Means Committee by a unanimous report, both by the subcommittee and from the committee in its entirety. It has received the closest kind of study and thought in order

that we can go to the country and bring to the country legislation that will be accepted as a scientific, orderly piece of legislation for the carrying out of the twenty-first amendment.

This bill provides for Federal regulation of the liquor industry. It has as its major objectives the protection of the Federal revenue and the prevention of the recurrence of those evils in the liquor traffic which existed prior to and after prohibition. No provision of the bill is violative of the Constitution either because it denies a fundamental right secured by the Constitution or because it invades a field of regulation reserved by the Constitution to the States. Further, wherever power is granted by the bill to put into effect a policy contemplated by the bill, discriminating language has been used, so that the bill, if enacted, will not suffer from the infirmity of invalid delegation of legislative power.

The Ways and Means Committee held hearings on the subject matter of the bill. These hearings and previous hearings on the Liquor Taxing Act and the studies and reports in connection therewith, and hearings on H. R. 8001 and on the N. R. A. extension bill, furnished a basis upon which deliberate and thoughtful consideration could be devoted to the problems which this bill is designed to meet.

The committee sessions disclosed that it is necessary by some method of Federal control to provide means by which unscrupulous racketeers may be prohibited from entering or remaining in the liquor business. Until we can do that the Government's efforts to collect the revenue to which it is entitled will be frustrated at least in part. Further, we must do something to prevent the unfair trade activities of those in the industry who chisel and take advantage of the ignorance of the consumer by dishonest labeling and advertising and by preying on the weakness of others in the industry. Finally, we must do something to supplement legislation by the States to carry out their own policies. The liquor industry is too big and the constitutional and practical limitations on the States are so considerable that they alone cannot do the whole job.

I refer you to the committee report for a detailed analysis and explanation of the bill, a more elaborate discussion of particular provisions of it, and the legal and constitutional justification for these provisions. Let me point out its salient features, however. And, first, to prevent misconceptions which might have arisen as to the bill, let me indicate some of the things which the bill does not do:

First. The bill does not require a retailer to secure a permit. That can be taken care of by the States.

Second. State liquor monopolies are not required to have a permit. Local law can govern their conduct to the extent that these boards do not engage in operations in the Federal field of regulation.

Third. Brewers are not required to have a permit.

In other words, they are eliminated from the provisions of this act.

Mr. CELLER. Will the gentleman yield?

Mr. CULLEN. I yield to the gentleman from New York.

Mr. CELLER. In section 1 there is provided an occupational tax on brewers.

Mr. CULLEN. That applies generally, but I will come to that later if the gentleman will have patience.

Mr. CELLER. I hope the gentleman will come to that later.

Mr. CULLEN. The committee felt that the experience under the voluntary N. R. A. codes with the brewers was sufficient to warrant the hope and expectation that they would conduct their business in such a fashion that, for at least an experimental period, the drastic requirement that they have a license or permit prior to engaging in business need not be imposed upon them at this time.

Fourth. This bill does not invade the jurisdiction of the Judiciary Committee of the House in providing legislation to enforce the twenty-first amendment. The Ways and Means Committee felt that that subject was one properly left to the Judiciary Committee. The bill does, however, condition a permit on compliance with the amendment and with whatever laws may be enacted in consequence of the recommendations of the committees properly handling such legislation.

Fifth. The bill does not reenact the liquor industry codes. Such provisions as price fixing, hours and wages regulations, and similar code provisions are not contained in this bill. The bill incorporates only those trade-practice provisions that the committee found were within Congress' power to enact, were feasible administratively, and necessary for the fair conduct of business.

Sixth. No power is taken away from the States to provide such safeguards as they deem best for their own protection. The committee has been careful to confine the bill to the Federal field.

The bill provides that it shall be carried out by an administrator appointed by the President by and with the advice and consent of the Senate. The administrator's unit is to be a division in the Treasury. His rules and regulations and the compensation of his employees are to be subject to the approval of the Secretary of the Treasury. The committee was of the opinion that proper coordination of the regulation of the liquor industry provided for in the bill and the tax-collecting functions of the Treasury would be furnished by putting the division in the Treasury and requiring the Secretary's approval on the matters indicated above.

If I may divert a minute, may I say that the committee also felt strongly in regard to putting the administration of this legislation under the Treasury Department instead of setting up a separate board with a membership of five, separate and distinct from the Treasury Department, but from time immemorial the regulation of the liquor industry has always been under the jurisdiction of the Treasury Department. In our opinion, that is where it should remain, and that is what this bill provides for.

Permits to do business are required of distillers, rectifiers, wine producers, and importers, and wholesalers selling in interstate commerce, and bottlers and warehousemen and bottlers of distilled spirits.

Holders in good standing of Federal Alcohol Control Administration permits are entitled as a matter of right to the new permits. The only exception to this is the case of wholesalers. Other persons may secure a permit on application, but irresponsible persons or persons who have been convicted of a felony may be denied permits. Permits are conditioned on compliance with Federal law including the provisions of the bill.

Unfair and unlawful trade practices are prohibited by the bill. This control extends to prohibition on the "tied house", exclusive outlets, dishonest payments to buyers which amount to bribes, deceptive names, and consignment sales, and to labeling and advertising requirements designed to prevent deception of the consumer.

Adequate court review of action of the Administrator in connection with permits and prohibitions on unfair and unlawful practices is provided for.

It is believed that this bill will furnish a systematic and carefully conceived basis for proper Federal control of those matters connected with the liquor industry which imperatively require supervision by the United States. It is also believed that proper machinery has been provided in it by which administration will be easy and workable. Finally, no hardship will be imposed on legitimate industry by the bill. Nothing in it is unfair or discriminates against the honest business man who is trying to conduct his business in a fair and reasonable manner.

Section 7 prohibits, in certain cases, interlocking directorates in the distilled-spirits business and businesses affiliated with distilling or rectifying businesses. The section constitutes a regulation of interstate and foreign commerce to prevent restraints on such commerce. In this respect the provision is comparable to the prohibition on interlocking directorates in railroad companies contained in paragraph (12) of section 20a of the Interstate Commerce Act.

The section is not retroactive in its operation. It applies only where an officer or director takes office after the date of the enactment of the act—either in pursuance of an election or appointment to the job. In the case of existing companies

common directorates may be continued. But if a system of existing companies sets up a new company, no director of one of the existing companies may be a director of the new company unless the new company has been formed to comply with the law of a State under which such company must be formed under its law in order to do business in the State. But there may be common directors in any number of companies so formed to comply with State law. In the case of company systems formed in the future there can be no common directors except in one company not formed to comply with State law and one or more companies formed to comply with State law.

The individual seeking to serve the two companies must apply to the Administrator and prove to him that service in both companies will not substantially restrain or prevent competition in interstate or foreign commerce in distilled spirits. If the Administrator approves, service may be rendered notwithstanding the prohibitions of the section. Court review is provided for and violations of the section are made punishable criminally.

Mr. DUFFY of New York. Will the gentleman yield?

Mr. CULLEN. I yield to the gentleman from New York.

Mr. DUFFY of New York. Does that mean that interlocking directorates which exist at the present time may continue to exist so long as they wish?

Mr. CULLEN. Interlocking directorates as in existence today may continue, but they will not expand in the future.

Mr. DUFFY of New York. Is there any period of time during which they must unlock?

Mr. CULLEN. No. They are frozen just as they are today.

Mr. DUFFY of New York. So the bill protects them?

Mr. CULLEN. Exactly. We were very careful about that matter.

May I say there was great opposition in regard to men holding positions on the directorates of one distilling company and another, which brought out the argument that the whisky distillers held a monopoly in the country. There is one way by which we are breaking it up, insofar as it relates to new boards of directors or new individuals locking themselves in from one company to another, thereby controlling the industry.

Mr. KELLER. But if it is already done they are allowed to go ahead under this bill?

Mr. CULLEN. Yes.

Mr. DONDERO. Will the gentleman yield?

Mr. CULLEN. I yield to the gentleman from Michigan.

Mr. DONDERO. Statements have come to my desk that the provision in this bill contemplating the sale of goods in barrels and casks would practically destroy 25,000 retail liquor stores in this country.

Mr. CULLEN. Of course, I have had some letters in opposition to the provision in the bill relative to liquor in bulk, as it is called.

Mr. DONDERO. Did the gentleman's committee give that some consideration?

Mr. CULLEN. We certainly did, and we unanimously agreed we were going to allow them to sell liquor in bulk.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. I yield.

Mr. MEAD. Supplementing the statement made by the gentleman from Michigan [Mr. DONDERO], which will be of interest to all, I would like to have the gentleman from New York tell us whether or not the statements we have received from the retail liquor stores is accurate and whether it will put 25,000 of them out of business under the provisions of this bill permitting package goods to be shipped in bulk.

Mr. CULLEN. No; it will not put the retailers out of business by any means, because, in the final analysis, all retailers are prohibited from bottling, but they may buy a cask of whisky or a cask of wine.

Mr. MEAD. I understand.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Yes.

Mr. COLE of Maryland. Am I correct in stating that the bill as reported, so far as the provision permitting sale in barrels is concerned, is directly opposite to existing regulations under which we have functioned since prohibition was repealed?

Mr. CULLEN. There is no provision in the present law against selling liquor in kegs or barrels. As a matter of fact, before prohibition, liquor was sold in barrels and delivered to retailers throughout the country. There was no opposition to it then and there should not be any opposition to it now, and the purpose of allowing them to sell in bulk, that is, in barrels and in kegs, is for the express purpose of preventing any discrimination against the barrel manufacturers or the cooperage people in favor of the bottler.

Mr. COLE of Maryland. If the gentleman will yield further, in the report of the committee, with reference to section 4, subdivision (e), you state that this provision invalidates certain existing regulations which limit the retail sale of alcoholic beverages to sale in glass containers. I am wondering what is the reason of the committee for this provision. Of course, I realize that before prohibition we sold in bulk. We did not have the bootlegger with us then. We did not have then the conditions that exist today, and I should like to hear some discussion from the gentleman as to what has been presented to the committee to justify a change in existing regulations, as I understand, which have functioned in the Government since the repeal of the eighteenth amendment.

Mr. CULLEN. The answer to that question is very simple and very plain.

Mr. COLE of Maryland. Of course, I appreciate the fact you can answer that we had this situation before prohibition.

Mr. CULLEN. And we were not in the position of discriminating against those who had barrel or cooperage factories in favor of the bottler, and we are not now discriminating against the bottler, because in the final analysis the retailer is prohibited from bottling from the barrel, notwithstanding the fact that he can buy a barrel of liquor.

Mr. WOODRUFF. May I ask my colleague on the committee if it is possible under the bill, as written, for the retailer to even buy liquor in a barrel. Can he purchase liquor and have it shipped to him in a barrel? I do not think he can under the provisions of the bill.

Mr. CULLEN. Not under the provisions of this bill.

Mr. WOODRUFF. As I understand it, that privilege is extended only to rectifiers and wholesalers who have a permit to bottle and under whose supervision this bottling will be done and to reputable hotels and to bona fide clubs.

Mr. CULLEN. Yes.

Mr. WOODRUFF. And no retailer can purchase liquor in bulk.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. I yield.

Mr. CONNERY. I may say to my distinguished colleague from New York that I am offering an amendment on that very proposition with the idea of stopping the bootlegger and protecting the man who drinks. I do not drink myself, but I want to protect the stomach of the man who does drink. Present regulations of the Treasury Department take care of this situation, but the provision you have in section 4 of the bill will do away with that, and I hope the House will adopt my amendment.

Mr. CULLEN. I am sorry, but I must disagree with my colleague from Massachusetts because of the fact that I am for getting rid of the bootlegger and I am also for getting rid of bad liquor.

Mr. CONNERY. The gentleman spoke about the cooperage end of it. In my amendment I prohibit reuse of the barrels which will take care of the cooperage men, as well as the bottle men. The bottle men get from 75 cents to $1, while the cooperage men get 20 cents an hour.

Mr. CULLEN. As a matter of fact, whisky ages in the barrel, which improves it for consumption by the public.

Mr. CONNERY. But we want it under Government supervision.

Mr. MEAD. If the gentleman will yield right there, I may say to the gentleman from New York that the gentleman from Massachusetts has suggested that he is going to offer

an amendment to a bill that permits the consumption of a beverage in which he himself does not indulge, and therefore it seems to me that such amendments as may be offered during the consideration of the bill ought to be offered by those who are thoroughly familiar with the subject. [Laughter.]

Mr. CULLEN. Of course, and in answer to my colleague, I may say that everyone knows that good liquor ages in the wood and not in bottles.

Mr. MEAD. The gentleman from Massachusetts does not know that.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. I yield.

Mr. CELLER. There is some confusion among the Members, as I gather from my conversations with them, as to whether or not a retail dealer, under the statutes, with sales of less than 5 gallons, can buy and sell in bulk.

As I read subdivision 3, on page 10 of the bill, no retailer subject to an occupational tax as a retailer, can sell in bulk. He must sell in bottles. However, there is nothing to preclude them from buying from the distiller a barrel of whisky and taking it to his home and drinking it, if he wishes to do so, but he cannot repackage it in any sense of the word for resale.

Mr. CULLEN. The committee purposely provided against it.

Mr. BOILEAU. The retailer can buy by the barrel and sell it in barrels?

Mr. CULLEN. He cannot sell it in barrels.

Mr. BOILEAU. He can buy it in barrels. What can he do with it?

Mr. CULLEN. That is up to him.

Mr. BOILEAU. He can sell it if he does not break the package, can he not? He can sell it to me as a consumer.

Mr. CULLEN. He can sell it to you, you can take it home and put it in your cellar.

Mr. BOILEAU. He can sell the whole package.

Mr. CULLEN. Yes.

Mr. HEALEY. Hotels and clubs can buy it by the barrel and sell it by the glass.

Mr. CULLEN. And bottle it, too.

Mr. TREADWAY. Will the gentleman yield?

Mr. CULLEN. I yield.

Mr. TREADWAY. I fail to see in the bill an amendment that was agreed to in committee, on page 23, lines 18 and 19.

Mr. CULLEN. Yes; that is to be offered by the committee later.

Mr. DONDERO. Will the gentleman yield?

Mr. CULLEN. I yield.

Mr. DONDERO. Is not the real objection to selling liquor by the barrel that it could be bottled, filled with a lower grade of liquor, and thereby making a larger profit?

Mr. CULLEN. That is a part of the objection. I am one of those who believe that men can be put on their honor and conscience when under strict administration.

Mr. GILCHRIST. Will the gentleman yield?

Mr. CULLEN. I yield.

Mr. GILCHRIST. On page 19, that is not the language that was in the former bill. It provided that the label shall contain an accurate statement informing the customer of the presence of neutral spirits, and naming the commodity from which the spirits have been distilled. Does that refer to whisky? Of course, it would not refer to whisky that is not blended.

Mr. CULLEN. Whisky that is not blended is labeled in the bonded warehouse and sent into the market as bonded liquor.

Mr. GILCHRIST. But it does not contain the name of the commodity from which it was distilled.

Mr. CULLEN. No. The purpose of labeling the bottle with its ingredients is to show to the consumer that he is at least getting pure material insofar as it relates to liquor.

Mr. GILCHRIST. That is all right. I am not finding any fault. That is, except to say that I think that clause 3 ought to go further than it does here, and apply to all distilled liquors instead of those that are merely blended or rectified.

Mr. CULLEN. That is a matter of opinion.

Mr. GILCHRIST. What does the gentleman say about that?

Mr. CULLEN. The committee went into that and decided that that is as far as they can go.

Mr. GILCHRIST. Does that apply to gin?

Mr. CULLEN. Gin is stricken out.

Mr. GILCHRIST. Suppose I was putting gin in a bottle and selling it, would I have to state on the bottle the commodity from which it was distilled?

Mr. CULLEN. On the label, yes; and gin is very potent, let me tell the gentleman.

Mr. GILCHRIST. It is a distilled, blended liquor.

Mr. CULLEN. Sometimes it is made from aniseed and sometimes it is made from everything.

Mr. MITCHELL of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Yes.

Mr. MITCHELL of Tennessee. Under the present regulations of the Treasury Department the use of wooden containers has been apparently at a discount, and the cooperage people in Tennessee, in my section, are very greatly interested in the use of wooden containers, likewise those people in Missouri and Arkansas and Michigan. This, if I understand the gentleman, does relax the rule, and I agree with what the gentleman states—that wooden containers are supposed to be the best vessel in which liquor may be aged.

Mr. CULLEN. And gives you a fair shake with your product, so far as it relates to the wood.

Mr. MITCHELL of Tennessee. I commend the committee for bringing in that provision.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Yes.

Mr. MASSINGALE. I notice the statement in the report on the bill that a retailer may be a bona fide club or a hotel, in which case he or his agent may break the packages for sale on or off the premises, and in such case the hotel or club may remove the contents—that is, out of the barrel.

Mr. CULLEN. That is right.

Mr. MASSINGALE. Into decanters or otherwise for sale by it.

Mr. CULLEN. That is correct.

Mr. MASSINGALE. Does not the gentleman really think that the provisions of this bill will permit any bootlegger or association of bootleggers that can get money enough to buy 1 barrel of whisky to sell whisky indefinitely out of that barrel by drawing out part of it and bringing in more and refilling it? In other words, it puts the bootlegger in a position where the Government can hardly get at him.

Mr. CULLEN. I disagree with the gentleman. That has been our problem. The provision dealing with hotels and clubs was put in with the express purpose of dealing with bona fide hotels and clubs.

Mr. MASSINGALE. But that is the trouble.

Mr. CULLEN. That comes again under the jurisdiction of the Administrator.

Mr. MASSINGALE. But the point I make is this: I ask the gentleman if he does not really think that under the provisions of this law it is an escape for the bootlegger?

Mr. CULLEN. No; I do not. I will go this far. I shall probably agree, no matter what kind of a law we write dealing with the liquor industry, that there will be violations irrespective of how we write it.

Mr. MASSINGALE. Oh, I agree with that.

Mr. MITCHELL of Tennessee. That situation could operate just as well out of the jug or bottle, and put the bootlegger in the same position as with a barrel.

Mr. MASSINGALE. Yes; but it has not the stamp of the United States Government on it.

Mr. MITCHELL of Tennessee. It has the same stamp that there is on the barrel and on the jug.

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Yes.

Mr. DOCKWEILER. Is there any place in this bill that gives the Alcohol Control Administration, this new administration, a right to determine that there are enough permits

outstanding for distillers and rectifiers and blenders and wine makers to say, "We will not give you a permit, Mr. Jones, for any one of these things, because there are enough of these institutions to make the requisite amount that may be consumed in the year", or any other period? Is there any such authority?

Mr. FULLER. I may say to the gentleman from California that Mr. BUCK, his colleague, is on this committee. Mr. BUCK is quite an authority on the wine industry in California. He got practically everything he wanted in this bill, and it was worked out satisfactorily to take care of the wine people of California.

Mr. DOCKWEILER. I am interested in the wine people of California, of course, and I understand my colleague Mr. BUCK has taken care of our situation, whatever that problem may be, but my question has not been answered. Under the old code system a person operating a distillery or any of these other institutions to handle alcoholic beverages could be told, "You cannot get a permit, because we find we have issued enough permits which, if they are all in operation in the country, can make enough distilled beverages so that the consumption is entirely taken care of."

Mr. FULLER. We have taken that authority away from them in this bill.

Mr. DOCKWEILER. That is what I wanted to find out.

Mr. CULLEN. Yes; that authority is gone.

Mr. Chairman, I wish to thank the Committee for its attention. I think we have brought before the House a good bill to regulate the industry and build it up. [Applause.]

Mr. TREADWAY. Mr. Chairman, representing the minority members on the Ways and Means Committee, I have very little to say in relation to this bill. It is an administrative matter pure and simple. If those in charge of the Government functions desire to set up this Federal control over the well-known subject that has been discussed for so many years, that is their right and privilege. I do not know that anyone can suggest any better form for the administrative provisions than those provided in this measure. We have offered no special objections to the measure.

I think it might be well to call the attention of the House to one sentence in the report of the committee, which seems to me to be the very heart of this bill itself. I quote from page 4:

> The bill embodies in statutory form so much of the former code system as the committee now deems appropriate and within the constitutional power of Congress to enact.

I think that is the whole story of the bill. When the N. R. A. came into existence a code system was set up supposed to govern every conceivable kind of business activity. The code system has been thrown out, or perhaps the better language would be to say the Supreme Court absolutely nullified the code control of business matters. It does the same with the liquor question as it does with all other kinds of business. Therefore this bill is brought forward with a view of incorporating what it seemed possible and desirable to have along the line of code control in a Federal way that is still left from the Supreme Court's decision. It seems that that covers to a very large extent the call that the administration or the administrative control of the House seems to feel necessitates the writing of this bill.

Now, there are two provisions in the measure to which I want very briefly to refer. One is found on page 15, subsection (b). Probably some of the Members wondered what the meaning may be of "tied house", the first two words under (b). To my mind that is one of the best features in this bill if it accomplishes what it is intended to accomplish. Subsection (b) is intended to prevent distillers, brewers, and wholesalers controlling the dispensation of whisky or beer, as the case may be, by exercising dominion and control over the place at which the liquor is sold.

I think that is extremely desirable, and I commend the committee for having written in that provision which I hope the administrator later on can enforce. I feel that the method whereby the distiller and brewer controlled the dispensing of liquor and beer was one of the great reasons that brought on prohibition. We certainly do not want to see that repeated. So I thoroughly approve of that section.

Mr. CELLER. Will the gentleman yield for a question?

Mr. TREADWAY. Yes; I yield.

Mr. CELLER. A question was asked of the distinguished gentleman from New York [Mr. CULLEN] whether breweries were involved in this bill. The answer is "no." I should like the gentleman to explain to me, if he can, why they included the occupational tax on the brewer? You will find that occupational tax in section 1.

Mr. TREADWAY. I should prefer, as far as any explanations are concerned, that they should come from the majority members of the committee. I am not attempting to explain the bill.

Mr. CULLEN. Will the gentleman yield?

Mr. TREADWAY. Yes; certainly.

Mr. CULLEN. In answer to the gentleman's question while I was on the floor, when the gentleman referred to the occupational tax, I said most distinctly and very plainly that an amendment would be offered striking it from the bill.

Mr. CELLER. I did not hear that.

Mr. TREADWAY. In the inquiry I submitted I was referring to the advertising provisions. I understood the gentleman to answer me by saying that the provision as written in the committee amendment would be offered later.

Mr. CULLEN. That is correct.

Mr. CELLER. I understand it is intended to strike out the section relating to the tax?

Mr. CULLEN. In regard to the $10 tax; yes. One member of the committee will, in all probability, offer an amendment striking from the bill that tax. That will come from a committee member.

Mr. TREADWAY. Now, Mr. Chairman, there is one other question that I want to bring up and that is the provisions on page 10, in line 17.

> No such person except a bona fide hotel or club shall for purposes of sale—

And so forth. I am afraid this is a pretty wide-open provision. It is explained by the advocates of the bill, particularly the gentleman from New York, that this would be controlled by regulations of the administrator when the various rules and regulations are set up; but I am afraid you are putting a tremendous task on the shoulders of the administrator when you call upon him to define a bona fide hotel or club.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Certainly.

Mr. HEALEY. Then this provision is limited to first-class hotels or clubs?

Mr. TREADWAY. Oh, no, no; the gentleman has a confused idea of the matter.

Mr. HEALEY. That is what I want the gentleman to clear up, if he will. The ordinary bar will be prohibited from selling from the barrel.

Mr. TREADWAY. That is correct, but the club may so sell. In other words, assuming that my colleague and myself, living in the same community a block or two apart, desire to have a little group to play cards or pool, form a club; somebody is up against it to define whether it is a bona fide social club or whether we are organizing ourselves and our friends for the purpose of getting around this law. I do not envy the administrator when he starts to define either a bona fide hotel or bona fide club. You will see hotel signs on establishments at which I do not think the gentleman would desire to register or be regarded as a guest.

Mr. HEALEY. Mr. Chairman, will the gentleman yield for a further question?

Mr. TREADWAY. Certainly.

Mr. HEALEY. The tendency will be for the ordinary proprietor of a bar to have his place of business come within this definition.

Mr. TREADWAY. Yes; to get a few friends in and call it a club. I think the gentleman has hit the nail on the head so far as predicting what will happen with this provision in the bill.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. CELLER. The gentleman may remember that in the old days we used to have what were known as the "Raines' law" hotels in New York, which were nothing but taverns with a few partitions in the rear where they would have a bed or two, a place where they would sell a sandwich or two on Sunday, yet they were called "hotels."

Mr. TREADWAY. Answering the gentleman I may say, of course, that I live in staid old New England and have not personal knowledge of the type of hotels to which the gentleman refers. [Laughter.] He, coming from a district where such hotels were located, perhaps knows from experience a great deal more than I do about the subject. I am arguing this question merely from the theoretical and social standpoints. I confess ignorance; I never joined one of these clubs.

Mr. CELLER. I will say to the gentleman that in the Berkshires, where the gentleman comes from, boarding houses would be allowed to be called hotels in order to get licenses.

Mr. TREADWAY. I do not think there are any such there, but I make these statements with reservations and accept the conclusions of the gentleman from New York, for I have not had personal experience in his district.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. FIESINGER. If I understand the gentleman's contention, it is that this language "bona fide hotel or club" is too broad?

Mr. TREADWAY. Yes.

Mr. FIESINGER. I am inclined to agree with the gentleman.

Mr. TREADWAY. I thank the gentleman from Ohio.

Mr. FIESINGER. I was wondering whether the gentleman had any suggestions to offer as to language of limitation so that this point could be circumscribed.

Mr. TREADWAY. My friend from Massachusetts [Mr. HEALEY] spoke of a first-class club or a first-class hotel. Undoubtedly it is the intent of the writer of this language to have it apply to this type of establishment; but the gentleman from New York [Mr. CELLER] very quickly saw the latitude of interpretation that could be given this language.

Mr. CELLER. From wide experience.

Mr. TREADWAY. Personally I do not see how you are going to differentiate, for instance, between citizens. One citizen is as first-class as the other citizen, for citizenship is not determined by the kind of clothes one wears or the food one eats or the beer he drinks.

Mr. FIESINGER. A club may be a bona fide club and yet not be one I would recommend to my friends or one they would care to join.

Mr. TREADWAY. I think the gentleman senses the difficulty of administering such a provision.

The only other comment I have to make is a very brief reference to what seems to have been the principal source of criticism or conflict in the committee; and this has to do with whether you put the liquor up in glass or wood. I do not think it makes a whole lot of difference if a man wants a drink of liquor whether he gets it out of a glass container or out of a wooden container. The only man the wooden container provision seems to favor is the private citizen. I see my good friend the gentleman from Illinois [Mr. KELLER] looking at me. I think he is very much excited as to whether he will put down in his cellar a barrel of 52 gallons or a keg of 5 gallons before he invites his friends in to drink. I recommend to him to buy the largest size container, so he may be able to treat more constituents and friends, because I know he has a lot of them. But I do think there is a slight inconsistency when you give the private citizen an opportunity of buying a larger container than the man you are licensing to sell. This is inconsistent, that is all; but it is immaterial to me. I am not going to be fussy which way I get it, so far as I am concerned, for I do not get enough or want enough to make any difference.

Mr. MITCHELL of Tennessee. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Tennessee.

Mr. MITCHELL of Tennessee. Coupled with the gentleman's recommendation to our colleague from Illinois, may I suggest that it is always supposed to be better when it is aged in wood.

Mr. TREADWAY. I see.

Mr. MITCHELL of Tennessee. Our people are greatly interested——

Mr. TREADWAY. In aging it right. I am glad to have the gentleman's experience and knowledge and thorough detail of the benefits to be derived. Probably the advocates of glass would be inclined to say it ought to stay just as it was when it was bottled in glass and consumed from that container.

Mr. MITCHELL of Tennessee. Observing them, as the gentleman has many times, drinking from glass and from the jug, does he not think a man's conduct would be better and greatly improved had he used it from charred barrels?

Mr. TREADWAY. I am not going to let the gentleman put me in the position of being quoted as to the kind of retainer we ought to get it out of.

Mr. KELLER. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Illinois.

Mr. KELLER. I only wanted to suggest that I am going to take the gentleman's advice, because I hope to entertain some of my New England colleagues in the near future.

Mr. MITCHELL of Tennessee. And the gentleman will use the barrel?

Mr. KELLER. Yes; the larger package.

Mr. TREADWAY. Realizing our larger capacity.

Mr. SHORT. I am sure the gentleman will find it better if it is aged in wood.

Mr. TREADWAY. I am not going to say. The old-time New England orthodoxy does not recognize the merits of any kind of a retainer for alcoholic stimulants, so that it would not do for me to put myself up as a judge of the right kind of a container to have the liquor in.

Mr. SHORT. I have never seen the profound and scholarly gentleman from Massachusetts so frank before.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from California.

Mr. DOCKWEILER. Was there any testimony before the committee respecting automatic corks to be used for bottles?

Mr. CULLEN. Automatic corks?

Mr. DOCKWEILER. Yes; there are such in use in the industry.

Mr. TREADWAY. So that you cannot get but one drink at a time?

Mr. DOCKWEILER. No; there are in use in the industry automatic corks in bottles, which prevent the refilling of a bottle.

Mr. CULLEN. If I may answer the question, there is another bill before the Ways and Means Committee which covers that matter.

Mr. DOCKWEILER. This would prevent siphoning out of a barrel into the bottle.

Mr. CULLEN. Mr. Chairman, I yield 15 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, there have been many questions asked about this bill as to whether it limits the authority of the former Alcohol Control Administration. I want to say that it does. I realize many of the Members had in mind when the alcohol unit was established that there were only a few that could get permits, and they were the chosen few. Twenty-four of these distillers got permits in the United States after repeal of prohibition up to December 1934. They operated until they got a great big supply on hand, enough to corner all the liquor in the country, went out and bought the rest of the distilleries and up to 1935 only 72 were granted permits.

Mr. O'MALLEY. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Is it not true that about seven or eight great financial combines controlled about 83 percent of the production under the code?

Mr. FULLER. Eighty percent of the liquor in the United States was produced by nine. Of that amount the National Distillers produced 23 percent. Schenley, of New York, 16

percent and Seagrams 8.6 percent. In other words, three of the big distilleries of the United States produced approximately 50 percent. They are coupled hand in glove with the bottle industry.

Mr. Chairman, the Treasury Department without any authority of law made a regulation that liquor could not be sold in barrels. Congress had never passed such a law. We did pass a law that in quantities of less than 5 gallons the Treasury could make rules and regulations to sell it in bottles only under certain conditions, but that is the only law we ever passed in reference to the matter. We asked the Treasury representatives time and again to point to the authority by which they made this arbitrary and unreasonable rule, but they have not been able to do so thus far. They promised to do so, but never did.

This situation has grown until at the present time there is a Whisky Trust in the United States that is not rivaled by even the whisky ring of Grant's administration during the Civil War period. It is high time that the Members of Congress have something to say about regulating whisky in this country, unless we expect to go back to the days of prohibition.

Mr. TARVER. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Georgia.

Mr. TARVER. I notice with a great deal of interest that in the title of the bill there is included the statement that the bill is for the purpose of enforcing the twenty-first amendment. There is only one mandatory provision in the twenty-first amendment—section 2—which reads as follows:

> The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

I have read this bill very carefully and I find no provision in it which is intended to carry into effect the provision of the twenty-first amendment to which I have just referred. Why is there not put in this bill a provision for enforcement of the twenty-first amendment, which prohibits the importation of liquor into dry States and makes it a violation of Federal law?

Mr. CELLER. The Judiciary Committee brought out a bill to protect such States.

Mr. TARVER. It is not necessary to wait on the Judiciary Committee. This bill is one which in its title says it is for the purpose of enforcing the twenty-first amendment. Now, why does it not contain some provision to enforce that amendment?

Mr. FULLER. It was in there originally or it was intended to be in there. If it is not in there in words, it will be enforced by the Administrator and by local control and no man will get a permit to ship into dry States. Furthermore, I understand this measure is to be followed by a bill from the Committee on the Judiciary, which has jurisdiction over that matter. On page 9, beginning with line 17, there is a prohibition against shipping or transporting liquor into a dry State.

Of course, we would not be in favor of any bill that would give a permit to a man to sell liquor in dry territory, but let me show you what the real liquor condition is in this country.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. MICHENER. The gentleman spoke of the Judiciary Committee and the Ways and Means Committee. After all, whether or not the law is enforced is just a question of administration, and does not the gentleman believe it would have been better to have included in one bill the administrative features and in the other bill the tax features?

Mr. FULLER. I think so.

Mr. MICHENER. As it is, you are reporting here a tax bill also dealing with administrative features, and the Judiciary Committee has reported out an enforcement bill to be administered under the direction of the Secretary of the Treasury; and they are both on the calendar, one ostensibly for the purpose of collecting the tax and the other for the purpose of protecting the revenue; and neither for the purpose of enforcement.

Mr. FULLER. Your contention is substantially correct.

One point I want to speak on here is the barrel feature. I realize many of you are asking questions about barrels, and some of you ask why one cannot substitute moonshine for legal liquor in barrels. Certainly they can if they want to take that kind of chance, if they want to violate the law; but what are they doing today? They are doing worse than that now under the bottle regulations. It has been a failure under the present bottle arrangement, and the Treasury Department went to the administration the other day and asked for over a million dollars for checking up on the situation in just a few of the large cities and checking the people who are reusing the bottles. Of course, they are using the bottles again, but they have sent out their propaganda to every Member of the Congress to the contrary.

Here is Schenley's advertisement; look at it. This appeared in the papers all over the country, and every time you see one of these advertisements you see an editorial or a news item running along with it showing that they are against kegs. Why? Because these trust distillers are big newspaper advertisers. They want to control the liquor business in the United States just like they are doing now.

Take, for instance, the National Distillers, which is the biggest in the United States. What did they do? They got a permit under Dr. Doran to manufacture whisky during prohibition, and they, with three others, had a permit and could manufacture whisky for medicinal purposes during the dry period and they made millions under their permit during prohibition. With his approval they bought up many of the biggest distilleries in the United States. You ought to see a list of them. There is hardly a famous brand of whisky today that is not in this list.

Mr. DOCKWEILER. Will the gentleman put that in the RECORD?

Mr. FULLER. I will, and submit the following:

National Distillers Products Corporation (holding company) owns 100 percent stock in—
- Henry H. Schufeldt & Co.
- Medicinal Products Corporation.
- W. A. Gaines & Co.
- A. Overholt & Co.
- Alex D. Shaw & Co. (60 percent).
- National Straight Whisky Distillery Co., Inc.
- National Distillers Corporation of New England.
- American Medicinal Spirits Co.
- American Medicinal Spirits Corporation (100 percent):
  - Old McBrayer Distillery Co.
  - Old Taylor Distillery Co.
  - Old Grand Dad Distillery Co.
  - Cedar Brook Distillery Co.
  - Hermitage Distillery Co.
  - Pebbleford Distillery Co.
  - Green River Distillery Co.
  - Chicken Cock Distillery Co.
  - Old Crow Distillery Co.
  - Rewco Distillery Co.
  - Medical Arts Products Co.
  - Bond & Lillard Distillery Co.
  - Black Gold Distillery Co.
  - Sunny Brook Products Co.
  - Federal Distillery Co.
  - Mount Vernon Distillery Co.
  - Gwynnbrook Distillery Co.
  - Spring Garden Distillery Co.
  - Mellwood Distillery Co.
  - Blue Grass Distillery Co.
  - Hill & Hill Distillery Co.
  - Fannis Distillery Co.
  - Farmdale Distillery Co.
- Large Distilling Co. (Pennsylvania).
- Sunny Brook Distillery Co.
- Medicinal Holding Corporation.
- Security Warehouse Co. (St. Louis).
- Penn-Maryland, Inc.:
  - Penn-Maryland Corporation.
  - Penn-Maryland Co., Inc.
  - Carthage Distillery Corporation.
- Crown Fruit & Extract Co.
- Chickasaw Wood Products Co. (Export Cooperage Co.) (51.185 percent).
- Interstate Distributing Corporation.
- Affiliates:
  - National Canadian Distillers.
  - National Canadian Distributors.
  - John de Kuyper & Sons, Inc.
  - National Pure Spirits Corporation.
  - Standard Alcohol Co.

National Distillers Products Corporation (holding company) owns 100 percent stock in—Continued.
Marketing contracts:
Canada Dry Ginger Ale, Inc.
General Wines & Spirits Corporation.
Fleischmann (entire gin output). Contracted for entire output of number of small distilleries which cannot be traced.
Other interests: Company holds number of inactive, wholly owned subsidiaries chiefly for purpose of perpetuating brand names, trade marks, etc.

There is hardly a famous brand of whisky that is not owned by the National Distillers or Schenley, and yet no one else could get a permit for a long time until Members of Congress made it so burdensome on the administration that in recent months it let a few others get such permits.

I see in the morning papers and in editorials that have been called to my attention in the metropolitan newspapers articles like this: "Barrels will be for the benefit of the bootlegger." Who wrote it? It was sent out by Frank Getty, of this city, who is the agent for Erwin, Wasey & Co., of New York, the advertising agents for the Whisky Trust.

The Kentuckians here know what they have gone through with in old Kentucky with respect to their old brands. No one who is a native Kentuckian can get a permit to manufacture whisky in his own country.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. SPENCE. The whisky code provided that if the available facilities would supply the consumptive demand no other permits would be issued.

Mr. FULLER. Yes.

Mr. SPENCE. When I asked them what the available facilities would supply, they said 500,000,000 gallons, and I then asked them what the normal consumption of the Nation is in normal times, and they said 150,000,000 gallons. So it was impossible for anybody to get into the game except the fellows who sat around the table and made the code.

Mr. FULLER. That is right. Let me show what kind of predicament we have got into with this whisky crowd that now wants to dominate the situation and say we have got to use bottles only.

Dr. Doran for almost 30 years was in the Treasury Department. During all the time of prohibition he administered it, and when he went out and there was a code to be drawn he was appointed by the President of the United States on an interdepartmental board, and he drew these rules and regulations that are being forced on the American people providing that we cannot use barrels and that we can only use glass bottles. Then when he got that through he quit, and where is he today? He is the director of the Distillers Institute, drawing $36,000 a year and at the same time was supervisor of code authority for distillers' industry. He is the very man that the distillers, who have a monopoly of the whisky business, wanted, and the very man who gave them their permits to operate in the old prohibition days, and I guess he is getting well paid for his services. During his service in the Treasury Department as commissioner of industrial alcohol he named practically all now in that Department, and it is generally known he still controls that service while still serving the Whisky Trust as director of the Distillers Spirits Institute. R. E. Joyce, one of his subordinates, and who issued permits under the Federal Alcohol Control Administration to the favored few, is now Washington manager for National Distillers.

Mr. KELLER. What remedy is there for all this?

Mr. FULLER. The remedy is to take this assumed authority away from this Department to make their own laws. I have not the time now to go into this in detail. Now, what happened? The owners, Illinois Glass Co., make more glass bottles than all the other glass manufacturers in the country, and are the largest glass-bottle manufacturers in the world. These bottles are not made by glassblowers the same as window glass is; they are made by automatic machinery, and the same president and vice president of the owners, Illinois Glass Co., are members of the board of directors of the National Distillers Products Corporation. And yet they come in here and try to make honest Congressmen, who represent their constituency, believe that you are going to do a grave injustice if you allow the people of the United States to buy whisky in the barrel.

Mr. KELLER. I would like to know why we should allow these interlocking directors in the Whisky Trust?

Mr. FULLER. Well, I cannot go into that now.

Mr. O'MALLEY. Cannot the Administrator continue to do under this bill what he has done?

Mr. FULLER. No.

Mr. O'MALLEY. Why cannot we write into the law the terms——

Mr. FULLER. Oh, we cannot do that; the Administrator has to have some discretion. Let me show you why there is no danger in selling liquor by the barrel. It takes 40 cents to make the best gallon of whisky that can be made by distillers in this country. It costs 50 cents to carry it 4 years in the barrel, and at the end of 4 years the whisky stands the distillers at less than a dollar per gallon.

Today do you know what whisky 4 years old is selling for? It is selling for $72 a case, which is $24 per gallon wholesale.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes.

Mr. DIRKSEN. There is a lot of good liquor that has been bottled in bond that is in excess of 4 years old that is selling for approximately $36, and it contains 3 gallons.

Mr. FULLER. Well, that is $12 a gallon. But I cannot believe any such condition exists. The proof before our committee is wholly to the contrary. Let me tell you what these Treasury regulations did. When they cut out the barrels and said you had to use glass bottles, a man who held four barrels of whisky that was 12 years old in a distillery wanted to get his barrels out of that distillery to use in his drug store, legitimately, under the law.

He wrote to the warehouse to get it, and they wrote back to him and said that it would cost him $3 per gallon, or $150 a barrel, to have the whisky bottled, and that he could not get it unless he had it bottled. That was the effect of these Treasury regulations, as shown by the letter I hold in my hand. The gentleman can see if I have misquoted it. One hundred and fifty dollars was the price that this monopoly had demanded for the purpose of having the barrel of whisky bottled—$36 a case. Do you know what else they are doing? Here in Washington and everywhere else, as the proof shows, when one buys a drink over the bar, or in a restaurant, or anywhere else that is a reputable place, it costs from 50 to 75 cents per drink, which is a minimum of $40 per gallon for whisky which cost $1 at 4 years plus $2.10 tax.

Mr. KENNEY. Mr. Chairman, for the purpose of the record, will the gentleman identify the Whisky Trust and all its members?

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BACHARACH. Mr. Chairman, I yield the gentleman 4 minutes more.

Mr. FULLER. Mr. Chairman, I have not the time to mention all of them, but the principal ones are the National Distillers, Schenley, and Seagrams. They are the great ones, and they produce more than half of it; and yet today the testimony shows that there are over 150,000,000 gallons of good liquor in storage and there are 5,000,000 gallons over 4 years old in the Government warehouses. It is not worrying me especially, because if I wanted any I would get it at whatever price I wanted to pay. We cannot drive out the bootlegger who has a pretty good grade of cheap whisky by protecting the highest-priced whisky in the world. [Applause.] I will tell you another thing. These people talk about this being a labor proposition. There is not a thing to it. Let them bring in their amendment. They are only the mouthpiece of the whisky people. The Ways and Means Committee has spent over a month on this bill, and every member of it, except one or two, voted for the bill; and yet they come in here and say, after we have given all this time and attention to it, that there is one matter in respect to which we are not informed, and they seek to have us modify it. Mr. Chairman, the men who make staves come from

the forks of the creek; they are the poor men, the men who cut their oak into bolts, and take them to the mill. They have them sawed, and then the material goes to the cooper shops. He gets his money for what he produces; he gets the price of his labor.

There are a few institutions that are paying cheap wages for cooperage work, and we know where they are. One of them is in Louisiana, and the other is in Louisville. One is owned by the National Distillers, and the other is owned by Schenley. They pay their common labor 20 cents an hour and pay their skilled bottle blowers $1 an hour, so they claim in their advertisement.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes.

Mr. TERRY. Is it not a fact that since this ruling has been in effect the cooperage business of Missouri, Arkansas, and Tennessee has been about obliterated?

Mr. FULLER. Yes. There are 24 States in the Union actively engaged in the cooperage business. Only 50 percent of staves cut for bourbon barrels are suitable for that purpose.

If permitted for use the other 50 percent can be used for small barrels and seconds; 5- and 10-gallon kegs. If you bar the use of only the best prime staves you kill the industry and lose the best of the useful staves. In my State alone there is a million dollars' worth of cooperage stock lying in the yards rotting and being eaten up by the worms, because of the arbitrary action of the Treasury Department prohibiting bulk sales of liquor in barrels. That is not the only instance; the same condition prevails all over the country.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. BACHARACH. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I recall when I was just a little boy sitting on my mother's knee, listening to her make a recital of the days of the whisky ring under President Grant's administration, a ring which extended from here to St. Louis, and even included my own city.

If I remember correctly, one gentleman out there in a town in Illinois, who had been convicted under the whisky ring violations was thrice elected mayor of the town after he got out of prison. They did not think so seriously about it.

I have heard a great deal about the whisky ring and the Whisky Trust from that day to this and it is only natural and normal that we should hear something about the whisky ring at the present time.

I make no apology for standing in the Well of this House today and saying a few words in defense of the distilling industry. I deeply regret that last night a two and one-half million dollar plant blew up out in my district in the city of Peoria. We have five distilleries there, including some of the larger distilling enterprises in the United States at the present time.

As I hear this discussion about the whisky ring it seems to me that it might be informative and instructive to the Members of the House and to the public at large to know a little something about the facts. You will remember the chap who was called in as a witness in a suit involving an automobile accident, and when the attorney asked, "Did you see it?" He said, "Yes, sir." "How far were you from the accident when it happened?" He answered "22 feet and 9 inches." With some degree of contempt the attorney said, "Now, Mr. Smart Aleck, tell the court and jury how you know you were within 22 feet and 9 inches." He said "I took out a tape measure and measured it, because I thought some 'damn fool' lawyer was going to ask me that question." [Laughter.]

Now, I think one who has five large distilleries among his constituents ought to know a little something about it, and I believe I ought to give you the facts, in fairness to a legitimate industry which employs many people.

First of all, with respect to the price of whisky, which it is alleged is due to a trust in this country, the fact of the matter is that there is in the United States of America, or was as of the 31st day of May 1935, only 6 weeks ago, 2,908,000 gallons of whisky in this entire country eligible for bottling in bond. As authority I cite the figures of the Bureau of Internal Revenue and the Federal Alcohol Control Authority. We had a total of 140,060,000 gallons of whisky in the bonded warehouses at the same time, so that aged whisky eligible for bottling in bond is less than 2 percent of all the whisky that is in storage in the United States at the present time. In view of the fact that there are 192 distilleries and 76 permits outstanding among different people in different States everywhere, you tell me, if you will, how all those people can combine to control the whisky price any more than that 76 automobile factories can control prices. As a general thing, when we talk about the price of whisky we talk about the price of bonded whisky, but what about the other 98 percent? What about the other 137,000,000 gallons in storage that is being offered gradually to the public at the present time? The Bureau of Internal Revenue figures will show that in the month of May alone they withdrew approximately 7,000,000 gallons of tax-paid whisky in a single month; 2,908,000 gallons of aged whisky would be about a 12-day supply for the United States on the basis of present consumption. Suppose you were a distiller, would you throw that 4-, 6-, 10-, or 17-year-old whisky on the market at ridiculously low prices and have it gobbled up in 13 days? That is as long as it would last.

There is some reason why the distillers at the present time are conserving a portion of the 2,908,000 gallons of whisky eligible for bottling in bond, by holding up the price a little, and I think that in all fairness and justice they are entitled to do so. Moreover, will anyone make so bold as to contend that after paying insurance and warehouse costs on old whisky and allowing for leakage and soakage losses, they are not entitled to a better price?

As for the other 98 percent, here are some figures that I took from advertisements in the Washington newspapers, which, first of all, show that whisky is not so high, and, secondly, that the price has progressively decreased. Among such brands as Crab Orchard, Keystone State, Briarcliff, Buckeye State, Four Roses, Paul Jones, Shipping Port, the highest price in December 1934 was $1.59 per pint. That has been reduced to $1.45. There is other whisky that is selling in Washington at the present time for 65 cents a pint. That is whisky that is typical of the 140,000,000 gallons that we have in storage at the present time, taking out the 2 percent of aged whisky. So who can persuasively contend that there has been a Whisky Trust that has been profiteering and support that contention with facts and figures?

I wonder if you know very much about the cost of whisky? The gentleman from Arkansas [Mr. FULLER] was substantially correct when he said that it only cost a small amount to make a gallon of whisky. In fact, bulk whisky prices are low. The report of the hearings before the committee will show that in bulk at the present time you can buy whisky from any distiller anywhere at prices ranging from 63 cents a gallon to $1 a gallon, including the cooperage. It costs about $1.50 a case for labels, seals, bottles, and for cases. It costs about 50 cents for freight. The Federal tax on a case of 3 gallons is $6. Add to that 50 cents a case for overhead and advertising and then pay 15 to 20 percent discount to the wholesaler, and 30 to 40 percent, which is the discount extended to the retailer, and to me it is a surprise that today in Washington, as in any State in the Union, they can pay all those taxes, including the District tax of 50 cents a gallon, and sell it at 65 cents a pint.

Have you any notion as to what the distiller really makes out of whisky? The big distillers today are selling whisky on a margin of 40 cents a case. They are selling gin on a margin of 30 cents a case. Do you call that profiteering? Do you call that evidence of a Whisky Trust? I do not. It is nothing more than efficiency and good management brought to a business that has been legitimatized by the repeal of the eighteenth amendment.

It seems to me the least we can do in view of the fact that they are giving employment to thousands of people, comporting themselves within the requirements of the law,

creating a tremendous outlet for grain, and barrels, and bottles, and other materials, is to say a few kind words for this business which is still something of a new industry since the repeal of the eighteenth amendment, and which is laboring diligently to give the public a good, pure product at the lowest possible price.

There is one further thing I should like to bring to the attention of the House and that is some percentages as to the business of the nine largest distillers of the country to rebut some of the things said by the gentleman from Arkansas. These figures were supplied by Mr. Choate when he testified before the Senate committee which was investigating this matter, and I want to put this matter in the RECORD if time does not permit the reading of it to the House.

In 1934, for instance, National Distillers produced approximately 23 percent of all the whisky produced for the calendar year. For the first 4 months of 1934 their production percentage went down to 16 percent. This is a reduction of 7 percent in the production of whisky. The same thing is true of Schenley, the same thing is true of Seagram's. The same thing is true of Continental, American, Century, Frankfort, and Glenmore. I think the only one of the nine largest distillers that showed an increase is Hiram Walker, which company built the largest distillery in the world at Peoria. The only reason they showed an increase was because they were not in production to the full extent in the year 1934, and are only now reaching the peak of production.

Mr. FULLER. Was I not right in my statement that the 9 distillers I mentioned produced 80 percent of the liquor that was distilled?

Mr. DIRKSEN. No. Twenty-three distillers produced 84 percent of the liquor produced last year.

[Here the gavel fell.]

Mr. BACHARACH. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. DIRKSEN. Let me submit for the information of the House this colloquy that took place between Mr. Choate and Senator CLARK during the course of the hearings before the Senate committee in April of this year:

Senator CLARK. Have you had an opportunity in your experience to form an opinion as to whether there are a few companies engaged in the distilling business who are in control and in fact do completely dominate the industry in the country?

Mr. CHOATE. I think that I have a perfect opportunity to form an opinion.

Senator CLARK. I would be glad to have you express that opinion.

Mr. CHOATE. I know from that experience that there is no industry more fiercely competitive than the distillery industry and few in which one group or individual company exercise so little control.

Mr. Choate is probably better informed on this matter than any other individual in the Government service, and his unequivocal statement before the Senate committee as to the intensive competition in the distilling industry is perhaps the best and most conclusive evidence available as to whether or not a trust or monopoly exists in that industry.

Now, I want to say a word with reference to Dr. Doran, whose name was brought in. I have seen the gentleman only two or three times. Other Members of this House probably know him better than I do, but do you blame the distillers for engaging Dr. Doran who for 11 or 12 years has been fully conversant with the statutes and regulatory enactments concerning liquor, any more than you could blame the moving-picture industry for hiring Will Hayes as their czar, or any more than you could blame organized baseball for getting Judge Landis to preside over their destinies? They got him because he knows his stuff, and if he gets $36,000 a year, as reported, it seems to me on the basis of his knowledge that he is worth every dime of it. To say that hiring Dr. Doran gives implications of a Whisky Trust is the sheerest nonsense.

Let me conclude, Mr. Chairman, by saying that too often loose and unwarranted assaults are made on the distilling industry which are not founded on accuracy or on fact. I believe you can find enough actual evidence to rebut almost any charge that has been made against the distilling industry, and I have a sense of pride in being able to defend some of my constituent industries against these unwarranted charges.

Right here, let me insert the production tables for some of the larger distilleries, to show that instead of a monopoly of production, their percentage of production to the total whisky produced is lower in 1935 than it was in 1934:

	Production of whisky, calendar year 1934	Production of whisky, January to May 1935
	Percent	*Percent*
National Distillers	22.96	15.90
Schenley	15.86	12.82
Seagrams	8.62	8.91
Continental	8.13	7.96
American	7.61	9.24
Century	5.79	4.94
Hiram Walker	5.45	10.66
Frankfort	3.50	4.27
Glenmore	2.88	1.67

For the further edification of those who still contend that whisky prices are exhorbitantly high and indicate the existence of a Whisky Trust, let me quote current quotations of whisky prices as taken from Washington newspaper advertisements:

Brand name	Price	
	July 1935, per pint	December 1934, per pint
Crab Orchard	$1.00	$1.15
Snug Harbor	.70	.75
Keystone State	.65	.95
Rittenhouse	.80	.90
Briarcliff	.75	.75
Buckeye State	1.20	1.20
Frontier	.75	1.00
Four Roses	1.30	1.39
Paul Jones	1.20	1.35
Shipping Port	.90	.99
Jack of Clubs	1.18	1.32
Old Quaker	.75	.99
Golden Wedding	1.45	1.59

Finally, let me add an observation with reference to the matter of issuing or denying permits which seems to indicate to some that this matter is controlled by the distilling industry.

The belief that an effort was being made to monopolize the distilling industry by the larger companies, presumably sprang from the difficulty in obtaining a permit to engage in the distilling business. A considerable number of applications for permits have been refused and a considerable number are pending on which no action has been taken. In taking this action, the F. A. C. A. was guided by two considerations. The first was the capacity of the existing operating distilleries and the second was the adequacy of that capacity to meet consumer demand. The original distilling code limited the number of distilleries to those in existence or those in process of construction or equipment at the time the code was adopted. This provision of the code was vigorously opposed by every member of the industry and subsequently repeated and determined efforts were made to have it repealed so that anyone desiring to enter the distilling business might do so. The code was finally amended by the President on April 5, 1935.

The difficulty in securing a permit to engage in the distilling business also gave rise to the belief that the area in which such prospective permittees wished to operate, had been allotted to some of the larger distilleries then in operation. The strict fact is that there have been no allotments nor has there ever been any form of control over the production of whisky aside from that which was fixed in the code, and in that respect the distilling industry did not differ from any other industry in the country. It should, therefore, be apparent that this loose talk about monopoly and control is just a lot of empty and meaningless "sound and fury, signifying nothing."

Until some more convincing and persuasive argument is made concerning a Whisky Trust than has been offered today, and until facts and figures can be adduced to establish that contention, I shall deem it my duty to defend a legitimate industry against such unwarranted charges and allegations.

Mr. CULLEN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I am quite sure you will agree with me that it is quite impossible to write a perfect bill when it comes to the question of liquor; there is so much divergence of opinion, everybody offering his rostrum and idea of what is best that it is a herculean task to bring out any kind of a bill, much less a good bill.

I have examined this bill very carefully. In the light of all the bills I have examined in the 14 years of my service in this House I think this is as good a bill on liquor as could be brought out by any committee. I think it substantially meets the needs of the present for controlling the liquor industry. It protects the public as well as any bill could protect the public; and since this subcommittee was presided over by my very distinguished friend, the gentleman from New York [Mr. CULLEN], I am most happy to vote for this bill.

I feel, however, that there are a number of flaws in the bill; and if I criticize the bill I do it in all kindliness, so that the bill may be even better when it comes out of the Senate.

In the first place, I want to dwell upon the fact that the bill is too rigid. The bill should have left to regulation much more than it does. This bill seeks to control, for example, advertising, labeling, branding, seals, tied houses, packaging, and goes into the minutest detail. The industry is too young, as it were, since prohibition, to have inflicted upon it a bill so rigid in character. The industry is in a formulative state. It should not be placed in a strait-jacket. Little or no discretion is left to the administrator; and I do believe that before we finally pass on the bill it should be less rigid, that we should not crystallize into statute law that which really should be left to regulation. I hope Members in the other Chamber will take heed of this.

In other words, an attempt was made to take these codes that existed for the rectifiers, the wholesalers, and distillers and embody them into a permanent statute, despite the fact the industry is new and ever changing. That is wrong. What is going to happen? There will be a continual march on Congress to change this section and change that section due to the industry's ever-changing conditions. Under the codes, if anyone felt aggrieved, or if a group felt aggrieved, they would go before the code authorities, and after hearings they could get their grievances remedied. The only way they can get them remedied under this bill is to come before the Ways and Means Committee or the Judiciary Committee or some other committee and go through all of the cumbersome procedure of getting a bill passed.

The uncertainty and difficulties confronting the industry, its constant state of flux, is readily discernible when one examines the mystic maze of statutes obtaining in the various States, statutes which are ever changing.

Almost 30 States permit the sale of alcoholic beverages subject to local restrictions. Seventeen States permit the sale of beer only. Up to March 1, two States remained "bone dry." In Kansas 3.2 percent beer manufacturers and sellers are not prosecuted on the theory that such beer is not intoxicating, although Kansas is supposedly one of the States which is "bone dry." A second supposedly "bone dry" State is Georgia, where local authorities blink at beer violations.

In the "wet" States plans of operation and control are as variegated as the colors in Joseph's coat. Ten States have monopolies for the sale of distilled spirits. In seven States restaurants are limited to the sale of beer and wine, and in those seven States there are very heavy excise taxes and license costs. In Maryland each county has control of its own liquor sales. A personal permit, as a condition precedent to the purchase of liquor by the consumer, must be obtained in Iowa, Montana, Oregon, Washington, and New Mexico. Iowa forbids drinking on public thoroughfares. Only drug stores sell ardent spirits in Indiana. Minnesota assumes to exercise the right to limit the profits of any liquor dealer.

These are but a few of the unusual provisions obtaining in the various States concerning liquor. Some places require one to sit while imbibing; other places require one to stand. Most bewildering and bizarre are these regulations. Only confusion results, and to make that confusion worse confounded there are internal-revenue regulations, pure food and drug decrees, as well as A. A. A. regulations, Treasury bottling and label regulations.

Certainly numerous conventions and conferences should be called to bring some degree of uniformity out of this chaos.

Surely more should be left to flexible regulation rather than inflexible statute until there is some unity of State and Federal laws and regulations.

Mr. Chairman, furthermore I do not agree with the bulk provision in this bill, but I do believe it is a sort of a compromise which the members of the committee arrived at. The bill as originally drafted was much broader and permitted bulk sales not only to hotels and clubs but to rectifiers, wholesalers, and retailers. I can well envisage the difficult task of the gentlemen of the subcommittee trying to placate everybody. That just cannot be done. This, in its finality, is a compromise, and I am going to accept it. I am going to vote for it, although I hope it may be stricken out; however, I am not going to take the initiative in that regard. It is to be remembered that hotels and clubs can deal in bulk. What will be the result? Every saloon, tavern, boarding house will become a club or hotel. Refilling with spurious and bootleg whisky legitimate packages and barrels will be the result. This provision will give great comfort to illicit traffic.

Mr. MICHENER. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Michigan.

Mr. MICHENER. I understand the only persons appearing before the committee in behalf of the legislation were the Administrator and the people from the Department. If that is true, does not the gentleman think it is pretty good common sense to give those who are charged with the administration of the law the law they want to enforce, inasmuch as it surely cannot be said that the present administration is trying to put over a "dry" regime? They cannot ask for too much authority to enforce for me.

Mr. CELLER. I think the gentleman is sound in his argument. But many others than those mentioned appeared and were heard.

Mr. VINSON of Kentucky. Certainly the gentleman from Michigan does not want to say that no one else appeared before the committee.

Mr. MICHENER. Who did?

Mr. VINSON of Kentucky. A whole string of them. There were at least 30 witnesses. The gentleman from New York [Mr. CELLER] testified.

Mr. MICHENER. I do not mean political witnesses.

Mr. VINSON of Kentucky. They were not political witnesses. I know the gentleman does not want to make a misstatement.

Mr. CELLER. I desire to insert in the RECORD some pertinent remarks issued by Standard Statistics Co. on liquor, as follows:

Estimates of probable liquor sales made in 1934 prior to repeal ranged upward from 110,000,000 proof gallons. The actual total for the year was 69,500,000 gallons, including 17,600,000 gallons of tax-paid alcohol, not all of which was used for beverage purposes. In the typical preprohibition period of 1910–15 annual average consumption of distilled spirits was 137,700,000 gallons, including 56,500,000 of tax-paid alcohol.

Comparison of per capita consumption in wet States provides even more startling contrast. In the 1910–15 interval, estimated population of the States in which spirits were sold legally averaged about 81,000,000, indicating annual average per capita consumption during the period of 1.70 proof gallons. Population of the States in which liquor could be sold legally during most of 1934 is estimated at around 91,000,000. Thus per capita consumption last year apparently was only about 0.76 gallon, or 45 percent of the earlier period.

It is recognized, of course, that final conclusions cannot be drawn from 1934 data. The natural confusion attending the attempt to reestablish quickly an industry which had been virtually out of existence for 14 years manifestly affected distribution adversely. Moreover, reduced public purchasing power, compara-

tively high prices for liquor, and restrictive State laws unquestionably exerted limiting influences on demand.

Making due allowance for the abnormal influences restricting the market, it is nevertheless apparent that by no means all of the currently indicated shrinkage in liquor demand can be thus explained. It is well recognized, in fact, that the major reason for the disappointingly small tax-paid withdrawals of distilled spirits is the continued existence of a large illicit traffic. Manifestly the exact proportions of the bootleg trade cannot be measured, but estimates for 1934 divide the legal and illegal trade about evenly.

Mr. BACHARACH. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, I know very little about the whisky industry. I have listened with much interest to the debate here, and especially to the remarks of the gentleman from Arkansas [Mr. FULLER] and the gentleman from Illinois [Mr. DIRKSEN], with respect to combines in the whisky industry. Whatever the facts may be as to that proposition, there is one thing we all know and must all agree to, namely, that there is an enormous combine that is controlling blackstrap molasses and the manufacture of distilled spirits from blackstrap molasses. It is perhaps the most gigantic trust now in this world. It is controlled by an English syndicate. The gentleman from Illinois [Mr. DIRKSEN], who spoke of his people so interestingly, has oftentimes in private and in public speech shown that this English syndicate controls that business.

These people are also in combine with the Cuban industry that sends over here most of our blackstrap molasses, out of which alcohol is distilled.

I had hoped that when we came to right the alcohol business after the N. R. A. codes were held unconstitutional some suggestion or some help would be given to those who raise vegetables and grain and who want these vegetables and this grain—perhaps potatoes or corn or rye or something else—protected against the blackstrap-molasses industry, which comes here from foreign shore, the excessive profits of which go into the pockets of foreign syndicates. No one can deny the statement. Then why not turn this profit to the pockets of our American people?

I regret that this bill does not include some statement about the use of molasses in connection with the distillation of alcohol. If they would confine it simply against imported molasses, this would protect the industry in the United States. There should be some such provision in the bill. It is glaring in its defect in this respect. I understand that some suggestion was made at one time in the committee about it. I was not there, but I understand some suggestion of that kind was made in previous drafts of the bill. But when I read the bill I found it had been omitted entirely.

Mr. FULLER. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Arkansas.

Mr. FULLER. It was the intention of the committee to include it, and I think it is included in the bill. I believe I can find it for the gentleman. Where they use alcohol in liquor or anything else, they have to designate on the label whether it is made of blackstrap or grain alcohol. That is the purpose of that language there.

Mr. GILCHRIST. The gentleman is not entirely correct. Some minutes ago I interrogated the gentleman from New York [Mr. CULLEN], who has the bill in charge, about this very language in reference to labels, but it does not go far enough. It simply provides that certain things shall be labeled, and that certain labels shall contain a statement of what is used. This language is not sufficient to reach the point I have in mind.

Mr. FULLER. It was our intention to do so.

Mr. GILCHRIST. Even if the labeling provision does go that far, still the use of blackstrap molasses in the distillation of alcohol is not prohibited and is not even mentioned in the bill. All you have to say is that it was made from blackstrap or made from molasses.

Mr. Chairman, in times past I have suggested that provision be made along the line of my amendment. I want the people of the West, of Colorado and other States, who produce molasses, to have it used in this alcohol industry if they want it so used. I want the people of the South, of Louisiana and other States, to make alcohol if they want to out of their blackstrap. But I would like to prohibit the use in distillation of imported molasses that comes here from foreign countries, from the West Indies and from the Orient, where half-clad labor, half-civilized labor, is employed in competition with our farm people.

Why not protect the grain and the vegetable growers of America from that kind of competition? Who has an interest in this bill to say that this huge trust shall be permitted and continued to be protected against the interests of the farmers and vegetable growers of this country?

We have been before the Congress and have asked for a proper tariff against molasses. The present tariffs are absolutely negligible, and Cuba gets a 20-percent rebate besides. Why is not this in the bill? It seems to me that here is a glaring defect, and you can protect the farmers of the country by a simple provision here in this act. If an amendment should be offered, I know the point will be made that it is not germane and, perhaps, not constitutional; but I believe an amendment which will meet both of these conditions can be offered, and I propose to offer it when the proper time comes.

Such a provision will not raise the price of alcohol materially to those who want to use it in industry. If we cut out the use of imported molasses in the distillation of alcohol, then the product will not raise much in price. Blackstrap was at one time, as you know, a waste or mere garbage and was considered an expense to the sugar industry. They now make alcohol out of it, and they can and do raise the price of their distilled alcohol up or down to meet the price of alcohol which is distilled from grain, so that they are just a little bit below grain alcohol at all times, and those of us in the United States who want to use alcohol in industry would have to pay but very little, if anything, more.

If the price of corn goes up, their blackstrap alcohol goes up. If corn goes down to what it was at one time—8 or 10 cents a bushel—then they sell blackstrap for 2 cents a gallon, or even under that. They just simply teeter-totter the price up or down, and since it was a waste to them, or since it was garbage to them, they can now make the price anything they want; and those of my friends who represent the industry of this country and who want to buy cheap alcohol should not be persuaded against this amendment without knowing the facts regarding it. It ought to be in the bill. I am pleased to know what the gentleman from Arkansas has told us about this bill. I have had the same experience that many of my colleagues have had. We who are from the great Corn Belt want to get distilleries, but we are prevented. They tell us, "You cannot have a distillery, because there is enough whisky in the United States now."

Why should we not have the right to distil liquor at the point where the grain is raised? Why not? What is wrong about it? Should not the farmer have the right to manufacture his grain near the place where he raises it?

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. O'MALLEY. I may tell the gentleman that that is exactly what they did in my State. They have refused for 2 years to grant a permit to a cooperative association of farmers for a distillery.

Mr. GILCHRIST. Every Congressman has faced that situation.

[Here the gavel fell.]

Mr. GILCHRIST. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and in doing so to put in a table or two with respect to the importation of blackstrap molasses and its use in alcohol.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, a good deal has been said with reference to the change in the policy of packaging liquor. Many Members have stated they believe it to be appropriate and in the best interests of enforcement to permit, under certain circumstances, the selling of distilled liquors in kegs or barrels.

I do not want to take exception to this proposed change in policy, but I do wish to take exception to the language of the bill on page 10, line 17, referred to during this debate, where it excepts a bona fide hotel or club from the restrictions placed in the bill against the breaking of kegs or packages to permit sale of contents at retail.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CONNERY. I have an amendment to strike that out.

Mr. BOILEAU. I have an amendment that I am prepared now to discuss. I have it written here, and I intend to offer it at the proper time; and, if the gentleman from Massachusetts does not happen to be on the floor at the particular moment, he may be assured that the amendment will be offered, because I have prepared the amendment and that is the purpose of my addressing the House at this time.

Some of the Members have stated it would be difficult to determine what is a bona fide hotel or a bona fide club. I realize and appreciate that there would be some difficulty in this respect, but I do not think this is the greatest objection to the provision. It seems to me that the greatest objection to this provision is that it discriminates against other legitimate business enterprises. It seems to me that it clearly gives to the hotels and the clubs a privilege that is not extended to the well-managed restaurant, the well-managed taproom, cocktail room, taverns, or whatever you may want to call them. It seems to me very clear that if there is any justification for permitting a hotel or a club to sell a glass of whisky out of a barrel, it should be just as proper to permit a well-managed restaurant or any other well-managed business place, a business place that is complying with the laws of the municipality and State, to have the same privileges.

Mr. DOCKWEILER. The gentleman is going to offer an amendment permitting the retail of liquor in barrels?

Mr. BOILEAU. Only for consumption in one's home.

Mr. DOCKWEILER. I am for the amendment. So far as the bootleggers are concerned, they have taken old bottles and refilled them, and I suppose they could use the barrel over again. But we are not stopping the bootlegger by so doing.

Mr. BOILEAU. The policy we have been pursuing of selling liquor in bottles is an improvement over the old system, and is better than the system we will have after we pass this bill unless we amend this bill. I realize that it is difficult to prevail on Members of the House to strike out a provision approved by the committee, but I do not think there is a Member of the House that will justify the language permitting clubs and hotels to sell liquor from broken kegs and barrels and not give the same privilege to other retailers. It seems to me that the language of the bill is difficult to interpret, and will be equally hard to administer.

Perhaps some of you gentlemen who have not had the privilege of living in a small community do not understand that in many instances in these small communities they have small hotels, and invariably such hotel has a legitimate barroom, a place where they dispense liquors. They do not dispense it alone to their guests, which number perhaps three or four, but they sell liquor generally to the public. If they had to make a living by selling only to their guests, there would be hundreds of thousands that would have to close their doors tomorrow. So to all intents and purposes they are the direct competitors of the restaurants and taverns, and I do not believe that they should have any privilege that is not granted to well-managed taverns and restaurants.

Mr. FIESINGER. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. FIESINGER. The gentleman wishes by his amendment to eliminate hotels and clubs and add to restaurants.

Mr. BOILEAU. My idea is to eliminate the exception, which provides that hotels and clubs may sell from barrels, but others must sell from bottles. I would permit the retailer to sell a keg or barrel to the consumer so he could take it home, but I would eliminate the provision that permits hotels and clubs to open the barrels and sell their contents by the glass.

First of all, because I do not feel that they should have any advantage over any other well-managed business; and, second, I think it is conducive to a proper enforcement of the law to require retail sale out of bottles. I think that is more conducive to the enforcement of the law regulating the liquor traffic.

The gentleman from Massachusetts [Mr. CONNERY] has stated that he is going to offer this amendment. I have no pride of authorship. Regardless of who offers it I am going to support it, and I sincerely hope that some gentleman on the Ways and Means Committee will feel as some of us do—that this provision was put in there after inadequate consideration, that there is no justification for the provision, and that it should be eliminated. As the gentleman from Massachusetts [Mr. TREADWAY] expressed it a short time ago, if you leave that provision in the bill, there will be nothing to prevent some little group of men forming a drinking club and making it a bona fide club, having dues and maintaining a clubroom where they could sell liquor out of the barrel, not only to members but to anybody else who wanted to go to the so-called "club."

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. BROOKS. In nearly every State it is difficult for anybody selling liquor to get a permit; and that is all covered in seeking the permit, it is gone over not only with the Federal people but with 21 States today. If you get a permit for a hotel or a club you are examined very thoroughly.

Mr. BOILEAU. And I say to the gentleman that if you have a law-abiding citizen living in a community, your officials do not dare to refuse him a permit to sell liquor.

Mr. BROOKS. There have been lots of them refused.

Mr. BOILEAU. He has a right, as an American citizen, to demand of his Government a permit to sell liquor if he is a man of good moral character, a respected citizen, and if he has a place of business where the liquor trade can be properly managed.

Mr. BROOKS. There are many other restrictions.

Mr. BOILEAU. I do not know what particular State the gentleman has reference to, but I know that in States generally throughout the Nation any man who is a law-abiding citizen will have no difficulty in obtaining a license to sell liquor.

Mr. MICHENER. The gentleman means, of course, unless the State law prevents it.

Mr. BOILEAU. Yes.

Mr. MICHENER. In other words, your State is going to control, and the legislation enacted in Washington under the Constitution is for the purpose of assisting a State in enforcing the State law.

Mr. BOILEAU. Yes; that is correct, but the laws of the States are liberal in that respect, and it is unconscionable to presume that a State law would restrict a law-abiding individual from carrying on a legitimate business.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, it is my intention to offer the following amendment to section 4:

On page 9, strike out lines 10 to 22, inclusive, and to insert in lieu thereof the following:

"No basic permit issued under this act shall contain any condition permitting, nor shall any rule, regulation, or order, issued under this or any other act of Congress, permit the reuse of any barrel, cask, or keg as a container in which to store, transport, or sell, or from which to sell any distilled spirits or wines."

And, on page 10, strike out the comma after the word "spirits" on line 16 and insert a period, and strike out the remaining words after the word "spirits" on line 16, all of lines 17 and 18, and the first three words on line 19.

That means that on page 10 we will do away with the proposition that clubs or hotels shall be able to do a job in the liquor business by putting their bootleg liquor into the trade, as they will under this bootleg proposition the committee has brought in. I have only 3 minutes at this time. I intend to offer these amendments, and hope to have

an opportunity to talk on them later. I now call the attention of the House to a little quotation from Arthur Brisbane, a great American newspaperman, in his column Today, in last Friday's Washington Herald:

If bootleggers ever pray, which is doubtful, they are on their knees now, praying that Congress may pass a bill allowing distribution and sale of alcoholic drinks "in bulk." This would enable bootleggers to empty the legal "bulk" package, refill it with bootleg liquor for retailing, and repeat as often as might be desired.

The public has some protection against poisonous bootleg when it knows the bottle from which it is poured and knows the man that sells it. But with "bulk" distribution, protection against bootleggers would vanish, and bootlegging would be here forever.

Yes. I want to get something for the cooperage industry that my friend from Arkansas [Mr. FULLER] is so worried about. I want to make the distillers buy new barrels. When you buy a barrel of flour, you do not send the empty barrel back to the mill to have it filled with more flour, and I do not think you ought to send an empty whisky barrel back to have more whisky of an undetermined kind put into it.

Mr. DIRKSEN. After distilled spirits have been stored in a barrel for 3 or 4 years, the gentleman knows the distillers estimate that the soakage is about 7 gallons. You are then putting out of commission a barrel which would serve a very useful purpose by compelling the purchase of a new barrel.

Mr. CONNERY. All right. They start this soakage to age hard liquor for 25 years from now. They might as well start now on barrels from Mr. FULLER's district. [Laughter.]

Mr. DIRKSEN. Oh, the gentleman knows it lasts only 4 or 5 years.

Mr. CONNERY. I hope these amendments will be agreed to.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. CULLEN].

Mr. CULLEN. I am very grateful to my colleague. I ask for the reading of the bill, Mr. Chairman.

The Clerk read as follows:

Be it enacted, etc., That (a) there shall be levied, assessed, collected, and paid annual occupational taxes at the rates provided in subsection (b) by the following persons for the privilege of carrying on any of the following businesses:

(1) Importers importing into the United States distilled spirits, wine, or malt beverages;

(2) Persons engaged in selling, or shipping for sale, in interstate or foreign commerce distilled spirits, wine, or malt beverages imported into the United States;

(3) Distillers of distilled spirits, producers of wine, and producers of malt beverages;

(4) Rectifiers and blenders of distilled spirits or wine;

(5) Persons engaged in the business of purchasing for resale at wholesale distilled spirits, wine, or malt beverages; and

(6) Any other person not included in the foregoing, who is the holder of a basic permit issued under this act and is engaged in any business covered by such permit.

(b) Such tax shall be at the rate of $10 per annum and shall be in addition to any other occupational tax imposed on such person. In the case of any person subject to an occupational tax under any law of the United States, the tax imposed by this section shall be levied, assessed, collected, and paid in the same manner, at the same time, and subject to the same provisions of law (including penalties) as such other tax. In the case of a person who is not subject to any occupational tax under any law of the United States tax imposed by this section shall be levied, assessed, collected, and paid in the same manner, at the same time, and subject to the same provisions of law (including penalties) as the tax imposed by paragraph "First" of section 3244 of the Revised Statutes, as amended (relating to the tax on brewers).

Mr. McCORMACK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Mr. McCORMACK moves to strike out section 1.

Mr. McCORMACK. Mr. Chairman, it is my understanding that this amendment is agreeable to the committee, as we have occupational taxes now on every line of activity. If my understanding is correct, that the committee is agreeable to the adoption of this amendment, it will be unnecessary to take up further the time of the House.

Mr. TREADWAY. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. TREADWAY. I would like to ask the gentleman if the purpose of having this section in the bill is not accomplished when the Ways and Means Committee reports it out. In other words, if the section had not been in the bill, it would not have come under the jurisdiction of the Ways and Means Committee.

Mr. McCORMACK. I cannot agree to that statement. If the gentleman's views are along those lines, I will not enter into any serious disagreement with the gentleman.

Mr. TREADWAY. I thank the gentleman.

Mr. MICHENER. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MICHENER. As a matter of fact, the committee would not have had jurisdiction, and the only semblance of anything that gave the committee jurisdiction was section 1; you knew this when you considered the bill. You intended to strike out section 1 when the bill came on the floor. As a matter of fact, the committee discussed that.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. COOPER of Tennessee. There is no such admission as that. There are many other questions involved in this bill.

Mr. MICHENER. Show me one that will give your committee jurisdiction.

Mr. VINSON of Kentucky. Protection of the revenue derived from distilled spirits and malt liquor.

Mr. COOPER of Tennessee. That is the purpose of the bill.

Mr. MICHENER. Your jurisdiction is to raise revenues, not to protect revenue.

Mr. McCORMACK. Well, production of revenue comes within the purview of raising revenue.

Mr. MICHENER. The gentleman knows——

Mr. McCORMACK. Now, the gentleman is a distinguished Member of the House and he is courteous enough to permit me to try to answer his inquiry.

Of course, the inquiry is immaterial now. The bill is before the House. I am making a motion to strike out section 1, which the committee is accepting. However, if the gentleman entertains the thought that the bill would not have been referred to the Ways and Means Committee, it is immaterial now. I will not seriously disagree with him. It is an immaterial inquiry.

Mr. MICHENER. Will the gentleman yield further?

Mr. McCORMACK. I yield.

Mr. MICHENER. How much revenue would section 1 of the bill, which you are asking to strike out, raise?

Mr. McCORMACK. We do not have to raise revenue in order for a bill to be referred to the Ways and Means Committee. A bill is referred to the Ways and Means Committee when we are trying to stop tax evasions. A necessary part of raising revenue is to stop tax evasions.

Mr. MICHENER. But the material question I am asking the gentleman is this: Your bill comes in here asking that revenue be raised. We must raise more taxes.

Mr. McCORMACK. Is the gentleman opposed to my amendment?

Mr. MICHENER. Now the gentleman is attempting to strike out the part of the bill which would raise revenue.

Mr. McCORMACK. Is the gentleman opposed to my amendment?

Mr. MICHENER. Therefore I ask, How much revenue do you calculate that this section of the bill, which you are now striking out, will raise if left in the bill?

Mr. McCORMACK. Other sections of the bill will prevent tax evasions, which undoubtedly, in the course of years, will amount to many, many millions of dollars each year. That of itself brings the bill within the purview of the Ways and Means Committee. However, if the gentleman disagrees with me, I have no controversy with him. I am simply expressing my opinion. If the gentleman is not opposed to my amendment, then his argument is immaterial, because the bill is properly before the House.

Mr. MICHENER. I can answer that by saying that I am not opposed to the bill. But do you not know what it will raise?

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. McCORMACK].

The amendment was agreed to.

Mr. CULLEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Committee amendment offered by Mr. CULLEN: In lieu of the matter stricken out in section 1 insert "That this act may be cited as the 'Federal Alcohol Administration Act.'"

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

FEDERAL ALCOHOL ADMINISTRATION

SEC. 2. (a) There is hereby created the Federal Alcohol Administration as a division in the Treasury Department.

(b) The Administration shall be headed by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall, for his services, receive compensation at the rate of $10,000 per annum, together with actual and necessary traveling and subsistence expenses while engaged in the exercise of his powers and duties outside the District of Columbia. No person shall be eligible to appointment, or continue in office, as Administrator if he is engaged or financially interested in, or is an officer or director of or employed by a corporation engaged in, the production or sale or other distribution of alcoholic beverages, or the financing thereof.

(c) The Administrator shall, without regard to the civil-service laws and the Classification Act of 1923, as amended, appoint and fix the compensation and duties of such officers and employees as he deems necessary to carry out his powers and duties, but the compensation so fixed shall be subject to the approval of the Secretary of the Treasury. The Administrator is authorized to adopt an official seal, which shall be judicially noticed.

(d) The Administrator is authorized and directed to prescribe such rules and regulations as may be necessary to carry out his powers and duties. All rules and regulations prescribed by the Administrator shall be subject to the approval of the Secretary of the Treasury.

(e) Appropriations to carry out powers and duties of the Administrator shall be available for expenditure, among other purposes, for personal services and rent in the District of Columbia and elsewhere, expenses for travel and subsistence, for law books, books of reference, magazines, periodicals, and newspapers, for contract stenographic reporting services, for subscriptions for library services, for purchase of samples for analysis or use as evidence, and for holding conference of State and Federal liquor control officials.

(f) The Administrator may, with the consent of the department or agency affected, utilize the services of any department or other agency of the Government to the extent necessary to carry out his powers and duties and authorize officers and employees thereof to act as his agents.

(g) The provisions, including penalties, of sections 9 and 10 of the Federal Trade Commission Act, as now or hereafter amended, shall be applicable to the jurisdiction, powers, and duties of the Administrator, and to any person (whether or not a corporation) subject to the provisions of laws administered by the Administrator.

(h) The Administrator is authorized to require, in such manner and form as he shall prescribe, such reports as are necessary to carry out his powers and duties.

Mr. MAPES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAPES: Page 3, line 23, after the word "shall", strike out the words "without regard to" and insert in lieu thereof "in accordance with."

Mr. MAPES. Mr. Chairman, I know that provisions of this kind have been put into so many different pieces of legislation during the past two and a half years that it has become quite the habit; but it seems to me that in a bill of this nature, having to do with the subject matter with which this bill deals, this provision is particularly obnoxious. If there is any place in the administration of the Government where there ought not to be any favoritism it certainly is in the administration of laws relating to the liquor traffic; and the administrator of this work, for his own protection, ought to select his employees and appoint them according to the provisions of the civil service and not because of political pull. There is not any need of anyone deceiving himself with the peculiar set-up which we have had during the last two and a half years. Executive officials have had access to unlimited funds, and these funds have been transferred to different departments, regardless of the specific appropriations that have been made for those departments. The administrative officers have had the right to appoint men without reference to the civil service, and have had the right to fix their compensation out of these funds without reference to the Classification Act; so that a person can go down to these departments with a recommendation from a patronage committee or from some prominent Democrat and receive an appointment at a compensation out of all proportion to the duties performed and out of all proportion to the ability or qualification of the appointee. In the set-up of the office of the administrator who is to control the liquor traffic this condition certainly ought not to be allowed to exist.

I took out of the Washington Post yesterday morning a statement which illustrates this situation in a very forceful way. In order to call the attention of the House to the situation, I shall read a few sentences from this statement:

Civil officers and employees in the executive branch of the Federal Government increased by 148,625 between March 1, 1933, and May 31, 1935.

I should like to know the percentage of increase, but the article does not say the percentage. We all know, however, that the percentage is very, very large. I read again from this statement in the paper:

The new positions include 35,737 in the District of Columbia and 112,888 in the States.

I read also the following:

Even in May 1935, the latest month for which figures are available, there was a net increase of 2,135. The latest monthly report of the Civil Service Commission lists more than 30 new agencies created by the present administration. The employees of the 10 Cabinet departments have increased by more than 50,000 since March 1933.

The closing sentence of the statement reads:

The present total of Government employees is far in excess of any in the peace-time history of the Government and is rapidly approaching the war-time record.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. TREADWAY. Does the statement from which the gentleman is quoting make any reference to the number of employees outside the civil service?

Mr. MAPES. No.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. For the information of the Members of the House it is not necessary that this article should make reference to the number of employees that have been put on outside the civil service, because the Members of the House know that practically all of them have been put on outside the civil service by reason of just such provisions as the one carried in this bill, which states specifically that the administrator shall, without regard to the civil-service laws and the Classification Act of 1923, make the appointments. Provisions similar to this have been carried in practically all emergency legislation, and in some legislation such as this which is not emergency legislation, that has been passed since the 4th of March 1933. Some day the country is going to wake up to what has been going on and resent this tearing down of the civil service.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield.

Mr. VINSON of Kentucky. Without language similar to this, does not the distinguished gentleman from Michigan recognize that all of the men who are not under civil service now attached to the Alcohol Control Administration would be barred from going into the new organization?

Mr. MAPES. I see no reason why those men with the experience they have had should not be able to qualify under the civil service if they are at all competent, and receive appointments in the regular way the same as anyone else.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I trust the amendment of the gentleman from Michigan will not prevail. No doubt his motive is good, but the effect of his amendment would be bad; there is not any question about that.

The Alcohol Control Administration, under Mr. Joseph Choate, a distinguished gentleman from New York, a Republican, has built up an organization composed of both Democrats and Republicans, I have been reliably informed.

That personnel has been very carefully selected, and those employees who have not been found capable and efficient have been discharged and removed and only those retained who have proven their qualifications, efficiency, and capability.

In this particular work to set up a system whereby all of this trained personnel and all of these trained people, which has cost the Government much money to train, would be lost to the Government, I am quite sure would be something my friend would hardly be willing to take the responsibility for. The Bureau would have to be manned with new people picked up from various departments. Of course, they would have education and knowledge, but they would have no experience in this particular work.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. And especially in view of the fact that this is a new agency, and we hope they will take this trained and experienced personnel and start off smoothly to do the work that is imposed upon them under this bill.

Mr. MICHENER. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Michigan.

Mr. MICHENER. Did the gentleman inquire as to the number in the present set-up approximately who would be taken over in the new set-up?

Mr. DOUGHTON. I do not recall that I did.

Mr. MICHENER. Does the gentleman realize that the number now in the employ of the Government will be many, many times increased under the new set-up under this bill?

Mr. DOUGHTON. That is a reflection upon Mr. Choate, who has had this matter in charge, because he selected his own personnel.

Mr. MICHENER. He is unlimited in his selection?

Mr. DOUGHTON. Well, he should be unlimited until he has had the experience to know the number that is required to administer the law.

Mr. MICHENER. Then that should be true in all departments of the Government. We should permit the executive head of each department to select, outside of the civil service, such people as he may see fit to employ.

Mr. DOUGHTON. That is not an analogous situation at all. This is a new bureau which was set up under the N. R. A., and it is doing a most excellent work. Why interfere with it and disrupt it by putting in a new personnel? The gentleman is discussing politics, and politics do not obtain at this time.

Mr. MICHENER. Oh, no; no politics with the gentleman. Does the gentleman realize that before this administration retires, and after these various agencies are set up and personnel selected, that we are going to have a civil-service bill brought in here covering all of these people into the civil service? Put a tack in that and remember it.

Mr. McCORMACK. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In regard to the gentlemen's remark, may I say that of course no one is going to notice the general statement, because the gentleman knows that in connection with temporary organizations no such legislation will pass. In order to contribute something, if I can, to the gentleman from Michigan, may I say this?

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Chairman, in addition to the argument of the gentleman from North Carolina as to the efficiency of the present personnel, which I think the gentleman from Michigan [Mr. MAPES] recognizes, and this being a permanent set-up which he also recognizes, the President has the power by Executive order to bracket the personnel that should be included and taken over by the Federal alcohol set-up. They may take the persons with the experience which the Government ought to have in this new set-up in the Treasury Department. The power is there already under general law to bracket them under the Civil Service by a general order.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. And those of us who love and respect the gentleman from Michigan [Mr. MICHENER] for his ability, which we have observed through many years of experience here, know that there is precedent for this in the administrations of Harding, Coolidge, and Hoover.

Mr. DOUGHTON. Yes; there is a multitude of them.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I offered the amendment that the gentleman from Michigan has just offered on the floor so many times in the Ways and Means Committee that I got tired offering it any longer. It is very interesting to hear our good friends get up here and talk about the efficiency and experience of a board or a group of employees. I notice that the employees are the ones that always have been selected since the Democratic Party came into control. Their regard for the civil service is absurd. Their regard for efficiency or experience is also ridiculous. What they want is patronage.

Mr. DOUGHTON. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. The man at the head of the Board was a very distinguished Republican.

Mr. TREADWAY. He is a friend of the President of the United States and that is why he was appointed. There is no record to show that he is a Republican. The gentleman from North Carolina does not know whether Mr. Choate ever voted a Republican ticket in his life. He should have inherited some good republicanism from his father, but whether he did or not there is no evidence to show. That is as certain as gospel. I have known the man myself since he was a baby, and, as far as I know, he has never declared himself to be an out-and-out Republican. He is not a Republican. He is just simply a good friend of Mr. Roosevelt, and that is why he was appointed.

Mr. Chairman, the reason these alleged experienced men, that our Democratic friends are talking about here today, have been appointed is because they are constituents of such good gentlemen as the gentleman from North Carolina. That is the experience which they have had. That is the reason they are so-called "experts" today and you do not dare let them go under the civil service. Mr. Chairman, to even suggest that they are experts in the control of alcohol is absurd. The whole Department and the whole set-up has only been there 18 months. How experienced are those political associates and friends who were selected purely because they were good Democrats? Go down to Mr. Choate's office, go through there and see how many Republicans are there. If I were a betting man, I would bet $5 you would not find a Republican down there. The civil-service qualification that the Democratic Members accept today is to know they voted the Democratic ticket at the last election. That is the kind of administration you want and that is the kind of experience that you are bragging about so much on the floor.

There is not a man in this department or any of the rest of them that you have set up under the N. R. A. arrangement but what was given the job as a Democratic politician, and this is why you will not vote here today to adopt the amendment offered by the gentleman from Michigan. Let us be fair and frank and open about this thing and understand where the Democratic Party stands. You want to get the patronage and put your Democratic constituents in office without regard to civil service. [Applause.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

I simply want to call attention to how weak the argument of my distinguished friend from Massachusetts [Mr. TREADWAY] is, even if everything he states is true, by letting our minds go back a few years——

Mr. TREADWAY. My colleague would not doubt the truth of what I said.

Mr. McCORMACK. By letting our minds go back a few years when every man in the Prohibition Unit was appointed under Republican administrations without regard to civil service, and I have no kick about that. I do not blame you for doing it if you can get away with it; and yet, during a Republican administration every one of those appointments was bracketed under civil service by an Executive order of a Republican President.

Let us at least express the truth. I believe in getting as many appointments, where vacancies exist, for deserving Democrats as I can when my party is in power [applause], and when the Republican Party is in power you believe in the same thing; and do not let us be hypocritical. Let us be truthful with ourselves. When the Republican Party was in power they did the very same thing, except they did it more scientifically than some of us Democrats are trying to do now that we are in power. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MAPES].

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 42, noes 103.

So the amendment was rejected.

The Clerk read as follows:

UNLAWFUL BUSINESSES WITHOUT PERMIT

SEC. 3. In order effectively to regulate interstate and foreign commerce in distilled spirits, wine, and malt beverages, to enforce the twenty-first amendment, and to protect the revenue and enforce the postal laws with respect to distilled spirits, wine, and malt beverages:

(a) It shall be unlawful, except pursuant to a basic permit issued under this act by the Administrator—

(1) to engage in the business of importing into the United States distilled spirits, wine, or malt beverages; or

(2) for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits, wine, or malt beverages so imported.

This subsection shall take effect 60 days after the date of the enactment of this act.

(b) It shall be unlawful, except pursuant to a basic permit issued under this act by the Administrator—

(1) to engage in the business of distilling distilled spirits, producing wine, rectifying or blending distilled spirits or wine, or bottling, or warehousing and bottling, distilled spirits; or

(2) for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits or wine so distilled, produced, rectified, blended, or bottled, or warehoused and bottled.

This subsection shall take effect 60 days after the date of the enactment of this act.

(c) It shall be unlawful, except pursuant to a basic permit issued under this act by the Administrator—

(1) to engage in the business of purchasing for resale at wholesale distilled spirits, wine, or malt beverages; or

(2) for any person so engaged to receive or to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits, wine, or malt beverages so purchased.

This subsection shall take effect January 1, 1936.

This section shall not apply to any agency of a State or political subdivision thereof or any officer or employee of any such agency, and no such agency or officer or employee shall be required to obtain a basic permit under this act.

Mr. TARVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TARVER: On page 7, line 3, after subsection (c), insert a new subsection, to be known as subsection (d) and to read as follows:

"(d) It shall be unlawful to transport or import into any State, Territory, or possession of the United States, for delivery or use therein, intoxicating liquors in violation of the laws thereof."

Mr. McCORMACK. Mr. Chairman, I make the point of order against the amendment that it is not germane to this section or to the bill.

The CHAIRMAN. Does the gentleman from Georgia desire to be heard on the point of order?

Mr. TARVER. Yes; I desire to be heard, Mr. Chairman.

Mr. CULLEN. Mr. Chairman, I understand a point of order has been raised against the amendment.

Mr. TARVER. Yes; and I am answering the point of order.

There is absolutely no merit in the point of order. The bill in its caption provides that it is a bill for the purpose of protecting the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment——

The CHAIRMAN (Mr. MILLER). The Chair does not desire to hear further argument.

The section under consideration refers specifically to certain acts which are declared to be unlawful. The amendment offered by the gentleman from Georgia merely adds another subsection which defines certain other acts as unlawful. It is clearly germane to the section to which it is offered, and the point of order is, therefore, overruled.

Mr. CULLEN. Mr. Chairman, before the gentleman proceeds, if he will permit, in discussing this amendment with the distinguished gentleman from Georgia [Mr. TARVER], I explained to him that the Judiciary Committee had reported a bill providing what he is seeking to do by this amendment.

Mr. TARVER. I hope this is not being taken out of my time.

Mr. CULLEN. I am sure the gentleman will be able to get further time.

I stated further that the Chairman of the Judiciary Committee [Mr. SUMNERS of Texas] is willing to bring this bill before the House by unanimous consent immediately after the disposition of this measure, which will absolutely clear up the situation which the distinguished gentleman from Georgia has in mind.

Mr. TARVER. Mr. Chairman, I have taken the time of this House only occasionally, and I ask unanimous consent at this time to proceed for 10 minutes instead of the usual 5 minutes, before I begin my presentation of this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. Mr. Chairman, as I pointed out in my colloquy with the gentleman from Arkansas [Mr. FULLER] earlier in the afternoon, this bill is entitled, among other things, as an act to provide for the enforcement of the twenty-first amendment, and yet nowhere in this bill, so far as I am able to discover, is there any provision which is calculated to bring about the enforcement of any part of the twenty-first amendment except that portion of it which provides for the repeal of the eighteenth amendment.

There is but one mandatory provision in the twenty-first amendment, and that is contained in section 2. This section provides:

The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

The amendment which I have offered simply provides in this identical language for writing into a bill which, as stated in its caption, is for the enforcement of the twenty-first amendment, a provision making effective the second section of the twenty-first amendment by making unlawful the transportation or importation into any State of intoxicating liquors for use or sale in that State in violation of the laws of the State.

What did Congress mean when it wrote into the twenty-first amendment section 2? Did it not intend to convince the people of the country and did not the sponsors of the twenty-first amendment say to the people of the country that "if you repeal the eighteenth amendment by the adop-

tion of the twenty-first amendment, the power of the Federal Government will be behind you if you desire to remain dry, if you desire to continue to prohibit the sale of intoxicating liquors within your borders, and Uncle Sam will do everything in his power to uphold your laws, and therefore we have written into the very amendment repealing the eighteenth amendment the provision that the importation into your dry States of intoxicating liquors in violation of your laws shall be forever prohibited"?

Did Congress mean it? Did Congress have in mind making that provision in the twenty-first amendment effective? It has not so far done a thing to make it effective. No legislation has been enacted by Congress, and it is not self-enforcing. So far the Federal Government has not done anything in the way of protecting the dry States in their desire to remain dry, except to issue licenses, if you please, to citizens of dry States authorizing them as far as the Federal Government is concerned, to violate the laws of those States. Is that fair? Is that in good faith?

The gentleman from New York insisted on making his speech before I had an opportunity to make mine. I am glad he did, because he placed before you the only excuse that could be offered for not incorporating the amendment that I have offered in this bill. That excuse, forsooth, is that the Judiciary Committee has a bill before it which contains a provision similar to this, and they are going to bring it before the House for immediate action.

I am satisfied, from a conversation with Judge SUMNERS, that he desires some legislation on this subject, but he was not sure that any such bill had been reported but thought there was some such bill before his committee. Whether such a bill will be reported, or if it is, will receive the consideration of the House, is problematical. I have very great doubt whether Judge SUMNERS can get it considered. Why should we delay action on this important matter in a bill that is to provide for enforcement of the twenty-first amendment upon the assumption that some committee of the House may at some time have presented to you the same proposition?

Mr. CELLER. Will the gentleman yield?

Mr. TARVER. I yield.

Mr. CELLER. I have reported out the bill which the gentleman speaks of and it is on the calendar now.

Mr. TARVER. We are now considering a bill to enforce the twenty-first amendment. There are thousands of bills on the calendar, and the gentleman knows that having a bill on the calendar does not mean anything. I think you know that we are not going to have much legislation passed during the remainder of this session reported by your committee. The House now has before it a bill to enforce the twenty-first amendment with no provisions making it effective, and here is an amendment which comprises what you stated to the people of the country as an argument, if you please, for the repeal of the eighteenth amendment. You led some States to believe that they would be able to enforce their own dry laws because the Federal Government was pledged to aid to bring about the enforcement of those dry laws by preventing the shipment into the States of intoxicating liquors in violation of their laws.

Mr. Chairman, it occurs to me there cannot be any legitimate reason why the amendment which I have offered should be rejected. As I said, it is in the exact language of the twenty-first amendment, and if you meant it when you voted for the twenty-first amendment, if you meant that the transportation and importation into dry States of intoxicating liquors in violation of their laws should be prohibited, I know of no reason why you should not vote to incorporate such a provision in the statute for the enforcement of that amendment. Do not depend upon somebody else to perform the duties which you have the right and obligation to perform here and now. [Applause.]

Mr. CULLEN. Mr. Chairman, I sincerely hope that the amendment of the gentleman from Georgia will not prevail. The Committee on Ways and Means itself, realizing the importance of some law to regulate the twenty-first amendment, gave way to the Committee on the Judiciary, and that is in the statement of the Ways and Means Committee; and as a result of that the Committee on the Judiciary has reported from their committee a bill which does what the gentleman from Georgia purposes to do under his amendment.

Mr. TARVER. Is the gentleman in favor of the bill reported from the Committee on the Judiciary?

Mr. CULLEN. I am in favor of the bill coming from the Judiciary Committee.

Mr. TARVER. Doing, as the gentleman says, exactly what my amendment will do?

Mr. CULLEN. Practically.

Mr. TARVER. Why not vote for my amendment?

Mr. CULLEN. Mr. Chairman, the gentleman's amendment has no place in this bill, none whatever. After all, the Committee on the Judiciary has considered legislation along the lines suggested by the gentleman from Georgia.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Yes.

Mr. SUMNERS of Texas. Will the gentleman be instrumental in helping the Committee on the Judiciary to get up its bill immediately upon the conclusion of this bill?

Mr. CULLEN. I certainly will do all I can to bring the bill before the House, even under unanimous consent. This amendment has no place here, and I hope it will be voted down.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Yes.

Mr. McCORMACK. I also call attention to the fact that there are provisions in this bill in the absence of the bill reported from the Committee on the Judiciary, authorizing the Administrator to enforce the twenty-first amendment. If the gentleman from Georgia will turn to page 5——

Mr. TARVER. I have read the entire bill.

Mr. McCORMACK. On line 13, among the powers given he will find, is one to enforce the twenty-first amendment, and the Administrator has the power to issue rules and regulations for the twenty-first amendment. Personally, I am opposed to it. I opposed it in the committee, and I shall go along with my committee on the floor. I do not believe an Administrator should have the power to make rules and regulations to enforce an amendment to the Constitution, but that is an answer to the assertion made that there is no power in this bill for the Administrator to enforce the twenty-first amendment.

Mr. TARVER. If the Members of the House will read the provision, they will find that it does not authorize the Administrator to enforce the twenty-first amendment.

Mr. CULLEN. Without any further explanation in regard to this amendment, with the explanation that I have tried to give so far as the enforcement of the twenty-first amendment is concerned, again repeating that this amendment offered by the gentleman from Georgia has no place whatever in this bill, I ask that it be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. TARVER) there were—ayes 33, noes 69.

So the amendment was rejected.

Mr. CELLER rose.

The CHAIRMAN. For what purpose does the gentleman from New York rise?

Mr. CELLER. Mr. Chairman, I ask recognition on an amendment which I have sent to the desk.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. CELLER: Page 7, line 8, insert a new section, section 4, as follows:

"Paragraph 1798 of the Tariff Act of 1930 is amended by inserting before the period at the end thereof a colon and the following: '*Provided further*, That the exemption herein granted shall not apply to more than 1 quart of alcoholic beverages, all quantities in excess of that amount to pay the existing tariff and internal-revenue tax.'"

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against the amendment. It is not germane to the bill or the section to which it is offered.

Mr. CELLER. Mr. Chairman, this bill is a bill as I gather from the title to further protect the revenue derived from distilled spirits.

It also speaks of unlawful business without permit, as a title to section 3, which is sought to be amended by my amendment. My amendment is a very simple amendment and provides in the interest of the revenue of the United States and to prohibit unlawful business without permit, to limit to 1 quart the amount of alcoholic beverage that may be brought in from other countries, and that there shall be paid upon all quantities over 1 quart the regular customs duties.

Mr. COOPER of Tennessee. Will the gentleman yield for an observation?

Mr. CELLER. I yield.

Mr. COOPER of Tennessee. The committee now has under consideration another bill which embraces this particular subject and it will be given proper treatment, but the amendment is not germane to this bill or to this section.

Mr. CELLER. Under those conditions, with that knowledge that the Ways and Means Committee is seriously considering such a provision, I should be very happy to ask unanimous consent to withdraw my amendment.

A ruling was recently made, under a customs court decision, that tourists returning from travel abroad are permitted to bring in wines and liquors valued at $100 or less without payment of a duty tax. This exemption is provided for in paragraph 1798 of the Tariff Act of 1930. A $100 exemption would permit tourists returning, for example, from the West Indies to bring in from 10 to 20 cases of rum duty free.

The largest part of the cost of imported distilled spirits in the United States is not the original cost of production and/or distribution but is the cost of the tariff and the internal-revenue tax. Rum can be bought in the West Indies for $4 to $10 a case. The duty and the internal-revenue tax on such a case of rum is $16.80.

A returning tourist bringing in 20 cases of rum for $100 would be exempted from paying to the United States Government duties and imposts to the extent of $336. The Caribbean Sea tourist trade involves at least 100,000 United States tourists; more than one-half of them bring in liquor. The Government probably loses $5,000,000 in duties.

The exemption should be limited to 1 quart. This would be in line with the limitation placed on cigars, cigarettes, tobacco, and perfumes. If this exemption is not reduced to 1 quart, a tremendous illegitimate industry will be developed between the West Indies, New York, Boston, and Baltimore.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: Page 6, line 8, strike out the word "or" and insert in lieu thereof the following: "but in no case shall any person use imported molasses in the manufacture of alcohol or distilled spirits or."

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill or to the section or to any provision of the bill. Of course, it is obvious from a reading of the amendment that it relates to importations, which are not dealt with or treated in any sense in the pending measure.

The CHAIRMAN. The Chair should like to hear the gentleman from Iowa [Mr. GILCHRIST] with reference to the point of order.

Mr. GILCHRIST. Mr. Chairman, the amendment is offered at page 6, line 8, as to that particular section which states what shall be unlawful in distilling spirits. The amendment has nothing to do with importations. A man can import all the molasses he can put in 7,000,000 hogsheads, and it has nothing to do with my amendment. The provisions of the bill describe what shall be lawful and unlawful. At page 6 it describes what shall be unlawful in the manufacture of liquor and in the manufacture of distilled spirits. This amendment simply provides a limitation upon what shall be used in that manufacture. It does not relate to importations at all. If the amendment offered by the gentleman from Georgia [Mr. TARVER], which was held to be germane, was germane, certainly this amendment is germane, which describes what shall be unlawful, just as that particular section does.

The CHAIRMAN (Mr. MILLER). The amendment offered by the gentleman from Iowa [Mr. GILCHRIST] undertakes to prohibit the importation or use of molasses imported, in the manufacture of alcohol, and the gentleman offers the amendment on line 8, page 6, which subsection clearly is not dealing with the same subject matter as the amendment. The Chair therefore sustains the point of order.

Mr. GILCHRIST. I offer a further amendment, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: Page 7, line 2, after the period, insert a new sentence, as follows: "It shall be unlawful for any person to use imported molasses in the manufacture of alcohol or distilled spirits, or to import molasses for such use."

Mr. GILCHRIST. Mr. Chairman, I ask unanimous consent to strike out the portion of the sentence reading "or to import molasses for such use."

The CHAIRMAN. Without objection, the amendment is so modified.

There was no objection.

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment on the same ground as stated against the last amendment.

The CHAIRMAN (Mr. MILLER). The Chair is ready to rule. This amendment is offered on line 2, page 7, to subsection (c), dealing with matters that are made unlawful, and the amendment offered by the gentleman from Iowa [Mr. GILCHRIST] simply makes a certain act unlawful. Therefore the amendment is in order, and the Chair overrules the point of order.

Mr. GILCHRIST. Mr. Chairman, at the opening of this discussion I was given 10 minutes within which to discuss the use of blackstrap molasses in distilling liquor. At that time I pointed out that blackstrap is in the hands of one gigantic trust and control throughout the whole world, and it is an English trust. No one in the United States has any particular interest in it. It is a monopoly that exploits human labor and forces our farmers to compete with half-civilized people of the Orient and of the West Indies. Now comes a time when we here have the right and privilege of shutting off the use of imported foreign blackstrap molasses in the manufacture of alcohol. This will give a market for vegetables which the farmers raise. There is pending before the House a potato bill. Gentlemen say they must find a market for their potatoes. Why not allow them to use potatoes for this purpose? Gentlemen say we must have a market for our corn. Why not use it for the purpose of distilling liquor? You understand this does not take away the right to use molasses if it is produced in this country. The amendment relates only to imported molasses which comes from foreign shores, which is owned by foreign trusts, and which brings cheap, half-clad, half-civilized labor into competition with the farmers and gardeners of this country. What harm will it do to any man in the United States? None whatever. Why not allow this to go into the bill and provide that we shall use our own grain for the distillation of spirits?

When the constitutional amendment was passed repealing the prohibition law we were told it would make a market for our grain. It has not made any considerable market yet.

Mr. O'MALLEY. Will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. O'MALLEY. I am going to support the gentleman's amendment because I believe it will do more for the grain farmers of the Midwest than most of the processing taxes that are imposed.

Mr. GILCHRIST. I thank the gentleman for his support.

We talk about processing taxes when they are now under survey by the courts, when they are under suspicion in the courts and in men's minds. If it does not harm your district, if it does not take anything from anybody in the United States, why not include it in the bill?

This amendment, Mr. Chairman, will take care of the entire surplus corn in the United States, for then our alcohol would be made out of grain and many farmers and vegetable growers would not be forced to come here and cry so insistently to get processing and other taxes and privileges. This little amendment would remedy many wrongs and it would allow us to use our own grain instead of preventing us from using our own grain and substituting the use of blackstrap molasses imported from the West Indies and from the Orient.

To those who are fearful that this would raise the price of alcohol, let me say they need have no fear because those engaged in distilling alcohol from blackstrap keep the price of their alcohol just a little under the price of grain alcohol. If the price of corn or potatoes go up, so also does the price of blackstrap molasses. On the other hand, when the price of corn is low they put the price of blackstrap molasses down even to 2 cents a gallon.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there is nothing particularly involved about the amendment offered by the gentleman from Iowa, and, in my humble judgment, it ought to be supported. In the fall of 1933 the Postmaster General went through various States where there might be some doubt as to the ratification of the repeal of the eighteenth amendment and appealed to the agricultural groups on the ground that repeal would do some good for the farmers; and a great many farm votes probably supported the selection of people to the conventions which ultimately ratified the repeal of the eighteenth amendment. We tried to help the farmer. In addition thereto the administration, through the instrumentality of this Congress, passed the Agricultural Adjustment Act in the hope of raising prices.

It is a rather singular thing that we make a frontal attack upon the problems of agriculture but at the same time leave the back door open. If you will examine figures that can be obtained from the Department of Commerce or the Department of Agriculture, you will find that in the fiscal year 1932 there was produced approximately 142,000,000 gallons of alcohol in this country, of which 124,000,000 gallons were produced not from rye, not from corn, not from potatoes, but from this dark sirupy molasses that comes from Cuba, from Puerto Rico, and from the Philippines. For every 6 gallons of molasses imported for manufacture into alcohol, 1 bushel of corn or other grain is displaced. Blackstrap molasses is imported for but two purposes, either for mixing with dry feed, such as chopped alfalfa, for feeding to cattle, or for manufacture into alcohol, the kind you rub on your ankle, the kind you pour down your throat, or the kind you put in the radiator of your automobile.

On the one hand, how can we collect money from the people of this country through the agency of the processing tax in order to bring up the price of grain when on the other hand we leave the door open for the entrance of competitive products that take away from the American farmer his industrial grain markets? This picture does not make sense and is not sense. We should pass the pending amendment.

Right now they are manufacturing gin from blackstrap molasses, but under pending law this fact does not have to be recited on the label of the bottle; and they are selling it for as little as 50 cents a gallon in barrel lots. The distiller of grain cannot compete with this kind of business in the distilling picture.

The length of time required to ferment blackstrap is shorter than for corn, and in proportion as the price of corn goes up to a parity level there will be a greater incentive to use blackstrap in the manufacture of gin and alcohol. Ultimately the farmers' market is going to be taken away by this species of very intensive competition unless this amendment is written into the bill.

Permit me to say to every Member who comes from a State where they raise grain in any quantity whatsoever that you are subserving the interests of your constituents and your farmers if this day you will support this amendment offered by the gentleman from Iowa [Mr. GILCHRIST].

You may think that the depression, for instance, has curtailed the importation of this dark sirup, but the fact of the matter is the importations of this sirup today are just as great in gallons and pounds as they were in 1929; and if these distillers continue the distillation of blackstrap instead of grain in order to meet cheap competition it means the ultimate elimination of the grain farmer from the distilling picture. This amendment should be supported. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I trust the amendment will not be agreed to. This is not a farm-relief bill; this is not a bill dealing with imports; this is an alcohol-control bill, simply. The gentlemen who are now so zealous about this amendment and the effect it may have upon the entire country were conspicuous by their absence when the bill was under consideration before the committee, and when elaborate hearings were being held and everyone was given an opportunity to present his views respecting this legislation.

It is very easy to conjure up in one's own mind, whether it be for political or patriotic purposes, an amendment that may seem germane or might be helpful and accomplish some good purpose. However, we have farm-relief bills galore; we have excise-tax bills galore. We have frequently had bills dealing with imports. This amendment has no place in the pending legislation, and the Member who proposes it must realize that.

Mr. GILCHRIST. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Iowa.

Mr. GILCHRIST. The statement that the gentleman who proposed this amendment must know it has no place in the bill is certainly without thought on the part of the Chairman of the Ways and Means Committee. The Chairman of the Committee of the Whole House has ruled that it is germane.

Mr. DOUGHTON. He said it was germane.

Mr. GILCHRIST. If it is germane, it does have a place in the bill.

Mr. DOUGHTON. But it is not pertinent to this legislation. Why did not the gentleman bring in a bill on its own merits?

Mr. GILCHRIST. The purpose of this legislation as declared in the preamble is to regulate whisky.

Mr. DOUGHTON. We cannot undertake here to rewrite this bill, which has been given careful and thorough consideration by the committee. Elaborate hearings were conducted by the committee. If these amendments are accepted, the whole purpose of the bill might be destroyed.

Mr. BLANTON. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Texas.

Mr. BLANTON. In reference to the question of germaneness, there could be a thousand propositions that might be germane and yet not proper.

Mr. DOUGHTON. Absolutely; and the gentleman from Iowa knows that, too.

Mr. BEITER. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from New York.

Mr. BEITER. If this amendment is adopted, it would increase the price of liquor?

Mr. DOUGHTON. Undoubtedly it would.

Mr. CULLEN. And we would get an inferior grade of liquor too.

Mr. DOUGHTON. I trust this amendment will be rejected.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. GILCHRIST).

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 56, noes 79.

Mr. GILCHRIST and Mr. SHORT demanded tellers.

Tellers were ordered, and the Chair appointed Mr. DOUGHTON and Mr. GILCHRIST as tellers.

The Committee again divided; and the tellers reported there were—ayes 65, noes 74.

So the amendment was rejected.

The Clerk read as follows:

PERMITS

SEC. 4. (a) The following persons shall, on application therefor, be entitled to a basic permit:

(1) Any person who, on May 25, 1935, held a basic permit as distiller, rectifier, wine producer, or importer issued by an agency of the Federal Government.

(2) Any other person unless the Administrator finds (A) that such person (or in case of a corporation, any of its officers, directors, or principal stockholders) has, within 5 years prior to date of application, been convicted of a felony under Federal or State law; or (B) that such person is, by reason of his business experience, financial standing, or trade connections, not likely to commence operations within a reasonable period or to maintain such operations in conformity with Federal law; or (C) that the operations proposed to be conducted by such person are in violation of the law of the State in which they are to be conducted.

(b) If upon examination of any application for a basic permit the Administrator has reason to believe that the applicant is not entitled to such permit, he shall notify the applicant thereof and, upon request by the applicant, afford him due notice and opportunity for hearing on the application. If the Administrator, after affording such notice and opportunity for hearing, finds that the applicant is not entitled to a basic permit hereunder, he shall by order deny the application stating the findings which are the basis for his order.

(c) The Administrator shall prescribe the manner and form of all applications for basic permits (including the facts to be set forth therein) and the form of all basic permits, and shall specify in any basic permit the authority conferred by the permit and the conditions thereof in accordance with the provisions of this act. To the extent deemed necessary by the Administrator for the efficient administration of this act, separate applications and permits shall be required by the Administrator with respect to distilled spirits, wine, and malt beverages, and the various classes thereof, and with respect to the various classes of persons entitled to permits hereunder. The issuance of a basic permit under this act shall not operate to deprive the United States of its remedy for any violation of law.

(d) A basic permit shall be conditioned upon compliance with the requirements of section 5 (relating to unfair competition and unlawful practices), with the twenty-first amendment and laws relating to the enforcement thereof, and with all other Federal laws relating to distilled spirits, wine, and malt beverages, including taxes with respect thereto.

(e) (1) No basic permit issued under this act shall contain any condition prohibiting, nor shall any rule, regulation, or order, issued under this or any other act of Congress, prohibit, the use or sale of any barrel, cask, or keg, if made of wood and if of one or more wine-gallons capacity, as a container in which to store, transport, or sell, or from which to sell, any distilled spirits, wine, or malt beverages. This subsection shall not apply to any condition in any basic permit issued under this act or any rule, regulation, or order issued in connection therewith to the extent that such condition applies in a State in which the use or sale of any such barrel, cask, or keg is prohibited by the law of such State.

(2) It shall be unlawful for any person to package or repackage distilled spirits for sale or resale in bottles unless such person is a distiller, a rectifier of distilled spirits, or a person operating a bonded warehouse qualified under the internal revenue laws or a class 8 bonded warehouse qualified under the customs laws, holding a basic permit under this act, or is a proprietor of an industrial alcohol plant or is an agency of a State or political subdivision thereof: *Provided*, That any other person may so package distilled spirits in bottles if he qualifies under the internal revenue laws as a rectifier and holds a basic permit issued under this act for the rectification of distilled spirits.

(3) Notwithstanding the foregoing provisions of this subsection, no person who is subject to the occupational tax imposed by section 3244 "Fourth" of the Revised Statutes, as amended (U. S. C., Supp. VII, title 26, sec. 1394 (c)), on retail dealers in liquors shall package or repackage distilled spirits for sale or resale in bottles or be eligible to qualify as a rectifier of distilled spirits, and no such person, except a bona fide hotel or club, shall, for purposes of sale, remove from any such barrel, cask, or keg any distilled spirits contained therein. Any person who violates the provisions of this paragraph or paragraph (2) shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than 1 year, or both, and shall forfeit to the United States all distilled spirits with respect to which the violation occurs, and the bottles in which packaged.

(f) A basic permit shall by order of the Administrator, after due notice and opportunity for hearing to the permittee, (1) be revoked, or suspended for such period as the Administrator deems appropriate, if the Administrator finds that the permittee has willfully violated any of the conditions thereof, provided that for a first violation of the conditions thereof the permit shall be subject to suspension only; or (2) be revoked if the Administrator finds that the permittee has not engaged in the operations authorized by the permit for a period of more than 1 year; or (3) be annulled if the Administrator finds that the permit was procured through fraud, or misrepresentation, or concealment of material fact. The order shall state the findings which are the basis for the order.

(g) Orders of the Administrator with respect to any denial of application, suspension, revocation, annulment, or other proceedings, shall be served (1) in person by any officer or employee of the administration designated by the Administrator or any internal revenue or customs officer authorized by the Administrator for the purpose, or (2) by mailing the order by registered mail, addressed to the applicant or respondent at his last known address in the records of the Administrator.

(h) A basic permit shall continue in effect until suspended, revoked, or annulled as provided herein, or voluntarily surrendered; except that (1) if leased, sold, or otherwise voluntarily transferred, the permit shall be automatically terminated thereupon, and (2) if transferred by operation of law or if actual control of the permittee is acquired, directly or indirectly, whether by stock ownership or in any other manner, by any person, then such permit shall be automatically terminated at the expiration of 30 days thereafter: *Provided*, That if within such 30-day period application for a new basic permit is made by the transferee or permittee, respectively, then the outstanding basic permit shall continue in effect until such application is finally acted on by the Administrator.

(i) An appeal may be taken by the permittee or applicant for a permit from any order of the Administrator denying an application for, or suspending, revoking, or annulling, a basic permit. Such appeal shall be taken by filing, in the circuit court of appeals of the United States within any circuit wherein such person resides or has his principal place of business, or in the United States Court of Appeals for the District of Columbia, within 60 days after the entry of such order, a written petition praying that the order of the Administrator be modified or set aside in whole or in part. A copy of such petition shall be forthwith served upon the Administrator, or upon any officer designated by him for that purpose, and thereupon the Administrator shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, or set aside such order, in whole or in part. No objection to the order of the Administrator shall be considered by the court unless such objection shall have been urged before the Administrator or unless there were reasonable grounds for failure so to do. The finding of the Administrator as to the facts, if supported by substantial evidence, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence to be taken before the Administrator and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Administrator may modify his findings as to the facts by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and his recommendation, if any, for the modification or setting aside of the original order. The judgment and decree of the court affirming, modifying, or setting aside, in whole or in part, any such order of the Administrator shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347). The commencement of procedings under this subsection shall, unless specifically ordered by the court, operate as a stay of the Administrator's order.

(j) No proceeding for the suspension or revocation of a basic permit for violation of any condition thereof relating to compliance with Federal law shall be instituted by the Administrator more than 18 months after conviction of the violation of Federal law, or, if no conviction has been had, more than 3 years after the violation occurred; and no basic permit shall be suspended or revoked for a violation of any such condition thereof if the alleged violation of Federal law has been compromised by any officer of the Government authorized to compromise such violation.

Mr. CONNERY. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. CONNERY: On page 9, strike out lines 10 to 22, inclusive, and insert in lieu thereof the following:

"No basic permit issued under this act shall contain any condition permitting, nor shall any rule, regulation, or order, issued under this or any other act of Congress, permit the reuse of any barrel, cask, or keg as a container in which to store, transport, or sell, or from which to sell any distilled spirits or wines."

Mr. CONNERY. Mr. Chairman, this is the amendment to which I referred yesterday and which I placed in the RECORD at that time.

There are three purposes to this amendment. First, to bring revenue to the United States Government; second, to protect the health of the American people who believe in the use of intoxicating liquor; and, third, to protect labor in both the bottling industry and the cooperage industry. The gentleman from Arkansas [Mr. FULLER] has been greatly disturbed, of course, in reference to the cooperage industry. My amendment forbids the reuse of any cask, barrel, or keg once the liquor has been put into same. It cannot be used

for the same purpose again. This would certainly help the cooperage industry and employ many more workers in that industry.

Mr. Chairman, the main idea of the amendment is to help stop bootlegging in the United States. As I said a bit facetiously, but very truly, this afternoon, I do not drink liquor myself, but I believe in protecting the stomachs of those who do drink liquor.

Mr. DUFFEY of Ohio. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Ohio.

Mr. DUFFEY of Ohio. Is it not true that this bill, H. R. 8870, will break the door wide open by allowing sales in bulk and will also enable the bootleggers to refill with bootleg liquor?

Mr. CONNERY. Yes. My friend from Ohio has stated the case exactly. The amendment which I offered strikes out paragraph (e) because the wholesaler under the provision now in the bill can resell to another wholesaler; and take the barrel, the cask, or the keg, empty it, and refill it with bootleg liquor.

Mr. DUFFEY of Ohio. Is it not true that the sale of liquor in bottles goes as far as is reasonable in protecting the public by reason of the revenue stamp being attached to the bottle at the time of purchase?

Mr. CONNERY. Yes; it is done under Government inspection and the present regulations guarantee it will be done under Government inspection. The Treasury Department is absolutely against this paragraph (e), which I am trying to strike out. They appeared before the committee as being against paragraph (e). Labor appeared against it, and those who are in favor of it were the cooperage interests.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. O'MALLEY. If the barrel can only be used once, what are they going to do with these barrels after they are used—use them for flower pots?

Mr. CONNERY. There will be plenty of uses for these barrels. As I have said, there are many things you can do with flour barrels and you do not use them again for flour or flower pots.

Mr. ROBERTSON. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. ROBERTSON. There are 13 States whose laws prohibit transportation and storage in these barrels, and the gentleman's amendment would take care of the situation in the 13 States that permit sale in bottles only.

Mr. CONNERY. Not only that, but it would protect those States that have laws like New York and Arkansas and other States which do not allow liquor sales in bulk.

Mr. ROBERTSON. That is true in Virginia.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Ohio.

Mr. TRUAX. I would remind the gentleman that hog farmers could use the used barrels for slop barrels on their farms.

Mr. CONNERY. Yes; I am pleased to hear that.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. I want to call this to the serious attention of the gentleman from Massachusetts: When he strikes out the language from the period in line 17, through line 22, he is taking out of the bill the language in the statute of many of the States.

Mr. CONNERY. The gentleman refers to the language on page 10?

Mr. VINSON of Kentucky. I hand the gentleman a copy of the bill. I feel certain the gentleman does not intend to defeat the purpose set forth in that language.

Mr. CONNERY. The gentleman refers to line 17 on page 9?

Mr. VINSON of Kentucky. Yes.

Mr. CONNERY. If that is stricken out, then you do not need the language from lines 17 to 22, because many States have such laws, and all you are doing is to reaffirm what is already State law.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from New York.

Mr. CELLER. I understand, technically, the only way or the best way to age whisky is in charred barrels which have been used.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent to proceed for three more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CELLER. Will the gentleman answer my question?

Mr. CONNERY. Yes; we have had that question before us. I understand they char the barrels and age the whisky in charred barrels and then when the barrel is empty and goes to some other place, the gentleman wants to know why it should not be sent back to the distillery to be used again. There are plenty of reasons why it should not. One reason is that you do not know what goes into the barrel after the whisky goes out of it.

Mr. CELLER. What about wine?

Mr. CONNERY. The same thing applies to wine.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. COLE of Maryland. If the amendment offered by the gentleman is adopted, would not that make the bill practically the same as the regulations under which the very department that is to administer this law has functioned ever since the repeal of prohibition?

Mr. CONNERY. I would say so; yes.

Mr. COLE of Maryland. That is what we have now.

Mr. CONNERY. That is my understanding of the bill; and with the Treasury Department wanting this provision stricken out and labor wanting it stricken out, I hope the House will adopt my amendment.

Mr. CITRON. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CITRON. What were some of the reasons for labor advocating the striking out of section (e)?

Mr. CONNERY. Labor said that in the bottling industry you not only have to consider the bottles but the labels that go on them, and in this industry labor receives from 75 cents to $1 an hour. In the cooperage industry, in some parts of the country, they are receiving good wages of from 75 cents to $1, while in other parts of the cooperage industry the wages are as low as 12½ cents an hour.

I feel that by the adoption of this amendment prohibiting the reuse of casks and barrels, we will increase employment in the cooperage industry and protect the bottling industry and the printers who prepare the labels for the bottles, and at the same time we will protect the people against the bootlegger, and thereby we will protect the health of the American people.

I believe this is an amendment that should be passed, particularly in view of the fact that the Treasury Department states that they have some 4,000 legal permits out now that they have to supervise, and that if this paragraph (e) should go through, there would be some 30,000 permits which they would have to supervise. They could not possibly do this and the bootleggers would simply run wild.

Mr. KRAMER. And for sanitary reasons the casks and barrels should not be reused.

Mr. CONNERY. And as my friend from California, Mr. KRAMER, so aptly remarks, for sanitary reasons they should not be reused.

[Here the gavel fell.]

Mr. DUNCAN. Mr. Chairman, I have no particular interest in this matter. I have bottle makers and barrel makers in my State. They are both very much interested. What this Committee ought to be interested in, and what the Ways and Means Committee was interested in when this provision was placed in the bill was to attempt to stamp out bootlegging by reducing the cost of liquor. You cannot

do that by writing into the law provisions for bottling, expensive regulatory provisions, then requiring the bottles to be destroyed when empty. That is a very fine regulation for the bottle industry. That is what the act provides now, and that is what the Connery amendment will mean so far as barrels are concerned if it is adapted. Analyzing the amendment of the gentleman from Massachusetts [Mr. CONNERY], if you adopt it you will entirely destroy the right to sell liquor in bulk. You will notice that the gentleman has used the word "reuse." If you strike out all of that section from line 10 to line 22, you will have no right then to sell liquor in bulk. The regulation or the restriction will be against refilling the kegs or barrels. They will not be able to fill them in the first place. You will go back to the same regulations you have now. Under the Treasury Department rulings, liquor can be sold in bulk only by the distillery to the wholesaler or to the rectifier, there to be bottled. It cannot be sold to the individual, it cannot be sold to the hotel or the restaurant or the club. If I had my way, I would provide that it might be sold to the retailer and that he could sell it by the drink, but not rebottle it and sell it in the bottles.

Mr. KRAMER. Does the gentleman want to have the old-time barrel house back again?

Mr. DUNCAN. I do not, and under the regulations that will be in effect under this measure, you will not have them. I say now in answer to that question that in many of the large cities of this country, at least 40 percent of the retail liquor dealers are refilling these bottles and keeping them on the back bar, and selling bootleg liquor out of them. The bottle manufacturers are putting on those bottles today labels that cannot come off. They are metallic labels. They cannot be washed off, and the bottle may be refilled with bootleg liquor which you are talking about going into these barrels. The bottles are then set on the bar and the glass filled from them. That is what you will have. The Treasury Department can control liquor in barrels the same as it can in bottles, and better. These barrels will be all marked and stamped under the regulations of the Treasury Department, and there will be no more bootlegging out of barrels than there is today. So far as the Treasury Department's opposition to this bill is concerned, their judgment is no better than yours or mine, because they have had no experience with bulk sales since the repeal of prohibition.

Mr. O'MALLEY. Is it not true that under present conditions you cannot buy wine in barrels for use in your own home in kegs holding more than 5 gallons?

Mr. DUNCAN. Yes.

Mr. O'MALLEY. Why should you not be entitled to buy 50 gallons of wine to place in your cellar to age?

Mr. DUNCAN. You ought to have the right to buy 50 gallons of wine or 50 gallons of whisky to put in your basement if you want to do it, and comply with the law as it is laid down. So I say to you that we are dealing with a legalized industry now. We outlawed the industry many years ago, and found it unsatisfactory. We repealed that law, and now we have legalized it. Why treat the industry forever like an outlaw?

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. DUNCAN. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DUNCAN. I do not entirely agree with my friend from Illinois [Mr. DIRKSEN] about the liquor industry. I have introduced a resolution here asking for a congressional investigation of distillers and I believe the resolution ought to be passed. I think they ought to be investigated. He says to you that they are not controlling any great percentage of the trade. The distillers have gone out and bought up permits of a lot of little distillers. They pay them a high price for liquor that they do not produce, and why? Because they can sell the liquor in bottles. They pay millions of dollars in advertising now to the newspapers, who in turn are today opposing bulk regulations because of that advertising. They can sell their products to the exclusion of the little distiller. The little distiller cannot sell it today because he cannot put it in the bottles and pay for the expensive advertising necessary to sell that particular product to the people generally, but if they had the right to sell it in kegs or casks, just as good whisky and better probably than those highly advertised liquors, we would force the price down. It is not the cost of the bottle that brings the price up, it is the handling charge. There are hotels in this city, I presume, that sell a barrel of whisky a night. That amounts to 200 bottles, 200 quarts that have to be opened and handled. Those places are not going to violate the law or permit it to be violated.

So I say to you, it is only fair to permit the sale and distribution, within reasonable bounds, in bulk, to force the price down. That is what we are interested in. If I had my way, I would reduce the tariff on liquor and let it come in at $2 a gallon for awhile to force the price down. There are many foreign-made liquors of comparable quality to our own, paying the $5 per gallon tariff, all domestic revenues, and still competing with American-made liquor. There is something wrong about it. When we advocated the repeal of the eighteenth amendment and restoration of liquor, we told the people they were going to have liquor that they could afford to buy. We have not done it.

[Here the gavel fell.]

Mr. ROBERTSON. Mr. Chairman, I move to strike out the last word of the Connery amendment.

Mr. Chairman, the distinguished gentleman from Massachusetts [Mr. CONNERY] has brought to our attention the most important section of this bill. He has presented to you the request of labor. I bring to you the request of 13 sovereign States, 13 States which rely upon the Democratic Party to make good its platform promises of 1932, that in advocating the repeal of the eighteenth amendment the Democratic Party would offer protection to those States that did not want to sell liquor and protection to those who wanted to sell it under their own laws.

When this measure was pending before our Ways and Means Committee I went to the distinguished chairman of that committee and told him of the 13 States that were attempting to promote temperance, attempting to eliminate bootlegging, attempting to sell pure medicinal products under State regulation in bottles, and I asked him if his committee would give us protection in our State laws. He said, "It will be written into this bill." I regret to say it is not written into this bill. Not anywhere is there written any protection for those 13 States.

Mr. DOUGHTON. That goes to the Committee on the Judiciary. With all deference to the gentleman from Virginia, whom I respect as much as any man in this House, and I would not raise the question of veracity at all, but I have never in my life spoken for the entire committee. I probably did say I would be glad to see it put into the bill.

Mr. CELLER. Will the gentleman yield?

Mr. ROBERTSON. I yield.

Mr. CELLER. If this bill had gone to the Committee on the Judiciary where it belonged there would not have been this confusion. The Ways and Means Committee put in a clause which was stricken out on the floor, which has caused all this confusion. This bill should have been in the Judiciary Committee in the first instance, and we would never have had this difficulty. I say that in all kindliness.

Mr. ROBERTSON. I do not want to do an injustice to my distinguished friend from North Carolina [Mr. DOUGHTON] but I understood him to say that this very bill would carry a provision that would make it unlawful and illegal to ship liquor into a State in violation of that State's laws, and that provision is not in this bill. If it is I have not found it.

Mr. KRAMER. I agree with the gentleman it should be that way.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. ROBERTSON. I yield.

Mr. SAMUEL B. HILL. That is in the law now. It is not necessary to put it in this bill.

Mr. ROBERTSON. There is a difference of opinion on that. The Treasury Department asked you to put this in, as Mr. CONNERY provided. The Alcohol Control Board asked you to put it in. The Representatives of 13 States asked you to put it in. Organized labor asked you to put it in, and are we going to vote it out in the interest of a few cooperage concerns? That is the issue before us.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. ROBERTSON. I yield.

Mr. VINSON of Kentucky. I regret to take issue with the gentleman from Virginia, but the statute which the gentleman wants written into the law does not touch the cooperage business from top to bottom. There came an issue between the Committee on the Judiciary and the Ways and Means Committee, and it was stated to us, coming from the Judiciary Committee, that the provision which the gentleman desires to have written upon the statute books again was properly within the jurisdiction of the Committee on the Judiciary.

Mr. ROBERTSON. I presented the amendment to the Committee on the Judiciary, and it has not been included.

Mr. VINSON of Kentucky. We yielded upon that substitute provision to the Chairman of the Judiciary Committee.

Mr. ROBERTSON. This bill is before us now.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the gentleman may have 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CONNERY. Will the gentleman yield?

Mr. ROBERTSON. I yield.

Mr. CONNERY. They got us off the track a little. If subsection (e) is left in this bill, it will start a wet and dry fight all over the United States, with every legislature in the 48 States, will it not?

Mr. ROBERTSON. There is no doubt about it.

Mr. CONNERY. Because they will be in demanding these rights.

Mr. ROBERTSON. If we permit barrel shipments in this bill, they will go into the dry States and you cannot control them to save your life.

Mr. CELLER. I want to say in all fairness to the Ways and Means Committee that the Judiciary Committee has reported out a bill to protect States which want to be brought under the twenty-first amendment. It is on the calendar awaiting consideration here.

Mr. ROBERTSON. But the gentleman from New York will realize that the amendment that was prepared by me at the request of the Alcohol Control Board and approved by the Treasury Department and sent down to the Judiciary Committee was not included in the bill.

Mr. CELLER. We took the bill that the Treasury Department gave us.

Mr. ROBERTSON. But the amendment that I suggest was to prevent bulk shipments to the 13 States which wanted to control it by bottles. That is the issue in the Connery amendment now. It is before us now, and now is the time to act on it.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. ROBERTSON] has expired.

Mr. DUFFY of New York. Mr. Chairman, it seems to me that in this debate we are losing sight of our primary obligation, which is control. We seem to have been misled into the consideration of outside industries that might be affected through the exercise of this control.

I have had a little experience in the State of New York as a member of the liquor authority. I was appointed to that authority before the twenty-first amendment was adopted. The Legislature of the State of New York had invested that authority with rule-making power pending permanent legislation when the legislature convened. It was the judgment of that authority—and I am now speaking for a market which is the largest in the country and for a population which exceeds that of all New England—that the best control so far as liquor was concerned was the channelization of the flow of liquor in the original glass package from the source to the consumer. The law of New York State, therefore, will not permit liquor in bulk in hotels, clubs, restaurants, or stores. This protects the consumer by assuring him a product under Government seal that has not been tampered with before it reaches him.

My difficulty with the bill under consideration is that we are not thinking enough of the States, for that seems to me to be our primary obligation, the protection of the States. My question on the Connery amendment is whether it applies to the distiller who bottles from the keg—that is, whether the distiller would have to discard the keg after it had been bottled. In the winery and in the distillery the casks and the kegs are as much a part of the plant as is the building; and it would be most unfortunate if this amendment were passed and it could be construed to affect the distillery and the winery as I have indicated.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. DUFFY of New York. I yield.

Mr. CONNERY. If the distiller sells to the rectifier or the wholesaler, the keg may not again be used for liquor after it is emptied. This is necessary for reasons of sanitation, cleanliness, and health.

Mr. DUFFY of New York. The provision on page 10 of the bill with respect to bona fide hotels and clubs, in my opinion, has no place in this legislation, because the hotel or club cannot sell until it gets a license from the State in which it is located. This provision should not be included in this bill, for it has nothing to do with control.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 1 additional minute that I may ask him a question.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. DUFFY of New York. I yield.

Mr. CONNERY. The gentleman has had experience as a member of the Liquor Control Authority of the State of New York. I understood him to say that their experience showed the best control was that which followed the original package all the way through to the consumer.

Mr. DUFFY of New York. We did not permit the original wooden package to go to the retailer or to the hotel, club, or restaurant.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. DUFFY of New York. I yield.

Mr. O'MALLEY. In the case of wine, that prevents the consumer buying from anyone except the retailer.

Mr. DUFFY of New York. It does not apply to wine; it applies only to liquors.

Mr. CULLEN. Mr. Chairman, will the gentleman yield?

Mr. DUFFY of New York. I yield.

Mr. CULLEN. The gentleman referred to the New York State law in regard to the prohibition of the sale of liquor in bulk. I call the gentleman's attention to the latter part of paragraph (e) (1), line 17, on page 9, reading as follows:

> This subsection shall not apply to any condition in any basic permit issued under this act or any rule, regulation, or order issued in connection therewith to the extent that such condition applies in a State in which the use or sale of any such barrel, cask, or keg is prohibited by the law of such State.

I am afraid the amendment offered by our distinguished colleague from Massachusetts will nullify the law of New York State.

Mr. CONNERY. No; we are not interfering with the law of New York State; that will remain as it now stands.

[Here the gavel fell.]

Mr. DUFFY of New York. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DUFFY of New York. Mr. Chairman, I may say to the gentleman from New York [Mr. CULLEN] that the provisions in this bill protect New York State. New York State must get protection under the second section of the twenty-first amendment.





Mr. CULLEN. The Connery amendment will strike it out.

Mr. DUFFY of New York. I am talking about the committee bill, not the Connery amendment.

Mr. CULLEN. If the Connery amendment is adopted, it will strike out the law of the State of New York.

Mr. DUFFY of New York. The gentleman asked me a question and read a provision of the committee bill. I call the gentleman's attention to the fact that under the twenty-first amendment and under the provisions of the committee bill New York State is protected. There is no question about that.

Mr. CULLEN. That is right.

Mr. DUFFY of New York. And New York State must get that protection. The Connery amendment would not permit liquor to go into the State of New York in bulk.

Mr. CULLEN. The Connery amendment would nullify the law of the State of New York.

Mr. DUFFY of New York. The laws of New York State would not permit liquor to come into New York State in bulk. The twenty-first amendment protects it; and the Sumners bill that will be introduced following this bill will further protect it.

[Here the gavel fell.]

Mr. HEALEY. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. DUFFY of New York. I yield.

Mr. CONNERY. There is nothing in the Connery amendment that interferes with the law now on the statute books of the sovereign State of New York.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. DUFFY of New York. I yield.

Mr. VINSON of Kentucky. What Federal law is there on the statute books that will accomplish the purpose set forth in lines 17 to 22 of the committee bill, which the gentleman from Massachusetts seeks to strike?

There is no Federal law. The regulation of interstate commerce is within the power of the Congress. A State law in New York has no prohibition against shipments in interstate commerce. There is not any Federal statute involved.

Mr. CONNERY. The twenty-first amendment has.

Mr. DUFFY of New York. Is the gentleman asking me a question?

Mr. VINSON of Kentucky. Yes.

Mr. DUFFY of New York. The Sumners bill will cover that.

Mr. VINSON of Kentucky. But the Sumners bill has not been written into law. It is a serious proposition if this language is stricken out. We are striking at the vitals of enforcement if we do so, because the State has not the power to interfere with interstate commerce, and there is no Federal law upon the subject.

[Here the gavel fell.]

Mr. FULLER. Mr. Chairman, I rise in opposition to the amendment.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from New York.

Mr. O'CONNOR. It is my opinion, after long observation, that to adopt the Connery amendment would be directly playing into the hands of the Whisky Trust, which some of us have been fighting for many years.

Mr. CONNERY. Of course, we would let the bootleggers run wild.

Mr. FULLER. Oh, no. In my opinion, the gentleman is not interested so much in the bootleggers.

I am fearful the gentleman from Massachusetts is not so overanxious about the whisky business as he is the fact that some labor may be involved. The matter that the gentleman from New York [Mr. O'CONNOR] suggested is very germane. It is a fact that the Whisky Trust is interested in this matter. Not only is the Whisky Trust interested, but another big trust, namely, the Glass Bottle Trust that is mutually interested. When you see Members on the floor of the House raising Cain about these barrels, look up the record and see if the Owens Illinois Glass Co. has a plant in their district. That is the milk in the coconut. The sale and regulation of whisky in glass bottles has been an absolute failure and a fizzle, and the department acknowledges it cannot enforce the law.

The statement is made that a barrel containing whisky may be tampered with. Let me show you what you have to do. There it is. It is marked. It goes to the wholesaler. If he is a rectifier, he bottles the whisky, but they have an absolute check on him. They know how many gallons he bought from the distillery. The strip tags are put over the top and they have to correspond. There will be 384 pints in the barrel. It is a good deal easier to detect tampering with a barrel than it is with 384 pint bottles. Everyone knows they are counterfeiting these strip tags. The gentleman talks about Mr. Brisbane's article and reads and rereads it. He had permission to make a minute's speech on the floor yesterday, and the RECORD contains a speech 10 or 15 minutes long.

Who is Mr. Brisbane? I guess he is a wonderful man. He writes fine editorials for the Hearst newspapers. The distilleries of this country carry their newspaper advertisements in the Hearst papers. The Hearst papers are interested to see that the whisky interests are protected, as well as the glass-bottle people. No criticism for that; they praise the fellow who buys big advertising space.

Mr. O'MALLEY. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. According to the arguments I have heard today, they say only law-abiding people of good moral character get permits. Then they say if they use barrels they will refill them with bootleg whisky.

Mr. FULLER. That is correct although inconsistent.

Mr. CONNERY. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Massachusetts.

Mr. CONNERY. The gentleman said something awhile ago about a 1-minute speech which I made. The gentleman will remember that I asked unanimous consent to revise and extend my remarks in the RECORD.

Mr. FULLER. That I did not know, but it is all right with me. The gentleman's speech was all right and proper.

Mr. Chairman, the gentleman from Massachusetts talks about labor. I will tell you where he got the idea. A man appeared before our committee and said he represented labor. You should have seen him. He said that he was opposed to the barrel provision because down in Louisiana in a cooperage plant, which he named, they paid 12½ cents an hour for labor and over in Louisville they did the same thing. Now, who are they? These two cooperage companies are not the regular cooperage fellows of the United States. Those two plants were owned, one of them by the National, and the other by the Schenley distillery. That is the truth of the matter.

Mr. Chairman, this matter affects not only my State, but it affects at least 20 of the States that produce this material, and, in addition to that, it affects many cities of the Nation having cooperage plants; it is for the best interests of the liquor people at large.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the gentleman may be allowed to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. FULLER. Mr. Chairman, they talk about labor. The cooperage workmen have a national union known as the Coopers' International Union, affiliated with the American Federation of Labor. That organization has endorsed this bill, as shown by this endorsement. They are standing foursquare to the world for it today.

Mr. MAY. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Kentucky.

Mr. MAY. Is it not a fact that the 13 Southern States mentioned by the gentleman from Virginia make these wooden containers, or at least half of them?

Mr. FULLER. Yes.

Mr. MAY. And they pay good wages.

Mr. FULLER. Yes. The State of Virginia makes a lot of cooperage. It is one of the greatest competitors in this industry.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from New York.

Mr. O'CONNOR. Is it not a fact that Schenley and the National Distillery, which controls the whole situation, and have their tentacles in every branch of the Government here in Washington, control every brand of whisky that goes into a bottle? For instance, the National Distillery on one day filed application for copyrights covering 200 different labels.

This Whisky Trust has been the problem since we repealed the eighteenth amendment, and some of us here who fought for the repeal of the eighteenth amendment would not raise one finger again to do the same thing, because the Whisky Trust has control of the whole situation.

Mr. FULLER. They own or control today over 50 of the largest distilleries with the most famous brands in the United States, such as Old Taylor, Old Crow, Sunnybrook, and almost every other famous brand on earth you can think about. [Laughter and applause.]

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield to the gentleman.

Mr. CONNERY. The gentleman stated a few minutes ago that they also own these two cooperage companies that he named.

Mr. FULLER. Yes; they do. They own pretty nearly everything you can put your hand on.

Mr. KRAMER. Will the gentleman tell us whether they own any of the timberlands down in Arkansas?

Mr. FULLER. No; they do not. They want to ruin our timber industry. Listen to the amendment that the gentleman introduced here and notice what it provides.

As the situation is today, it is not the law but a use of an arbitrary, dictatorial power of the Treasury Department, without any law to justify it, and they know this and do not deny it, and under the exercise of this arbitrary power they say that you cannot sell whisky except in bottles. Why should they be bigger than Congress? Why should they be bigger than the people of the United States? If you people in New York do not want to sell whisky in barrels you ought not to be required to have it shipped in there in that way, but why should you bar me or somebody else in some part of the country from using barrels? This is the milk in the coconut, and we do not care about what you do in New York with respect to your liquor, but we have the right to say that we will have a market for our products in this Nation.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. I am sure the gentleman will agree that as the situation now stands one of the large hotels here or anywhere else that may sell a whole barrel of liquor in one day or in one night, cannot order a barrel of liquor and sell it. They have to order a barrel of bottles, sell the whisky out of the bottles, when they are selling the whole barrel practically at one time—in one day or in one night.

Mr. FULLER. Yes, and are required to destroy the bottles to make more bottle business. When some of you were not present a little while ago I read this letter where a man had four barrels of whiskey at a distillery or in a warehouse in Kentucky and tried to get it. The distiller would not let him take them out unless he would pay for bottling the liquor at $150 a barrel. This was a result of the high-handed and dictatorial bottling provisions which set up a monopoly for the Whisky and Glass Bottle Trusts. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 33, noes 79.

Mr. CONNERY. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes, had come to no resolution thereon.

AIR MAIL LAWS

Mr. MEAD. Mr. Speaker, I submit a conference report and statement from the Committee on the Post Office and Post Roads on the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the Air Mail Service, for printing under the rule.

The conference report and statement are as follows:

CONFERENCE REPORT—AMENDMENT OF THE AIR-MAIL LAWS

Mr. MEAD, from the committee of conference, submitted the following conference report (to accompany H. R. 6511):

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6511) to amend the air-mail laws and to authorize the extension of the Air Mail Service, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That subsection (a) of section 3 of the Act entitled 'An Act to revise air-mail laws, and to establish a commission to make a report to the Congress recommending an aviation policy', approved June 12, 1934, as amended (48 Stat. 933, 1243), is amended to read as follows:

"'SEC. 3. (a) The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for initial periods of not exceeding three years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile: *Provided*, That where the Postmaster General holds that a low bidder is not responsible or qualified under this Act, such bidder shall have the right to appeal to the Comptroller General, who shall speedily determine the issue, and his decision shall be final: *Provided further*, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 33⅓ cents per airplane-mile for transporting a mail load not exceeding three hundred pounds. Payment for transportation shall be at the base rate fixed in the contract for the first three hundred pounds of mail or fraction thereof plus one-tenth of such base rate for each additional one hundred pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile."

"SEC. 2. Subsection (c) of section 3 of such Act is amended to read as follows:

"'(c) If, in the opinion of the Postmaster General, the public interest requires it, he may grant extensions of any route: *Provided*, That the aggregate mileage of all such extensions on any route in effect at one time shall not exceed two hundred and fifty miles, and that the rate of pay for such extensions shall not be in excess of the rate per mile fixed for the service thus extended.'

"SEC. 3. The first sentence of subsection (d) of section 3 of such Act is amended to read as follows:

"'The Postmaster General may designate certain routes as primary or as secondary routes. He shall designate as primary routes at least three transcontinental routes, with such termini as he may deem advisable, and, in addition thereto, such other routes as he may consider in the public interest, but no route less than seven hundred and fifty miles in length shall be designated as a primary route: *Provided*, That the present routes from Seattle to San Diego and from Newark (or New York, as the case may be) to Miami, Florida, may be held and regarded as other than primary routes: *Provided further*, That the Southern Transcontinental Route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles, shall be designated as a primary route.'

"SEC. 4. Subsection (f) of section 3 of such Act is amended to read as follows:

"'(f) The Postmaster General shall not award contracts for air-mail routes or extend such routes in excess of an aggregate of thirty-two thousand miles, and shall not pay for air-mail transportation on such routes and extensions in excess of an annual aggregate of forty-five million airplane-miles. Subject to the foregoing, the Postmaster General shall prescribe the number and frequency of schedules, intermediate regular stops, and time of departure of all planes carrying air mail, with due regard for the volume of mail carried over each route and for connecting schedules, and he may, under such regulations as he may prescribe, authorize and, notwithstanding any other provisions of this Act, compensate for a special schedule or an extra or emergency trip in addition to any regular schedule over air-mail routes or portions thereof at the same mileage rate paid for regular schedules on the contract route or routes, or at a lesser rate if agreed to by the contractor and the Postmaster General, and he may utilize therefor any scheduled passenger or express flight of the contractor between the terminal points or over a portion of any route whenever the needs of the service may so require: *Provided*, That the Postmaster General may, upon application by an air-mail contractor, authorize said contractor for his own convenience to transport air mail on any nonmail schedule or plane, with the understanding that the weights of mail so transported will be credited to regular mail schedules and no mileage compensation will be claimed therefor and the miles flown in such cases will not be computed in the annual aggregate of flown mileage authorized under this section.'

"SEC. 5. Subsection (a) of section 6 of such Act is amended to read as follows:

"'SEC. 6. (a) The Interstate Commerce Commission is hereby empowered and directed, after notice and hearing, to fix and determine by order, as soon as practicable and from time to time, the fair and reasonable rates of compensation within the limitations of this Act for the transportation of air mail by airplane and the service connected therewith over each air-mail route, and over each section thereof covered by a separate contract, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates of compensation, and to publish the same, which shall continue in force until changed by the said Commission after due notice and hearing, and so much of subsection (g) of section 3 of this Act as is in conflict with this section is hereby repealed.'

"SEC. 6. Subsection (e) of section 6 of such Act is amended by adding at the end thereof the following:

"'In arriving at such determination the Commission shall disregard losses resulting, in the opinion of the Commission, from the unprofitable maintenance of nonmail schedules, in cases where the Commission may find that the gross receipts from such schedules fail to meet the additional operating expense occasioned thereby. In fixing and determining such rates, if it shall be contended or alleged by the holder of an air-mail contract that the rate of compensation in force for the service involved is insufficient, the burden of establishing such insufficiency and the extent thereof shall be assumed by him. In no case shall the rates fixed and determined by the said Commission hereunder exceed the limits prescribed in section 3 (a) of this act.

"'The Commission is hereby authorized and directed, after having made a full and complete examination and audit of the books, and after having examined and carefully scrutinized all expenditures and purported expenditures, of the holders of the contracts hereinafter referred to, for goods, lands, commodities, and services, in order to determine whether or not such expenditures were fair and just, and were not improper, excessive, or collusive, in the cases of the eight air-mail contracts which are allowed, by a previous report of the Commission, the rate of 33⅓ cents per mile, under the provisions of the Act of June 12, 1934, on routes Numbered 7, 12, 13, 14, 19, 25, 27, and 32, and the Commission shall make a report to the Congress, not later than January 15, 1936, whether or not, in its judgment, a fair and reasonable rate of compensation on each of said eight contracts, under the other provisions and conditions of said Act, as herein amended, is in excess of 33⅓ cents per mile; together with full facts and reasons in detail why it recommends for or against any claim for increase.'

"SEC. 7. Subsection (b) of section 6 of such Act is amended to read as follows:

"'(b) The Interstate Commerce Commission is hereby directed at least once in each calendar year from the date of the award of any contract to examine the books, accounts, contracts, and entire business records of the holder of each air-mail contract, and to review the rates of compensation being paid to such holder in order to be assured that no unreasonable profit is being derived or accruing therefrom, and in order to fix just rates. In determining what may constitute an unreasonable profit the said Commission shall take into consideration the income derived from the operation of airplanes over the routes affected, and in addition to the requirements of section 3 (f) of this Act, shall take into consideration all forms of expenditures of said companies in order to ascertain whether or not the expenditures have been upon a fair and reasonable basis on the part of said company and whether or not the said company has paid more than a fair and reasonable market value for the purchase or rent of planes, engines, or any other types or kind, or class, or goods, or services, including spare parts of all kinds, and whether or not the air-mail contracting company has purchased or rented any kind of goods, commodities, or services from any individuals who own stock in or are connected with the said contracting companies or has purchased such goods and services from any company or corporations in which any of the individuals employed by or owning stock in the air-mail contracting company have any interest or from which such purchase or rents any of the employees or stockholders of air-mail contracting companies would be directly or indirectly benefited. Within thirty days after a decision has been reached upon such review by the Interstate Commerce Commission touching such profit a full report thereof shall be made to the Postmaster General, to the Secretary of the United States Senate, and to the Clerk of the House of Representatives.'

"SEC. 8. The first sentence of subsection (c) of section 6 of such Act is amended to read as follows:

"'Any contract (1) let, extended, or assigned pursuant to the provisions of this Act, and in full force and effect on March 1, 1935, or (2) which may be let subsequent to such date pursuant to the provisions of this Act and shall have been satisfactorily performed by the contractor during its full initial period, shall, from and after such date, or from and after the termination of its initial period, as the case may be, be continued in effect for an indefinite period, and compensation therefor, on and after March 1, 1935, during such period of indefinite continuance, shall be paid at the rate fixed by order of the Commission under this Act, subject to such additional conditions and terms as the Commission may prescribe, upon recommendation of the Postmaster General, which shall be consistent with the requirements and limitations contained in section 1 of this Act; but any contract so continued in effect may be terminated by the Commission upon sixty days' notice, upon such hearing and notice thereof to interested parties as the Commission may determine to be reasonable; and may also be terminated, in whole or in part, by mutual agreement of the Postmaster General and the contractor, or for cause by the contractor upon sixty days' notice.'

"SEC. 9. Subsection (d) of section 7 of such Act is amended to read as follows:

"'(d) No person shall be qualified to enter upon the performance of, or thereafter to hold an air-mail contract (1) if, at or after the time specified for the commencement of mail transportation under such contract, such person is (or, if a partnership, association, or corporation, has a member, officer, or director, or an employee performing general managerial duties, that is) an individual who has theretofore entered into any unlawful combination to prevent the making of any bids for carrying the mails: *Provided*, That whenever required by the Postmaster General or Interstate Commerce Commission the bidder shall submit an affidavit executed by the bidder, or by such of its officers, directors, or general managerial employees as the Postmaster General or Interstate Commerce Commission may designate, sworn to before an officer authorized and empowered to administer oaths, stating in such affidavit that the affiant has not entered nor proposed to enter into any combination to prevent the making of any bid for carrying the mails, nor made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person to bid or not to bid for any mail contract, or (2) if it pays any officer, director, or regular employee compensation in any form, whether as salary, bonus, commission, or otherwise, at a rate exceeding $17,500 per year for full time: *Provided further*, That it shall be unlawful for any such officer or regular employee to draw a salary of more than $17,500 per year from any air-mail contractor, or a salary from any other company if such salary from any company makes his total compensation more than $17,500 per year."

"SEC. 10. Section 10 of such Act is amended to read as follows:

"'SEC. 10. All persons holding air-mail contracts shall be required to keep their books, records, and accounts under such regulations as may be promulgated by the Postmaster General, and he is hereby authorized, if and when he deems it advisable to do so, to examine and audit the books, records, and accounts of such contractors, and to require such contractors to submit full financial reports in such form and under such regulations as he may prescribe.

"'Wherever an audit of the books, records, or accounts of any air-mail contractor is made by the auditors of the Interstate Commerce Commission, a full and complete report thereof shall be made to the Post Office Department within thirty days, and that report shall contain all instances in which the contractor has failed to comply with any of the provisions of the uniform system of accounts prescribed by the Post Office Department; and the Postmaster General shall, upon request, have at all times access to the records and reports of the Commission concerning air mail and air-mail contracts. There is authorized to be used from the appropriations for Contract Air Mail Service for the fiscal year ending June 30, 1936, a sum not in excess of $25,000 for the purpose of auditing the books and records of air-mail contractors by the Post Office Department.'"

"SEC. 11. Section 13 of such Act is amended to read as follows:

"'SEC. 13. It shall be a condition upon the holding of any air-mail contract that the rate of compensation and the working conditions and relations for all pilots and other employees of the holder of such contract shall conform to decisions heretofore or hereafter made by the National Labor Board, or its successor in authority, notwithstanding any limitation as to the period of its effectiveness included in any such decision heretofore rendered. This section shall not be construed as restricting the right of any such employees by collective bargaining to obtain higher rates of compensation or more favorable working conditions and relations.'

"SEC. 12. Section 15, as amended, of such Act is amended to read as follows:

"'SEC. 15. After June 30, 1935, no person holding a contract or contracts for carrying air mail on a primary route shall be awarded

or hold any contract for carrying air mail on any other primary route, nor on more than three additional routes other than primary routes. In case one person holds several contracts covering different sections of one air-mail route as designated by the Postmaster General, such several contracts shall be counted as one contract for the purpose of the preceding sentence. It shall be unlawful for air-mail contractors, competing in parallel routes, to merge or to enter into any agreement, express or implied, which may result in common control or ownership. After June 30, 1935, no air-mail contractor shall be allowed to maintain passenger or express service off the line of his air-mail route which in any way competes with passenger or express service available upon another air-mail route, except that off-line competitive service which has been regularly maintained for at least four months next preceding July 1, 1935, and such seasonal schedules as may have been regularly maintained during the year prior to July 1, 1935, may be continued if restricted to the number of schedules and to the stops scheduled and in effect during such period or season.'

"'Upon application of the Postmaster General or of any interested air-mail contractor, setting forth that the general transport business or earnings upon an air-mail route are being adversely affected by any alleged unfair practice of another air-mail contractor, or by any competitive air-transport service supplied by an air-mail contractor other than that supplied by him on the line of his prescribed air-mail route, or by any service inaugurated by him after March 1, 1935, through the scheduling of competitive nonmail flights over an air-mail route, the Interstate Commerce Commission shall, after giving reasonable notice to the air-mail contractor complained of, inquire fully into the subject matter of the allegations; and if the Commission shall find such practice or competition or any part thereof to be unfair, or that such competitive service in whole or in part is not reasonably required in the interest of public convenience and necessity, and if the Commission shall further find that in either case the receipts or expenses of an air-mail contractor are so affected thereby as to tend to increase the cost of air-mail transportation, then it shall order such practice or competitive service, or both, as the case may be, discontinued or restricted in accordance with such findings, and the respondent air-mail contractor named in the order shall comply therewith within a reasonable time to be fixed in such order. The compensation of any air-mail contractor shall be withheld during any period that it continues to violate any order of the Commission or any provision of this act.'

"SEC. 13. Section 6 of such Act is hereby amended by adding at the end thereof a new subsection to read as follows:

"'(f) Each holder of an air-mail contract shall file with the Interstate Commerce Commission, in such form as the Commission shall require, on July 1st and January 1st of each year, a full statement of all free transportation hereafter furnished during the preceding semiannual period to any persons, including in each case the regular tariff value thereof, the name and address of the donee, and a statement of the reason for furnishing such free transportation.'"

And the Senate agree to the same.

JAS. M. MEAD,
W. F. BRUNNER,
DONALD C. DOBBINS,
PHILIP A. GOODWIN,
Managers on the part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
THOMAS D. SCHALL,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 6511) to amend the air-mail laws and to authorize the extension of the Air Mail Service, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause. The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for both the House bill and the Senate amendment. The differences between the House bill and the substitute agreed upon by the conferees are noted in the following discussion, except for clerical amendments and incidental changes made necessary to harmonize various provisions affected by the agreements reached.

INITIAL CONTRACT PERIOD

The first section of the Senate amendment amends section 3 (a) of the Air Mail Act of 1934 (hereinafter referred to as the Air Mail Act) to make the initial period of contracts for carrying air mail 3 years instead of 1 year. The House bill contains no comparable provision. The conference agreement (sec. 1) retains the Senate provisions.

ROUTE EXTENSIONS

Section 1 of the House bill amends section 3 (c) of the Air Mail Act to allow route extensions of 150 miles on each route. Section 2 of the Senate amendment allows aggregate route extensions not exceeding 200 miles in effect on one route at one time. The conference agreement (sec. 2) fixes the limitation on aggregate route extensions at 250 miles.

PRIMARY AND SECONDARY ROUTES

Section 2 of the House bill amends section 3 (d) of the Air Mail Act to authorize three transcontinental routes instead of four, to repeal the requirement that the coastal routes be designated as primary routes, and to provide that no route of less than 500 miles be designated as a primary route. The Senate amendment contains similar provisions in section 3, with a minimum primary route limit of 1,000 miles, and with the additional proviso that the existing coastal routes may be regarded as other than primary routes and that the southern transcontinental route be designated as a primary route. The conference agreement (sec. 3) retains the House provisions as to designation of routes but with a minimum length of 750 miles for primary routes and with the added Senate provisos.

AGGREGATE MILEAGE

Section 3 of the House bill amends section 3 (f) of the Air Mail Act to fix a route mileage limit of 32,000 miles in lieu of the present limit of 29,000 miles, and an annual aggregate of 45,000,000 airplane miles in lieu of the present maximum of 40,000,000, and authorizes the Postmaster General to prescribe schedules and to utilize passenger or express flights of the contractor. The same or similar provisions are contained in section 4 of the Senate amendment, which also permits the Postmaster General to pay for emergency trips or special schedules, and to allow the contractor to carry air mail on nonmail schedules, the weights of mail so carried to be credited to regular mail schedules, and the mileage so flown not to be computed in the annual aggregate. The conference agreement (sec. 4) adopts the Senate provisions.

FAIR AND REASONABLE RATES

Section 4 of the House bill amends section 6 (a) of the Air Mail Act to direct the Interstate Commerce Commission to determine fair and reasonable rates of compensation for carrying air mail, subject to the limitation that such rates shall not exceed those fixed in section 3 (a) of the act by more than 20 percent. Section 5 of the Senate amendment makes similar amendments, but continues in effect the maximum rates of the Air Mail Act and repeals so much of subsection (g) of section 3 of the Air Mail Act as is in conflict with section 6 (a), as amended. The conference agreement (sec. 5) retains the provisions of the Senate amendment. Section 4 of the House bill also places the burden of establishing the insufficiency of existing rates upon the contractor, and this provision is retained in the conference agreement (sec. 6).

EFFECTIVE DATE OF COMMISSION RATES

Section 5 of the House bill amends section 6 (c) of the Air Mail Act to provide that the rates fixed by the Interstate Commerce Commission under section 6 of such act shall be in force as of March 1, 1935, as to air-mail contracts then in force, and as to contracts executed after such date, shall be in force after the expiration of the initial period (now 3 years). Section 8 of the Senate amendment has the same provisions as to effective dates of the Commission rates, but also amends section 6 (a) of the Air Mail Act to provide that the Commission may cancel a contract only for cause, and that contracts may not be voluntarily canceled except by agreement of the Postmaster General and the contractor. The conference agreement (sec. 8) retains the Senate provisions as to the effective date of the rates, but eliminates the requirement of cause with respect to cancelation of contracts by the Commission and permits the contractor to terminate for cause upon 60 days' notice.

DETERMINATION OF RATES

Section 6 of the House bill amends section 6 (e) of the Air Mail Act to direct the Commission in determining rates of compensation to disregard any losses resulting from unprofitable operations of nonmail schedules of the contractor. Section 6 of the Senate amendment contains the same provision together with the provision as to burden of proof contained in section 4 of the House bill, and provides that the rates fixed by the Commission shall not exceed the limits prescribed in section 3 (a) of the Air Mail Act. The conference agreement (sec. 6) retains the provisions of the Senate amendment with a provision that the Interstate Commerce Commission shall report to Congress not later than January 15, 1936, with respect to certain contracts, after making an audit and examination, whether fair and reasonable rates would be in excess of the limits referred to in section 3 (a) of the Air Mail Act.

EXAMINATION OF ACCOUNTS

Section 7 of the House bill amended section 10 of the Air Mail Act to permit the Postmaster General to examine and audit accounts of the air-mail contractors when he deemed it advisable to do so. There was no similar provision in the Senate amendment. The conference agreement (sec. 10) retains the provisions of the House bill with the provision that the Interstate Commerce Commission shall make available to the Postmaster General audits and reports, and also report to the Postmaster General any violations of the uniform system of accounts prescribed by the Postmaster General, and makes available funds to be used by the Postmaster General in making audits and examinations.

Section 7 of the Senate amendment amends section 6 (b) of the Air Mail Act to direct the Interstate Commerce Commission to examine the books and records of the contractors, to determine whether the rates being paid result in unreasonable profit to the contractors, and for the purpose of arriving at fair and reasonable rates. It also sets out specific points for examination, especially as to prices paid for goods and services purchased from companies directly or indirectly affiliated with the contractor. It further directs the Commission to make a report of its examination to the Postmaster General and to the Congress. There was no similar provision in the House bill. The conference agreement (sec. 7) retains the provisions of the Senate amendment.

LABOR CONDITIONS

Section 8 of the House bill amends section 13 of the Air Mail Act to continue in effect decisions of the National Labor Board notwithstanding the fact that such decisions by their own terms may have no force by reason of lapse of time. Section 10 of the Senate amendment contains substantially the same provision, and the conference agreement (sec. 11) adopts the Senate provision.

QUALIFICATIONS AND SALARIES OF OFFICERS OF AIR-MAIL CONTRACTORS

Section 9 of the Senate amendment amends section 7 (d) of the Air Mail Act to permit the Interstate Commerce Commission to call for affidavits with respect to activities of officers in regard to bidding for contracts, in the same way as the Postmaster General may do, and adds a new proviso prohibiting any officer, director, or employee of a contractor drawing any salary whatever from any other company, if such salary makes his total compensation more than $17,500 per year. There are no corresponding provisions in the House bill, and the conference agreement (sec. 9) retains the Senate provisions except that the restriction on salary in case of the added proviso is limited to officers and employees of the contractor, and is not applied to a person who is a director of a contractor.

OFF-LINE OPERATIONS OF AIR-MAIL CONTRACTORS AND UNFAIR PRACTICES OF AIR-MAIL LINES

Section 9 of the House bill amends section 15 of the Air Mail Act, as amended, to provide that the limitations on the number of routes to be held by a contractor shall take effect July 1, 1935, in place of April 1, 1936, and to prohibit a contractor operating services not on its air-mail route, in competition with passenger or express service on another air-mail route, unless such operations were in force 4 months prior to July 1, 1935, and are limited to the operations and schedules then in effect. The Senate amendment (sec. 11) contains the same provision except that no operation prior to July 1, 1935, is required, and that the Interstate Commerce Commission may permit an increase in such operations, or may permit such operations even though competitive. The conference agreement (sec. 12) retains the House provisions on these points.

The House section also authorizes the Interstate Commerce Commission, on application of the Postmaster General or an air-mail contractor, to hold inquiries as to alleged unfair practices of air transportation operators or competitive off-line services by air-mail contractors started after March 1, 1935, and to order the discontinuance or the restriction of such practices or competitive operations, if the Commission finds that the alleged practice is unfair or the operations are not needed in the public convenience and necessity, and that the cost of air-mail transportation is affected thereby. The Senate amendment has similar provisions on these points, except that no finding as to an effect on the cost of air-mail transportation is required. The conference agreement (sec. 12) retains the provisions of the House section with modifications limiting the operation of the House language to air-mail transportation, and including the Senate provision with modifications, withholding pay of an air-mail contractor operating in violation of any order of the Commission or any provision of the Air Mail Act.

REBATES AND PASSES

Section 12 of the Senate amendment prohibits the granting of rebates or the issuance of passes by air-mail carriers except to officers of the Post Office Department traveling on official business, officials or employees of the carriers or their immediate families, officials or employees of other air-mail carriers, and officials and employees of the Bureau of Air Commerce traveling on official business. There is no corresponding provision in the House bill. The conference agreement (sec. 13) provides that each holder of an air-mail contract shall file with the Interstate Commerce Commission twice a year a statement of all free transportation furnished any persons during the preceding semiannual period, setting out the tariff value, name and address of the donee, and the reasons for furnishing the free transportation.

JAMES M. MEAD,
W. P. BRUNNER,
DONALD C. DOBBINS,
PHILIP A. GOODWIN,
Managers on the part of the House.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. FERNANDEZ, indefinitely, on account of illness in family.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2830. An act to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 27 minutes p. m.) the House adjourned until tomorrow, Wednesday, July 24, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

433. Under clause 2 of rule XXIV a letter from the Secretary of the Treasury, transmitting the draft of a bill authorizing and directing the Secretary of War to transfer to the jurisdiction and control of the Secretary of the Treasury such portions of the land at present included within the Fort Knox Military Reservation in Kentucky, and upon such conditions as may be mutually agreed upon by the Secretary of War and the Secretary of the Treasury was taken from the Speaker's table and referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. AYERS: Committee on the Public Lands. H. R. 8312. A bill to add certain lands to the Rogue River National Forest in the State of Oregon; with amendment (Rept. No. 1604). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on the Public Lands. H. R. 8474. A bill to provide for the creation of the Perry's Victory and International Peace Memorial National Monument on Put in Bay, South Bass Island, in the State of Ohio, and for other purposes; with amendment (Rept. No. 1605). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITE: Committee on the Public Lands. S. 2361. An act to fix the compensation of registers of district land offices; without amendment (Rept. No. 1606). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEVER: Committee on the Public Lands. S. 2695. An act to add certain lands to the Medicine Bow National Forest, Wyo.; without amendment (Rept. No. 1607). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETTENGILL: Committee on Interstate and Foreign Commerce. S. 2887. An act authorizing the Perry County Bridge Commission of Perry County, Ind., to construct, maintain, and operate a toll bridge across the Ohio River at or near Cannelton, Ind.; without amendment (Rept. No. 1608). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. Senate Joint Resolution 9. Joint resolution authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally; without amendment (Rept. No. 1609). Referred to the Committee of the Whole House on the state of the Union.

Mr. REECE: Committee on Interstate and Foreign Commerce. H. R. 8586. A bill granting the consent of Congress to the State of Tennessee and certain of its political subdivisions to construct, maintain, and operate a toll bridge across the Tennessee River at or near a point between Dayton and Decatur, Tenn.; without amendment (Rept. No. 1610). Referred to the House Calendar.

Mr. COOLEY: Committee on Agriculture: H. R. 8819. A bill to amend the Agricultural Adjustment Act to make all varieties of potatoes included in the species Solanum tuberosum a basic agricultural commodity, to raise revenue by imposing a tax on the first sale of such potatoes, and for other purposes; without amendment (Rept. No. 1611). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6036. A bill to provide for the establishment of load lines for American vessels in the coastwise trade, and for other purposes; with amendment (Rept. No. 1612). Referred to the Committee of the Whole House on the state of the Union.

Mr. ASHBROOK: Committee on the Post Office and Post Roads. H. R. 8869. A bill to amend sections 181 and 186 of the Criminal Code; without amendment (Rept. No. 1613). Referred to the House Calendar.

Mr. RAMSPECK: Committee on the Civil Service. S. 2364. An act relative to the retirement of certain officers and employees; without amendment (Rept. No. 1619). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 5375. A bill relating to the compensation of certain charwomen; without amendment (Rept. No. 1620). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 3251. A bill extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes; without amendment (Rept. No. 1621). Referred to the Committee of the Whole House on the state of the Union.

Mr. JOHNSON of Texas: Committee on Foreign Affairs. H. R. 7927. A bill to authorize the Secretary of State to lease to citizens of the United States any land heretofore or hereafter acquired under this or any other act, Executive order, or treaty in connection with projects, in whole or in part, constructed or administered by the Secretary of State through the International Boundary Commission, United States and Mexico, American section; with amendment (Rept. No. 1622). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on Indian Affairs. H. R. 8511. A bill to provide funds for cooperation with Cannon Ball School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; with amendment (Rept. No. 1627). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on Indian Affairs. H. R. 8512. A bill to provide funds for cooperation with Fort Yates School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; without amendment (Rept. No. 1628). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on Indian Affairs. H. R. 8513. A bill to provide funds for cooperation with Trenton School District, Williams County, N. Dak., for extension of public-school buildings to be available for Indian children; without amendment (Rept. No. 1629). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on Indian Affairs. H. R. 8514. A bill to provide funds for cooperation with White Bird School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; without amendment (Rept. No. 1630). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on Indian Affairs. H. R. 8515. A bill to provide funds for cooperation with Sanish School District No. 1, Mountrail County, N. Dak., for extension of public-school buildings to be available for Indian children; with amendment (Rept. No. 1631). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on Indian Affairs. H. R. 8516. A bill to provide funds for cooperation with Porcupine School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; without amendment (Rept. No. 1632). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS: Committee on Indian Affairs. H. R. 8726. A bill to provide funds for cooperation with the board of trustees of the Warner Springs Union School District, Warner Springs, Calif., in the construction of a public-school building to be available to Indian children of the Los Coyotes and Volcan Indian Reservations, Calif.; without amendment (Rept. No. 1633). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FADDIS: Committee on Military Affairs. H. R. 5876. A bill for the relief of Elmer H. Ackerson; without amendment (Rept. No. 1614). Referred to the Committee of the Whole House.

Mr. FADDIS: Committee on Military Affairs. H. R. 5964. A bill for the relief of Carl F. Yeager; without amendment (Rept. No. 1615). Referred to the Committee of the Whole House.

Mr. FADDIS: Committee on Military Affairs. H. R. 8324. A bill for the relief of George Modran; without amendment (Rept. No. 1616). Referred to the Committee of the Whole House.

Mr. FADDIS: Committee on Military Affairs. H. R. 3912. A bill to amend an act for the relief of Clarence R. Killion; without amendment (Rept. No. 1617). Referred to the Committee of the Whole House.

Mr. FADDIS: Committee on Military Affairs. S. 2252. An act for the relief of Henry Hilbun; without amendment (Rept. No. 1618). Referred to the Committee of the Whole House.

Mr. UNDERWOOD: Committee on Invalid Pensions. H. R. 8936. A bill granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War; without amendment (Rept. No. 1623). Referred to the Committee of the Whole House.

Mr. UNDERWOOD: Committee on Invalid Pensions. H. R. 8937. A bill granting increase of pensions to certain widows and former widows of soldiers of the Civil War; without amendment (Rept. No. 1624). Referred to the Committee of the Whole House.

Mr. UNDERWOOD: Committee on Invalid Pensions. H. R. 8938. A bill granting pensions to certain widows and former widows of soldiers of the Civil War; without amendment (Rept. No. 1625). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MASSINGALE: A bill (H. R. 8935) to waive existing provisions of law fixing time limits for recommendations for awards of or acceptance of decorations for meritorious or distinguished service or conduct in the armed force of the United States; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H. R. 8936) granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8937) granting increase of pensions to certain widows and former widows of soldiers of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8938) granting pensions to certain widows and former widows of soldiers of the Civil War; to the Committee on Invalid Pensions.

By Mr. BOEHNE: A bill (H. R. 8939) authorizing the Comptroller General to credit the accounts of certain property and disbursing officers of the United States; to the Committee on Claims.

By Mr. PERKINS: A bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mrs. JENCKES of Indiana: A bill (H. R. 8941) to prevent the adulteration, misbranding, and false advertising of food, drugs, and cosmetics, in the commerce affected, for the following purposes, namely, to safeguard the public health and to protect the purchasing public from injurious deception; to the Committee on Interstate and Foreign Commerce.

By Mr. SCHULTE: Resolution (H. Res. 307) providing for the consideration of H. R. 5380; to the Committee on Rules.

By Mr. DICKSTEIN: Joint resolution (H. J. Res. 363) to declare certain papers, pamphlets, books, pictures, and writings nonmailable, to provide a penalty for mailing same, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. TURPIN: Joint resolution (H. J. Res. 364) to provide aid for rehabilitation and reconstruction made necessary by unusual floods in the Wyoming Valley, Pa., in July 1935; to the Committee on Agriculture.

By Mr. PETERSON of Florida: Joint resolution (H. J. Res. 365) providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in the year 1939 in commemoration of the four hundredth anniversary of the landing of Hernando De Soto in Tampa Bay, and for other purposes; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California regarding tax-exempt securities; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOILEAU: A bill (H. R. 8942) for the relief of Mary Hobart; to the Committee on Claims.

By Mr. DELANEY: A bill (H. R. 8943) for the relief of Edward Bietka; to the Committee on Naval Affairs.

By Mr. DICKSTEIN: A bill (H. R. 8944) authorizing the Court of Claims of the United States to hear and determine the claims of the estate of George Chorpenning, deceased; to the Committee on Claims.

By Mr. GREENWOOD: A bill (H. R. 8945) granting a pension to Jesse Myrtle Bennett; to the Committee on Invalid Pensions.

By Mrs. JENCKES of Indiana: A bill (H. R. 8946) granting a pension to Charles Hovermale; to the Committee on Invalid Pensions.

By Mr. McREYNOLDS: A bill (H. R. 8947) granting a pension to Margaret Dill; to the Committee on Invalid Pensions.

By Mr. ROBSION of Kentucky: A bill (H. R. 8948) granting a pension to James B. Cromwell; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9174. By Mr. BOYLAN: Resolution adopted by the members of the New York Electrical Contractors' Association, Inc., New York City, favoring the passage of House bill 8519; to the Committee on the Judiciary.

9175. By Mr. BUCKBEE: Petition of Glenn Boyd, Rockford, Ill., and 196 additional residents of that city, asking the Congress to enact House bills 2010, 2885, 3048, and 2733, and House Joint Resolutions 69 and 4, all of which are bills pertaining to immigration laws; to the Committee on Immigration and Naturalization.

9176. By Mr. FORD of California: Resolution of the Senate and Assembly of California, memorializing the President and the Congress of the United States to enact such legislation and to propose such amendments to the Constitution of the United States as may be found suitable effectively to prevent the further exemption from taxation of any and all bonds and other evidences of indebtedness issued by the Federal, State, and local governments, to the fullest extent that the President and the Congress may have power to do so; to the Committee on the Judiciary.

9177. By Mr. EDMISTON: Petition of the employees of the Clarksburg, W. Va., plant of the Hazel Atlas Glass Co., against the importation of Japanese glassware; to the Committee on Ways and Means.

9178. Also, petition of the employees of the Grafton, W. Va., plant of the Hazel Atlas Glass Co., against the importation of Japanese glassware; to the Committee on Ways and Means.

9179. By Mr. JOHNSON of Texas: Petition of R. L. Hamilton, of Corsicana, and A. H. Berry, of Mexia, Tex., favoring House bill 3263, Pettengill bill; to the Committee on Rules.

9180. By Mr. MARSHALL: Petition of several hundred citizens of the Seventh district of Ohio, opposing the Federal gas tax; to the Committee on Ways and Means.

9181. By Mr. REED of Illinois: Petition signed by G. L. Meister, of Elmhurst, Ill., and 52 others, urging passage of House bill 8651; to the Committee on Interstate and Foreign Commerce.

9182. Also, petition signed by Charles W. Paape, of Elmhurst, Ill., and 11 others, urging passage of Senate bill 1629; to the Committee on Interstate and Foreign Commerce.

9183. Also, petition signed by Arthur Harris, of Manhattan, Ill., and 70 others, urging enactment of House bill 8652 and Senate bill 3155; to the Committee on Interstate and Foreign Commerce.

9184. By Mr. RUDD: Petition of the New York Local Master Mechanics and Foremen Association, New York City, favoring the 30-year optional retirement bills (S. 2483 and H. R. 135); to the Committee on the Civil Service.

9185. By Mr. TRUAX: Petition of 40 members of the National Inventors Congress, Oakland, Calif., by their president, Albert G. Burns, urging Congress to immediately pass legislation establishing an inventors' loan fund; to the Committee on Patents.

9186. Also, petition of the mushroom growers of Ashtabula, Ohio, by Sherman H. Luce, urging continuation of the tariff on mushrooms in order that the mushroom industry of Ohio may survive; to the Committee on Ways and Means.

9187. Also, petition of the Milk Drivers and Dairy Employees' Local Union No. 361, Toledo, Ohio, by their business agent, E. J. Haumesser, urging support of House bills 5450, 6124, 6368, and 6672, which provide for a graduated tax on cigarettes; to the Committee on Ways and Means.

9188. Also, petition of the Henry J. Spieker Co., by A. G. Spieker, of Toledo, Ohio, protesting against the passage of Senate bill 3055 and House bill 8701, believing that the bills should be modified so as to apply to only original contractors; to the Committee on Labor.

9189. By Mr. WILSON of Pennsylvania: Memorial of the Philadelphia Board of Trade, urging enactment of House bill 4313, designed to counteract subversive activities, etc.; to the Committee on the Judiciary.

9190. By the SPEAKER: Petition of the American Shore and Beach Preservation Association, Jersey City, N. J.; to the Committee on Rivers and Harbors.

SENATE

WEDNESDAY, JULY 24, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, July 23, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1065. An act to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen: and

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

The message also announced that the House had passed a bill (H. R. 8519) requiring contracts for the construction, alteration, and repair of any public building or public work

of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 2830) to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. BARKLEY. I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pittman
Ashurst	Coolidge	La Follette	Pope
Austin	Costigan	Logan	Radcliffe
Bachman	Davis	Lonergan	Reynolds
Bailey	Dickinson	Long	Russell
Bankhead	Donahey	McAdoo	Schall
Barbour	Duffy	McCarran	Schwellenbach
Barkley	Fletcher	McGill	Shipstead
Black	Frazier	McKellar	Smith
Bone	George	McNary	Steiwer
Borah	Gerry	Maloney	Thomas, Okla.
Brown	Gibson	Metcalf	Townsend
Bulkley	Glass	Minton	Trammell
Bulow	Gore	Moore	Truman
Burke	Guffey	Murphy	Tydings
Byrd	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hastings	Norbeck	Wagner
Caraway	Hatch	Norris	Walsh
Carey	Hayden	Nye	Wheeler
Chavez	Holt	OMahoney	White
Clark	Johnson	Overton	

Mr. NEELY. I desire to announce that the Senator from Arkansas [Mr. ROBINSON], the Senator from Mississippi [Mr. BILBO], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], and the Senator from Utah [Mr. THOMAS] are necessarily detained.

Mr. CONNALLY. I wish to announce that my colleague the senior Senator from Texas [Mr. SHEPPARD] is necessarily detained from the Senate.

Mr. AUSTIN. I desire to announce that the Senator from New Hampshire [Mr. KEYES] is necessarily absent. I ask that this announcement may stand for the day.

Mr. VANDENBERG. I repeat the announcement as to the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] because of illness.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

PROPERTY WITHIN FORT KNOX MILITARY RESERVATION, KY.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation authorizing and directing the Secretary of War to transfer to the jurisdiction and control of the Secretary of the Treasury such portions of the land at present included within the Fort Knox Military Reservation, Ky., and upon such conditions as may be mutually agreed upon by the Secretary of War and the Secretary of the Treasury, which, with the accompanying paper, was referred to the Committee on Military Affairs.

JUNE REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, reporting, pursuant to law, relative to the activities and expenditures of the Corporation for June 1935, including statements of authorization made during that month, showing the name, amount, and rate of interest or dividend in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of Puerto Rico, which was referred to the Committee on the Territories and Insular Affairs:

Concurrent resolution to petition the Congress of the United States of America to enact Senate bill no. 1842

Whereas on February 14, 1935, Senate bill no. 1842 was introduced in the Senate of the United States of America by the Honorable MILLARD E. TYDINGS, for the purpose of applying to the establishment and maintenance in Puerto Rico of a United States District Court for the District of Puerto Rico, the same method as that applied to those of the United States, in order to organize and maintain the various United States District Courts as they exist in the continental United States, by substituting, for that purpose, the provision that the judge of the United States District Court for the District of Puerto Rico be appointed for a term of 4 years, by another provision that the said judge be appointed to hold office during good behavior;

Whereas it is believed that the said bill, if enacted into law, would result in making the said United States District Court for Puerto Rico in all essential respects a true United States District Court; would add dignity and prestige to the said United States District Court; would make the administrative policies of said court consistent and continuous; would give greater assurance of obtaining a personnel of high quality, especially familiar with Puerto Rican law and the social and economic conditions prevailing in the island, and would assure other obvious advantages. Now, therefore, be it

Resolved by the Senate of Puerto Rico (the house of representatives concurring), To petition the Congress of the United States of America to enact the aforesaid Senate bill No. 1842 so that it may become a law, with the amendment that, in order to be appointed judge of the District Court of the United States for Puerto Rico, it shall be an indispensable requisite to have resided 1 year in this island.

Mr. WAGNER presented a petition of sundry citizens of Clark Mills, N. Y., praying for the prompt enactment of neutrality legislation, which was referred to the Committee on Foreign Relations.

Mr. TYDINGS presented a petition of sundry citizens of the State of Maryland, being delegates and members of the Peoples Unemployment League of Maryland, praying for the adoption of an amendment to the Constitution of the United States as proposed in House Joint Resolution 327, introduced by Representative MARCANTONIO, known as the "workers' rights amendment", which was referred to the Committee on the Judiciary.

He also presented a concurrent resolution of the Legislature of Puerto Rico, requesting the Congress of the United States to define, for the purposes of paragraph 2, section 39, of the organic act of Puerto Rico, approved March 2, 1917, the term "corporation", so as to include any corporation, entity subsidiary thereto or directly or indirectly affiliated therewith, or any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; to amend the organic act of Puerto Rico by authorizing the Legislature of Puerto Rico to levy a progressive tax on lands in excess of 500 acres, owned or exploited by corporations or by any entity subsidiary thereto or directly or indirectly affiliated therewith, or on any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; and to levy a surtax on real property owned or exploited for the benefit of persons not residents of Puerto Rico, which was referred to the Committee on Territories and Insular Affairs.

REPORTS OF COMMITTEES

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 997) to provide for the acquisition by the United States of Red Hill, the estate of Patrick Henry, reported it with amendments and submitted a report (No. 1149) thereon.

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2665) to change the name of the Department of the Interior and to coordinate certain governmental functions, reported it with amendments and submitted a report (No. 1150) thereon.

Mr. LA FOLLETTE, from the Committee on Indian Affairs, to which was referred the bill (S. 3045) providing for payment to the State of Wisconsin for its swamp lands within all Indian reservations in that State, reported it without amendment and submitted a report (No. 1151) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NYE:

A bill (S. 3309) amending the act of June 4, 1920, entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes', approved June 3, 1916, and to establish military justice", to limit its application in the case of civil educational institutions to those offering elective courses in military training; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 3310) for the relief of Robert B. Rolfe; to the Committee on Claims.

By Mr. O'MAHONEY:

A bill (S. 3311) to amend an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437; U. S. C., title 30, secs. 185, 221, 223, 226), as amended; to the Committee on Public Lands and Surveys.

By Mr. BULOW:

A bill (S. 3312) to amend the civil-service laws with respect to the retirement of employees engaged in the apprehension of criminals; to the Committee on Civil Service.

HOUSE BILL REFERRED

The bill (H. R. 8519) requiring contracts for the construction, alteration, and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work, was read twice by its title and referred to the Committee on the Judiciary.

VIRGIN ISLANDS CO.—AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to the bill (S. 2330) authorizing the Virgin Islands Co. to settle valid claims of its creditors, and for other purposes, which was ordered to lie on the table and to be printed.

FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. VANDENBERG. Mr. President, one of the fine pieces of Government work that has been done during the last year and a half is that which has been done by the management of the Federal Deposit Insurance Corporation from its inception down to date. From my observation, I think I have never seen a difficult and perplexing public responsibility more ably discharged than during the last 18 months of this Federal Deposit Insurance Corporation. I wish to emphasize that compliment not only to the Corporation itself and to all who have directed it but particularly to Mr. Leo T. Crowley, the chairman of the Board, who has given an effective and devoted leadership to this labor which is worthy of every possible commendation.

In view of the fact that we are approaching the consideration of banking legislation, which includes provisions respecting the Federal Deposit Insurance Corporation, I submitted certain questions to Mr. Crowley, requesting that he write me in detail regarding the record which the F. D. I. C. has made. I think it will be very illuminating to the Senate, in connection with the debate which is to ensue, if the information furnished by Mr. Crowley shall be available, and I therefore ask unanimous consent that his letter may be printed in the RECORD.

I am particularly happy to make this statement because I have felt some degree of responsibility for the legislation which created the temporary deposit-insurance fund. The net results justify every promise and every claim that we made in behalf of this great social and economic adventure. I believe it has contributed more to a successful assault upon the depression than any other instrumentality. These results, however, are more than a tribute to an idea. They are a tribute to the sympathetic, energetic, and effective administrative service which brings the idea to successful fruition. For myself, I have wanted to make this latter acknowledgment a matter of record, and I ask the publication of Mr. Crowley's letter for the benefit of these subsequent debates.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEDERAL DEPOSIT INSURANCE CORPORATION,
Washington, July 20, 1935.

MY DEAR SENATOR: Pursuant to your request, I am furnishing you information relative to the activities and functions of the Federal Deposit Insurance Corporation.

SCOPE AND MEMBERSHIP OF CORPORATION

The Nation-wide scope of the Federal Deposit Insurance Corporation is evidenced by the fact that over 14,000 of the Nation's 15,000 licensed commercial banks have been admitted to the fund. Insured commercial banks control over 98 percent of the Nation's commercial banking resources and during the year 1934 the number of fund members increased by over a thousand.

The aggregate deposits of insured banks are in excess of $40,000,000,000, of which more than $17,000,000,000 are protected by insurance. Ninety-eight percent of all depositors, however, have accounts of less than $5,000 and are, therefore, fully insured. The aggregate amount of deposits of the 49,000,000 individual depositors who are fully protected is between thirteen and fourteen billion dollars. The remaining three to four billion dollars represent the first $5,000 in the larger accounts.

It will be noted from the above statement that only 43 percent of the total deposits in insured commercial banks are insured by the fund. However, 70 percent of all insured banks have total deposits of less than $750,000, and for these banks the insurance protection of the Corporation covers over 80 percent of their total deposit liability. The Federal Deposit Insurance Corporation thus has a very real and tangible interest and responsibility in practically all of the licensed commercial banks in the country, and in the great majority of cases this interest is equal to or greater than 80 percent of the total deposit liability.

INCOME AND EXPENSES OF THE CORPORATION

The total expenses of the Corporation for the period from its inception on September 11, 1933, to June 30, 1935, were $7,246,000. This figure includes operating expenses of $5,678,000 and insurance losses of $1,568,000. During the same period the total interest income from investments was $11,331,000, which leaves a net income, over and above all losses and operating expenses, of $4,085,000.

The cost of deposit insurance to the banks in the temporary fund and in the fund for mutuals has, therefore, been nil. It will be possible to make a refund to the banks in the fund as of June 30, 1935, in the full amount of $41,460,000. This will constitute a 100-percent refund of the assessments paid by those banks which were insured on the above date. According to a proposed amendment to the law, banks remaining insured shall receive credit for these funds against future assessments to be paid the Corporation under the permanent plan.

The urgent necessity of examining all State nonmember banks which had applied for admission into the fund within the limited period between September 11, 1933, and January 1, 1934, resulted in an abnormally high level of operating expenses during the first few months of the Corporation's existence. Since that period, however, operating expenses have been greatly curtailed, and it is estimated that the operating expenses of the Corporation for the next 12 months will not exceed two and one-half million dollars. The largest element of operating expenses is salaries paid. In December 1933 there was a maximum of 2,622 employees, in June of 1934 there were 954, and on June 30, 1935, the number had been reduced to 742.

The average daily expenses, based on total operating expenses for the 22 months from the date of inception to June 30, 1935, were $8,800. The present daily average is only $6,500 and the average daily interest income is in excess of $23,000. It is my opinion that the countless economies which have been realized, have and will increase the efficiency of the Corporation's internal operations.

INSURED BANK FAILURES

During the entire period of the Corporation's existence through June 30, 1935, only 19 insured banks with deposits of approximately $3,339,000 were placed in liquidation. After deducting secured and preferred deposits and deposits subject to offset, the net insured deposits in these 19 banks, for which the Corporation was liable, amounted to $2,764,000. In each instance, a disbursement in excess of 75 percent of the total insured deposits was made within 10 days of the closing of the bank. Uninsured and unsecured deposits in these failed banks were $204,400. Over 93 percent of the deposits in the 19 banks, other than deposits which were fully secured, preferred, or subject to offset, were fully protected by insurance. It is estimated that the Corporation will recover 46 percent of the net insured deposits in these banks, or over $1,271,000.

In the period between 1921 and 1930, this country witnessed the closing of 7,066 banks with total deposits of $2,478,800,000. When it is realized that through these years the Nation enjoyed a relatively high level of business activity, the full significance of the small number of failures since the inception of the Federal Deposit Insurance Corporation becomes apparent. We are under no illusion that the present rate of loss experience will continue indefinitely. Periods of recovery subsequent to severe banking crises have, in the past, been characterized by relatively few failures. Nevertheless, the low rate of failure to date is an encouraging sign, and with continued efforts toward the strengthening of our banking structure, there is reason to believe that future

losses will be less than they have been at any time in our recent banking history.

CAPITAL REHABILITATION

As was indicated in my testimony before the Banking and Currency Committee of the Senate, a substantial number of banks was admitted to the insurance fund with capital impairments. That sound capital positions be maintained by all insured banks is necessary to the successful operation of the Corporation, and our position, when the temporary fund became effective, was, therefore, hazardous. The Corporation has used two principal means of eliminating this situation. In the first place, through June 30, 1935, it has conducted 21,075 examinations of State nonmember insured banks; secondly, it has been instrumental in carrying forward an intensive program of capital rehabilitation.

Through the cooperative efforts of the Reconstruction Finance Corporation and the several State banking authorities, a vigorous campaign was conducted to bring the sound capital structures of all State nonmember insured banks into line with their deposit liabilities. That great progress has been made is indicated by the fact that there remained less than 200 State nonmember insured banks without adequate capital at the end of February of this year. Additional progress has been made since that date. Altogether nearly 4,000 of the approximately 8,000 State nonmember insured banks have strengthened their capital positions either through the R. F. C. or through the aid of local interests.

More than 900 banks, with a portion of their deposits restricted, were admitted to membership on January 1, 1934. Restricted deposits of these banks ranged from 20 to 90 percent of total deposits. During 1934 all new applicant banks were required to remove restrictions simultaneously with admission, and through the efforts of the Corporation and other supervisory agencies the number of banks with restricted deposits has been reduced to less than 100. It may be said without fear of contradiction that the banks of the country have not in recent years so universally enjoyed as sound a position.

CONCLUSION

The Federal Deposit Insurance Corporation was designed primarily to insure bank depositors against losses, to distribute these losses over the entire banking system, to extend a protection which would reestablish and maintain confidence in the Nation's banks, to provide an equitable method of immediately advancing the funds of failed banks which were tied up, and to eliminate the inconveniences to which depositors had been subject and the disturbances to our business economy caused by the drying up of the circulating medium. Congress also intended the Corporation to prevent indiscriminate runs, to provide a method for the orderly liquidation of the assets of failed banks, and to promote sound banking practices. These ends were wisely chosen, and their continued accomplishment is a desirable and necessary social objective. The people of this Nation have a right to demand a sound banking system, free from the devastating losses of the past.

The interest of this Corporation in the banking system of the Nation is a matter of dollars and cents. This is a responsibility more tangible than any which has existed heretofore in bank supervisory authorities. We must be realists. The Corporation must, therefore, have ample power to prevent a return of the overbanked situation which has hung interminably over the head of our banking structure, to refuse insurance to promiscuously chartered banks, and to exert its influence against unlawful and otherwise unsound practices which can only lead to failure. Above all, the mutual interest in the Corporation and of thousands of sound and well-managed banks demands that adequate provision be made to deal with all of these problems.

At the present time the annual operating cost of the Corporation is fifteen one-thousandths of 1 percent of its potential liability for insured deposits. We believe any expenditures which will increase the effectiveness of the Corporation's activities or which will result in reducing losses through bank failures are justifiable. It is essential that the Corporation be managed efficiently and that it employ every means within its power to keep insurance losses at a minimum.

I shall be pleased to furnish you with any additional information which you believe necessary. Your keen interest in the affairs of the Corporation and your helpful assistance is always appreciated.

With kindest personal regards, I am, very truly yours,

LEO T. CROWLEY, *Chairman.*

Hon. ARTHUR H. VANDENBERG,
United States Senate, Washington, D. C.

INTERNATIONAL LAW—ADDRESS BY SENATOR THOMAS OF UTAH

Mr. McADOO. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a notable address on the subject of international law, delivered by the distinguished Senator from Utah [Mr. THOMAS] before the annual meeting of the American Bar Association in Los Angeles, Calif., on July 16, 1935.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Dean Pound has dealt in prophecy and pointed to the future. I shall deal with history and point to the past. Prophecy is hazardous. I assure you that while I shall stay in the realm of the past my remarks will not be without hazard because I, like other people, drift easily into pointing a moral or making a deduction.

One of America's contributions to political theory and to the art of government is our American Federal system. The Federal system rests upon two interstate theories growing out of interstate facts: First, the relation of the States to each other, and, second, the relation of the single State to that which represents all the States, the Union. The American citizen has dual responsibilities, first to the Union into whose jurisdiction he was born, and, second, to the State in which he resides. From both the Union and the State the citizen receives certain rights and privileges. In theory, he is in constant danger of the force of law of both the State and the Union. In practice he goes and comes, buys and sells, lives and dies, receives benefits from and contributes to both State and Nation, unconscious of either, except when thoughtful of the benefits and complaining at both when thoughtful and unthoughtful of the contributions.

If a person runs afoul of the law, he sometimes saves himself by jumping from one jurisdiction to another. If he is a criminal of foresight, he has all of these conflicting jurisdictions in mind, and he chooses the time and the place as well as the victim or companion in wrongdoing. I was visiting in a strange city and State where a former resident of Utah was serving a term in a State penitentiary. His wife was living in the same city that she might be near her husband while he served his term. The wife, assuming that Senators can do anything, as most people in trouble do, appealed to me to try to get him out. The husband heard of her appeal and sent me a note saying, "Don't pay attention to my wife, and above all don't get me out of here, because if you do, the Federal birds will get me." If his term is long enough, our friend may develop into an authority in conflict of law and jurisdiction and international law. Why not? Grotius, the father of international law, and Hitler, who to date is the world's outstanding destroyer of federalism, both thought and wrote in jail. In fact, it would be a dull one, indeed, who ever goes to jail without some ideas about a conflict with law. Thus we see that interstate and international ideas are the basis of many present governmental problems, and the Federal system is being put through a test.

For example, our Constitution apparently makes it possible to throw up high barriers, such as tariffs, to protect our American standards, or as the politician invariably puts it, to protect the American workman from the sweatshops of Europe and coolie fields of Asia, but our Constitution cannot protect American labor of one State from low American standards of another State and America's own sweatshops, or even child labor. Now, you know as I do that a condition of that kind just passes. Government finds a way. That phase of interstate and Federal relation will not wreck the great interstate Federal system.

The American Constitution, by mentioning the law of nations and the early American practice, gave international law standing in our legal system. As the Constitutional Convention was in reality a meeting of representatives from separate States, the Federal legal scheme and international law have at least an academic relationship. The legal conflict between State and Nation has run along now for 150 years, at one time the Federal power moving forward, at another State power being stressed. The first edition of Toqueville's Democracy in America I read came out at the time of our Civil War, and in the foreword of that edition the statement was made by the publisher that democracy in America was now coming to an end, that the interesting American experiment was coming to a close.

If our Civil War had divided instead of united our Nation and the American Constitution had become prostrate, we could have used the history of our own land in telling the story of the Federal experiment. In the spirit of judging the future only by the past I wish tonight to turn to some early Chinese experiences to trace the development of a unitary state from a multiple one, and to show that fundamental international law concepts which have now become basic in our modern international law became recognized rules of state action in the past. The man who likes to assume that international law does follow a natural and logical sequence and is therefore based upon custom inherent to life will find some elements of interest by reviewing a thousand years of Chinese political change. I refer to the Chou period of Chinese history, from the eleventh to the second centuries B. C.

The China of the Chou period was not the great empire in extent that China is today. Her dominions were then roughly confined to the northern part of the present 18 Provinces. At the beginning of the period the Tartar nations constantly encroached upon what later on became undisputed Chinese territory. The nation did not extend far into the land of the "man" barbarians toward the south and the southwest. The Yang-tse-Kiang was crossed, but the Chou Li describes Yan Chou as being the most distant Province, occupying the coast territory north and south of the mouth of the Yang-tse. But by Confucius' time quite an extensive strip of land south of the river had become occupied. The sea, of course, formed the eastern boundary and a satisfactory one, too, as no fleets approached and the Chinese themselves did not venture forth.

As to the population we can make only an estimate, but census taking was practiced according to the Chou Li and certain vital statistics were noted, especially the percentage of males and females in the various States. The philosopher, Kuan Tsu, seventh century B. C., of the State of Tsi, argued for a tax on salt and iron by showing the amount of expected income by presenting in statistical form the number of consumers of salt and users of articles made from iron. In a country of 10,000 chariots, he pointed out, there must be 10,000,000 consumers. This marks the

beginning of the salt and iron monopolies and of consumption taxes.

Historically the Chou period may be divided into three parts. The first covers the period during which the dynasty becomes well established and begins to decline. The second, which naturally overlaps the first, covers the rise and development of feudalism. The third covers the period of contending states which gave to China experiences in confederation, leagues, alliances, balance of power, and developed both diplomacy and the art of war. Thus we see that we have 900 years of political growth that develop much that the world has experienced in political thought from anarchism to absolutism and from feudalism to federation.

With the ending of the Chou period and the commencement of the Ts'in dynasty (249–210 B. C.) we come to the time when an attempt was made to destroy, with some exceptions, the whole of Chinese political literature in order that history might begin anew from the reign of the first Emperor of United China. The extent of the actual mischief done by the burning has undoubtedly been greatly exaggerated; nevertheless, it has tended toward making that which escaped the flames the more important, which, in turn, naturally led to hero worship and to the marking of the age as a golden one. Those things which survived became models for what followed.

But before the time of the great burning there had also been a great destruction of literature. Confucius compiled and preserved what was worth keeping.

Confucius, by setting himself up as a judge of what was good and preserving only that which after his time contributed to Chinese literature, did in a small way what the great burning of books did in a great way. A preserver of that which is thought good for one generation is probably a destroyer of that which another generation would accept as its best. The responsibility of a censorship or criticism that destroys is indeed great.

Confucius, like Hitler, gave the people only that which was good for them, and he gave it consciously to hold them in rectitude for 1,000 years. His job was done so well that he made or marred, according to your point of view, a civilization and a people for over 2,000 years. From Chinese historiographers we can get the truth, because they were recorders of events. But from Confucius we get only acts or things as they should be. The outstanding example, which I shall go out of my way to cite to make my point, is this: Confucius records a certain king as dying. The commentator, who writes in the spirit of the ancient historiographer, says: "The king in reality did not die; he was killed." But as Confucius holds that assassination is not a proper practice, he merely says the "king died"! Our modern historian, who records only the important, may be closer to Confucius, who recorded only the proper, than we would dare realize.

The destruction of the books by Ts'in Shih Hwangti had a political purpose. He wanted to end the democratic separate state rule and unite all the people in a dictatorial single-willed empire. The books he destroyed were the books that dealt with political theory defending local self-government. He succeeded to this extent: He did make the Chinese world a unit in thought, if not in fact. He was able to do this because the Chinese world is to be conceived of as a single world in much the same way as under the Petrine theory advanced by the church in the Middle Ages made our world one in thought. In each case, both the Chinese and the European, the actual facts made for diversity, with this difference: As the facts in Europe caused the thinkers to become conscious of national unities actually existing in contradistinction to the world unity of the assumed church rule, and as the fact of nations existing side by side made for the development of international law in Europe, just so the unification of the many states in China sounded the death knell of interstate and international concepts. Thus we have a confirmation in Chinese history working, though, in the opposite direction of Oppenheim's seven morals of history incident to the evolution of international law.

Oppenheim says that "it is the task of history, not only to show how things have grown in the past, but also to extract a moral for the future out of the events of the past. Seven morals can be said to be deduced from the history of the development of the law of nations:

First. There must be "an equilibrium, a balance of power, between the members of the family of nations."

The history of the Chou period shows that a balance between the states was maintained; but, with the destruction of this balance by the force of one powerful state, not only was the balance destroyed but also the growth of interstate theory stopped.

Second. "International law can develop progressively only when international politics are made the basis of real state interests."

With the advent of Ts'in Shih Hwangti came not only the end of all theory which had to do with state interest, but also the order for the destruction of books which was to destroy all theory but that which advanced personal political theory of Ts'in Shih Hwangti.

Third. "That the progress of international law is intimately connected with the victory everywhere of constitutional government over autocratic government."

The unification of China under Ts'in Shih Hwangti was the work of an autocrat, whereas much of the theory of the governments of the states before his time was democratic and in accordance with the consent of the governed. During the democratic period there was growth in international law concepts; with the coming of autocracy this ceased.

I cannot refrain from jumping from ancient China to modern Europe, in stressing the above point—international law and international agreements had their greatest sanction and growth during the period of democratic constitutional development, say from 1865 to 1919. The culmination of making the world safe for democracy was the world's outstanding international agreement and covenant. It was democratic in essense and democratic in ideal. Its success rested where the essence of democracy must rest on a theory of live and let live. The crushing of democracy and the killing of the spirit of live and let live have given us the autocratic single-willed governments of force and expediency. International law dies with the death of international trust. International trust rests upon the morality of nations, not upon the expediency, the whims and caprice of the person in power, call him what you will. Thus, in our own case, the Federal system does not rest on the sixth article of our Constitution, but upon the democratic theory of the American people. World organization and international law cannot last long in a world of nationalistic autocrats controlled only by expediency. It needs the will of the morally conscious many to survive.

Fourth. "That the principle of nationality is of such force that it is fruitless to try to stop its victory. Wherever a community of millions of individuals who are bound together by the same blood, language, and interests become so powerful that they think it necessary to have a state of their own in which they can live according to their own ideals and can build up a national civilization they will certainly get that state sooner or later."

The Chou period theory recognized the theory of self-determination, while that of Ts'in Shih Hwangti sought to accomplish a unity by a destruction of all theory in disagreement with his own. Self-determination and interstate ideas were consistent and developed together. With the destruction of the principle of self-determination other interstate ideas ceased.

Fifth. "That every progress in the development of international law wants due time to ripen."

The fact that such time was not given the ideas developed in the Chou period to continue through later times caused the growth of international conceptions to become arrested.

Sixth. "That the progress of international law depends to a great extent upon whether the legal school of international jurists prevails over the diplomatic school."

The tendency of Chinese governmental theory to insist that government be personal rather than legal has resulted in Chinese rulers being excellent diplomatists, but it has also resulted in an arrested growth of even internal government by law.

Seventh: "That progressive development of international law depends chiefly upon the standard of public morality on the one hand, and on the other, upon economic interests."

There must be interstate intercourse under conditions referred to under the first moral mentioned by Oppenheim before there can be a "progressive development" in law governing these conditions. With the conception of the Chinese world which has persisted since Ts'in Shih Hwangti's time, interstate intercourse has been impossible, so that international law could not develop.

In the light of Chinese history Professor Oppenheim's deductions are correct. Since the time of Ts'in Shih Hwangti until modern times there has been no place in Chinese history for international law. May we not, though, test the deductions in the period of the multitude of states? If we find the proper conditions we should find steps in the growth of international law. That surely is consistent with Professor Oppenheim's reasoning. Therefore, it cannot be out of place to point out the various interstate ideas which may be found which are closely related to international law conceptions.

The more research that is given to early civilizations, the more we learn that, as soon as there developed a cultural center of a certain level of civilization, a state of some prominence developed, and simultaneously there grew up relations with the outside that soon took shape in a system of interstate institutions. In other words, such a system was a necessary consequence of any civilization, and this would make interstate relations as old as human culture in general.

To state this in another way, whenever and wherever there are two or more entities—we shall call them States—which are conscious of their own and each other's existence as separate or independent entities there will be a meeting either of strife or of peace which will result in accepted and acceptable relationships, which, in turn, will make for habits and customs of getting along, which may evolve into rules binding as law binds. In other words, the physical facts develop conditions. The mechanism of interstate law happens from the antecedent conditions, but these conditions, while they produce relations and customary ways of doing things, do not produce international law. International law in its modern sense comes only after a philosophic acceptance of the fundamental morals of interstate behavior. International law, therefore, must rest upon a consciously accepted standard of behaviors, a moral responsibility to act ethically. The enforcement of international law must come not as a result of the forced will of a sovereign, but as a result of an accepted attitude of morally responsible persons, or states, restrained only by an ethical motive.

Modern international law has developed in the West in lands whose legal philosophy rests upon the concept of revelation. In Christian, Mohammedan, Hebrew, and Greek lands, God sets logically and ultimately the standards, and because these standards come from God they could not be questioned. But God has never directly enforced His standards; therefore His law is the easiest to disobey. This has made it possible for such state concepts as those that the state, or the king, can do no wrong. It is only in lands where you have accepted absolutes that rulers, states, and govern-

ments can be above morals. In an international sense if a state can do no wrong, and two states clash, it is a clash of two rights, and the only test of right and wrong is the power to subdue and thus might actually makes right because our western fundamental philosophy provides no other way. It is only in those lands where rights come by revelation and have absolute unquestioned effect that theories related to the concept of a sovereign's will can be evolved. It is a paradox that a world of law between states without the force of a supreme sovereign or superstate seems logically impossible to those who accept nationalistic sovereignty as an existent fact. At the present we are burdened with the notion that there must be a lawgiver and a law enforcer to make law, thus international law seems a contradiction and a world controlled by international law is impossible. Ancient China was not obsessed with any concept of revelation. Her law was based on good behavior and her interstate ideas had their bases in proper conduct. Morality was the force which produced action, not power, not might. Have we not here the ideal setting for the development of international law? And have we not here also the key to world organization operating through international law?

Ancient peoples of Asia and northeast Africa were well acquainted with international relations and, to a certain extent, with international law.

Ambassadorial missions, movement for the extradition of fugitive criminals, protection of certain classes of foreigners, and the sanctity of international contracts are all conceptions which have ancient origin. As the history of ancient and eastern civilizations is being more opened up to use we are learning that given conditions brought given results.

It would be of great worth to the student of international law to know that the fundamental principles of international intercourse always were and are even in our day identical all over the world, for it would prove the inward potential strength and vitality of the system.

May we not also draw the conclusion from the ancient studies that international law is a necessary consequence of any civilization? The mere fact of neighborly cohabitation creates moral and legal obligations which in the course of time crystallizes into a system of international law. In other words, international law grows up and develops in exactly the same way outside the state as legal institutions form and crystallize inside the state from the mere fact of the social life of man. But the philosophy of both national and international law must be developed. It cannot grow. A better world will only come through the efforts of men. It will never just grow better.

Only among relatively equal states does the sanctity of international law find a guaranteed existence and recognition. Ancient China, like Greece, had interstate relations, alliances, and leagues. With the ancient international system of Egypt, and the Middle and the Near East, a system of international law of those days found its sanction in religion. In China this was not the case, although covenants had their religious oaths and ceremonies; but we may say that in ancient China, as in the days of Grotius, the basic theory on which their interstate law rested was the natural law behind the rules of propriety. As I have said, religion was there in the oaths and the covenants, but religion merely gave a more binding force to the theories of the natural law.

Europeans and Americans from long habit of thought have considered the people of China as homogeneous and the Chinese state as a unit. Both characterizations are technically correct, but both are actually incorrect. China is in reality even today a league of peoples living under one huge system of society. In ancient times, there were many small states; therefore, the Chinese, from the beginning, were schooled in matters of diplomacy, and, therefore, it will not be surprising to find much information in regard to interstate relations. China today stands in danger of becoming Balkanized. China was precisely that during most of the period of the Chou dynasty. Small feudal states, some strong and powerful, others weak, made for interstate communication. Interstate rivalries regarding the preservation of people by diplomacy, by agreement, and by actual organization were developed.

As habit, attitude, and propriety figure greatly in the conduct of the official within the state, just so states themselves succeeded or failed by observing proper rules.

"A great state, one that lowly rose, becomes the empire's union and the empire's wife. The wife always through quietude conquers her husband and by quietude renders herself lowly, thus a great state through lowliness toward small states will conquer the small states and small states through lowliness toward great states will conquer the great states. Therefore, some render themselves lowly for the purpose of conquering, others are lowly and therefore conquer. A great state desires no more than to unite and feed the people, a small state desires no more than to devote itself to the service of the people. But that both may obtain their wishes the greater one must stoop."—Lao Tzu.

In that quotation, and what follows, Lao Tzu presents a fundamental theory of international law, the equality of states. In the writings of the masters and the practices of the states China developed the equivalents of such other concepts as extradition of criminals, the immunity and responsibilities of ambassadors, the theory that treaty settlements must be lasting, the theory that in conquests the conquests will be valid only when the people affected have given their consent, the concept that the equality of states rests upon the notion that the large states must restrain themselves and give respect to the theory that small states have a right to exist; in times of hostilities, messengers, when on missions between enemies are not subject to capture; that the conqueror should not interfere with the even running of economic life—which is the basis of the theory that noncombatants shall be protected in life and property. Mencius condemns rulers and conquerors who destroy life, unjustly imprison, and restrict liberty, who destroy public and private property, and who interfere with religion, speech, and thought. The basis for his teachings rests upon the sound reasoning of the golden rule, "Beware, beware, for what proceeds from you will return to you."

The early Chinese knew how states came to an end. And it is interesting to remark in passing that Theodore Roosevelt justified America's attitude to a Korean delegation which asked America to remember her treaty promises by using an argument which was an accepted Chinese concept 500 years B. C. Roosevelt's argument was not based on the Chinese theory, but upon reason which was the source of the Chinese thought.

The Chinese condemned a forced contract between states and taught that a forced covenant could be disregarded. Thus indirectly they supported a modern world's lacking need—negotiated, rather than imposed, treaties.

The Chinese theory of sovereignty followed the theory of the sovereignty of the family rather than the absolute will of a single force. In the Chinese family there are other relationships besides that of father and son; therefore in the Chinese state theory sovereignty is many, not single, and relative, not absolute. A tripartite agreement between China, Russia, and Mongolia, when Mongolia was recognized by all as being Chinese, was not inconsistent. China never in theory gave up a single sovereign right to foreigners in her nineteenth century treaties.

And so we might continue giving illustration after illustration of the early interstate and international concepts that were evolved. But time forbids. This, though, I must repeat: The sanction for every concept rested on reason and grew out of social and political experience and had its authoritative basis in morals. These experiences after all support my thesis for the evening—that international law and international relations, treaty purposes and treaty making, international action and international will must rest to be effective and lasting upon morality, honesty, and truth, and not upon diplomacy, wit, advantage-taking, and suspicion. A great state can afford to be fair. If it is not, it will become a victim of its own inferiority complex, dishonest and untrue defenses. America's future depends upon America's ability to be herself, both nationally and internationally.

What a key to present international theory we have by reference to the past. We have world unity in our League of Nations concept, and we have national diversity in the concepts of the balance of power and the theory of alliances. In America we have the constant tug between the State and the Nation, and the theories of regional control and interstate compact being advanced to temper both State sovereignty and national sovereignty. It is indeed possible to have a rule within a rule. "Imperium in imperio" must become an actuality, not remain an impossibility. Our Federal system recognizes sovereignty in different spheres, but each absolute. Internationally, the theory of sovereignty is not only a protection but also a barrier to growth. Here again the Chinese theory supported by Einstein's physical theories of relativity may point the way out. Sovereignty based upon the will of the family is a relative, and not an absolute will. An acceptance of this thought may save our modern western international law. But men and nations live in fact and not in theory. Today Europe is attempting to live, and is doing it, in a conflict of theories. The major nations of Europe are all members of the League of Nations, but they put their faith in alliances and understandings based upon a balance of power. Thus Europe lives without faith because her actions prove distrust of her theories. Can you ever have trust in any theory which is without a moral sanction?

But when we turn our attention to ourselves, we, too, live in a constitutional and legal jungle. Nowhere are the paths for men or for nations in absolute certainty. The man of the Declaration of Independence was never a fact. A self-sufficient, independent nation was never a reality. Equality before the law and in the law are assumptions for argument quite as much as Rousseau's thesis that man was born free but is everywhere in chains. This conflict between fact and theory is, of course, constantly on the minds of lawyers. I am being trite in pointing it out. My daughter came home from her civics class with the remark, "Dad, if you become a United States Senator, you cannot be arrested in going up to Washington." On first thought, indeed, it seemed worth while to become a United States Senator under those circumstances, but on second thought the immunity amounted to nothing, because I had never been arrested and never been kept from going anywhere, and what is more, there is no constitutional immunity that can save one from being "razzed" by a traffic cop. The judge may turn you free, but he can never retract the cop's "razzing."

A world of justice ruled by the ideals of law and order may make less hazardous lives of soldier boys, but rule of law does not relieve conflict from the soul of men. A reign of peace leaves us surrounded by our neighbors and married to our wives. We may pray for the better day, but the fact of the social conflict remains. Which will you choose, the garden in peace without the woman, or the world, the sweaty brow, and the social life? Adam made the only choice that was open to man under the Aristotelian definition of a man, and you and I and our country will make the only choice that is open to us and to it under our and its

destiny. There is satisfaction in combat, there is satisfaction in winning. You lawyers win your fights by a measure of wits. Nations and men too can win their fights by winning battles of wits. An American election gives all the satisfaction that comes to those who bring about a bloody coup d'état. A victory at court, a victory at diplomacy, a victory in political theory, a victory in the development of men and a happy, abundant life surely makes striving worth while and life quite as sweet as a victory from bloodshed, bombing, destroying a city, or sinking a ship. International law and its universal acceptance should be a challenge worthy of American acceptance. Have we not an end worth working for?

THE T. V. A.—ARTICLE BY HARRISON BROWN

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an article written by an English author, Harrison Brown, which was published in the London Fortnightly Review for July. It is an exceedingly interesting article written by an Englishman traveling in this country on the subject of the T. V. A. His article is headed "A Great American Experiment."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the London Fortnightly Review for July 1935]

A GREAT AMERICAN EXPERIMENT

By Harrison Brown

I had arrived, after much traveling, at a city in Kentucky and an excursion was proposed. Somehow that excursion went wrong. I found myself a few hours later disembarking from my friend's automobile on a refuse dump beside the turbid waters of Ohio River. The river was wide and was spanned in the distance by spider-legged iron bridges, an unenchanting prospect. My companions turned their backs upon the view and together the four of us set off down what should have been a sunny lane. The lane, however, had been subdued, and the last forlorn engagement between a riverside copse and the refuse dump was then in progress.

We came at last to a great power house upon a dam, and I realized what I was in for. As we approached its portals and stood for a moment above the swirling water the most enthusiastic of the company seized my arm. "I go into this place", he whispered, "as others enter a church." "But I'm not religious", I snapped, and instantly felt ashamed.

There is a great gulf fixed between the technically minded and those born without that quality; it is a gulf which the latter should seek to bridge, since the former are usually incapable of doing so. To the tyro all power stations are alike; I had seen many and did not wish to leave the sunshine for another round of polished floors and gleaming generators. But how was my young friend to know that? He to whom each was as different as a Gothic cathedral from a Saxon village church. He was not puzzled by my rude temper; he was deeply hurt—that perfect example of the Wellsian prophecy of 20 years ago. I offer him this unheard apology in the spirit in which expiatory masses were wont to be bought for the souls of those slain in hot blood.

We have little on which to preen ourselves, we untechnically minded who are not of this generation. To the modern we must be at least as baffling as they to us. And that, too, was borne in upon me some weeks later by another river in another State.

The Clinch River, like much of the Tennessee of which it is a tributary, winds through the rocky woodlands of the Appalachian wilderness. My first glimpse of it was from the new "Freeway" which runs from Knoxville out to Norris. For some miles we had on our right the far line of the Great Smoky Mountains of North Carolina. Then, as we rounded a bend, the setting sun became framed in the gorge of the river, fast sinking behind another range of wooded hills. I exclaimed at the rugged beauty of it all. It was not my first exclamation, and my companion grunted it was "miserably poor land", he said, and brought me down to earth more quickly than the car reached river level.

He was entirely right. The land is very poor and he had little time to lose in wonder at its aesthetic beauty. We think of Americans as being without traditions. That is wrong. Their tradition is one of activity which has had scant place for dreamers. The small leisured class inherited that tradition, which, divorced from its utilitarian basis, became for the most part senseless. Americans travel less to view scenery than to see other men and find out how they do things. The wonder is not that their travel should pertain to their tradition, but rather that some 25 great national parks should have been set aside chiefly for the enjoyment of future generations.

I make no more apology for my own reactions than I would criticize my guide for his. I have met no more civilized man in all my travels than this servant of the Tennessee Valley Authority who was showing me something of that great project. Nor have I ever encountered a more inspiring work than this "experiment in human welfare" which is being conducted there. The United States is a continent, not a country in the European sense. Rarely are the headlines of one State's capital more than a gossip note of interest for the next. It was more interesting to find the T. V. A. so widely known. Over thousands of miles of territory almost everybody knew something of this one big feather in the new deal's cap and all were anxious to learn more.

The Tennessee Valley Authority, or T. V. A., is vast enough to require almost as many definitions as it has done maps. It may be called an experiment in planned economy; it has been named the most ambitious land-planning project in American history. It has been attacked as "rank socialism" and defended by no less a person than President Roosevelt himself as "a birch rod in the cupboard" for the robber barons of the Power Trust.

But call it what you will, it is a thrilling experiment and on a scale with which only one other country can compete. There is another parallel between Russian projects and the T. V. A. besides that of size. All travelers who have visited both say that they find in each the same exceptional enthusiasm for the job in hand. Therein lies the chief claim of the T. V. A. to be revolutionary. It is a challenge to the dearest—and silliest—dogma not only of North America but of western Europe, the dogma that the profit motive alone can make the world go round. One may hazard a guess that the bitterness of interested opposition parties is partly due to realization of just how unequal the odds would be against them if the game were honestly played.

As for the scale of operations, the Tennessee River is 1,200 miles long and its basin comprises 42,000 square miles, or nearly half the area of Great Britain. The elevation in the valley varies from 250 to 6,000 feet and the climate accordingly. The soil will raise anything that can be grown between Canada and the Gulf of Mexico; mineral resources are rich and the rainfall heavy. In its diversity it provides the perfect laboratory for a series of experiments, the results of which it is intended to apply all over the country.

There is a common impression that the only object of the T. V. A. is to generate cheap electricity. That purpose is fundamental to the general scheme and it is the side which has received widest publicity, but it is only the beginning. It may be called the kernel of the project, as it certainly is the rallying point of the fierce opposition with which the whole Authority has been confronted. The main objective of the undertaking is to develop unified control of the water resources of the valley with a view to flood control and water transportation. It is the focal point of experimentation in the great campaign against soil erosion; a menace which is estimated to cost the country $400,000,000 annually, and to be threatening the livelihood of millions.

The plan includes also reforestation, less wasteful exploitation of mineral wealth, the production of nitrate fertilizer, and, most important of all perhaps, experimentation regarding the production of phosphorus. To these objects must necessarily be added that of agricultural education, the careful weaning of the farmers from their hide-bound habit of ruinous single-crop cultivation. Hygiene and health measures are important too; disease is prevalent amongst the "hillbillies", for all their good stock and hardy open-air lives. To all these activities, and more besides, the Authority has chosen to add a series of training schemes for their own employees. Not only is the education of their children in the best of hands, but every unskilled laborer has the opportunity for specialized training.

America has been prodigal of all her resources, but of none has she been more wasteful than of the soil itself, at first no doubt from embarras de richesse, more recently from sheer economic necessity. In the nick of time the country has awakened to the fate in store for it if present methods continue. The drought of the Northwest, the appalling dust storms of the Middle West—these are problems calling urgently for temporary measures. Already thousands of families are having to migrate from land from which the topsoil has been literally blown away. In one case communities from Kansas and New Mexico have been shipped to Alaska, which in point of distance is as though the inhabitants of a Somerset village were moved to Archangel or Persia.

Civilization has broken Nature's cycle by which soil, air, and water fed plants, the plants fed animals, which, dying, fed the soil again. When crops are reaped and cattle removed for slaughter great quantities of phosphorus go with them and are not replenished. Almost all soil is now deficient in that chemical, and reckless single-crop farming adds destruction to deficiency by increasing soil erosion.

It has been found that certain plants such as clover, peas, beans, alfalfa, and others help to fix nitrogen in the soil. But phosphate is needed to make these plants grow to fix the nitrogen. And cheap electric power is needed to make cheap phosphate. To quote Mr. H. A. Morgan: "Electric power means dams, and dams mean reservoirs, and reservoirs, to remain effective, must be protected from the deposit of silt due to soil erosion. We check soil erosion through phosphate, and our circle is complete." Thus, not merely man's convenience but his whole well-being is the object of T. V. A. through the restoration of nature's cycle.

The Authority is the laboratory in which the permanent solution of all these problems is being sought. That the men in charge of such an undertaking must be experts in their field is obvious. The inspiration of a visit to their camp dawns with the realization that they are more than that. From somewhere in our catch-as-catch-can civilization Roosevelt has dug a team of men who combine high social conscience with that rare quality of leadership which inspires cooperation.

The directors are three in number, a civil engineer, a teacher, and a lawyer. Three targets for the robber barons to shoot at, but hard birds to kill, all three of them. A little more than 2 years ago President Roosevelt brought these men together for the first time. He offered them a job of drawing up as quickly as possible a plan of operations for the valley. They had wide authority, the salary of each was to be a modest £2,000 per annum, and they could hire all the expert help they needed, America being full of unemployed technicians. The Authority under their control has been voted $50,000,000 as a start.

The chairman, Dr. A. E. Morgan, has had a long career in reclamation work, and has planned and superintended some 75 water-control projects throughout the Union. His hobby is education and in that field, too, he has long established himself as one of the Nation's most enlightened leaders. Mr. Harcourt A. Morgan, the second director, is Canadian born and was, until recently, president of the State University of Tennessee. Mr. David E. Lilienthal hails from Chicago. He is the legal adviser, buyer of right-of-way, seller of power, controller of transportation, etc.

It would be interesting to speculate on the feelings of the three men when first they came to view their future domain. They saw a vast territory to which Nature had been kind, but with which man had almost done his worst. An area inhabited by 2,000,000 people, with 6,000,000 more within its influence; largely agricultural, in which few of the farm families handled more than £20 a year in cash.

Soon the reports of their geologists told them that the mountains were bursting with fuel, coal, petroleum, natural gas, etc., and with iron and nickel and most of the mineral ores. There is a variety of clay for ceramics, of sand for every commercial use, of unmapped zinc, alum, salt, asphalt, magnesium, and so on to the tune of £60,000,000, according to an estimate of the United States Bureau of Mines. Industry, indeed, has its eyes on the Tennessee Valley for other reasons besides cheap power. The future of this "unshaken commercial Christmas tree", as one commentator called it, lay in the hands of three good men and true, almost beyond the reach of political pressure. It was certainly enough to make the profiteers of the old spoils system bitter.

They also saw Muscle Shoals, a name made sinister by politics for years. The Wilson Dam at Muscle Shoals, 400 miles below Norris, was built during the war to provide electricity for munition manufacturers. It has a large phosphate plant attached to it. For 8 years it had stood idle. The dam is almost a mile long, 137 feet high, and its power house can develop 261,000 horsepower. This dam was taken over as the first working unit in the plan which will eventually coordinate all the resources of the Tennessee River. Today it is supplying current at very low rates to several cities and, in addition, providing most of the power required to build Norris and Wheeler Dams. When these dams are completed and their reservoirs full, more generators will be installed at Muscle Shoals and its capacity raised to over 600,000 horsepower, which will more than double its service to the valley folk.

When the whole scheme is complete there will be no more flood disasters there. When the high-water seasons are over and the reservoirs filled, the dams will be opened and the water thus stepped down the valley from dam to dam. With each step power will be generated and cheap electricity provided for the surrounding territory.

Unless one has seen the squalor of the share-cropper districts, or the dust-storm areas, or the sudden devastation of life and property caused by such floods as recently hit Texas and Nebraska, it is almost impossible to envisage what a change would be made by the application of the T. V. A.'s experience in other areas.

But the start was not easy. Life is primitive in those backwoods, and very hard. Educational facilities for the young are scarce, new ideas come to the adults rarely and filter very slowly. The wretched shacks in which the mountaineers eke out existence can still be seen, not only there, but in dozens of States throughout the Union. Today, though, in the Tennessee Valley there is another kind of home growing up, wooden also for the most part, but well planned, built and equipped throughout for the fullest use of electricity.

Before there was anything to show at all the opposition had an easy time. The T. V. A. were strangers in the hills; before long they were being called "invaders" by the country papers which lived on Power Trust advertising. The chorus grew, long-faced lawyers descended upon the valley to warn the population against the amateurs of the T. V. A. Politicians from the State legislatures, men actually elected on pledges to work for lower power rates, were not afraid to expose to the villagers the Socialists who sought to provide an emetic for their ill-gotten gains.

More than energy was required to deal with such a situation; an even more important requisite was tact. The buying up of poor land and the eventual flooding of large areas under reservoirs, all this involves the moving of local inhabitants from familiar ground. When Norris Dam is completed the lake behind it will have a shore line of 800 miles, and six little villages will lie beneath the water, including the homes of 3,000 families, 26 schools, dozens of churches. The buying of land is a commercial proposition; fair prices were paid. The moving of graveyards is another matter; there were several score "God's acres" scattered about the area that was to be flooded, over 4,000 graves. Here tact came in.

The mountaineers are simple folk; they were not harangued about the matter. All the details were handed over by the T. V. A. to local ministers. The moving of each grave was accompanied by a religious service, tombstones and monuments were provided. Nothing was hurried. And so, with the moving and rehabilitation of churches and schools, they looked better for the change. The same quiet help was lent the farmers themselves when they had doubts as to where and when to move. Labor for all this work was recruited from the neighborhood, and fair wages paid. Little wonder that the valley folk soon became immune to the propaganda of their erstwhile masters.

When the first town was linked with Wilson Dam power success began to succeed. Within a week of consumers receiving their first month's bill for T. V. A. power there were 50 new consumers! The little town of Tupelo is today not the only one sold on the T. V. A., but it was the first. Business men and householders found they were asked to pay anything from 30 percent to 75 percent less than they had previously paid to the private corporation. While rates are reduced, the amount of power consumed and the number of customers served are increasing rapidly. This means more business, less drudgery, better health.

Today in such towns as Tupelo or Dayton householders can use electricity for lighting, vacuum cleaner, refrigerator, irons, radio and other small items at a cost of about 10 shillings a month inclusive. For some 35 shillings a month generous use can be made in addition of an electric range and water heater.

Yet another agency is directed by the T. V. A. to its purpose of advancing the general economic welfare of the Nation. This is the Electric Home and Farm Authority, which enables the consumer to purchase the best electrical appliances, if necessary on credit. To do this the Government has not entered the retail trade; it has contracted with the principal electric equipment manufacturers for supply of goods of guaranteed quality to be sold through dealers in the area of the T. V. A. The E. H. F. A.'s emblem includes the slogan "Electricity for all", and goods thus marked are only obtainable in areas where the utility company has a rate agreement with T. V. A. low enough to warrant a wider use of house appliances. Here, then, is a Government-run installment purchase scheme designed to stimulate both quantity and quality production and to lower rates.

There are today four counties and six cities located in three different States which are being supplied with T. V. A. power. Some 350 other cities throughout the area have made application for it. These figures indicate that some millions of consumers no longer identify their interests with those vested in the private utilities. The final effect on the T. V. A. of the Supreme Court's decision respecting the constitutionality of N. R. A. is not known at the time of writing. It is safe to say, however, that if the effect is to cripple the Authority in favor of Mr. Hoover's friends, it will not be with the approval of the inhabitants of the valley.

The town of Norris dots a wide hilltop, partly hidden in trees. At present it houses the 2,000 men at work on the dam and many of the executives, including Dr. A. E. Morgan. Widely scattered about are houses of varying sizes, none of them large, few of them, to my eye, very beautiful, but all supremely comfortable inside. It is more like an ideal home exhibition than a construction camp, and as one walks about it seems still more the ideal community. Rarely indeed can the most assiduous traveler find such an atmosphere of contentment without sloth, and of freedom without its more obvious abuses. It is no exaggeration to say that one would need to probe no further into the T. V. A.'s activities than Norris itself in order to discover the guidance of exceptional men.

There is no place on earth where cheap sentiment would be more out of place than in this neatly planned-for-use little town of Norris. Dams are not built with gangs of archangels, nor do men set to constructive work in ideal conditions become inhumanly angelic. But Norris proves that they do become less inhuman.

Behind this cooperative enthusiasm which keeps on mentioning itself there lies, of course, an enlightened labor policy. On the dam the men work in four shifts, 5½ hours a day, 6 days a week. Negroes are employed in the same proportion that the colored population of the locality bears to the total population. At Norris about 4 percent are colored, at Wheeler Dam the percentage is nearer 20. The Negro at least should see a new deal in the T. V. A., accustomed as he is to be "last hired, first fired." All may please themselves about joining unions, and the relations of the Authority with union officials should serve as an eye opener to the more stupid employers elsewhere, and notably to the textile bosses no farther away than Knoxville.

There is provision made for leisure time, that goes without saying. A large recreation hall is maintained for dances and other amusements, and courses are available for vocational training in agriculture, motor mechanics, carpentry, and many other things. Instruction is given voluntarily by the T. V. A. staff, and a great proportion of the workers are training themselves with a view to other work when the Norris job is finished. The angelic note does almost seem to sound when one finds the entire machine shop force requesting instruction from the training section. They stated that "the unskilled wanted training which would fit them for skilled positions, and the skilled workers wanted instruction so that they might be more useful to the T. V. A. and better all around mechanics." Shades of the South Wales coalfields!

The extent of the activties of the T. V. A. have been only touched upon, its scope barely indicated. Enough should, however, have been said to show that the T. V. A. is an experiment of a nature not merely to fascinate every American, but to provide lessons for other countries. As the National Education Association has said: "Of all the activities of the present administration it is the most constructive and prophetic." And just because of that and of what it implies it is the most venomously attacked of all the new deal's children.

The majority of the electric industry are not looking for what Dr. Morgan calls "a change of outlook and a change of spirit." They are looking for excessive profits, and damn the consequences. "The electric operating utilities seem to be suffering from financial tapeworm," said Mr. Lilienthal on one occasion. "The patient

always seems hungry, and the more he gets to eat the thinner he becomes. * * * This is not an elegant figure of speech, but the financial practices we are talking about are not particularly elegant either." The reference was to the holding companies which, in many cases, have come to manage the operating concerns. The abuse of privilege is flagrant, as the Insull case showed, and Insull was not alone. Monopoly concerns, supplying an indispensable service, have robbed both investors in the operating companies and consumers as well, in wholesale fashion, by watering stock for various dishonest purposes.

Not all utility companies are so run, but the robber-baron type of executive predominates. It is they who provide the most formidable opposition to the T. V. A. and their methods are not too scrupulous. It is not socialism they fear, but spoiling of the spoiler's game. Roosevelt is no Socialist, he is a liberal making an intelligent effort to save the profit system; intelligent enough at least to see that nothing but violence and chaos can come from a continuation—as he puts it—of "that kind of rugged individualism which allows an individual to do this, that, or the other thing that will hurt his neighbors." The President has talked repeatedly of the T. V. A. as a yardstick whereby communities can measure the quality of service they are obtaining from their private utility companies.

There are other adversaries also. The coal industry, for example, is divided between those on the one hand who see that it must adapt itself to the coming of an electric age, and on the other diehards who adopt the attitude of the hansom-cab driver toward the taxi. The T. V. A. seeks always means of cooperation, yet once when Dr. Morgan was invited to attend such a conference he was met by the president of the Appalachian Coal Association with the words: "The coal industry is determined to destroy the T. V. A. It will destroy it by political means, by financial means, or by any means in its power." No doubt the first inventor of the flint axe was welcomed in much the same manner by the more conservative members of the cave.

The problems which confront America are many and varied, economic and financial, agricultural and social. The germ of permanent cure for almost all of them seems to lie somewhere in the scheme of the T. V. A.'s activities. All Americans believe that the inherent possibilities of their country are unlimited. They undoubtedly are, but only at the price of stemming the present prodigious waste. And as to that, Dr. A. E. Morgan has wisely said: "Greatest of all wastes is that which comes when people fail to see the great possibilities and opportunities around them, and when, in that failure to see what might be, they resign themselves to things as they are."

SECOND DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess last evening there was one committee amendment to the deficiency appropriation bill which had been passed over, being the amendment on page 7, in reference to the Federal Trade Commission.

Mr. JOHNSON. Mr. President, yesterday afternoon I was unable to be present during the consideration of the amendments to the deficiency-appropriation bill. I observe by the RECORD this morning that apparently the amendment relating to the General Accounting Office, on page 76, was agreed to. May I ask the Senator in charge of the bill if that is correct?

Mr. ADAMS. That is a correct statement.

Mr. JOHNSON. In order that that particular amendment may be ultimately presented to the Senate, I ask unanimous consent that the vote whereby it was agreed to may be reconsidered, and then that the amendment may be passed over temporarily until later in the day or until opportunity may present itself so that it may be considered again by the Senate.

The VICE PRESIDENT. Is there objection to the request of the Senator from California that the vote by which the amendment referred to by him be reconsidered? Will the Senator again state the amendment to which he refers?

Mr. JOHNSON. I refer to the amendment having reference to the General Accounting Office on page 76, lines 15 to 20, being the House text having been stricken out, and lines 21 to 26, being the text now in the bill as reported by the Senate committee.

The VICE PRESIDENT. Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. DUFFY. Mr. President, is the amendment on page 7, after line 16, relating to the Federal Trade Commission, now before the Senate for consideration?

The VICE PRESIDENT. Yes. That is the amendment which was passed over yesterday at the request of the Senator from Wisconsin. That is the only committee amendment to the deficiency bill which was passed over. The Senator from California [Mr. JOHNSON] has asked for and obtained reconsideration of the vote by which an amendment on page 76 was agreed to. The pending question is on the amendment offered by the Senator from Wisconsin [Mr. DUFFY] to the committee amendment. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 7, in line 21, it is proposed to strike out "$2,000" and insert in lieu thereof "$4,000"; and in line 22 to strike out "$100,000" and insert in lieu thereof "$300,000."

Mr. DUFFY. Mr. President, the amendment proposed to the committee amendment, substituting $300,000 for $100,000, is pursuant to a request which was made by the Secretary of Agriculture, approved by the President of the United States and approved by the Bureau of the Budget. It is designed to enable the Federal Trade Commission to continue its milk investigation in several additional milksheds, there having been many requests from various sections of the country for the continuation of the investigation.

I have before me the message of the President, dated June 27, 1935, addressed to the President of the Senate, wherein the President said:

> I have the honor to transmit herewith for consideration of Congress supplemental estimates for appropriations for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000.

In explanation of the estimate from the Bureau of the Budget, the Acting Director made the following statement:

> The remaining $200,000 is for continuation of the Commission's investigation of conditions with regard to the sale and distribution of milk and other dairy products, as authorized and directed by House Concurrent Resolution 32 of the Seventy-third Congress, including $4,000 for printing and binding in connection therewith.

Although the Senate committee has added $73,000,000 or more to the bill as it came from the House, yet a sudden wave of economy seemed to hit the committee when it came to this item of $200,000, which has been approved by the Secretary of Agriculture, approved by the President, and approved by the Director of the Budget. The committee did not favorably report upon the $200,000 appropriation.

It seems to me that is a very unusual circumstance. As we look through the bill we find $3,000,000 appropriated for an exposition, apparently not approved by the Bureau of the Budget. There are many meritorious projects for which appropriations are made, but when it came to the $200,000 for this purpose, for some reason it could not get the approval of the committee.

Mr. President, as we well know, the production of milk is one of the most important industries in the whole country from the standpoint of health, especially from the standpoint of the health of infants and children. During the past year, 1934, the value of the dairy products of the country amounted to $1,250,000,000, a sum which represents 21 percent of the total value of the farm products of the United States. The investigation to date in the milkshed of Connecticut, where they had perhaps the highest price for milk in any place in the country, shows that, while dairy farmers have not as a rule been able even to get the cost of production, the dealers in those sheds wherein the investigations have so far been made have not only been generally prosperous and paid high salaries to their officials but they have also been able to pay substantial dividends upon their stock.

It has been developed, according to a statement of the Federal Trade Commission when they made their report to Congress, that during 1934 the dairy farmers in the Connecticut and Philadelphia Milksheds alone lost in excess of $600,000 through the practices of certain distributors, including underpayments to the producers by the dealers and excessive hauling charges. Many farmers in this section

who have depended almost entirely upon income from their dairy products have been forced into bankruptcy and had to sell their herds and go out of business largely because of the low average price received for their milk. For instance, in certain of these sheds it was discovered that there are different classifications for milk—1, 2, and 3. The milk in the three classifications is exactly the same quality; but because the distributors have worked the matter out in a very complicated way, selling the milk for different purposes, it has been very confusing to the producers, and the result has been that they have come out at the short end.

During the investigation in the Philadelphia Milkshed documentary evidence was discovered which showed there had been agreements made in Detroit and in several other cities contemplating an unfair or apparently unfair agreement whereby the prices would be fixed in those milksheds and the producers of milk, the dairy farmers, would be getting the worst of the bargain constantly. There can be no question about that.

Letters were found in the files of dealers in Philadelphia showing that in the summer of 1932 the milk dealers of Newport News agreed upon prices for milk furnished to governmental agencies, thus absolutely eliminating competition in making bids to supply the naval and marine hospitals. Documents were found in the files of the dealers in Philadelphia showing that in the spring of 1932 milk dealers in the Detroit area entered into agreements to control the wholesale and retail prices of milk. It has always been taken out of the producer, the dairy farmer. It was developed that the United States Dairy Products Corporation and other large companies dealing in milk products in a national way financed their operations by forcing the producers, in order to have a market, to buy stock in those distributing concerns.

After its investigation, the commission has stated that, while the information obtained has been very helpful, yet there are so many differences in the various sections of the country that certain typical milksheds should be investigated, so that they may come to a certain definite conclusion as to remedial legislation.

When we consider that this is an industry, as I have said, which produces in value 21 percent of all the agricultural products of the country, it seems surprising, when it comes to spending $200,000 to continue a good work which has already been started, that the committee sees fit to disapprove the item. That is the point where the great wave of economy begins, and something arises to require the beginning of a retrenchment program. But when it comes to an item of appropriation of $500,000 or $600,000 for schoolhouses in Montana to be turned over to the State, and to other similar items, many of which are to be found in the bill, that is perfectly proper and such items have been approved. This is a matter which concerns the health of the people of the country because milk is so important in their lives.

The report of the Federal Trade Commission shows that they have made real progress. When they have come to the conclusion that they need $200,000 to finish the job, when the President approves, when the Secretary of Agriculture approves, and when the Bureau of the Budget approves, it seems to me we ought to include the item in the pending appropriation bill.

Mr. BARKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. DUFFY. I yield.

Mr. BARKLEY. My understanding is that this investigation was authorized or directed by previous action of the Congress?

Mr. DUFFY. That is correct.

Mr. BARKLEY. It was contemplated that it should be a general investigation covering the whole country?

Mr. DUFFY. I think the authorization was general in its terms, but it was started in Connecticut because the retail prices in the Connecticut Milkshed were higher than at any place else in the country. We are trying to ascertain the basis for the spread between what the dairy farmer gets for the milk and what the consumer has to pay for it.

Mr. BARKLEY. How many localities have been covered by the investigation up to date?

Mr. DUFFY. Extensive investigations have been made, as I understand, in the Connecticut Milkshed, the Philadelphia Milkshed, and a preliminary investigation in the Chicago Milkshed.

Mr. BARKLEY. The funds available are now practically exhausted?

Mr. DUFFY. They are exhausted.

Mr. BARKLEY. And without this additional appropriation it will be impossible to complete the investigation as it was contemplated by Congress and by the Federal Trade Commission. Is that correct?

Mr. DUFFY. There is not any money to continue the investigation which has been approved by the President, and which the Secretary of Agriculture thinks and I think should be made.

Mr. BARKLEY. Was the investigation at Chicago, or in that territory, completed?

Mr. DUFFY. The Commission has merely had attorneys working, but not accountants and auditors, as I understand.

Mr. BARKLEY. So that that investigation is uncompleted?

Mr. DUFFY. It is uncompleted.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. DUFFY. I yield to the Senator from Maryland.

Mr. TYDINGS. Is it not a fact that the sum of $130,000 was necessary to investigate the milk situation in Pennsylvania?

Mr. DUFFY. No; I think not. I think $113,000 has been expended up to date on all work that has been done.

Mr. TYDINGS. My question was as to the sum of $130,000; but let us assume it to be $113,000. If $113,000 was necessary to investigate in one State, how can we hope to have an investigation of the whole country made at a cost of $200,000?

Mr. DUFFY. I will say to the Senator that I made the same inquiry of members of the Federal Trade Commission. I happened to be present when they appeared before the Secretary of Agriculture, before the matter was submitted to the President. It is the opinion of those who have been conducting the investigation that representative milksheds can be investigated, because, with the information they have to work on, they will not have to go into anywhere near as great detail or spend as much money in some of the other milksheds which they feel should be investigated.

Mr. TYDINGS. If the Senator will yield again, here is an investigation in one State which cost either $113,000 or $130,000. Certainly there are 47 remaining States, all of which produce some milk and have milksheds. If all the remaining 47 States can be investigated by the expenditure of practically the same sum of money which was required to investigate one State, it seems to me there must have been a lavish waste of money in inspecting the milkshed in Pennsylvania.

Does the Senator know that in the last session of Congress I advocated this investigation? I was on the committee which voted to appropriate the money for the investigation; and after having gone pretty thoroughly into the investigation, in my judgment, not a single, solitary thing will come out of it, because nothing whatever came out of the last investigation. Not a single recommendation was made, not a single bill was introduced in the Congress as a result of it. Although one of the largest States of the country, embracing 10 percent of our total population, was thoroughly investigated, not one recommendation was made by the Federal Trade Commission. I think, therefore, that having had $130,000 to investigate one great State, a very poor case has been made out to continue this investigation.

Mr. DUFFY. Mr. President, it is true that the investigation of the milk question is probably more complex and more difficult than the investigation of any other agricultural product, but the heart of the whole problem is to try to increase the consumption of milk by decreasing the spread between the producer and the consumer.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DUFFY. I yield.



Mr. CONNALLY. As I understand the Senator, it is not his intention to have an investigation of every State.

Mr. DUFFY. No; it is not.

Mr. CONNALLY. But to select representative areas and draw conclusions from those investigations rather than undertake to investigate the 48 States, so that it would not require as much money to do that as if all of them were to be investigated.

Mr. DUFFY. The Senator is absolutely correct in that statement. I cannot put myself up here as an expert, any more than can the Senator from Maryland, as to how much it would cost; but, in reply to an inquiry directed to the Federal Trade Commission, they stated that in their opinion $200,000 would be adequate to make the investigation in typical areas in various parts of the country; and, mind you, one investigation in one place disclosed underpayments to the dairy farmers of that area in 1934 in excess of $600,000. It seems to me that now we are getting very careful of the Treasury and having a great wave of retrenchment come over us at a very peculiar time.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. DUFFY. I yield to the Senator from New York.

Mr. WAGNER. I have received—and that is the reason why I am asking the question—communications from producers in my State in which they urge me to support an increased appropriation for this investigation. These producers seem to be confident that from the investigation results will ensue which will be helpful to their interests. I thought I understood the Senator to say—perhaps I was mistaken—that the investigation thus far has disclosed some inequalities.

Mr. DUFFY. Yes; it has. The Federal Trade Commission made the statement, and I have here a quotation from it.

Mr. WAGNER. The reason why I ask is that the Senator from Maryland [Mr. TYDINGS] asserted that nothing has come out of the investigation so far, and I thought I understood the Senator from Wisconsin to enumerate some disclosures which have already developed.

Mr. DUFFY. Yes; and from the investigation which has been made there were leads given to such places as Detroit, where they desire an investigation. I have in my hand a list of many places, including Denver, Colo., where the Colorado Dairymen's Cooperative has suggested that it would be a very advisable thing to have an investigation out there, their statement being that conditions in the fluid-milk market in Colorado are the worst in the United States. I do not know whether or not that is true, but that is the complaint which has come in from Colorado.

It seems to me that it is very important to try to increase the consumption of milk without raising the price to the consumer, and, if possible, to decrease the spread, which seems to be so large, between what the dairy farmer gets for his milk and what the consumer has to pay for it. I have information here as to salaries running into the hundreds of thousands of dollars paid to the officers of some of the companies now in the field. I do not make the appeal for the investigation on that basis. Perhaps they are entitled to those salaries. I am not complaining; but, at least, when we can find money for the various purposes in this bill and can increase by $73,000,000 the amount appropriated by the House, it seems to me very strange that an appropriation of $200,000 is going suddenly to shatter the credit of the country, when, if we are fair about it, we must recognize that the disclosures already made have been very much worth while.

The problem is a national one. No one State has the means to make the investigation. A State can investigate, perhaps, conditions in a small local area, but there has to be an investigation on a national scale to get anywhere; and it seems to me we ought to be willing to have $200,000 expended for this purpose.

As I said before—some of the Senators may have come in since I started—the investigation has the approval of the President, who wrote a message about it; it has the approval of the Secretary of Agriculture; it is estimated for by the Bureau of the Budget. Those who do know what the situation is realize that great good has come from the investigation already made; and I think the amendment should be agreed to.

I am not going to take further time; but I have here a list of places, such as Charleston, S. C.; New Orleans, La.; Sherman, Tex.; Denver, Colo.; Portland, Oreg.; Topeka, Kans.; Waterville, N. Y.; Detroit, Mich.; Akron, Ohio., and a number of other places which requested that the Federal Trade Commission should carry on the investigation, not necessarily in all those places but in certain typical areas, so that we may find out whether or not there is too great a spread, whether or not we can perhaps have some kind of legislation which will give the dairy farmer more for the milk he produces.

Mr. COSTIGAN. Mr. President——

Mr. DUFFY. I yield to the Senator from Colorado.

Mr. COSTIGAN. Mr. President, I desire to ask the able Senator from Wisconsin whether opposition to the investigation proceeds from distributors, consumers, or producers of milk.

Mr. DUFFY. I am very certain there is no opposition from the producers of milk, although there have been, in several cases, organizations of producers controlling certain markets. Certainly there is no objection from the consumers, who have to put up the money to pay for this unusual spread. I think there is no question that the opposition comes from those who have been controlling that great difference in the price between what the dairy farmer gets for his product and what the consumer has to pay.

Mr. COSTIGAN. My recollection is that Commissioner Davis testified before the Appropriations Committee that the only opposition he recalled at the time was from distributors of milk.

May I also ask the Senator from Wisconsin whether there has been any confirmation of certain data given out some months ago, as I recall, by the Bureau of Home Economics, indicating that an adequate consumption of milk per person would be about 5 quarts per week, and that the average consumption of milk per person throughout the United States is below that level?

Mr. DUFFY. I have never heard that statement questioned. I think it is founded upon fact.

Mr. COSTIGAN. I have here a table prepared from data of the Consumers' Council of the Agricultural Adjustment Administration, indicating that in eight cities of the country, from Philadelphia to San Francisco, the deficiency in the consumption of milk at the present time runs from a low of 1.94 quarts of milk to a high of 3.29 quarts of milk per week per capita. I ask permission to place this table in the RECORD. It has three columns, showing present consumption per capita, adequate consumption, and the reported deficiency.

The PRESIDENT pro tempore. Without objection, the table will be printed in the RECORD.

The table is as follows:

City and State	Present consumption, per capita	Adequate consumption, per capita	Deficiency, per capita
	Quarts	*Quarts*	*Quarts*
Philadelphia, Pa	2.37	5	2.63
Boston, Mass	3.06	5	1.94
Portland, Maine	2.87	5	2.13
Chicago, Ill	2.62	5	2.38
Paterson, N. J	2.20	5	2.80
Pueblo, Colo	1.71	5	3.29
Portland, Oreg	3.03	5	1.97
San Francisco, Calif	2.66	5	2.34

Mr. COSTIGAN. May I ask the Senator from Wisconsin further if it is not the purpose of the investigation to establish whether producers on the one hand are being underpaid for milk, and consumers on the other are being excessively charged for the same milk?

Mr. DUFFY. I think I may say to the Senator that without question that is the main purpose. The heart of the question is, we desire to increase the consumption of milk. We cannot increase it by increasing the price of milk; but if there is too great a spread, as seems to be indicated from the investigation already had, if that is a general condition, we should try to remedy that condition.

Mr. COSTIGAN. That being true, there are large public purposes which will be served by such an additional appropriation?

Mr. DUFFY. Mr. President, it seems to me that that absolutely is the case.

I hope we may be able to have a record vote upon this question; and at the proper time I intend to ask for the yeas and nays.

Mr. ADAMS. Mr. President, I wish to add a word or two to the discussion, in response to a very unfair argument by the Senator from Wisconsin.

This appropriation was not finally passed upon until the question had been presented to the Committee on Appropriations by members of the Federal Trade Commission, and also by the Senator from Wisconsin, and if the Committee on Appropriations failed to understand it, it is as much the fault of the Senator from Wisconsin as that of the members of the committee.

It is quite true that the members of the committee were trying to do a thing which the Senator derides; we were trying to save a little money. This was not the only item that was eliminated. Many millions of dollars were eliminated from the requests for appropriations, all of which, practically, had the approval of the Budget, some of which had legislative approval, and some of which had the approval of the President.

It was not the intention of the Committee on Appropriations in making this recommendation to interfere in any way, directly or indirectly, with a proper investigation of the milk situation in the country, and statements on this floor that there is involved in this proposal the question of consumption per individual, or the lack of adequate consumption of milk, go utterly beyond a fair consideration of the matter. The reason why an additional appropriation was not included as was requested was that the committee were not persuaded that it was needed or would be beneficial.

It is a fact that an investigation was made in two great milk areas. The committee were led to understand that all the essential elements to appropriate legislation had been developed by that investigation, and that if we were to go into every other milkshed, and make other investigations, it would merely result in duplicating information; in other words, that the same evils which exist in Denver, the same evils which may exist in Birmingham, had been developed in the investigation at Philadelphia and in Connecticut, and that there was no advantage to the country, no advantage to the milk producer, no advantage to the milk consumer, in piling up expense and piling up merely cumulative information. None of those who appeared before the committee ventured to tell us what evidence would be produced. As a matter of fact, the bill which passed this body yesterday contains provisions which will remedy one of the major complaints on the part of the milk producers, one of the things which the Commission pointed out.

If it is essential to make other investigations, there is no man on the Committee on Appropriations who opposes it.

Mr. KING. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. KING. The Senator referred a few moments ago to milk investigations which had been made, and, as I understood him, he mentioned Philadelphia and Connecticut. I may say that a short time ago an investigation was made of the milk situation in Washington which involved, in part, Virginia and Maryland. The able Senator from Nevada [Mr. McCARRAN] and myself were the committee which conducted that investigation, which was very thorough and very full, consuming weeks and involving more or less a consideration of the milk situation in all parts of the United States. Our report would be very illuminating.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. ADAMS. I yield.

Mr. TYDINGS. Is it not a fact that, insofar as we were able to ascertain from the Federal Trade Commission, or from any other source, no reduction came to the consumer, and no greater return came to the producers of milk, as a result of the investigations which had already been made, and that no basic fundamental was changed in the sale or consumption of milk as a result of the investigations in Pennsylvania and Connecticut?

Mr. ADAMS. I do not pretend to pass on the details; I merely say that in the Committee on Appropriations there was no presentation of any new basic facts, or new evils which needed correction, which were not developed in the Philadelphia and Connecticut investigations; that it was utterly impossible, within the reasonable limits of expense, to go into every milkshed—I do not know how many there are; there may be 50 or 100—and that those investigated were probably representative, if, indeed, the conditions in them were not worse than elsewhere.

I do not wish to say anything derogatory to the people in Pennsylvania, but ordinarily those of us from the West would think that we would discover every form of evil in Philadelphia that would be discovered, certainly, in Wisconsin.

Mr. President, I have stated the basis of our action. The investigation had been adequate for the purpose of legislation, and it is legislation, and legislation alone, which is the justification for this type of investigation.

Mr. DUFFY. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. Certainly.

Mr. DUFFY. Did the representatives of the Federal Trade Commission appear before the committee and say that, in their opinion, after the investigation they had made, they needed additional funds to complete the investigation?

Mr. ADAMS. They appeared before the Committee on Appropriations and in a very mild way supported the application. As a matter of fact, I have been sitting as a member of the Committee on Appropriations for some time, and I have yet to find a commission or a Government official of any kind coming before the committee who did not want more money and who did not want to keep his employees on the job. We were left with the impression that, while they could go on with it, there was nothing of really vital importance to be ascertained by continuing the investigation.

Mr. DUFFY. The Senator a few moments ago said that the Senator from Wisconsin made an unfair argument, and that if anyone was to blame for the Committee on Appropriations not understanding the subject it was his fault.

Mr. ADAMS. Perhaps my argument was unfair.

Mr. DUFFY. I did appear before the Committee on Appropriations supporting the contention that the request made by the Secretary of Agriculture and approved by the President was reasonable.

Mr. ADAMS. The Senator will recognize that sometimes, when barbs are shot in one's direction, it is rather difficult to restrain one's self. I did not mean in any way to say an unpleasant or disagreeable thing about the Senator's presentation. I merely was saying that in spite of the presentation made by the Federal Trade Commission and not only by one, but by both of the Senators from Wisconsin, the subcommittee and the whole committee decided against, including the appropriation.

While I am speaking of it, an inquiry was made of the Senator from Wisconsin as to where the opposition came from against the appropriation. I wish to say to Senators that so far as I know no opposition to the investigation came from anyone, from producers, distributors, or consumers. The whole matter was considered by the Committee on Appropriations based upon the presentation from the Bureau of the Budget, from the Federal Trade Commission, and from the Senators from Wisconsin.

Mr. DUFFY. Mr. President, will the Senator yield further?

Mr. ADAMS. I yield.

Mr. DUFFY. I did not mean to imply, in response to an inquiry put to me by the senior Senator from Colorado [Mr. COSTIGAN], that such opposition evidenced itself before the Committee on Appropriations, because I know nothing about that. I know, however, that I received personally, from one of the large distributors in my State, a protest against a joint resolution which I introduced in the middle of the session asking for $200,000 to continue this investigation, and my reply was based upon what I had personal knowledge of. I in no way intended to reflect upon the committee, because I assumed they were doing what they thought was right; but I could not conceive, in my own mind, when considering the very large additions which were made in the bill, amounting to some $73,000,000, why this item of $200,000, which has been approved by the Secretary of Agriculture and approved by the President, was eliminated.

Mr. ADAMS. The Senator does not mean to say that an added appropriation for some remote purpose has anything to do with this. I do not understand the argument that because there was an increase in the appropriation, for instance, for a public building, therefore we should make an appropriation for an investigation.

Mr. DUFFY. But the President asked two things in the same message—$100,000 for the textile investigation, which was allowed to go through, and $200,000 for the dairy investigation, and on that, thumbs down.

Mr. ADAMS. The presentation in behalf of the Federal Trade Commission was very different as to the necessity for those two items, and the committee was impressed.

Personally, I have had no word from the outside, except from people who favored the investigation. I have received many telegrams from here and there in the country favoring the investigation, largely from people who apparently anticipate results to themselves which could not come from the investigation; but, so far as the committee itself was concerned, there was no argument from anyone other than those I have mentioned.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BARKLEY. I wish to ask a question purely for information; I have no information on the subject. Does the Senator think that the investigation which has been conducted thus far in Connecticut and in Philadelphia, or in those areas gives a fair picture of the situation in the country as a whole?

Mr. ADAMS. I have not spoken my judgment on this matter. In the committee my judgment was not expressed. There have been some people good enough to charge me with having been responsible for eliminating the appropriation. I was acting as chairman of the subcommittee, putting the questions, and not voting on them, and not expressing my own opinion. But it was my opinion from the statements made that the areas investigated were sufficiently typical to justify legislation to correct the evils. Inquiries were made as to whether other evils would probably be developed, whether or not there were other conditions to be exposed, and at no point in the inquiry was the committee satisfied that further expenditures and further investigation would add to the information developed in these two inquiries.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. COSTIGAN. Mr. President, may I say that my interest in the milk investigation was awakened something more than a year ago when two of the leading women of Colorado——

Mr. ADAMS. Mr. President, I yield only for a question.

Mr. COSTIGAN. If the Senator will permit me to complete the sentence, I will make the point. As I was saying, about a year ago two of the leading women of Colorado instituted a milk investigation by women's clubs, which was taken up by the Agricultural Adjustment Administration.

Mr. ADAMS. If I may interrupt, I will say that of course this investigation really had its origin in the Department of Agriculture. That was the source of the investigation.

Mr. COSTIGAN. In common with the Senator from Wisconsin. I wish to disclaim even the slightest reflection on the Committee on Appropriations, for members of which I have the highest regard, but I feel that, in view of what was said a moment ago, I ought to ask permission to quote from the hearing when Commissioner Davis was testifying, as reported on page 121 of the hearings of the Committee on Appropriations on the second deficiency appropriation bill, 1935.

The Senator from Tennessee [Mr. MCKELLAR] there asked a question which does not really relate to any opposition in the committee, but does relate to opposition to the investigation. The question and resulting exchange read as follows:

Senator MCKELLAR. Before you do that, have there been any protests against the investigations filed with you?—

Referring doubtless to the Federal Trade Commission—

Commissioner DAVIS. Well, there have been very few protests from some of the distributors. There have been no protests from any of the dairymen or producers, or the consumers, but there have been some protests from some of the distributors.

Senator HALE. On what ground have they based their protests?

Commissioner DAVIS. Oh, I know that we proved that one executive was getting around $80,000 salary, and he did not seem to think that was any of our business, and so forth.

Senator BYRNES. An executive of a distributing company?

Commissioner DAVIS. That was one of them.

Mr. STEVENS. Milk distributors.

Commissioner DAVIS. Yes; an association. Now, gentlemen, in the resolution which you passed the purpose of it was to determine the cause of the very great spread between what the producer received and what the consumer paid for milk and milk products, and, on the grounds that the dairymen were in a bad way, and yet the consumers were having to pay high prices, perhaps too high prices for milk, and yet it was alleged in the declaration that brief investigations made by the A. A. A. had developed the fact that in four sheds which were entered the distributors, even during these times of depression, were making 25 or 30 percent annual profits, and they wanted us to investigate the reason for all this, and to find out how it happened, and to report on it, to see what could be done.

Now, some of those distributors do not like this investigation, naturally.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. MCKELLAR. I presume the Senator will agree with me that the milk question was discussed more actively and more vigorously perhaps than any other question which came before the committee. There were Senators present at the hearings who were very familiar with the milk question, and they argued at great length; hence the report of the committee on the subject after arguments by Senators on both sides, who knew all about the subject, or who claimed they did.

Mr. ADAMS. Mr. President, one item of figures ought to be mentioned. The original appropriation made a year ago or so was $30,000. That was the amount originally appropriated. The request now is for $200,000. I wonder if the Senator from Wisconsin [Mr. DUFFY] will concede that perhaps the amount now requested is excessive, even though the investigation were to continue?

Mr. DUFFY. I will say to the Senator that all I know about it is that the estimate was made by the Federal Trade Commission in a conference with the Secretary of Agriculture. The subject was generally discussed at a meeting lasting about an hour, and at that time the sum of $200,000 was arrived at as being the amount which, in the judgment of the Federal Trade Commission, would be required to complete the investigation of typical milksheds. I quote this sentence from a letter from the Trade Commission in view of what the Senator said a few minutes ago:

The facts developed by the investigation to date, while not sufficient to form a basis for final conclusions and recommendations for legislation, show conclusively that the investigation should be extended to a sufficient number of other sheds to enable the Commission to reach definite conclusions and make recommendations for remedial legislation.

The investigation thus far did have hook-ups and showed that at Detroit and at Newport News there had been some of these price-fixing arrangements. I think, on that basis, it shows why the Commission came to be of the opinion that further investigation was necessary.

Mr. ADAMS. The Senator is aware of the provisions in the bill which the Senate passed yesterday tending to protect against certain abuses, one of the abuses complained of being in connection with milk which was classified for the

purpose of payment into grades, such as grade A, grade B, and grade C. The understanding was that in the particular market or milkshed, even though the milk by its actual quality was entitled to be graded as A, yet, if there was a surplus, it was sold for a lower use, for instance, to other manufacturers, and was paid for on a grade B basis. The bill which was passed yesterday, as I understand, practically excludes the opportunity of driving a surplus into a market, and provides that when a producer has not been a regular contributor to that market for a period of 60 or 90 days, if he comes in and creates a surplus he must accept the grade B milk payment regardless of the quality of his milk, in order to protect those who are regular contributors to that market. It seems to me that that provision, together with other provisions in the bill which the Senate passed yesterday, have provided against some of the evils of which complaint has been made and which were developed by the investigation. I ask the Senator from Wisconsin [Mr. DUFFY] whether or not that is substantially correct.

Mr. DUFFY. Of course, I cannot answer as to what the bill we passed yesterday will do or how it will work out, but I know to what the Senator refers. It seems to me that now is the time to have an investigation in order to ascertain what the facts are in certain typical milksheds throughout the country, and the $200,000 asked for is a comparatively small amount for such an important purpose. I appreciate the fact that it is very commendable on the part of the committee to cut down on appropriations wherever it can do so.

Mr. ADAMS. Does the Senator think that if we should develop duplication of facts and discover similar evils in three or four places it would add anything to our present knowledge?

Mr. DUFFY. I have great respect for the ability of the Federal Trade Commission to conduct an investigation, and I am quite sure they are not going to lend their efforts to create such duplications. I think if they follow leads into other sheds they will develop certain fundamental facts which should be disclosed, and I think they can carry on more cheaply from now on because of the experience they have had with investigations of other milksheds.

Mr. ADAMS. The Senator does not mean to use the word "create", because by their investigation they discover. They do not create conditions.

Mr. DUFFY. I accept the amendment to my language proposed by the Senator from Colorado in that respect.

Mr. LA FOLLETTE. Mr. President, I wish to say a word in support of the pending amendment to the committee amendment. I was very much interested in the milk investigation when it was first proposed. As has already been stated, there is a wide discrepancy in regard to the prices which the producers of farm products receive and the prices which consumers have to pay. The spread is particularly obvious insofar as milk and its products are concerned. Many of the farmers in my State—one of the great dairy States of the Union—have been producing dairy products during the depression period at prices below their actual cost of production, and yet the distributing concerns which perform the service, not of producing the product but of distributing it to the consumer, have been making profits and have been paying large salaries.

It is true, as stated by the Senator from Colorado [Mr. ADAMS], in charge of the bill, that the $30,000 provided to commence the investigation, and some funds allocated by the Commission from its own funds, not particularly earmarked for this investigation, have resulted in a study of two milksheds, one in Connecticut and one in Pennsylvania. However, the Commission itself has taken the position and makes the statement that those two milksheds are not sufficiently typical of the country as a whole to permit the Commission to make recommendation so far as remedial legislation is concerned.

With all due respect to the members of the Committee on Appropriations, so far as I am individually concerned, I prefer to take the judgment of those who have been conducting the investigation as to what is necessary in order to complete it, and in order that Congress may secure the objective originally intended, namely, that it may have recommendations on which to base remedial legislation, than to take the judgment of the committee. However, I wish to say in this connection that the members of the subcommittee were very courteous in according hearings and in listening to the arguments of those who desired to appear in support of the proposition, and, as I understand, the question was quite thoroughly debated when the bill went from the subcommittee to the full Committee on Appropriations.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. ADAMS. The Senator makes certain statements as to evils, with which we all agree. The question is whether those evils are not now sufficiently well known. It seems to me that the abuses which are being perpetrated by the distributors, including unfair payments to producers, are so well known that legislation ought to be founded, perhaps, on the facts already developed and known, rather than to wait for a further investigation to be completed. All we are going to do is to verify things that with respect to which we now are quite thoroughly satisfied.

Mr. LA FOLLETTE. Mr. President, the general facts are known. We know that there is a wide discrepancy, not only in the price which the producer receives and the consumer pays in the case of all farm commodities, but especially in regard to milk and its products, and we also know the result of the detailed investigation made with regard to milk and its products in the two milksheds which I have already mentioned.

However, as I said before, the Commission, particularly Commissioner Davis, who signed the report to Congress embodying the results of the preliminary studies, have taken the position that the investigation of these two particular milksheds, both of them in the region east of the Allegheny Mountains—one in Connecticut and one in Pennsylvania—are not sufficiently typical to justify the Commission in making specific recommendations. Any person who will take the pains to read the report on the two preliminary investigations will find in numerous instances that while the Commission has pointed out certain things that have been done in these two milksheds, the Commissions not prepared, in view of the limited character of the investigation to date, to make specific recommendations, or even to assert that they are typical of the milksheds of the United States.

There is no proposal here, as I understand, that every milkshed in the country shall be investigated. All the Commission says, and all that those of us who are supporting this amendment say, is that we believe the investigation, upon which money has already been expended, should be carried far enough so that we may say that we have a typical cross section of the practices and policies which prevail in the milksheds of the United States.

Mr. President, in connection with the statement which I have made regarding the profits and salaries paid, I wish to cite just a few examples as to which we already have information. In the case of the National Dairy Products Corporation, the names and figures are as follows:

National Dairy Products Corporation—Remuneration paid directors of National Dairy in any capacity, including salaries from subsidiaries

F. J. Andre, president the Pelling-Belle Vernon Co.; director, National Dairy Products Corporation	$17,990
Henry N. Brawner, Jr., president Chestnut Farms-Chevy Chase Dairy Co.; director, National Dairy Products Corporation	27,120
Frederick J. Bridges, president Hydrox Corporation; vice president and director, National Dairy Products Corporation	26,580
N. J. Dessert, vice president Detroit Creamery Co.; director, National Dairy Products Corporation	21,160
C. Wesley Ebling, president Detroit Creamery Co.; director, National Dairy Products Corporation	24,460
E. J. Finneran, director sales and advertising and director of National Dairy Products Corporation	22,620
B. S. Halsey, vice president Sheffield Farms Co., Inc.; director, National Dairy Products Corporation	29,030
J. M. Harding, president Harding Cream Co.; director, National Dairy Products Corporation	12,020

National Dairy Products Corporation—Remuneration paid directors of National Dairy in any capacity, including salaries from subsidiaries—Continued

Vernon F. Haney, president General Ice Cream Corporation; vice president and director, National Dairy Products Corporation	$26,930
George S. Jackson, president Western Maryland Dairy Corporation; director, National Dairy Products Corporation	18,850
Joseph L. Jones, treasurer Supplee-Wills-Jones Milk Co.; director, National Dairy Products Corporation	13,920
J. L. Kraft, vice president, Kraft-Phenix Cheese Corporation; director, National Dairy Products Corporation	56,390
John H. Kraft, vice president, Kraft-Phenix Cheese Corporation; director, National Dairy Products Corporation	25,040
B. M. Lide, Jr., president St. Louis Dairy Co.; director, National Dairy Products Corporation	12,100
William F. Luick, president Luick Ice Cream Co.; director, National Dairy Products Corporation	12,570
E. J. Mather, president Southern Dairies, Inc.; director National Dairy Products Corporation	$25,180
Thomas H. McInnerney, president and director National Dairy Products Corporation	108,700
P. P. Millers, vice president and treasurer General Ice Cream Corporation; director, National Dairy Products Corporation	11,350
Joseph Potts, manager Supplee-Wills-Jones Milk Co.; director, National Dairy Products Corporation	11,220
Wilbur S. Scott, president Breyer Ice Cream Co.; vice president and director, National Dairy Products Corporation	38,700
A. A. Stickler, treasurer and director National Dairy Products Corporation	25,180
C. Henderson Supplee, president Supplee-Wills-Jones Milk Co.; director, National Dairy Products Corporation	14,315
Horace S. Tuthill, vice president Sheffield Farms Co., Inc.; director, National Dairy Products Corporation	16,640
L. A. Van Bomel, president Sheffield Farms Co., Inc.; director, National Dairy Products Corporation	60,800
H. Burton Wilkerson, president Nashville Pure Milk Co.; director National Dairy Products Corporation	15,485
Frank A. Wills, president Supplee-Wills-Jones Milk Co.; director National Dairy Products Corporation	20,225
Henry N. Woolman, secretary Supplee-Wills-Jones Milk Co.; director National Dairy Products Corporation	14,565
Total only of salaries (over $10,000) paid officers and directors of National Dairy Products Corporation and to those officers of all subsidiary companies who are also directors of National Dairy Products Corporation	709,140

Mr. FLETCHER. Do the amounts the Senator has mentioned represent salaries?

Mr. LA FOLLETTE. Yes; salaries.

The net income of the National Dairy Products Corporation in 1934, while many dairy farmers were producing below the cost of production, was $10,678,895.39, and the consolidated income of the system was $6,551,930.29.

I have similar figures, Mr. President, with reference to the Borden Co. I shall not take the time of the Senate to read them all. Mr. Milburn, president of the Borden Co., for example, receives $95,000. Ten of the largest salaries of the Borden Co. and its subsidiaries amount to $375,666.72.

The net income of the Borden Co. for 1934 was $12,015,671.23, and their net income, consolidated, for 1934 was $4,490,044.80.

I ask that the table regarding the Borden Co. may be inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Borden Co.—Remuneration paid directors of Borden Co. in any capacity, including salaries from subsidiaries

[Aggregate remuneration during past fiscal year ended Dec. 31, 1934]

Albert G. Milbank, chairman of board of directors of Borden Co	$20,000.00
L. Manuel Hendler, president of Hendler Creamery Co., a subsidiary, and chairman of southeastern group of subsidiaries	36,000.00
Robcliff V. Jones, assistant to vice president of Borden Co	20,000.00
Edward B. Lewis, vice president of Borden Co	48,000.00
Arthur W. Milburn, chief executive of Borden Co. to date of resignation of A. T. Johnston, president, and president of Borden Co. thereafter	95,000.00
Stanley M. Ross, president of Borden's Dairy & Ice Cream Co., a subsidiary, and chairman of Middle West group of subsidiaries	20,000.00
George M. Waugh, Jr., vice president of Borden Co. (elected director during year)	35,000.00
Albert T. Johnston, president of Borden Co. (resigned during year) (resigned as director during year)	36,666.72
Wallace D. Strack, vice president of Borden Co. (resigned during year) (resigned as director during year)	$17,000.00
Patrick D. Fox, vice president of Borden Co	48,000.00
	375,666.72

Net income (corporate) Borden Co. for 1934, $12,015,671.23.
Net income (consolidated) Borden Co. for 1934, $4,490,044.80.

Mr. LA FOLLETTE. Mr. President, I am not saying that some of the salaries listed may not be proper remuneration for the work done and the services rendered, but I am citing them as examples of the fact that, while on the one hand we find the producers in distress, on the other hand we find the distributors of the products which the producers provide in a situation where they are prosperous and are doing very well.

Therefore, I believe that it would be a waste of money for the Senate not to provide the additional sum necessary to complete this investigation and, as the Commission itself states, to enable it to obtain information upon which it may make constructive recommendations for legislation insofar as this particular industry is concerned.

I sincerely hope that the amendment will be agreed to.

Mr. DUFFY. I ask to have printed in the RECORD, as a part of my remarks on the pending question, the supplemental estimate for the Federal Trade Commission, including a letter from the Acting Director of the Budget.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Communication from the President of the United States transmitting supplemental estimates of appropriations for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000

THE WHITE HOUSE,
Washington, June 27, 1935.

The PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of Congress, supplemental estimates of appropriations for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000, of which $100,000 is to remain available until December 31, 1936.

The details of these estimates, the necessity therefor, and the reasons for their submission at this time are set forth in the letter of the Acting Director of the Bureau of the Budget, transmitted herewith, with whose comments and observations thereon I concur.

Respectfully,

FRANKLIN D. ROOSEVELT.

BUREAU OF THE BUDGET,
Washington, June 27, 1935.

The PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration supplemental estimates of appropriation for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000, of which $100,000 is to remain available until December 31, 1936, as follows:

"Federal Trade Commission: For an additional amount for the Federal Trade Commission for the fiscal year 1936, including the same objects specified under this caption in the Independent Offices Appropriation Act, 1936, $296,000, of which $100,000 shall remain available until December 31, 1936 (U. S. C., title 15, secs. 12–26, 41–51, 61–65; H. Con. Res. 32, 73d Cong., 2d sess.; acts Mar. 23, 1934, 48 Stat., p. 1026; Feb. 2, 1935, and Mar. 21, 1935).

"Printing and binding, Federal Trade Commission: For an additional amount for printing and binding for the Federal Trade Commission for the fiscal year 1936, $4,000 (U. S. C., title 31, sec. 588; act Feb. 2, 1935)."

Appropriation of the amounts of these supplemental estimates is requested for two purposes. To enable the Commission to continue its textile investigation and reports covering investment, labor, and other costs of textile establishments for the calendar year 1935 and the first 6 months of the calendar year 1936, in order to obtain full and complete data necessary for the adequate and proper consideration of the problems of the textile industry, $100,000, to remain available until December 31, 1936. The remaining $200,000 is for continuation of the Commission's investigation of conditions with respect to the sale and distribution of milk and other dairy products as authorized and directed by House Concurrent Resolution 32 of the Seventy-third Congress, including $4,000 for printing and binding in connection therewith.

These estimates are required to meet contingencies which have arisen since the transmission of the Budget for the fiscal year 1936 and I recommend that they be transmitted to Congress.

Very respectfully,

D. W. BELL,
Acting Director of the Bureau of the Budget.

Mr. DUFFY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Radcliffe
Ashurst	Costigan	Logan	Russell
Austin	Davis	Lonergan	Schall
Bailey	Dickinson	McGill	Schwellenbach
Bankhead	Donahey	McKellar	Shipstead
Barbour	Duffy	Maloney	Steiwer
Barkley	Fletcher	Metcalf	Townsend
Bone	Frazier	Minton	Trammell
Borah	Gibson	Moore	Truman
Bulkley	Glass	Murphy	Tydings
Bulow	Gore	Murray	Vandenberg
Burke	Guffey	Neely	Van Nuys
Capper	Hale	Norbeck	Wagner
Caraway	Hastings	Norris	Walsh
Carey	Hatch	Nye	Wheeler
Chavez	Hayden	O'Mahoney	White
Clark	Holt	Pittman	
Connally	Johnson	Pope	

The PRESIDENT pro tempore. Seventy Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Wisconsin [Mr. DUFFY] to the amendment of the committee.

Mr. DUFFY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. BILBO], who is absent. My understanding is that if he were present he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. HASTINGS (when his name was called). On this question I have a pair with the senior Senator from Arkansas [Mr. ROBINSON]. I understand that if present he would vote as I intend to vote, and I therefore feel at liberty to vote. I vote "nay."

Mr. BARKLEY (when Mr. ROBINSON's name was called). The senior Senator from Arkansas [Mr. ROBINSON] is absent on important business. I ask that this announcement stand for the day. As already announced, he is paired with the Senator from Delaware [Mr. HASTINGS].

The roll call was concluded.

Mr. NEELY. I desire to announce that the following-named Senators are necessarily detained from the Senate: The Senator from Tennessee [Mr. BACHMAN], the Senator from Mississippi [Mr. BILBO], the Senator from Alabama [Mr. BLACK], the Senator from New Hampshire [Mr. BROWN], the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. BYRNES], the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. DIETERICH], the Senator from Georgia [Mr. GEORGE], the Senator from Rhode Island [Mr. GERRY], the Senator from Mississippi [Mr. HARRISON], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. MCCARRAN], the Senator from Louisiana [Mr. OVERTON], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Texas [Mr. SHEPPARD], the Senator from South Carolina [Mr. SMITH], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Utah [Mr. THOMAS].

Mr. AUSTIN. I desire to announce the following general pairs:

The Senator from New Hampshire [Mr. KEYES] with the Senator from Utah [Mr. THOMAS]; and

The Senator from Oregon [Mr. MCNARY] with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 51, nays 18, not voting 27, as follows:

YEAS—51

Ashurst	Capper	Frazier	Lonergan
Austin	Caraway	Gibson	McGill
Bankhead	Clark	Guffey	Maloney
Barbour	Connally	Hatch	Minton
Barkley	Costigan	Hayden	Moore
Bone	Davis	Holt	Murphy
Borah	Donahey	Johnson	Murray
Bulkley	Duffy	La Follette	Neely
Bulow	Fletcher	Logan	Norbeck
Norris	Radcliffe	Trammell	Walsh
Nye	Russell	Vandenberg	Wheeler
Pittman	Schwellenbach	Van Nuys	White
Pope	Shipstead	Wagner	

NAYS—18

Adams	Coolidge	McKellar	Townsend
Bailey	Glass	Metcalf	Truman
Burke	Gore	O'Mahoney	Tydings
Carey	Hale	Schall	
Chavez	Hastings	Steiwer	

NOT VOTING—27

Bachman	Cousens	King	Reynolds
Bilbo	Dickinson	Lewis	Robinson
Black	Dieterich	Long	Sheppard
Brown	George	McAdoo	Smith
Byrd	Gerry	McCarran	Thomas, Okla.
Byrnes	Harrison	McNary	Thomas, Utah
Copeland	Keyes	Overton	

So Mr. DUFFY's amendment to the committee amendment was agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment as amended.

Mr. NORRIS. Mr. President, I desire to be heard on the committee amendment.

As bearing directly on the committee amendment, I wish to say that day before yesterday the Senator from Michigan [Mr. VANDENBERG] made a speech in reference to the constitutionality of some law which it was sought to repeal by an amendment which was pending. He backed up his remarks by the opinions of some very eminent attorneys. Let me quote from what the Senator said:

> Mr. President, after the Supreme Court decision in the Schechter case I submitted this matter for specific opinion to three of the best lawyers in the United States, and I think that when they are named no Senator will impute to them less than sound and respectable judgment. I asked for the opinion of the Honorable James M. Beck, of Philadelphia, Pa.; I asked for the opinion of former United States Attorney General William D. Mitchell, of New York; and I asked for the opinion of Judge Thomas D. Thacher, former Solicitor General of the United States, than whom probably no more respected Solicitor General ever dealt with constitutional questions in the Department of Justice.
>
> The answer from all three, unanimous and without reservation and without equivocation, is that in the light and purview of the Supreme Court decision in the Schechter case and its related decisions there is no shade of constitutionality left in the delegation of this tariff power.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CONNALLY. Does it not seem from that dispatch that the Senator from Michigan had stacked the jury before he submitted the opinion?

Mr. NORRIS. I acquit the Senator from Michigan of any intent to do anything of that kind. I think he was unaware of the fact which I propose to show a little further on, and probably was acting in the very best of faith.

Thereupon the Senator from Michigan said:

> I merely bring my authorities and lay them at the bar of the Senate, and I ask for any authority comparable by way of defense of those arguments which these distinguished gentlemen present.

What I am about to say has no reference to one of the attorneys, Mr. Mitchell. It refers to Hon. James M. Beck and Hon. Thomas D. Thacher. Let me interpose to say that, like the Senator from Michigan, I have the highest opinion of these men as gentlemen and as lawyers, and in what I shall say I am not seeking to question their sincerity in the least.

This morning, however, in the newspapers there is an Associated Press dispatch which comes about from the fact that what is known as the "Black Lobby Investigating Committee" has its agents in New York trying to find out something about the Electric Institute, which is the head of the Electric Trust in America. The agents of the committee have had some difficulty there; but they finally got out of Mr. McCarter, the president, this information, which comes in the form of an Associated Press dispatch:

> NEW YORK, July 23.—The Edison Electric Institute—

Which, by the way, Senators will remember, is now taking the place of the National Electric Light Association, which got into disrepute when Insull went wrong; so the same men, with the exception of Insull, reorganized and changed their name—

The Edison Electric Institute has spent $256,749.76 in opposing proposed Federal legislation which it regards as harmful to the industry, its president, Thomas N. McCarter, reported today.

McCarter said the institute had retained Newton D. Baker and James M. Beck, at a cost of $35,000, to pass upon the constitutionality of the proposed governmental projects, such as that inaugurated by the T. V. A.

On the basis of the opinion submitted by Baker and Beck, the institute paid $50,000 to the firm of Cabaniss & Johnston, of Birmingham, Ala., in the case of Ashwander against Tennessee Valley Authority.

That was the famous case in which Judge Grubb issued an injunction against the T. V. A., and his action was recently set aside and reversed by the circuit court of appeals by unanimous opinion, showing that even these eminent attorneys may be mistaken as to the constitutionality of some things, even after they have received enormous fees.

Let me read on. Further quoting from this article:

Opposition to the Wheeler-Rayburn bill, McCarter said, was largely conducted by the committee of public-utility executives, headed by Philip H. Gadsen. To aid this committee, the institute paid fees of $75,000 each to the law firms of Simpson, Thatcher, and Bartlett and Sullivan and Cromwell. In addition, the institute spent $19,757.47 for official transcripts and Government documents and miscellaneous expenses.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. TYDINGS. Apparently the Senator from Michigan obtained for nothing an opinion for which other people had to pay.

Mr. NORRIS. I was about to remark that the Senator from Michigan obtained a legal opinion from two out of three of these illustrious attorneys when probably they only had to revamp the opinion which they had been paid $35,000 or $75,000 to write.

Mr. NORBECK. Mr. President——

Mr. NORRIS. I yield to the Senator from South Dakota.

Mr. NORBECK. Does not that indicate that the attorneys must have liked the job, since they did it without making charges?

Mr. NORRIS. Yes; especially when they had been paid beforehand to do the job.

I call attention to that merely to show how we may be mistaken even when we obtain the opinions of such illustrious and able attorneys as these concededly are, and of course they may be right; but their opinion in this one case, at least, has been set aside by the Circuit Court of Appeals by a unanimous decision, which ought at least to have as much weight with a thinking Senator as the divided opinion of the circuit court of appeals in Boston. This incident also illustrates that when Senators are obtaining the opinions of attorneys they ought to be careful that they do not obtain the opinion of the lawyer on the other side.

I do not suppose the Senator from Michigan was aware of these facts. I am not charging him with any bad faith; but he certainly happened to get opinions from very illustrious lawyers who, as this dispatch shows, have been receiving enormous fees from the Power Trust and affiliated concerns in fighting the legislation of Congress and in writing opinions to show that all these things are unconstitutional.

I have called this matter to the attention of the Senate simply in order that the record may be kept straight.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee, as amended.

The amendment, as amended, was agreed to.

Mr. TYDINGS. Mr. President, the Committee on Appropriations has authorized me to offer, on behalf of the committee, the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 64, after line 11, it is proposed to insert the following:

PAYMENT TO THE CITY OF BALTIMORE

For payment to the city of Baltimore the balance of the amount incurred and expended by said city of Baltimore to aid in construction of works of national defense in 1863, at the request of Maj. Gen. R. C. Schenck, United States Army, and as found and reported to the Senate on May 3, 1930, by the Comptroller General of the United States, fiscal year 1936, $171,034.31.

Mr. ASHURST. Mr. President, I am familiar with the subject matter of the amendment, having examined it as a member of the Committee on the Judiciary. I am convinced that this is a just claim, and I say so because in the committee some difference of opinion arose. The amendment is not subject to a point of order, as I understand, because a bill on the subject has been reported favorably and has passed the Senate at the present session.

Mr. TYDINGS. That is correct. It is the fourth time it has passed.

Mr. ASHURST. I construe the rules to be that if a bill has passed the Senate at the current session, it is not subject to a point of order when offered as an amendment to an appropriation bill.

Mr. TYDINGS. I hope nobody will make the point of order.

Mr. ASHURST. I wished to be certain on the matter.

Mr. McADOO. Mr. President——

Mr. TYDINGS. Mr. President, will not the Senator from California withhold his comment until we secure a vote on this amendment? Then he may offer his amendment.

Mr. McADOO. I merely wish to give notice——

Mr. TYDINGS. Will not the Senator withhold his comment?

Mr. McADOO. I am not going to comment. I am in favor of the Senator's amendment.

Mr. TYDINGS. Then let us have a vote on it.

Mr. McADOO. I merely wish to give notice that the State of California has a claim which is in the same category, and I wish to offer an amendment after this one shall have been voted on.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Maryland on behalf of the committee.

The amendment was agreed to.

Mr. TYDINGS. Mr. President, if the Senator from California will yield, I have another amendment which will lead to no controversy. I send it to the desk and ask to have it stated.

Mr. FLETCHER. Is it a committee amendment?

Mr. TYDINGS. It was approved by the Budget Bureau.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 14, after line 14, it is proposed to insert the following:

WASHINGTON-LINCOLN MEMORIAL-GETTYSBURG BOULEVARD COMMISSION

Salaries and expenses, Washington-Lincoln Memorial-Gettysburg Boulevard Commission: For personal services in the District of Columbia and elsewhere and for all other authorized expenditures of the Commission established by Public Resolution No. 19, Seventy-fourth Congress, approved May 20, 1935, entitled "Joint resolution for the establishment of a commission for the construction of a Washington-Lincoln Memorial-Gettysburg Boulevard connecting the present Lincoln Memorial in the city of Washington with the battlefield of Gettysburg in the State of Pennsylvania", $10,000, to remain available until expended: *Provided*, That the Commission may procure supplies and services without regard to the provisions of section 3709 of the Revised Statutes when the aggregate amount involved does not exceed $100.

Mr. TYDINGS. Mr. President, this amendment would simply carry out a law which was passed at the present session of the Congress and signed by the President. It is recommended by the Bureau of the Budget and by the President. A meeting of the Commission is called for Thursday morning, and it is desirable to have the $10,000 so that the Commission, headed by the President of the United States, may begin to function. None of the money to build this boulevard will come out of Federal funds. The money will be put up by the States, but the Federal Commission will designate the route to be followed and the character of boulevard to be built in conjunction with the State authorities.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NEELY. Mr. President, in order to enable me to offer an amendment I ask unanimous consent for the reconsideration of the vote by which the Senate adopted

the committee amendment on page 4, lines 10 to 13, inclusive.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered. The clerk will state the amendment offered by the Senator from West Virginia to the amendment reported by the committee.

The CHIEF CLERK. In the committee amendment, on page 4, line 12, before the word "in", it is proposed to insert the words "for remodeling and painting rooms in the Senate Office Building, $45,500."

The amendment to the amendment was agreed to.

The CHIEF CLERK. In line 13 it is proposed to strike out "$11,540" and to insert in lieu thereof "$57,040."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. NORBECK. Mr. President——

Mr. FLETCHER. Mr. President, is it in order to offer an amendment now?

The PRESIDENT pro tempore. Amendments are in order.

Mr. FLETCHER. I wish to offer an amendment.

The PRESIDENT pro tempore. The Senator from South Dakota is recognized.

RUSHMORE NATIONAL MEMORIAL

Mr. NORBECK. Mr. President, the Committee on Appropriations voted favorably to have the Senator in charge of the bill report an amendment as a committee amendment providing funds for carrying on the work on Rushmore National Memorial in South Dakota, expecting, of course, that the authorizing legislation would be passed by the time the bill was reached, or otherwise the amendment could not be offered. The authorizing legislation has been favorably reported by the Committee on the Library and has been on the calendar for some time, so that there has been unanimous action on this matter by two committees. The bill authorizing the appropriation has not been passed, and I ask unanimous consent at this time that the Senate proceed to the consideration of Calendar No. 1088, being Senate bill 3204.

The PRESIDENT pro tempore. The Senator from South Dakota asks unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 3204. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 3204) to provide additional funds for the completion of Mount Rushmore National Memorial, in the State of South Dakota, and for other purposes, which was read, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed the sum of $200,000, in addition to the amount previously authorized, for the purpose of defraying the cost of completing the Mount Rushmore National Memorial, in the State of South Dakota, including landscaping of the contiguous grounds thereof, constructing the entrances thereto, and constructing a suitable museum room in connection therewith.

SEC. 2. The Mount Rushmore National Memorial Commission, with the approval of the Secretary of the Interior, is hereby authorized to enter into contract for the work and to fix the compensations to be paid to artists, sculptors, landscape architects, and others, who may be employed by the Mount Rushmore National Memorial Commission, in the completion of the said Mount Rushmore National Memorial.

Mr. NORBECK. I desire to offer a short clarifying amendment, which has been pending for some time.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 3, after the word "the", it is proposed to insert the words "execution and completion of the"; and on page 2, line 8, after the word "memorial", to insert the words "pursuant to the provisions of section 3 of Public Law No. 805, Seventieth Congress, approved February 25, 1929, as amended by section 1 of Public Law No. 471, Seventy-third Congress, approved June 26, 1934", so as to make the section read:

SEC. 2. The Mount Rushmore National Memorial Commission, with the approval of the Secretary of the Interior, is hereby authorized to enter into contract for the execution and completion of the work and to fix the compensations to be paid to artists, sculptors, landscape architects, and others, who may be employed by the Mount Rushmore National Memorial Commission, in the completion of the said Mount Rushmore National Memorial, pursuant to the provisions of section 3 of Public Law No. 805, Seventieth Congress, approved February 25, 1929, as amended by section 1 of Public Law No. 471, Seventy-third Congress, approved June 26, 1934.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SECOND DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes.

Mr. WHEELER. Mr. President, I desire to offer an amendment to the pending bill.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 64, after line 23, it is proposed to insert the following:

CUSTER MEMORIAL MUSEUM

For the establishment and maintenance of a public museum as a memorial to Lt. Col. George A. Custer and the officers and soldiers under his command at the battle of the Little Big Horn River June 25, 1876, $20,000: *Provided*, That the Secretary of War is authorized and directed to erect and maintain such museum on such site as he shall select within the Custer Battlefield National Cemetery in the State of Montana and to accept such historical relics as he may deem appropriate for exhibit therein.

Mr. WHEELER. Mr. President, let me say that I introduced a bill, which I am now offering as an amendment which was referred to the Committee on Military Affairs and was voted on favorably by that committee. I submitted the proposed amendment to the chairman of the committee.

The reason for this is that there has been a cemetery at the Custer Battle Memorial Field, and Mrs. Custer has proposed to turn over to the Government some very valuable relics. The matter has been submitted to the War Department, and the Department has recommended the bill favorably. This is one of the national memorials, and I hope the amendment will be accepted.

Mr. ADAMS. Mr. President, may I inquire the status of the bill authorizing the appropriation? Has it passed the Senate?

Mr. WHEELER. It was reported favorably by the Committee on Military Affairs on February 11 of this year.

Mr. ADAMS. It has not passed the Senate?

Mr. WHEELER. I am not sure, to be frank, whether or not it has passed the Senate. My recollection is that it has passed, but I am not sure about it.

Mr. ADAMS. I regret that under orders from the committee I shall have to raise the point of order against the amendment, if it has not been estimated for, or if the authorizing legislation has not been enacted.

Mr. WHEELER. It has been reported favorably by a standing committee.

Mr. ADAMS. But it has not been passed?

Mr. WHEELER. I would have to check up on it.

Mr. ADAMS. Will not the Senator do that, because there is a standing rule which puts the burden upon a Senator having an appropriation bill in charge to raise a point of order in a case like this. That is one of the disagreeable duties the Senator in charge of a bill has to perform.

Mr. WHEELER. Could not the Senator take it to conference?

Mr. ADAMS. I have no option, under the orders of the committee.

Mr. WHEELER. I will check it up.

Mr. McADOO. Mr. President, the Senate has on several occasions passed a bill for the relief of the State of California, to pay the State the sum of $6,462,145.35, as certified by the Comptroller General of the United States, August 14, 1930. The last enactment was in June of this year.

This is a claim of the State of California arising out of expenditures made on behalf of the Federal Government during the Civil War. It has been frequently approved by the Senate in the special acts to which I have referred, in accordance with the bills introduced by my distinguished

colleague, the senior Senator from California [Mr. JOHNSON], who does not happen to be on the floor at the moment.

I desire to offer an amendment to the pending bill, that the item of $6,462,145.35 be included in conformity with Senate bill 1932.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 64, after the amendment relative to payment to the city of Baltimore, after line 11, it is proposed to insert:

For reimbursement to the State of California of the net balance due said State for actual expenditures made in aiding the United States during the War between the States as found and certified by the Comptroller General of the United States, August 14, 1930, and printed in Senate Document No. 220, Seventy-first Congress, third session, the sum of $6,462,145.35.

Mr. ADAMS. Mr. President, again it becomes my very unpleasant duty to raise a point of order, and to inquire whether or not this does not conflict with subsection 5 of rule XVI. It will all depend, in my judgment, on whether it can be classed as a private claim. In my judgment, it may be so classed, and if so, a point of order should be raised.

Mr. ASHURST. Mr. President, this matter has been before the Senate Committee on the Judiciary four times in the past 10 years. Four times the Senate Committee on the Judiciary examined the bill and reported it favorably. The bill passed the Senate in the Seventy-first, Seventy-second, and Seventy-third Congresses, and passed the Senate of the Seventy-fourth Congress just the other day.

Mr. HAYDEN. Mr. President, will my colleague yield?

Mr. ASHURST. Certainly.

Mr. HAYDEN. The sole question here is whether a State claim is a private claim. If it is a private claim, it clearly contravenes the rule. If it is not a private claim, the amendment would be in order.

Mr. ASHURST. It is not a private claim. Similar accounts were filed by 26 other States; and 26 States have been paid, of which 25 have been paid in this fashion, by an amendment to a deficiency bill.

Mr. ADAMS. Mr. President, is the Senator prepared to state that no bills were passed authorizing the payment in those individual cases?

Mr. ASHURST. I do not know.

Mr. ADAMS. Subsection 5 of rule XVI provides that a private claim must be sustained by an act of Congress passed by both Houses and signed by the President, and that the bill itself must be included in the amendment.

Mr. ASHURST. Surely the Senate is not going to say that an account of a State is a private claim. I doubt the wisdom and propriety of a Member of the Senate referring to what happens in another branch of the Congress; but this bill has been on the Union Calendar of another branch of the Congress, and private claims never appear on the Union Calendar.

Mr. VANDENBERG. It probably was put on the Union Calendar because it is a Civil War bill and belongs there. [Laughter.]

Mr. ASHURST. It is on the Union Calendar. I have no interest in the bill except that it is a bill which has been reported four times by the Senate Committee on the Judiciary, has four times passed the Senate within the past 10 years, and five times similar bills passed the Senate some 30 or 40 years ago. It seems to me that when we direct our attention to a subject, if it be an unjust demand, we should reject it finally, and if it be a just demand, we should pay it.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. VANDENBERG. The Senator has told us what happened four times in the Senate. What happened in the House four times?

Mr. ASHURST. I doubt the propriety of referring to what happens in another branch of Congress.

Mr. McADOO. Mr. President, I am not altogether familiar with the claim of the city of Baltimore, which has just been attached to the pending bill, and even if I knew the merits of the claim I would not be disposed to question it. I voted to include it in the bill. But I cannot see that it does not stand in precisely the same category with this claim of the State of California, and no point of order was raised against the inclusion of the item for the city of Baltimore in this appropriation bill.

When we come to the historical facts I should like to ask the distinguished Chairman of the Committee on the Judiciary, the senior Senator from Arizona [Mr. ASHURST], if I am in error when I say that the Senate has ruled on this question several times. I think, on two occasions it held that this type of claims of States for reimbursement for expenditures made during the Civil War were private claims, and on two other occasions it ruled by a majority vote that they were public claims.

I am frank to say that I cannot see how the claim of a State for expenditures made in behalf of the Government during the war, or made in behalf of the Government at any time, can be put in the category of private claims.

As I have said, this measure has passed the Senate a number of times. The amount is long since due. The merits of the claim have never at any time been questioned. I see no reason why the State of California should be denied its just rights when the Comptroller General has approved the claim and when the bills for its payment have passed the Senate on four or five different occasions.

Mr. President, the claim is a meritorious one and it should be included in the deficiency bill. I hope my colleague the senior Senator from California [Mr. JOHNSON], who is more familiar with the matter than am I, will express his views on this subject to the Senate.

Mr. ADAMS. Mr. President, I merely wanted to make clear to the junior Senator from California that whatever may be said as to the merit or justice of the claim, that was not involved in my observation in raising what I think was a proper point of order. The point was raised in the committee, and the amendment was rejected for that reason, and I do not wish to have a misunderstanding in respect to the matter. I am not discussing the merits of the claim at all. Being in charge of the bill, I have merely performed what I think is my duty in raising a point of order, which I am compelled to raise under the rules of the committee.

Mr. McADOO. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. McADOO. May I ask the Senator whether the point of order which he is now raising against this claim of the State of California is not applicable in like manner to the claim of the city of Baltimore?

Mr. ADAMS. Yes.

Mr. McADOO. Why did not the Senator from Colorado raise a point of order against the claim of the city of Baltimore, which is of a character similar to that of the claim of the State of California, in view of the fact that he seeks to deny us the right to have the item included in this bill.

Mr. ADAMS. I can only answer by saying that the Committee on Appropriations directed the submission of the Baltimore claim and therefore took away the obligation to raise the point of order as to that claim. Had the committee done the same thing with respect to the California claim of course the point of order would not have been raised.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. ASHURST. I regret it was necessary to make such a disclosure. That the committee instructed its chairman to relax the rule in favor of one claimant and to enforce the rule as against another claimant seems unfair. If such discrimination would not make a chancelor vomit, what would!

I ask unanimous consent to have printed in the RECORD at this point extracts from pages 6 and 7 of the House report on this bill (Rept. No. 1162, 74th Cong., 1st sess.).

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Nevada's war expenditures were made under exactly similar authority and circumstances, and on the recommendation of the commanding general of the Pacific, as were those of California. The exigencies impelling the Legislature of Nevada to pass acts authorizing such expenditures were identical. Even the acts of her legislature were copied after those enacted by the Legislature of California. The considerations in the one case cannot be dif-

ferentiated from the same consideration in the other. California should be reimbursed for the same reasons that Nevada was repaid.

All States other than California incurring expenditures for national defense have been reimbursed by the United States, principal and interest, under general and special acts of Congress. The various States and the amounts repaid are as follows:

STATES AND THE AMOUNTS REFUNDED THEM FOR WAR EXPENDITURES BY THE TREASURY DEPARTMENT (S. REPT. NO. 433, 74TH CONG., P. 58)

Statement of Third Auditor of the Treasury dated Mar. 15, 1892, covering Civil War allowances

Connecticut	$2,102,965.29
Massachusetts	3,969,225.23
Rhode Island	723,530.15
Maine	1,027,633.99
New Hampshire	977,008.48
Vermont	832,557.40
New York	4,259,672.82
New Jersey	1,523,575.24
Pennsylvania	3,886,100.63
Ohio	3,316,667.78
Wisconsin	1,059,162.03
Iowa	1,043,464.80
Illinois	3,081,975.43
Indiana	3,741,738.29
Minnesota	71,537.65
Kansas	386,436.36
Colorado	55,238.84
Missouri	7,581,417.80
Michigan	845,755.69
Delaware	31,988.96
Maryland	136,281.64
Virginia	48,469.97
West Virginia	471,063.94
Kentucky	3,551,603.97
Total	44,725,072.38

Additional appropriations by Congress to States for war expenditures by special acts

State	Deficiency acts	Amount
Texas [1]	Mar. 30, 1868 (25 Stat. 71)	$927,177.40
Do	Sept. 28, 1890 (26 Stat. 539)	148,615.97
Maine	Feb. 14, 1902 (32 Stat. 30)	131,515.81
Pennsylvania	do	689,146.29
New Hampshire	do	108,372.53
Rhode Island	do	124,617.79
Indiana	July 1, 1902 (32 Stat. 686)	635,859.20
Iowa	do	456,417.80
Michigan	do	382,167.62
Ohio	do	458,559.55
Illinois	do	1,005,129.29
Vermont	do	288,453.56
Kentucky	Mar. 3, 1903 (32 Stat. 1078)	1,323,999.35
Wisconsin	do	458,677.99
Maine	do	228,156.94
New Hampshire	do	172,926.27
Connecticut	do	606,560.27
New Jersey	do	479,833.20
Rhode Island	do	31,289.71
Massachusetts	Apr. 27, 1904 (33 Stat. 424)	1,611,740.85
Wisconsin	do	1,758.30
Missouri	Mar. 3, 1905 (33 Stat. 1253)	475,198.13
New Jersey	do	222,418.39
Wisconsin	do	725,881.88
Minnesota	Mar. 4, 1907 (34 Stat. 1374)	67,792.23
Kansas	Mar. 4, 1909 (35 Stat. 911)	425,065.43
Pennsylvania	Mar. 4, 1911 (36 Stat. 1321)	41,890.71
New York	do	7,206.57
Nevada	Mar. 4, 1929 (45 Stat. 678)	595,076.58
Amount reimbursed by special acts		12,821,537.88
Amount reimbursed by Treasury		44,725,072.38
Total		57,546,610.26

[1] Texas case did not involve Civil War expenditures. The Governor called out the State militia under an act of the State legislature to defend the frontiers of the State against attacks of Indian and Mexican marauders between October 1865 and August 1877.

Mr. ADAMS. The Senator from Arizona has commented upon the action of the committee. Perhaps if the Senator were familiar with what took place at the time he would not make quite such a stringent comment.

Mr. ASHURST. When a committee denies a forum to one account and specifically authorizes payment of another account of the same sort, what may we say?

Mr. ADAMS. If the Senator will listen, I think he will understand. No request was made by the State of California or its representatives to have the point of order waived. The Senator from Maryland presenting the Baltimore claim was there, made his motion that it be reported and the motion prevailed. The point of order was raised against the California claim, and no Senator was present to object. Both the Senator from Maryland and from California are members of the Committee on Appropriations. They both had access to the committee hearings. They both were notified when the hearings were being conducted.

Mr. McADOO. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. McADOO. I may say, Mr. President, that perhaps it is due to my own stupidity or ignorance of these technical questions that I did not make a motion requesting the committee to waive the point of order. I appeared before the Committee on Appropriations. I presented the claim of California and I was told at the time that a point of order might be raised against it. It did not occur to me that the committee would waive the point of order in one case and raise it in another case of precisely the same character. To deny the inclusion in this bill of the just claim of California could not be justified.

In all fairness, since I brought that matter to the attention of the committee at the proper time, the claim of California should not be excluded on a purely technical point of order. It is not fair to my State, and it is not justice to sustain the point of order.

Mr. JOHNSON. Mr. President, I have had nothing to do with the presentation of this matter to the particular committee in question. I know that what has been done by my colleague has been well done, and I do not feel that he need have the slightest feeling that he has not done his full duty, nor reproach himself at all because it is asserted that he did not ask the committee to waive a point of order. The only reason I take any part at this time in this discussion in relation to this matter is that I resent the idea that there should be two claims in exactly the same situation, that one of them should have a point of order not made against it and the other should have a point of order made against it. That is no way to deal with subject matter before the Senate, and it is that sort of thing against which I inveigh.

I do not care whether the Senate puts this item into the deficiency bill or does not. It is a matter of indifference to me how the Senate acts upon the deficiency bill. I have not been before the Committee on Appropriations and I do not intend to ask that this claim be presented for inclusion in the pending bill, but when upon the floor of the Senate two exactly similar propositions are presented, not differing in the slightest degree, and one of them is acceded to by the Committee on Appropriations and the one from the State of California has been denied exactly what has been accorded the other, then I say that it is a method of which I am sure no man here approves, and none ought to approve. The mode of legislation I do not care for; but if that mode is to be followed, I do not propose that the State from which I come shall be discriminated against.

Mr. HAYDEN. Mr. President, I am very well convinced that the claim in question cannot be regarded as a private one, and I hope the Chair will look very carefully into the question raised by the point of order. It is inconceivable to me that a claim by a sovereign State of the Union for services rendered to the Federal Government can be a private claim. The rule relates only to private claims; and if the Chair will bear with me for a moment, I believe it can be seen why there should be such a rule. Private claims are innumerable; and if appropriation bills were to be left open to amendment for payment of private claims, the time of the Senate would be taken on occasion after occasion in passing on claims of that character.

Claims by States against the Federal Government, on the other hand, are comparatively rare, and a State ought to have a higher status than a private individual in presenting a claim for money justly due it from the Federal Government.

It seems to me the Chair would be entirely correct in ruling that this sum due the State of California is not a private claim and is in order on an appropriation bill.

The PRESIDENT pro tempore. The junior Senator from California [Mr. McADOO] has offered an amendment to the pending deficiency appropriation bill, providing an appropriation of $6,462,145.35 to carry out an authorization provided

in an act which was passed by the Senate at the present session, authorizing such an appropriation.

There are two grounds on which the amendment might be subject to a point of order. The first ground is that it adds a new item of appropriation to an appropriation bill. The amendment is not subject to a point of order on that ground because it is especially stated in rule XVI, paragraph 1:

Or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act, or resolution previously passed by the Senate during that session.

The bill authorizing the appropriation of the $6,462,145.35 was passed by the Senate during the present session of Congress.

Paragraph 5 of rule XVI reads as follows:

No amendment, the object of which is to provide for a private claim, shall be received to any general appropriation bill, unless it be to carry out the provisions of an existing law or a treaty stipulation, which shall be cited on the face of the amendment.

The question arises as to whether the claim in question is a private claim. Undoubtedly claims which are not private claims are not subject to such a point of order as has been raised against this claim. The committee preparing the rules must have had in mind a distinction between private and public claims.

It has been held by the Senate on several occasions that an amendment to an appropriation bill to pay a claim of a State or a municipality is not a private claim. If we go back to 1853, we shall find that a question very similar to this question arose. The Chair reads from Gilfry, volume 1, page 87:

The general deficiency appropriation bill was under consideration. An amendment was proposed "that the sum of $300,000 be paid to the State of California to be applied to the expenses of the State government prior to the admission of California into the Union as a State."

An objection was made, but the President pro tempore decided he thought that the item having been previously agreed to in a bill that passed the Senate at the last session, but not yet acted upon by the House, was in order.

It is the opinion of the Chair that the general precedents of this body are to that effect, and that they hold that a claim by a State, such as the one for which appropriation is now asked, is not a private claim but is a public claim, and therefore the point of order is not sustained.

The question is on agreeing to the amendment of the Senator from California [Mr. McADOO].

The amendment was agreed to.

Mr. McKELLAR addressed the Chair.

The PRESIDENT pro tempore. There is some doubt as to whether or not the amendment offered by the Senator from Montana [Mr. WHEELER] was agreed to. By unanimous consent the Senate will return to that amendment.

Mr. WHEELER. Mr. President, let me say to the Senator from Colorado that the authorization for this appropriation was passed by the Senate on the 12th day of February, so that the point of order he made was not well taken.

The PRESIDENT pro tempore. Without objection, the amendment offered by the Senator from Montana is agreed to.

Mr. McKELLAR. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 76, after line 23, it is proposed to insert the following:

Acquisition of premises designated as "1724 F Street NW.", Washington, D. C.: For purchase of the premises designated as "1724 F Street NW.", Washington, D. C., and described as lot 28 in square 170 on the records of the surveyor of the District of Columbia, comprising a six-story-and-basement brick office building and approximately 13,200 square feet of land, to provide necessary office space for permanent Government organization, $200,000.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. McKELLAR. Mr. President, on July 10 the President sent to the Senator from Virginia [Mr. GLASS], Chairman of the Committee on Appropriations, a letter in which he recommended this appropriation. The Government is now paying, I believe, over $24,000 a year for this building, so that in 8 years the amount paid in rental will equal the price proposed to be paid under the appropriation of $200,000. The appropriation has the approval of the Bureau of the Budget. I think the amendment should be adopted, and I hope the Senate will approve it.

Mr. KING. Mr. President, may I inquire of the Senator the purpose of the amendment?

Mr. McKELLAR. The appropriation proposed by the amendment is to be used, as I understand, for the acquisition of a building now occupied by the Census Bureau and to continue to be occupied by that Bureau. Employees of the Government are now located in it, and the Government is paying a rental of $24,592 a year.

Mr. KING. Mr. President, I shall not object to the consideration of the amendment, but I wish to voice my protest against the enormous appropriations that have been and are being made for public buildings for Federal purposes in the city of Washington. It sems to me that we have gone to the extreme in appropriations for Federal buildings. The Department of Commerce cost over $20,000,000, and we are seeking an appropriation in this bill of $11,000,000 for another building.

If I may be permitted a reference to my own State, let me say that it has one of the finest capitol buildings in the United States, a building constructed of granite and of sufficient size to house all of its officials and all State organizations, and the cost was less than $1,000,000. It is sought in this bill to appropriate more than $11,000,000 for a building for one of the—I will not say lesser, but for one of the smaller bureaus of the Government.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

Mr. McKELLAR. I ask that there may be printed, as part of my remarks, in connection with the amendment just adopted, a copy of the letter of the President and also a detailed statement of the facts.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, July 10, 1935.

Hon. CARTER GLASS,
Chairman Committee on Appropriations,
United States Senate.

MY DEAR MR. CHAIRMAN: In my message transmitting to the Congress the Budget for the fiscal year ending June 30, 1936, I referred briefly to the estimate of appropriation of $300,000,000 for public works to take care of the normal public-works requirements of the Government usually included in the annual supply bills. This amount of $300,000,000 was intended for use for these urgent public-works requirements which are to be carried out by contract at prevailing rates of wages, leaving projects that can be carried on by hired labor to be provided for from the appropriation of $4,000,000,000 for emergency relief, also requested in the 1936 Budget.

There is included in the second deficiency bill, 1935, as passed by the House of Representatives, $173,509,192, comprising part of this estimate, and it now appears that an additional $200,000 will be needed by the Treasury Department to acquire the building known as "1724 F Street NW.", Washington, D. C. For the use of this building, which has been occupied by the Government since it was built in 1911, there is being paid an annual rental of $24,592.

A draft of a proposed provision to meet this need follows:

"PROCUREMENT DIVISION—PUBLIC WORKS BRANCH

"Acquisition of premises designated as '1724 F Street NW.', Washington, D. C.: For purchase of the premises designated as '1724 F Street NW.', Washington, D. C., and described as lot 28 in square 170 on the records of the surveyor of the District of Columbia, comprising a six-story-and-basement brick office building and approximately 13,200 square feet of land, to provide necessary office space for permanent Government organizations (act of May 25, 1926, 44 Stat., p. 630), $200,000."

Sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT.

MEMORANDUM IN REGARD TO 1724 F STREET NW., OCCUPIED BY UNITED STATE BUREAU OF THE CENSUS

JUNE 8, 1935.

The building consists of a 6-story-and-basement brick building described as lot 28 in square 170 on the records of the surveyor of the District of Columbia.

The lot fronts 105 feet on F Street, containing 13,201 square feet of land. Abuts on the south and east property of the Emergency Hospital.

The building was erected by the late Victor J. Evans in 1911. The building contains 39,486 square feet of usable floor space and has been under rental to the United States since completion. Prior to 1933 the rental was $24,592 per year. The Economy Act of 1933 reduced all rentals 15 percent. Beginning July 1, 1935, the rental will again be $24,592 per year.

The property is assessed for 1935 for taxation by the District of Columbia as follows:

13,201 square feet at	$59,405
Improvements	130,000
	189,405

Being located in an area of future Government building expansion, property values are constantly increasing. The ultimate expansion of George Washington University as planned, together with the easily discerned future needs of the Government, will apparently require all squares south of Pennsylvania Avenue. Each Government purchase and improvement results in the appreciation in value of all remaining privately owned property.

The Government can probably acquire the property at 1724 F Street NW. at this time at an extremely reasonable figure because of the necessity for liquidating the Evans estate, whereas if the United States at a later date seeks to acquire the property as part of a project in that vicinity, the situation would be reversed and the cost to the Government would be considerably higher, as the property will have been disposed of, or need for liquidation past, and past experience shows that property is priced higher when it becomes known the Government seeks to acquire it. The extremely low rental now in effect might pay for the property in a few years. Delay in purchase, while continuing occupancy of the building, will doubtless result in considerable loss to the Government, as the exceptionally low rental will doubtless be increased and the property value will also increase.

Present indications are that the Government will require this space for the next 10 years, it being hardly possible that if the present low rental could be continued the Government would be able to find more economical space; therefore, by advancing a sum equal to 8 years' rental (at an extremely low rate), the United States would own a building that it will doubtless eventually seek to acquire because of its location in the northwest triangle.

FAVORABLE FACTORS

Containing 39,486 square feet of usable floor space at an annual rental of $24,592, the rate per square foot per year is $0.62. (This is probably the lowest square-foot rate now being paid by the Government for comparable space. It is doubtless not more than half the square-foot rental of most of the office space rented by the Government in Washington.)

At a valuation of $200,000 for the property, the cost per square foot of usable floor space, after deducting assessed value of land, is $3.55, $200,000 less $59,405 equals $140,595, divided by 39,486 square feet (as compared with Commerce Building cost of $17 per square foot).

Rental cost per square foot to United States after purchase, figuring possible cost of 3-percent bonds for purchase price, $0.15—$200,000 at 3 percent equals $6,000 divided by 39,486 square feet (as compared with present cost of 62 cents, or a possible low rental of 75 cents per square foot).

Cost per cubic foot: Building 70 feet by 108 feet by 70 feet equals 582,120 cubic feet, $0.241—$200,000 less $59,405 equals $140,595 divided by 582,120 cubic feet (as compared with Commerce Building cost, 63 cents cubic foot, or Internal Revenue cost of 65 cents cubic foot. Cubic-foot cost is not a fair basis for comparison, as a several times greater percentage of usable floor space is produced by the cubage in No. 1724 F Street, as compared with the Commerce and Internal Revenue Buildings.

SAVINGS TO GOVERNMENT

Present yearly rental (extremely low)	$24,592
Possible cost to Government, 3 percent of cost	6,000
Actual savings per year	18,592

The savings of $18,592 per year will pay cost of $200,000 in 10 years.

Present extremely low rental rate will pay for building at value of $200,000 in 8 years.

The size and location of the building makes it extremely desirable for use of a departmental bureau or independent office. In Government ownership it could easily be modernized with cooling system and other up-to-the-minute equipment so as to provide a most desirable permanent home for some Government activity. The accessibility of the location, being out of the highly congested traffic area, is a most attractive feature.

Mr. THOMAS of Oklahoma obtained the floor.

Mr. BYRNES. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BYRNES. I should like to know by what means a Senator may obtain recognition from the Chair. Since 20 minutes of 2 I have been on my feet. I was on my feet before the Senator from Montana [Mr. WHEELER] secured recognition to offer his amendment and before the Senator from Oklahoma offered his amendment and before the Senator from Tennessee offered his amendment. On each occasion, before the vote was taken on the then pending amendment, I addressed the Chair. I do not like to complain about the action of the Chair, but, after standing for 20 minutes when other Senators who had been in their seats secured recognition, I do complain.

The PRESIDENT pro tempore. The Chair will answer the parliamentary inquiry of the Senator from South Carolina. Merely standing on the floor of the Senate is not sufficient for a Senator to secure recognition. The rule requires that the Senator shall not only rise but shall address the Chair. If the Senator from South Carolina has addressed the Chair during the last half hour, the Chair will apologize for not hearing him.

Mr. BYRNES. If the Chair's hearing were good, the Chair would have heard me, for before the last votes were taken I was addressing the Chair. Other Members have asked what would I give them in order to induce the Chair to recognize me.

The PRESIDENT pro tempore. The Chair may say also that while, under the rules of the Senate, it is necessary to address the Chair and in an audible voice, the Chair believes that it is conducive to orderly procedure in this body that instead of a number of Senators rising on the floor and addressing the Chair at the same time in their desire to offer amendments, they do, as a number of Senators have done who have respected the practice, send their names to the Chair and ask to be recognized. Such a list of names has been placed on the Presiding Officer's desk; but with a number of Senators rising at once and addressing the Chair simultaneously, the Chair is doing the best he can to recognize those who have waited longest for an opportunity to present their amendments. All those recognized had been upon their feet seeking recognition before the Senator from South Carolina rose.

Mr. BYRNES. I will say to the Chair that the only reason I submitted the parliamentary inquiry was that since I have been standing on my feet I have noticed a number of Senators going up to the Chair and then securing recognition. If that is the proper course, I will write a note to the Chair and ask for recognition.

The PRESIDENT pro tempore. The Chair will recognize the Senator, in any event.

Mr. THOMAS of Oklahoma. Mr. President, I desire to offer an amendment.

Mr. ADAMS. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Colorado.

Mr. ADAMS. Will the Senator from Oklahoma yield to me to offer a textual corrective amendment, on page 2, line 17, to strike out "July 1, 1935" and insert in lieu thereof "on the date of the enactment of this act"? The amendment becomes necessary by reason of the delay in passing the bill.

The PRESIDENT pro tempore. The Senator from Colorado offers an amendment, which will be stated.

The CHIEF CLERK. On page 2, line 17, it is proposed to strike out "July 1, 1935", and in lieu thereof to insert "on the date of the enactment of this act."

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. THOMAS of Oklahoma. I submit an amendment to come in on page 11, and ask that it be stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 11, it is proposed to strike out the remainder of the paragraph after the word "expenses", in line 11, and in lieu thereof to insert the following:

Contract stenographic reporting services, rent, stationery, and office supplies, not to exceed $10,000 for printing and binding, not to exceed $1,500 for books and periodicals, not to exceed $20,000 for purchase, exchange, hire, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles, and not to exceed $20,000 for the maintenance, operation, and repair of boats, fiscal year 1936, $600,000.

Mr. THOMAS of Oklahoma. Mr. President, this amendment provides additional funds for the Division of Investigation of the Department of the Interior. On the 21st of June

the President sent a supplemental budget estimate covering the exact amount asked for by the amendment. I ask the Senator in charge of the bill if he is not willing to accept the amendment?

Mr. ADAMS. Yes. The situation has been explained somewhat differently than as it was originally understood, and I understand that there will be revenue lost far in excess of the proposed appropriation if the money shall not be provided and the service made use of.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

Mr. BONE obtained the floor.

Mr. FLETCHER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Florida?

Mr. FLETCHER. Is the Senator from Washington about to offer an amendment?

Mr. BONE. Yes; I desire to offer an amendment, but I yield to the Senator if he desires to make a statement.

Mr. FLETCHER. No; I will wait until after the Senator's amendment shall have been disposed of.

Mr. BONE. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 48, after line 12, it is proposed to insert the following:

Navy Yard, Puget Sound, Wash.: Graving drydock, services, and auxiliary construction, $4,500,000.

Mr. KING. Mr. President, I want to make objection to that amendment.

Mr. BONE. May I make just a brief statement?

Mr. KING. Certainly.

Mr. McKELLAR. Before the Senator begins, will he state whether or not the Bureau of the Budget has sent an estimate for the proposed appropriation?

Mr. BONE. Not only that, but the appropriation has been authorized by statute.

Mr. McKELLAR. It has been authorized by statute and the Bureau of the Budget has estimated for it?

Mr. BONE. I assume it has been properly budgeted, because it has been authorized by law and signed by the President on April 15 of this year.

Mr. McKELLAR. As I understand, no estimate came before the Appropriations Committee. There has to be such an estimate.

Mr. BONE. I do not know that the point of order would lie against this amendment, because in Public Act 36, passed by the Senate and the House and signed by the President April 15, 1935, this expenditure was authorized, and the Navy Department was authorized and directed to make the expenditure. I take it that that answers the Senator's suggestion.

Mr. McKELLAR. Not unless there was an estimate. Under the rule of the Appropriations Committee, it cannot add an item on an appropriation bill unless there has been a Budget estimate, even though it may be authorized by law. That is the rule which the committee follows.

Mr. BONE. I do not so understand the rule, and I was advised by those who are familiar with the parliamentary practice of the Senate that this amendment was in order or I would not have offered it, because I have upon one or two occasions been subjected to similar points of order. I think, however, there can be no question, or certainly I would not have been advised as I have been by able parliamentarians here, that the amendment is in order.

Let me say that the act under which this expenditure is authorized passed, as I have indicated, in April, and at the present time the Puget Sound Navy Yard is confronting a tremendously heavy program in both repair work and probably construction work.

My purpose in tendering the amendment at this time is to have appropriated promptly the money for this drydock, which is so vital to the program of the Navy.

The PRESIDENT pro tempore. The Chair will state that, in his opinion, the amendment is in order.

Mr. BONE. I may say that it is in pursuance of statutory law, and I cannot assume, as I read the rules of the Senate, that there can be any possible technical objection raised to it.

Mr. McKELLAR. Mr. President, I have just examined the amendment, and I am now quite sure that it is in order.

The PRESIDENT pro tempore. The Chair holds the amendment to be in order. The question is on agreeing to the amendment.

Mr. KING. Mr. President, before voting upon the amendment, I should like to inquire why this item was not included in the general naval appropriation bill?

Mr. BONE. I am unable to advise the Senator of the technical reason, if there be one, for not putting it in the regular naval appropriation bill, but the bill making provision for the drydock was considered and passed by both Houses of Congress and was approved by the President on April 15.

Mr. BYRNES. Mr. President, I should like to have the amendment again stated.

The PRESIDENT pro tempore. The clerk will again state the amendment.

The CHIEF CLERK. On page 48, after line 12, it is proposed to insert the following:

Navy Yard, Puget Sound, Wash.: Graving drydock, services, and auxiliary construction, $4,500,000.

Mr. KING. Mr. President, I inquire if the Senator from Washington has yielded the floor?

Mr. BONE. I have.

Mr. KING. Mr. President, we have appropriated thus far during this session, as I recall, more than a billion dollars for the Army and the Navy for the next fiscal year. This stupendous sum is at least $200,000,000 or $300,000,000 larger than that of any nation on earth for military purposes for the next fiscal year. We affirm our devotion to peace perhaps more than any other nation, unless it is poor, little, struggling Ethiopia, which is about to be swallowed up by Italy, and yet we spend more for military purposes than any other nation in the world.

I am wondering why this item, sought by the Senator from Washington [Mr. BONE] and which seems to be in order, was not included in the general appropriation bill. I have examined the bill before us, and I find on pages 46, 47, 48, 70, and 71 various items of appropriation for the Navy, and on five or six other pages appear large appropriations for the Army.

It is only a few weeks ago that Congress passed so-called "general appropriation bills" for the Army and the Navy, and as I recall one or two others in special bills which also provided millions of dollars for military purposes. The total amount of these bills exceeded $1,000,000,000. How much more will be appropriated before adjournment I do not know.

Mr. BONE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Washington?

Mr. KING. I am glad to yield.

Mr. BONE. When the Senator, who is an experienced parliamentarian, asks me why an item was not included in the regular naval appropriation bill, I am tempted, with somewhat of the perverseness of an impish small boy, to ask him why the California appropriation was not included and why a lot of other appropriations which I have seen approved were not included. I wish I could tell the Senator. I have seen so many different appropriation items brought up in this fashion that I assumed that with the greatest propriety I could offer it at this time, though I do not question the Senator's right or logic in challenging the tremendous military appropriations.

Mr. KING. Mr. President, my friend from Washington is so naive in this matter that it is with difficulty I restrain myself from paying additional compliments to him.

May I say that I do not favor the California item. It seems to me that that great State received benefits that compensated her for whatever contribution she may have made to the Government during the War between the States.

It is to be observed that there was no general appropriation bill dealing with the claims of States and municipalities for appropriations from the Federal Treasury on account of alleged obligations due from the parent government to them.

Consequently there is a parliamentary distinction to be recognized between a special claim by a State and a general claims bill dealing with the subject of Federal obligations to States. I am not opposing the provision for which the Senator is asking, but I am suggesting that it should have been in the general naval appropriation bill. It was assumed that all the demands of the War Department and the Navy Department for appropriations for the new fiscal year would be brought together in the general appropriation bills which were presented by the departments and passed.

Mr. BONE. Mr. President, will the Senator yield further?

Mr. KING. May I say to the Senator from Washington that I am not opposing his amendment. I am only challenging attention to the fact that we are making appropriations for the Army and for the Navy far in excess of those of any other military nation in the world.

I yield now to the Senator from Washington.

Mr. BONE. I am wondering if the Senator's reasoning may not be right about the expenditures, but perhaps one might challenge his logic, because this item came before the Senate on a previous occasion and the Senate by its vote authorized the expenditure. I agree with the Senator from Utah that there is propriety in challenging these frightful military and naval expenditures, but we are in the maelstrom now, we are in the stormy waters, and we are merely trying on the Pacific coast to make the navy yard as effective as an agent as it is possible for us to do.

Mr. KING. The Senator need not make an argument in favor of it, nor need his colleague do so, because I am not opposing the amendment.

Mr. SCHWELLENBACH. Mr. President, may I ask my colleague a question which I believe will clear up the point?

Mr. KING. I am using this as a vehicle to direct attention to the military propensities of this Nation, to the enormous appropriations which we are making for the Army and the Navy, which must have their repercussions in other nations. When we profess to be the apostles of peace, and when they learn that our appropriations exceed those of any other nation in the entire world, they may be led to believe that the United States is insincere in its protestations about peace and has some ulterior purpose behind these huge appropriations.

I yield now to the junior Senator from Washington.

Mr. SCHWELLENBACH. May I ask my colleague if it is not his understanding that at the time the bill to which he referred passed the House and the Senate it was the purpose of the authorization to enable the Navy Department to build the ships which were included in the appropriation to which the Senator from Utah refers? At that time it was hoped that the President would make an allocation out of the large relief fund, but, he not having done so, it becomes necessary to get this additional appropriation in order to carry out the purposes of the act and in order to make it possible to build ships for which appropriations have been made.

Mr. KING. I am sure the Senators from Washington will understand the position I am taking in regard to this matter.

Mr. BONE. My colleague's statement in the form of a question is accurate. I do not wish to interrupt the Senator's trend of thought, but I have conceived it to be the duty of the Congress to make an appropriation when it has enacted a law authorizing the creation of an instrumentality. If we are going ahead to enact a law and authorize the doing of these things, then we should not hesitate to spend the money.

Mr. KING. My complaint is not against this particular item per se, but against the policy of the Government, first, in its demanding such enormous appropriations, and, secondly, in spreading them out through half a dozen different bills as though to conceal from the public the aggregate appropriations made. In addition to the direct appropriations for military purposes allocations are made from the Public Works fund and from other funds. And we now have a deficiency appropriation bill which carries appropriations of millions of dollars for the Army and the Navy.

It would be better if we would be a little more frank and tell the public in one bill that we are demanding a billion and several hundred million dollars, than to have the appropriations spread through half a dozen different bills so that the aggregate may not be readily grasped by the public.

Mr. McADOO. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from California?

Mr. KING. Certainly.

Mr. McADOO. I am quite sure my friend the distinguished Senator from Utah did not mean the implication which I think was inevitably contained in his remarks about the California claim—that it was not meritorious.

Mr. KING. I did not say it was not meritorious, nor did I mean to convey the thought that it was without merit or justice. I said California derived great benefit from the conflict referred to. I think all agree that every State ought to have made contributions to the cause.

Mr. McADOO. Every other State which made contributions under the same circumstances has been repaid by the Federal Government the amount of its claims. I do not care to have California put in the attitude of coming here and asking for something that is unfair or inequitable or unjust. We have precisely the same kind of meritorious claim that the other States have had for contributions made to the Federal Government in time of dire necessity in the Civil War. Our claim is one of those which just happens not to have been paid heretofore.

I invite the Senator's attention to, and I shall be glad if he will take the time to examine the Comptroller General's report embraced in Senate Document 220, Seventy-first Congress, third session, in which he will find that this claim is said to be absolutely meritorious and justified in every respect.

Mr. KING. Mr. President, I am glad the merits and the validity and the righteousness of the claim satisfy my dear friend, and with his satisfaction I shall let the matter rest.

Mr. President, before taking my seat I wish to call attention to something not germane to the matter under discussion at the moment.

I notice in this morning's papers, and I have a copy of one of them, the New York Herald Tribune, that the mayor of New York City has barred "Germans from trade here because Nazis restrict United States Jews." Then I further note the statement that the Nazis' "threat to drive the Jews from the Reich is revived."

Mr. President, the German people of course have the right to adopt that form of government which suits them, and we have no right to interfere in their domestic and internal affairs. However, our Government, as well as other governments, have the right to determine who shall be their neighbors, and with whom they shall have diplomatic relations.

There are many cases where governments have withdrawn their representatives and severed all diplomatic relations with other governments. I think that the course pursued by the Reich Government towards the Jews, Catholics, and, for that matter, other citizens of Germany, warrants the Committee on Foreign Relations of the Senate in taking cognizance of the same for the purpose of ascertaining the facts, and studying the precedents where governments have severed diplomatic relations with other governments.

It has been claimed that the Hitler government has treated Jewish citizens and residents of Germany with the utmost brutality and has driven thousands from their homes and from their country. It is also claimed that Catholics have been the victims of persecution; that religious and civil liberty has been denied them, as well as other German citizens. In view of the attitude of the Reich Government towards many of its citizens, it seems to me that we are justified in making an investigation with a view to determining whether this Government shall continue the existing diplomatic relations with the Hitler regime. And it may be

proper to inquire as to whether the obligations of the Hitler government to the United States have been fully observed.

I shall offer a resolution asking for such an inquiry, including a study of the precedents which may be invoked, to determine under all the facts what course this Government should pursue in the matter.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on agreeing to the amendment offered by the Senator from Washington [Mr. BONE].

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer an amendment, which is already on the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 11 it is proposed to strike out lines 18 to 25, inclusive, and, on page 12, all of lines 1 to 11, inclusive, and in lieu thereof to insert:

Salaries and expenses: For each and every expense necessary to liquidate the affairs of the former Railroad Retirement Board, as established in section 9 of the Railroad Retirement Act, approved June 27, 1934, which is hereby reestablished to effect such liquidation, including compensation of members of said Board and its employees heretofore and hereafter employed for services rendered from May 1 to 6, 1935, inclusive, and subsequently thereto but not beyond September 30, 1935; to pay any expense heretofore incurred by the Board, and not yet paid, for the preparation of a report upon its activities and experiences to the President for transmission to Congress as contemplated in section 2 (b) of the Railroad Retirement Act, and for arranging for turning over the records, papers, and property of the Board to such agency as the President shall designate, fiscal years 1935 and 1936, $35,000; and in addition thereto refundment is hereby authorized to past and present members and employees of the Board of all compensation earned by them but withheld as employees' contribution to the railroad retirement fund and deposited to the credit of said fund in the Treasury, and the amount necessary for this purpose is hereby appropriated from said fund: *Provided*, That no member of the Board or of its staff shall be personally liable for any action heretofore taken within the terms of the authority sought to be granted by the Railroad Retirement Act.

Mr. FLETCHER. Mr. President, may we have some idea what is being offered here?

Mr. BYRNES. In response to the inquiry of the Senator from Florida I will say that the amendment which has been offered and agreed to is a substitute for the language of the bill beginning on page 11, line 17, relative to the Railroad Retirement Board. It merely amends the language so as to make unnecessary the passage by the House of the joint resolution of the Senate which has heretofore passed the Senate, and is pending in the House, with regard to the liquidation of the Railroad Retirement Board.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer another amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, after line 12, it is proposed to insert:

Pay, subsistence, and transportation of naval personnel: The limitation on the number of officers of the Dental Corps contained in the Navy Department Appropriation Act approved June 24, 1935, is hereby increased from 186 officers of the Dental Corps to 234 officers of the Dental Corps.

Mr. BYRNES. This amendment is required by reason of the increased personnel, which makes it necessary to increase the amount which is available for pay of officers.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 38, after line 5, it is proposed to insert:

Temporary government for the Virgin Islands: For an additional amount for salaries of the Governor and employees incident to the execution of the act of March 3, 1917 (U. S. C., title 48, sec. 1391), including the same objects specified under this head in the Department of the Interior Appropriation Act for the fiscal year 1936; and including salaries of officers and members of a constabulary force, and not to exceed $9,340 for uniforming and equipping said force, including the purchase, issue, operation, maintenance, repair, exchange, and storage of revolvers, bicycles and motor-propelled passenger-carrying vehicles, uniforms, ammunition, radio equipment, and miscellaneous expenses, $40,000.

Mr. McKELLAR. Mr. President, that appropriation has been estimated for. The letter of the President recommends it.

Mr. KING. What is the amendment about?

Mr. McKELLAR. Its purpose is to provide additional employees in the Virgin Islands. It seems to me it is absolutely necessary. I hope the amendment will be agreed to and considered in conference.

Mr. KING. Mr. President, I regret that the Chairman of the Committee on Territories and Insular Affairs is not here at the moment. Has this amendment his approval?

Mr. McKELLAR. I do not know whether or not it has his approval; I cannot say as to that; but, from the information I have, I am sure the amendment is absolutely necessary to the proper government of the Virgin Islands, and it is very strongly recommended by the Secretary who has charge of that particular department. It is also recommended by the President, and there is a Budget estimate for it.

In my judgment, the amendment ought to go into the bill. I hope the Senator from Utah will not object to it.

Mr. KING. Mr. President, it would be improper for me to comment upon the testimony which has been adduced before the committee which is making an investigation of conditions in the Virgin Islands; but, as Senators know, that duty has been devolved upon a committee of which I am a member. The committee has seriously undertaken the task assigned to it, but it has not completed its work, and, of course, has submitted no report. It seems to me that at this time, in view of the record and the changing conditions in the administration of the islands, the appropriation of money for the setting up of a police force would be unwise. The Governor has been superseded, and the highest judicial officer of the islands has tendered his resignation. These changes would seem to foreshadow—and this is a mere surmise—further changes in the personnel and perhaps in the policies which have prevailed and are now prevailing in the islands.

I take the liberty at this time of voicing my objection to the amendment. I think the amendment ought to have come before the committee——

Mr. McKELLAR. It did.

Mr. KING. I refer to the Committee on Territories and Insular Affairs, who are more or less cognizant of conditions there and are attempting to ascertain the financial and other conditions relating to the government of the Virgin Islands.

Mr. TYDINGS entered the Chamber.

Mr. McKELLAR. Mr. President, if the Senator will yield, the statements which the Senator has just made show the great need of this particular appropriation. This money is to be spent for the sole purpose of preserving order in the Virgin Islands. I hope the Senator from Utah will not object to it, and I hope the Senator from Maryland [Mr. TYDINGS], who is now present, will not object to it.

Mr. KING. I repeat, there is no necessity of appropriating money to preserve order. There is one way in which there may be order in the Virgin Islands; and if this amendment is for the purpose of having troops, or something of that nature, my objection would be very much stronger than I have already indicated. The chairman of the committee is now here. I may say to the chairman that it seems to me, in the light of the investigation which is being made, that we might pretermit voting this appropriation.

Mr. TYDINGS. Mr. President——

Mr. KING. I yield to the chairman of the committee.

Mr. TYDINGS. I have no particular desire to withhold any money that will conduce to the betterment of the Virgin Islands; but, in view of the situation which now exists there, I very much question whether the establishment of a con-

stabulary in the islands would not tend more to injury than to helpfulness.

There is a great deal of feeling in the islands. There have been several marches of thousands of people on the houses of government officials there; and I doubt very much whether it would be a wise move to put a constabulary there. If I thought it would help, I should not for a moment hesitate to support the amendment; but in my present state of indecision I am rather inclined to believe it would not be very helpful.

Mr. McKELLAR. Mr. President, I suggest to the Senator that the amendment be allowed to go to conference; and then, if the Senator from Maryland comes to the conclusion that he is opposed to it, I hope he will confer with the conferees.

Mr. TYDINGS. Let me continue for a moment more. I think perhaps I might give a little sketch of the situation in the Virgin Islands.

The people of the Virgin Islands are very literate. Ninety-five percent of them are literate. They have a much higher percentage of literacy than we have in the United States; and I am sure the members of the Territories Committee who have come in contact with the officials who are now here have been impressed with the intelligence and understanding they have exhibited in testifying before the committee.

I do not believe the people of the Virgin Islands are at all a warlike people. I think they are a very gentle people, and that is the testimony before the committee. There has been a great deal of unrest in the Islands. I am not at this time blaming anybody for that unrest, but it is there; and I rather fear that if an appropriation should be made to put a constabulary there at this time, with pistols and uniforms, it might have very serious consequences.

I should not wish to support a proposition of this kind without some evidence. I rather fear that if this amendment should be adopted, and if a constabulary should be formed and sent there, armed and equipped and uniformed, the people of the islands would look upon it as one of the most unfriendly gestures this Government could possibly make toward them, and that the result of that unfriendliness would make itself apparent in many ways which could be avoided if the amendment should not be adopted.

I cannot consent to have the amendment go to conference, because, so far as I know, there seems to be no justification or reason for it at this time.

Mr. METCALF. Mr. President, I quite agree with the words which have just been uttered by the chairman of the committee. We have been investigating conditions in the Virgin Islands. I am a member of the investigating committee, and I feel as the chairman of the committee does in regard to the people from the islands who have been before us.

If we wish to have trouble, we should carry out the idea that is now brought forward. If it was contemplated to take the course now proposed, why was not the amendment sent to the committee so that the committee could consider and study it? But no; it is brought in here without a moment's consideration.

I am opposed to the amendment, and I believe its adoption would be detrimental to the islands.

Mr. McKELLAR. Mr. President, the Senator is mistaken about the amendment being brought here at the last minute. It has been here since June 4—6 or 7 weeks ago.

Mr. METCALF. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes.

Mr. METCALF. Then, why was not the amendment sent to the committee, so that the committee which is supposed to know something about the islands could look into it?

Mr. McKELLAR. Because the Senator's committee is not an appropriating committee. The Committee on Appropriations recommends these appropriations. The Committee on Territories and Insular Affairs does not recommend any appropriations. When it is desired to obtain money for administrative or other purposes, the request has to go to the Appropriations Committee, because that is where such matters are handled; and, of course, the Senator from Maryland recalls that this matter was before the committee at one time.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes.

Mr. TYDINGS. I happen to know that crime in the Virgin Islands, so far as felonies are concerned, is practically nonexistent. The principal volume of crime in the Virgin Islands—there is not much of it, but such as there is—is in the category of misdemeanors, petty offenses. There are very, very, very few crimes that come within the classification of felonies. I can see no reason whatsoever for providing $40,000 worth of policemen when there already are police forces in the various towns such as Frederiksted and St. Thomas.

Further than that, we have been appropriating from two hundred thousand to four hundred thousand dollars a year to the island to make up enough revenue so that they may conduct their affairs. This amendment proposes to add $40,000 more to the amount which comes out of the Federal Treasury in order to furnish the people of the islands with sufficient revenue to conduct their government.

Mr. McKELLAR. Mr. President, does not the Senator think that one of the prime necessities of the Virgin Islands, where there has been so much trouble, is the preservation of order, and that we ought to preserve order there? It seems to me that the very small amount that is recommended, and which it is believed will bring about order, ought not to be objected to. I do not wish to have anyone sent there who will not aid the people of the islands and assist in preserving order. We bought those islands and it is our duty to preserve order in them. I know there has been a great deal of trouble there.

Mr. TYDINGS. I think the Senator is misinformed. There has been so serious trouble in the Virgin Islands beyond mass meetings. There have been several mass meetings, but no violence took place at any of the mass meetings.

Mr. McKELLAR. I think the greatest trouble has been about the Governor and the other officials.

Mr. TYDINGS. When those islands were under the Danes, one of the things that was implanted in the mind of the people, and preserved by the Danish Government inviolate, was that they should always have the right to hold mass meetings, to assemble, and give voice to their grievances. The reason why that was put into the organic law under the Danes was that only seven or eight hundred people in all the islands have the right of suffrage, and if the people cannot hold mass meetings and protest against their wrongs, either real or imaginary, and cannot vote, and if now we are to superimpose on them a constabulary, it strikes me that we will have added about the last straw to break the camel's back of good order; that we will sow the wind and reap the whirlwind, and may have to land the Army and Navy down there before it is over.

Mr. McKELLAR. I think it is the duty of our Government to preserve order, and I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was rejected.

Mr. FLETCHER. Mr. President, I desire to offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 26, after line 24, it is proposed to insert the following:

West Indian fruit fly and black fly: For determining and applying such methods of eradication and control of the West Indian fruit fly and black fly as in the judgment of the Secretary of Agriculture may be necessary to eradicate these pests from the State of Florida, fiscal year 1936, $36,000: *Provided*, That no expenditures shall be made for these purposes until there has been provided by the State of Florida funds and means which in the judgment of the Secretary of Agriculture are fully adequate to effectively cooperate in the accomplishment of these purposes: *Provided further*, That no part of this appropriation shall be used to pay the cost or value of trees or other property destroyed.

Mr. FLETCHER. Mr. President, I must apologize to the Senate because of the smallness of this item, its insignificance, and for taking up the time of the Senate in considering such



a trifling sum. After the talk about millions, five millions, six millions, seven millions, to refer now to an item of $36,000 I presume will test the patience of the Senate.

This appropriation is asked for in pursuance of a strong recommendation by the Secretary of Agriculture, an appeal by the plant board of Florida, and the recommendation of the President of the United States. The purpose is to eradicate two pests which have come over from the West Indies and are now in Key West and perhaps on the keys of Florida. They are pests which are likely to spread not only in Florida but through all the Gulf States. They attack the citrus fruits, also peaches and apples and mangoes, and other fruits which grow in that region.

The time to deal with a pest like this is when it appears. It is like putting out a fire; the way to do it is to get there as quickly as possible and to put the fire out before a conflagration is started.

I read very briefly from the recommendation of the President, accompanying which is a statement by the Department of Agriculture:

> The West Indian fruit fly is a potential pest of importance of such subtropical fruits as mangoes and citrus, though it also has a definite preference for such deciduous fruits as peaches, and is also known to feed on fruits like apples and pears. The black fly attacks the foliage of more than a hundred kinds of plants, particularly citrus. The West Indian fruit fly was discovered at Key West, Fla., about 3 years ago and the black fly at the same locality in August 1934.
>
> Efforts to control and, if possible, exterminate these pests have been carried on by the authorities of the State of Florida.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. VANDENBERG. Is there any relationship between this fruit fly and the Mediterranean fruit fly?

Mr. FLETCHER. No; I will say to the Senator that the Mediterranean fruit fly was there, but we did not know it existed until it started its ravages and became quite widespread. That has been eradicated, however, absolutely destroyed and done away with, never to come again, unless it is imported from Italy.

Mr. VANDENBERG. The result of that campaign was a subsequent demand for damages for the destruction of the fruit, was it not?

Mr. FLETCHER. That has nothing to do with this proposal.

Mr. VANDENBERG. I am wondering whether in this instance we are going to have the same aftermath, a claim for damages for the fruit the Government agents may destroy.

Mr. FLETCHER. Not at all; this has nothing to do with that. In dealing with the Mediterranean fruit fly the Government was largely experimenting, and it proceeded, in pursuance of the work of eradication, to destroy a great deal of property which it was unnecessary to destroy; but that is another question.

The operation involved here is under the State plant board. It is a question merely of having the Government contribute something toward the expense. The State has appropriated $108,000 for this work, and when that appropriation was made it was with the understanding and the expectation that the Federal Government would contribute something toward the work. It is not a local matter.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. McKELLAR. I am not going to object to the Senator's amendment, but I feel that we ought first to be very certain that there is a fly or insect which kills or injures the fruit, because I remember that when the Mediterranean fruit fly was supposed to be down there we appropriated a number of millions of dollars, I forget how many, but I think before it was over it cost fifteen or twenty million dollars.

Mr. FLETCHER. No; five or six million.

Mr. McKELLAR. And no human being in the United States, or in Florida, at any rate, ever saw a Mediterranean fruit fly alive, according to the evidence. If there is an insect which should be eradicated, I will join the Senator from Florida in helping to eradicate it, and I shall not oppose the amendment. I have so much respect for the Senator from Florida that I am not going to oppose it, whatever the consequences may be, but I hope that if we undertake to eradicate this fly, there will be a fly down there to eradicate. [Laughter.]

Mr. KING. Mr. President, will the Senator from Florida yield?

Mr. FLETCHER. I yield.

Mr. KING. I shall not oppose the appropriation only and solely because the Senator from Florida recommends it. If it rested upon the recommendation of the Department of Agriculture, or the agricultural department of the Senator's State, I should oppose it, in view of the misleading representations of these organizations with respect to the Mediterranean fly. They represented to us that the citrus crop of Florida would be destroyed, and millions of dollars of property lost because of the ravages of a nonexistent Mediterranean fly. Because of these representations, considerable property was destroyed foolishly, with no reason whatever. I shall vote for this amendment only because the Senator recommends it.

Mr. FLETCHER. I appreciate what Senators have said, and I shall not forget it. The fly is there, and I think Senators are mistaken about the Mediterranean fruit fly so far as that is concerned; but that is another question. I should like to have this appropriation made. It is counted on by the State; it is expected by the State; the State appropriation was based upon that expectation; the Department recommends it, and the President recommends it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. ADAMS. Mr. President, I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 64, after line 23, it is proposed to insert the following:

> Mount Rushmore National Memorial Commission: For the continuation of construction on the Mount Rushmore National Memorial, pursuant to the provisions of the act creating the Mount Rushmore National Memorial Commission, approved February 25, 1929, as amended, fiscal year 1936, $100,000.

Mr. ADAMS. Mr. President, this is an amendment authorized by a bill passed today at the instance of the Senator from South Dakota [Mr. NORBECK], and it has been duly estimated for.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ADAMS. Mr. President, I suggest that there is one committee amendment the vote on which was reconsidered at the instance of the senior Senator from California [Mr. JOHNSON], having reference to a building for the General Accounting Office.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 76, after line 14, the committee proposes to strike out:

> General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

And in lieu thereof to insert the following:

> General Accounting Office: For the acquisition of the block bounded by B, C, First, and Second Streets NE., and the construction of a building for the General Accounting Office, including furniture, equipment, and moving expenses, $2,000,000, within a total limit of cost not to exceed $11,150,000.

Mr. JOHNSON. Mr. President, the committee very graciously consented this morning to a reconsideration of the vote by which this amendment was approved by the Senate on yesterday. Reconsideration having been thus granted, I am now seeking to have the House language adopted and the Senate committee language rejected.

The House language proposed to be stricken out by the Senate committee read as follows:

General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

Mr. President, that was the House provision for the construction of a building for the purposes of the General Accounting Office. This House language was stricken out by the Senate committee and the Senate committee adopted the following language——

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. LA FOLLETTE. With the permission of the Senator from California, I should like to suggest the absence of a quorum.

Mr. JOHNSON. I am willing that the absence of a quorum be suggested in order that the subject may be presented to the greatest possible number of Senators.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pope
Ashurst	Coolidge	La Follette	Radcliffe
Austin	Costigan	Logan	Reynolds
Bachman	Davis	Lonergan	Russell
Bailey	Dickinson	McAdoo	Schall
Bankhead	Donahey	McCarran	Schwellenbach
Barbour	Duffy	McGill	Shipstead
Barkley	Fletcher	McKellar	Smith
Black	Frazier	McNary	Steiwer
Bone	George	Maloney	Thomas, Okla.
Borah	Gerry	Metcalf	Townsend
Brown	Gibson	Minton	Trammell
Bulkley	Glass	Moore	Truman
Bulow	Gore	Murphy	Tydings
Burke	Guffey	Murray	Vandenberg
Byrd	Hale	Neely	Van Nuys
Byrnes	Harrison	Norbeck	Wagner
Capper	Hastings	Norris	Walsh
Caraway	Hatch	Nye	Wheeler
Carey	Hayden	O'Mahoney	White
Chavez	Holt	Overton	
Clark	Johnson	Pittman	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. JOHNSON. Mr. President, I will begin again with the brief remarks I desire to make upon this amendment.

In this amendment I am dealing with the General Accounting Office and the building recently contemplated to be erected for that office. The bill as it came to the Senate from the House contained a provision in regard to the new structure of the General Accounting Office in this language:

General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

This language was stricken out by the committee and the following language inserted:

General Accounting Office: For the acquisition of the block bounded by B. C, First, and Second Streets NE., and the construction of a building for the General Accounting Office, including furniture, equipment, and moving expenses, $2,000,000, within a total limit of cost not to exceed $11,150,000.

In the one instance, Senators will observe the limit of cost was to be $4,700,000. In the other instance, as established by the Senate, the limit was to be $11,150,000. All of us, with our hot enthusiasm for economy, of course, contemplate other matters which may be in issue here, and, if they be at all alike, would accept the provision of the House, which provides $7,000,000 less for the General Accounting Office than the Senate committee recommends. I assume that all my brethren upon this floor, struggling, as I have for the past couple of years, for economy at all hazards and in all events in connection with all the legislation which has been enacted, will grasp the opportunity now afforded to save $7,000,000 to the United States Government in the construction of a specific and a particular building.

So much has been said upon the one subject of economy. Economy! How we heard the word only a year or more ago, and how we have forgotten it at present. How we learned a year or more ago that economy was the watchword of every statesman in the land. Today, perhaps because of the multiplicity of our duties and the multifariousness of things we have to attend to in matters of great public policy, how dusky and how foggy, perhaps, has grown the word "economy". Nevertheless, when recalled to Senators, I am sure they have exactly the same feeling I have—the same old enthusiasm for economy—economy in government, and economy wherever we can save millions of dollars, as we can in this instance. So, upon the ground of economy there ought to be no question as to what should be done.

There are other things involved here, however, besides economy. I have an ingrowing prejudice and an inherent repugnance against the idea that any power on earth, whether it be governmental or otherwise, should say to a man who has a home or a house, or to say to an organization which has a home or a house, "Get out! We want your property", and that without more ado we should take over that property.

I was appealed to on yesterday by the women who have their structure in this block. I did not even know, until they spoke to me last evening, that it was contemplated that their home should be taken and that they should be driven from the house which is theirs. They have a right to be there. They purchased from one of the distinguished Members of this body—it was a considerable time ago—the residence in which today their organization is housed. They do not wish to be driven out of it, and they do not wish to leave it. If there are other ways in which accommodations may be provided for the General Accounting Office, they ought not to be required to leave their house, and they ought not to be driven out of it.

It is no answer to me to say that finally the Government, after it has taken one's property, will determine what it shall do for the owner. The Government, under the laws which we have enacted in relation to eminent domain, is not restrained in the District of Columbia, as it is in some States in the Union. It takes the property first, and then at its leisure determines what it will do so far as a particular owner may be concerned. So I do not blame the women who occupy this house, which they have at such expense and at such trouble and at such pains to themselves acquired, for objecting to being driven out of their particular locality now for the General Accounting Office; and particularly I do not blame them when, in the testimony which was given only last May before the House committee, the distinguished gentleman who is the general accountant of the United States was not only perfectly willing but himself selected the particular structure which the House awarded him as the place where he should have his building and where he should have his office.

Senators will find, on page 50 of the House hearings, these remarks by Mr. McCarl:

Let me begin back at the beginning. I had always considered that it would be best for the General Accounting Office to be near the Capitol so that its facilities would be better available for the Congress.

In the conversations which I have had with Members of the Senate concerning this matter only today, they spoke of the General Accounting Office being near the Capitol, and being close by and beyond the Capitol, and so it is provided that it shall be placed on the hill adjoining us, so that it may do its duty; but I venture the assertion that there are very few Members here who communicate with the General Accounting Office otherwise than by mail or by telephone, and it would make little or no difference to us whether the General Accounting Office was down town, where it now is, or in the particular place where at this instant its officials would like it to be.

I quote further from the statement of the Comptroller General before the House committee:

A good many years ago I tried to interest the Congress in that matter, and bills were introduced and hearings were held by the

House Committee on Public Buildings and Grounds. At that time the site contemplated was on the north side of the Senate Office Building, and there was another site down by the House Office Building. But that did not materialize.

The result was that when there seemed a possible opportunity to receive some money from the Public Works Administration I took the matter up, in conjunction with the Treasury Department—and, by the way, their people have been very helpful and very much interested. It is the only agency of the Government that has ever shown any particular interest in the needs of the General Accounting Office for an adequate building.

A very gracious remark, indeed, when he is asking for an appropriation of $12,000,000 from the Congress of the United States.

The General Accounting Office is rather a stepchild. We have no representative in the Cabinet, so we are dependent entirely on what the Congress may do for us.

The matter appealed to me in this way, that by utilizing the old Pension Office Building, perhaps a suitable, workable, and reasonably convenient arrangement could be made with considerably less expense than a new building can be constructed for.

I congratulate the Comptroller General of the United States of America—one officer among them all—for thinking of how something could be accomplished for less expense than it could be accomplished in some other fashion. So I congratulate him and I felicitate him upon his particular peculiar, strange, weird, wild view concerning the construction of a building for the activities of his office, a view not in consonance with that expressed to the House, nor one in keeping with his creed of economy.

If you construct a new building near the Capitol the chances are it would be more or less a monumental building. My own idea is that that would be an extravagance.

And yet now it is proposed to take not a little piece of land but a great square near the Capitol; not a triangle, for he says a triangle would not be sufficient upon which to construct a building to meet his needs; but a tremendous square on which there is to be constructed a monumental building, he says, and that monumental building, he says, "would be an extravagance."

This statement was made only in the latter part of May when the matter was before the House committee.

Then, adds Mr. McCarl:

What the General Accounting Office needs is working space—light and convenient rooms in which to do good work—and absolutely fireproof.

Then, he says:

By utilizing the old Pension Office Building, it seemed to me that a good many hundreds of thousands of dollars might be saved, and, too, the Government owns the land.

That was his opinion in the latter part of May, last, before the House committee when that committee was considering the construction of a building for the General Accounting Office. We were going to save a great deal of money; we were going to remodel the old Pension Office Building and make it an appropriate and modern office for the General Accounting Office. That would have been appropriate, said Mr. McCarl then, but to erect a monumental building on a square would be a great extravagance to which he did not subscribe.

Now we are going to spend $7,000,000 more on a project to which he then did not subscribe and which I trust the Senate will not endorse at this time. So I ask that the committee amendment be rejected and the House text be retained.

Mr. BONE. Mr. President, before the Senator from California takes his seat I should like to ask him a question.

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Washington?

Mr. JOHNSON. Certainly.

Mr. BONE. A number of us on this side of the aisle feel that this is an expense that cannot possibly be justified. I have listened with a great deal of interest to the statement of the Senator from California, but I am wondering if he can enlighten us as to why this change was made when the bill came to the Senate committee. What impels the provision for the erection of an $11,000,000 building at this time?

Mr. ADAMS rose.

Mr. JOHNSON. I see the distinguished, able, and fair Senator from Colorado [Mr. ADAMS] on his feet. He is familiar with the matter, and, no doubt, can supply the information. I will leave it for him to do, not saying that I will not disagree with him subsequently.

Mr. ADAMS. Mr. President, I am not in the most favorable position to present the committee amendment, inasmuch as I happen to be one of the very small minority that voted against it in the committee. However, I will explain the situation as it was presented to the committee.

The original suggestion was for the remodeling of the old Pension Office Building. Admiral Peoples, in charge of the building program, recommended the remodeling of that building. He produced a sketch which showed to the satisfaction of some that this building could be harmonized with the other buildings in Judiciary Square. He pointed out that the utilization and remodeling of the old Pension Office Building would result in a very substantial saving.

Then before the committee came representatives of the District of Columbia, some of the judges, who insisted that the District of Columbia should be permitted to develop Judiciary Square in accordance with certain plans which had been laid out by the Planning Commission, and that the old Pension Office Building should be eliminated. They suggested that the District of Columbia owned certain ground abutting on Pennsylvania Avenue which was appropriate in location and adequate in type for the General Accounting Office.

Then General McCarl presented his views, saying that he had acquiesced in the recommendation of Admiral Peoples for the remodeling of the old Pension Office Building; that it could be made adequate; that it had certain advantages as to working space. Asked as to his personal choice, he said that his personal choice would be to have a building erected across from the Senate Office Building.

The committee then procured estimates of cost of three projects. The difference in cost ran from $4,700,000, the cost of remodeling the old Pension Office Building, up to some $8,000,000—I am giving only rough figures—for the utilization of the site on Pennsylvania Avenue; and $11,000,000 for utilizing the site across from the Senate Office Building.

General McCarl said that the site on Pennsylvania Avenue was entirely unsatisfactory, but that he could use the old Pension Office Building. The committee went into the matter with a great deal of care, and, as I have said, with the exception of two members, supported the amendment which is now in the bill.

I think the matter ought to be presented by some Senator who has probably a more favorable aspect, and I am wondering if the Senator from Arizona [Mr. HAYDEN] will not undertake that task?

Mr. NORRIS. Mr. President, may I ask the Senator a question before he takes his seat?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. ADAMS. I yield.

Mr. NORRIS. How many employees, altogether, are there in the General Accounting Office?

Mr. ADAMS. I am informed by the clerk of the Committee on Appropriations that on December 10, last, the number of employees of the General Accounting Office was 2,724.

Mr. NORRIS. Have we not provided by law for an increase of 1,500?

Mr. ADAMS. I so understand.

Mr. NORRIS. Which will make a total of several thousand?

Mr. ADAMS. Yes.

Mr. NORRIS. If the committee amendment were agreed to, and the plan proposed by that amendment were carried out, would it result in tearing down the old Pension Office Building?

Mr. ADAMS. Yes; if the committee amendment should be adopted, the ultimate plan would be to raze the old Pension Office Building.

Mr. NORRIS. How much would that cost?

Mr. ADAMS. I do not know what it would cost; but I will say to the Senator from Nebraska that, in my judgment—and I am speaking as a minority member of the committee, one who disagreed with the committee amendment——

Mr. NORRIS. I understand. All I wish is to get the facts.

Mr. ADAMS. I think there is a value on the old Pension Office Building of $2,500,000, which would be lost by tearing it down.

Mr. NORRIS. We would have to add that expense to the $11,000,000 included in the appropriation if it were adopted?

Mr. ADAMS. That is what bothers me. I happen to be obsessed, more or less, with a desire to cut down expenses; but I travel rather a lonely path in that respect, and I am forced to concede that I am wrong.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from South Carolina?

Mr. ADAMS. Yes.

Mr. BYRNES. Did the Senator from Colorado intend to say to the Senator from Nebraska that there would be a cost of two or three million dollars in addition to the sum of $4,000,000 provided for in the House bill?

Mr. ADAMS. That is not quite correct. I think that the actual value of the Pension Office Building as it stands is figured at from two to three million dollars. That, of course, would be lost if the Government failed to make use of it; that is, if values can be placed on old buildings.

Some of the judges of the District of Columbia courts said it was an eyesore, that they wanted to extend Judiciary Square, and in order to maintain the dignity of the District of Columbia and its judicial functions they thought the District ought to have that ground, and that the old Pension Building ought to be razed.

Mr. BYRNES. The House bill provides for a cost of not to exceed four and a half million dollars.

Mr. ADAMS. Yes; under that provision it was proposed to build two wings on the old Pension Office Building and resurface and remodel the building, so that as remodeled it would have the appearance of a building adapted and planned for judicial purposes.

Mr. BYRNES. Then, the alternative plan is to buy land and to construct a new building at a cost of $11,000,000?

Mr. ADAMS. The extra cost is largely, of course, because of the land which will have to be purchased. Furthermore, if the building should be constructed in the neighborhood of the Capitol, it would probably have to be constructed of marble rather than of some other material, and it would have to be built along similar architectural lines, that is, with columns, which is a very expensive form of architecture.

Mr. GERRY. What would it cost to remodel the old Pension Office Building?

Mr. ADAMS. To remodel the old building would cost $4,700,000.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Kentucky?

Mr. ADAMS. I yield.

Mr. BARKLEY. Does that expenditure contemplate resurfacing the entire old Pension Office Building so as to eliminate its monstrous appearance, it never having been designed by anybody who had an eye for architectural beauty? Does it contemplate that the whole appearance of that old building is to be altered so as to make it conform to proper architectural standards?

Mr. ADAMS. It is planned to remodel the building and resurface it with Indiana limestone or some other kind of material.

Mr. BARKLEY. The Senator is not committed to any particular limestone?

Mr. ADAMS. No; but perhaps I should say Kentucky limestone.

Mr. BARKLEY. Of course, Kentucky limestone should be "in on the ground floor", and should have consideration; but I am wondering whether anything can be done to that building which will make it harmonize with other public buildings.

Mr. ADAMS. There was submitted a very attractive sketch of what could be done.

Mr. BARKLEY. Does it involve removing the frieze from around the sides of the building?

Mr. ADAMS. I could tell the Senator what it is planned to do, but I do not want it to go in the RECORD.

Mr. HAYDEN. Mr. President, for one who is opposed to the appropriation the chairman of the subcommittee has made a very fair statement of the situation. I wish to amplify it a little.

The most inexpensive thing to be done in this instance is to take an old building, give it a new surface and add some wings to it, and establish quarters for the General Accounting Office. Congress could do that for the least amount of money. However, it would not locate the Comptroller General in the place where he ought to be, and it would seriously interfere with well-designed plans which have been adopted by those competent to lay out plans for the city of Washington, by destroying the place where the courts of the District of Columbia should be located, and that is in Judiciary Square.

When this proposal came from the House of Representatives there appeared before the Committee on Appropriations justices of the Supreme Court of the District of Columbia who pointed out what miserable quarters the local courts now occupy and stated that no provision had been made for them at all and showed the absolute necessity for providing, somewhere in the District, suitable facilities for the courts.

We then called in the Comptroller General and asked what he thought of an alternative proposition which had been submitted by the District authorities; that is, to take a tract of ground near Pennsylvania Avenue which the District has acquired and no longer needs, and build the General Accounting Office there. His first and, I think, soundest objection was that in any building used for that purpose there should be ample storage space underground so that the records would be accessible within the building. No suitable basement could be built at that location on Pennsylvania Avenue, because it is practically at sea level. There has been an enormous amount of money expended to provide a firm foundation for some of the buildings along Pennsylvania Avenue. To attempt to put a deep basement there would be impossible.

The space that General McCarl requires cannot be obtained in a building without a basement because there is a height limit to buildings in the District of Columbia. The committee asked him frankly why it was that he consented, as disclosed by the House record, to this plan to utilize the old Pension Office. He said that for years and years he has been trying to find some place for his headquarters and had been unable to obtain it, and that this looked better than anything else that had been offered, though it was not by any means ideal.

The site immediately east of the Senate Office Building combines two very obvious advantages. It is on a hill, and that would permit a deep basement, which would provide the storage space needed.

In the second place, and that is fundamental, the General Accounting Office is an arm of the Congress. It is a special offspring of Congress, designed to see that the various executive departments and independent agencies of the Government obey the will of Congress and that they do not make expenditures not authorized by law. The nearer we can keep that office as a separate and distinct organization from the executive departments and the independent agencies the better it will be for all concerned.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Arizona yield to the Senator from Missouri?

Mr. HAYDEN. I yield.

Mr. CLARK. Does the Senator think it makes the slightest difference on the face of the earth where the office is

physically located so far as concerns the performance of its functions? Senators and Congressmen are not in the habit of going to the General Accounting Office when they desire information. They invariably write a letter or conduct their business by telephone. It seems to me it makes no difference at all whether the Comptroller General is located down town or in Alexandria or across the street from the Senate Office building, certainly not enough difference to justify an expenditure of $7,000,000 or $8,000,000.

Mr. HAYDEN. That may be true. Nevertheless there is an advantage in having the legislative branch of the Government grouped in one part of the city and the executive branch in another. The advantage may not amount to as much as $7,000,000 or $8,000,000 in any 1 year. But as time passes there will be greater necessity to support the General Accounting Office if we are to keep the departments subject to Congress. The more and more valuable that organization becomes the closer we should keep it to Congress, because of the many millions we will save by so doing. The actual savings will pay for the extra seven or eight million dollars many times over.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. STEIWER. I wish to propound a question to the Senator. I have not had an opportunity to inform myself fully concerning this organization. I understand that not to exceed one-half the personnel of the Accounting Department is presently located in the old Pension Building.

Mr. HAYDEN. That is correct. They are scattered in other buildings throughout the city. The recent increase, however, I believe, is temporary. It was necessary, on account of the emergency activities of the Government, to employ a large number of accountants, which is a situation we hope will not be permanent.

Mr. STEIWER. Can the Senator advise the Senate of the location of the rest of the personnel?

Mr. HAYDEN. It is scattered all over the city in different buildings. I noticed recently that an old store building on F Street had been taken over for office space for the Comptroller General.

Mr. STEIWER. Is the extra personnel in Government-owned buildings or rented buildings?

Mr. HAYDEN. In rented buildings.

Mr. STEIWER. Is the subcommittee prepared to advise us whether it would be a saving to the Government to give up the rented buildings?

Mr. HAYDEN. There would be a decided advantage. It is difficult to say how much of the present personnel is due to emergency conditions and how much would be permanent.

Mr. STEIWER. What is the situation with reference to records? Is the great volume of records belonging to the office of the Accounting Department all preserved in the old Pension Building?

Mr. HAYDEN. No; and that is one of the main things General McCarl stressed to the committee, that at the present time there is great delay and loss of efficiency by reason of the fact that the records are often in one part of the city and the personnel in another.

Mr. NORRIS. Mr. President, may I interrupt the Senator at that point?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Nebraska?

Mr. HAYDEN. I yield.

Mr. NORRIS. Is it not true that the old Pension Building, which was used by the Pension Bureau, is capable of storing more records than any office building in the city?

Mr. HAYDEN. It will store as many records per square foot of floor space as any other office building in the city.

Mr. NORRIS. But the old Pension Building consists of a building constructed around a large open space or court. When the Pension Office used to be there, when it transacted an enormous business, all the records were kept right in the building in the open space or court, as I understand. It would be easier to get the records there than if they were down in the basement.

Mr. HAYDEN. What the old Pension Bureau did was to take care of the cases of probably a million pensioners of the Civil War. The General Accounting Office takes care of hundreds and hundreds of thousands of cases each year and the cumulative effect, when we consider the various activities of the Government, is very much greater than the total business transacted by the old Pension Office, so much greater that there is no comparison.

Mr. NORRIS. I was speaking only in a general way. I believe the records kept by the Pension Office when it was busiest were more numerous than have been kept or will be kept by the General Accounting Office.

Mr. HAYDEN. I am sure that on reflection the Senator would not stand on that statement.

Mr. NORRIS. There were acres of space there in which to keep records. The records were kept right in the open, in that great court.

Mr. HAYDEN. The proof of what I have said is that the General Accounting Office has occupied that entire building, which the Senator has just described, and it has been necessary to rent floor space elsewhere.

Mr. NORRIS. If we should remodel it, however, as proposed by this expenditure of $4,000,000 and build two wings on it, we would be able, I understand, to house the entire office force of the General Accounting Office.

Mr. HAYDEN. It will undoubtedly be much more satisfactory than the present arrangement, but even then there will not be adequate basement storage space.

Mr. NORRIS. There would be the storage space which is there now. I have not been in the building for years, but I understand that the space formerly used for storage is not being used for that purpose now. It is because the Congress found it was the largest open space and the only space where they could successfully hold the old inaugural balls.

Mr. HAYDEN. The Senator is now giving the real reason for the construction of the building. It was so constructed for the purpose of holding the inaugural balls.

Mr. NORRIS. I do not think so, because it cost hundreds of thousands of dollars every 4 years to take those records away and move them back again in order to have that space available for holding the inaugural ball.

Mr. HAYDEN. The story that I have heard, and I think it is quite well authenticated, is that the building was designed in the shape in which it was constructed as a convenient place to hold the inaugural balls. That is why it was built that way.

Mr. NORRIS. But the inaugural balls have passed out of existence. We do not need it for that purpose any more.

Mr. STEIWER. Is this understanding correct—that whether we remodel the present Pension Building or whether the Government acquires and builds upon the block east of the Senate Office Building, in either case the entire personnel and all records will be housed in one building?

Mr. HAYDEN. That is my understanding—that all essential records will be kept in one building, and that all personnel essential to the examination of the normal activities of the Government will be housed in one building. Of course, for these emergency agencies the Comptroller General may need to have some employees outside.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HAYDEN. Certainly.

Mr. CLARK. Of course, one of the great advantages of building a new monumental building, as General McCarl said, which would require additional structural and architectural facilities, as against utilizing an old building which, after all, is worth only two or three million dollars, and might as well be torn down anyhow, would be that under the scheme of having monumental buildings some architect might have an opportunity of doing the same thing that the architect of the Supreme Court Building has done; that is, have his own figure sculptured on the frieze of the building as the central figure of the group, and John Marshall's figure sculptured as a naked boy over in the corner. [Laughter.]

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. JOHNSON. Does the Senator recall what Admiral Peoples said as to the value of the old Pension Building?

Mr. HAYDEN. My recollection is that by using the old building——

Mr. JOHNSON. No; I ask first as to value. What is the value of the old Pension Building, according to Admiral Peoples?

Mr. HAYDEN. If the old Pension Building is used, rather than to construct a building containing equivalent space, about $2,000,000 would be saved.

Mr. JOHNSON. I think the Senator will find one place in Admiral Peoples' evidence where he stated that the value was something more than that; but he had complete plans, had he not, which showed how all the employees of the Government could be housed?

Mr. HAYDEN. Yes; practically all the standard personnel.

Mr. JOHNSON. So that the statement made by the Senator from Oregon [Mr. STEIWER] as to now having people scattered about in different sections would no longer be applicable if Admiral Peoples' plans as to the reconstruction and remodeling of the Pension Building were carried out?

Mr. HAYDEN. There is no question at all that if it is a mere matter of housing, one plan is as good as the other. That, however, is not the question. To utilize the old Pension Building would destroy a well-conceived plan of city development.

Mr. JOHNSON. What the Senator means is that it would destroy a plan which somebody has drawn up, which has not yet been executed, for a judicial center. Is not that what the Senator is driving at?

Mr. HAYDEN. Congress has provided for a Fine Arts Commission and for a Planning Board in an effort to build a capital city according to a well-considered plan. That plan includes a judicial square at that site, rather than the General Accounting Office.

Mr. JOHNSON. That is, somebody says, "Sometime in the future, 30, 40, 50, 60, or 100 years from now, we shall have a judicial square right here; and until that time arrives when you are going to build a judicial square, you cannot build anything else upon this land which belongs to the United States Government."

Mr. HAYDEN. Without violating the plan.

Mr. JOHNSON. Without violating that plan. Well, let us violate it.

Mr. GLASS. Mr. President——

Mr. HAYDEN. I yield to the chairman of the committee.

Mr. GLASS. Did anybody suggest that we abolish the Department of Commerce and move the General Accounting Office into that great building?

Mr. HAYDEN. No such suggestion as that was made.

Mr. GLASS. Would not that be about the cheapest and the most advisable thing we could do?

Mr. HAYDEN. I do not know just why the Senator from Virginia selects that particular Department. There may be other departments which it would be as well to abolish as the Department of Commerce.

Mr. GLASS. Did anybody even suggest that the Department of Commerce be moved into the Pension Building, where it could do as little as it does where it is, and in turn that General McCarl's General Accounting Office be moved into the great building down here which the Commerce Department now has?

Mr. HAYDEN. No; neither did anyone suggest that Congress buy the Sears-Roebuck Building out on the highway toward Baltimore, which I imagine would adequately accommodate the General Accounting Office so far as mere space is concerned.

Mr. TYDINGS. I beg the Senator's pardon; that has been suggested.

Mr. GLASS. Very likely it would be just as impossible to abolish the Department of Commerce as it would be to establish General McCarl's office between Baltimore and Washington. That, however, does not mean that it ought not to be done.

Mr. CLARK. Mr. President, I am certain the Senator from Arizona will remember, and I know the Senator from Virginia will remember, when the Department of Commerce and Labor—it was then one Department—was in a building of 50 feet front on Fourteenth Street, a building which is still standing, next to the National Press Club Building; and we had more commerce and better labor conditions then than we have now, when we have these great monumental structures.

Mr. GLASS. Any one of the rented stores on F Street could properly accommodate the useful activities of the Department of Commerce.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield to the Senator from North Carolina.

Mr. REYNOLDS. I should like to say that I am in thorough accord with everything which has been said by my distinguished colleague from the State of California [Mr. JOHNSON], and I am in accord with what has been said by my distinguished colleague from the State of Virginia [Mr. GLASS] in his reference to the Department of Commerce. I cannot for the life of me see the need of our Government, at this particular time, wasting a number of millions of dollars in the willful destruction of a building which at this hour is as substantial as any of the newer buildings we have constructed in the District of Columbia within the past 5 years.

I have been in the old Pension Office Building, which is now being utilized by General McCarl and his some fifteen hundred or two thousand employees; and I must say that to my sense of architectural beauty—which evidently differs from that expressed by my good friend the Senator from Kentucky [Mr. BARKLEY], for whom I have great affection and admiration—there is not a single building in the city of Washington, other than the old Post Office Building on Pennsylvania Avenue, which can in any sense compare with it. Some people in Washington have gotten it into their heads that all in the world we have to do here is to tear down buildings and construct new ones, regardless of the cost which we place upon the taxpayers of the country.

Mr. CLARK. Mr. President, if we did not follow that policy, what would the Fine Arts Commission have to do?

Mr. REYNOLDS. That is exactly the point. As the Senator from Missouri stated a moment ago, in my opinion the only single person who would benefit by the construction of the building proposed here would be the architect, in order that he might rear to the heavens a great monument to himself for those of the centuries to come to feast their eyes upon and say, "That building was designed by Mr. Whoosis." [Laughter.]

Mr. President, if the Senator from Arizona will let me proceed just a moment longer, because in a moment I shall have occasion to go with my colleague, the Senator from Maryland, to the White House, it has been said by Mr. McCarl and those interested with him that it is not possible to construct down town a building for their use, because it is impossible to excavate beneath the earth's surface a distance sufficient to provide them with housing space for the papers and records they are desirous of preserving in the years to come.

In answer to that assertion, Mr. President, I respectfully direct the Senator's attention to the fact that the buildings recently constructed and now under construction on Pennsylvania Avenue are built on a plane many, many feet below the level of the basement of the present Pension Building. Therefore, if the officials of the General Accounting Office are desirous of having space beneath the street floor in any building to be constructed they can bring about excavation in their present location much better than they can bring it about where they propose to do so.

As to beauty, it is said that it is desired to have a great judicial square. Over here we have the Supreme Court. To the right thereof we have the Congressional Library. To bring about a balance, of course, it is true, indeed, that a building might be constructed similar in architecture, design, and proportions to the Congressional Library; but we must remember that it costs money to tear down and to build, and in destroying the building now occupied by the General Accounting Office what should we be doing? We should be willfully destroying property which the officials of that office

themselves unhesitatingly admit is worth $2,000,000; and what should we be further doing? They are proposing the construction of a building at an additional cost of $7,000,000 to the taxpayers.

Mr. President, so far as I am concerned, I shall cast my vote with the Senator from California [Mr. JOHNSON].

Mr. KING. Mr. President——

Mr. HAYDEN. I yield to the Senator from Utah.

Mr. KING. I am compelled to leave the Chamber immediately on official business. I desire to emphasize the fact that I am opposed to this amendment. I wish I had time to explain the reasons for my opposition.

Mr. BARKLEY. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. BARKLEY. We are all concerned, of course, about the beauty of Washington. We all realize that if the plans of L'Enfant a hundred years ago had been adopted at that time, it would have been much cheaper to lay out a beautiful Capital City than it has been to adopt the plans a hundred years later, and buy a lot of property, and tear down a lot of houses. I think it is most unfortunate that that was the fact, but it illustrates our short-sightedness.

What I am concerned about is whether there really will be, in the near future or in the long future, a need for the expansion of the judicial territory in the region of the present courthouse, as I call the judicial building, which will some day require the expansion of that building or other buildings so as to accommodate the courts.

What is the Senator's opinion about that?

Mr. HAYDEN. My opinion coincides exactly with that of the Senator from Kentucky. We cannot accept a plea of saving a little money and wreck a well-designed plan. Congress should not do that.

Mr. BARKLEY. Mr. President, I have been asked to cut short what was the prospect of a very eloquent speech on the beauties of Washington in order that certain gentlemen who have been called to important conferences elsewhere may be allowed to vote. I shall show my unselfishness by yielding, because every one of them is going to vote, probably, in opposition to my own sentiments, and I want the Senators to remember my generous spirit hereafter when I ask favors of them. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. HAYDEN. Mr. President, as I understand it, the rejection of the amendment will keep out of the bill the language suggested by the committee.

The PRESIDING OFFICER. The Chair is of the opinion that it restores the language of the House.

Mr. HAYDEN. That is exactly what I wish to bring to the attention of the Chair. In the light of the new facts developed by the Committee on Appropriations, I do not believe the Senate should vote to concur in what the House has done. The entire matter should be further considered in conference. While I am forced to agree that the proposal suggested by the Committee on Appropriations be stricken out, the Senate should also reject the House amendment.

Mr. BARKLEY. The only way to do that is to offer a substitute of some kind for the House language. Otherwise it will not be in conference.

Mr. HAYDEN. Mr. President, I move to strike out the House provision. Then, if the conferees want to drop the entire matter, it can be done, but to foreclose further consideration by adopting what the House has done, which I am sure is not the best thing to do, would be a mistake.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 76, after line 14, it is proposed to strike out lines 15 to 20, inclusive, as follows:

General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1065. An act to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen; and

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

THE BANKING SYSTEM

The Senate resumed the consideration of the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pittman
Ashurst	Coolidge	La Follette	Pope
Austin	Costigan	Lewis	Radcliffe
Bachman	Davis	Logan	Reynolds
Bailey	Dickinson	Lonergan	Russell
Bankhead	Donahey	McAdoo	Schall
Barbour	Duffy	McCarran	Schwellenbach
Barkley	Fletcher	McGill	Shipstead
Black	Frazier	McKellar	Smith
Bone	George	McNary	Steiwer
Borah	Gerry	Maloney	Thomas, Okla.
Brown	Gibson	Metcalf	Townsend
Bulkley	Glass	Minton	Trammell
Bulow	Gore	Moore	Truman
Burke	Guffey	Murphy	Tydings
Byrd	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hastings	Norbeck	Wagner
Caraway	Hatch	Norris	Walsh
Carey	Hayden	Nye	Wheeler
Chavez	Holt	O'Mahoney	White
Clark	Johnson	Overton	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. GLASS. Mr. President, having been in my seat for nearly 4 hours waiting to present the bank bill, H. R. 7617, and having been waiting in similar fashion for 2 weeks heretofore, I do not much feel in physical condition to make such an exposition of the bill as its importance merits. I shall not undertake in my preliminary remarks—and they are preliminary—to discuss the bill in great measure, and I trust I may not have occasion to do that at all; but, of course, in the event any of its fundamental provisions are sought to be altered, I shall have to defend them as best I can, with the confident expectation that the Senate will confirm the unanimous judgment of the Committee on Banking and Currency in recommending the measure.

The report itself, on the desks of all the Senators, I assume, gives in considerable detail an explanation of the provisions of the bill as reported from the Senate committee, and the differences from the bill as it passed the House of Representatives. At the conclusion of my remarks this afternoon I shall venture to ask unanimous consent that the three titles of the bill be considered separately so that consideration of one title may be concluded before we proceed with the consideration of another title. I think that will facilitate procedure and enable the Senate to reach its conclusion more readily and more intelligently.

Title I of this bill is concerned altogether with the provisions of section 12B of the Federal Reserve Act, relating exclusively to the insurance of bank deposits. There are quite a number of technical provisions in the bill, as reported from the Senate committee, as there were in the bill as it passed the House. The outstanding provisions of title I relate first to the capital set-up of the Federal Deposit Insurance Corporation. The existing law provides for the issuance of and subscription to capital stock. That we have eliminated. The capital-stock provision was first introduced as a possible recompense to the Government for contributing $150,000,000 to the capital stock of the Federal Deposit Insurance Corporation. The capital now paid in approximates $296,000,000. When that provision of the original bank bill of 1932 was presented it was expected that the matter would relate itself solely to the liquidation of failed banks, by consolidations, reorganizations, and by the purchase of the assets of failed banks by the Corporation. It was purely a liquidating proposition, which afterward grew into the existing statute relating to the insurance of bank deposits.

As a liquidating proposition it was confidently thought that the Corporation would be enabled to pay interest on its capital stock; but under the altered arrangement there is no probability in the world that this will ever be done and, therefore, we have abolished the capital-stock provision of the bill and propose that the Corporation shall operate purely for the insurance of bank deposits.

It is provided in existing law that these deposits may be insured 100 percent up to $10,000, and 75 percent, as I recall, up to $50,000, and 50 percent beyond $50,000. The temporary-insurance plan confined the insurance to $5,000. We are proposing now to make the $5,000 limit a permanent provision of law. The insurance of deposits of $5,000 takes care of 98 percent plus of the depositors in the insured banks.

Another important provision of title I relates to the assessments against the banks. Under existing law the assessment was placed at one-fourth of 1 percent, and it could be imposed as often as the Corporation might find it necessary to levy the assessment to meet losses. Under the bill as reported from the Committee on Banking and Currency of the Senate the assessment is placed at one-twelfth of 1 percent, as against one-eighth of 1 percent provided in the bill which passed the House of Representatives.

The committee was assured by the board of directors of the Corporation that there was no necessity for making the assessment more than one-twelfth of 1 percent; that it would bring in a minimum of $30,000,000 a year, and in the judgment of the board no more would be required for the activities of the Corporation.

We have also provided that when the aggregate sum acquired by the Corporation shall have reached the total of $500,000,000 the assessments against the banks shall automatically cease until and unless there is impairment of the capital to the extent of 15 percent, and should that occur, the assessments would be automatically resumed until the capital amount should again reach $500,000,000.

We have given the Corporation ample authority to protect itself against losses on account of bank failures by providing a system of examination and by authorizing the Corporation to determine the character of banks which are to be insured. These matters will be explained in more detail by one of my colleagues on the committee who had charge more intimately than I of title I of the bill.

The Corporation is authorized by the bill to discontinue the insurance of banks which offend against sound policies, and to dismiss them from the privileges of the Corporation. We authorize the facilitation of mergers and consolidations in order to prevent losses.

Under existing law all banks which are insured are compelled to become members of the Federal Reserve System by July 1, 1937. The House of Representatives made a material alteration in that provision of the bill by providing that nearly everything required of a bank might be waived for membership in the insurance fund and in the Federal Reserve Banking System. Of course, all member banks of the Federal Reserve System are compelled to join the insurance fund and to submit to assessments. But as to nonmember banks we require that all banks having deposits of $1,000,000 or more shall become members of the Federal Reserve Banking System by July 1, 1937.

It might interest the Senate to know that this would bring in only 981 nonmember banks with total deposits of $3,214,898,000. It would leave out of the Federal Reserve System 6,701 nonmember banks with deposits of less than $1,000,000, with total deposits of $1,883,214,000. There is a total of 9,669 State banks. Under the bill as reported from the committee, as I have indicated, we compel only 981 to join the Federal Reserve System by July 1937 and we exempt 6,701.

I might say that those in charge of the insurance fund were very unmistakable and emphatic in their assertion that it would menace the fund to have State banks insured which were unwilling to comply with the statute requiring them to join the Federal Reserve System. However, after a prolonged and searching discussion of the problem we came to the conclusion that it might be and very likely would be safe to exempt from that requirement all nonmember State banks with deposits of less than $1,000,000.

The Governor of the Federal Reserve Board suggested that we require all to come in who had deposits of more than $500,000; but the committee thought it would be more advisable and certainly more acceptable to nonmember State banks to make the provision as we have it.

That briefly covers the outstanding provisions of title I of the bill. I come now to title II of the bill with which I have somewhat more familiarity, and which is really of infinite importance to the banking and business interests of the country.

It will be noted upon examination of the bill that we change the title of the Federal Reserve Board by proposing to call it hereafter the "Board of Governors of the Federal Reserve System." That was done largely at the suggestion of the senior member of the Federal Reserve Board, Dr. Miller. Representation was made to the committee that to have a governor and vice governor of the Federal Reserve Board was to place all other members of the Board at a disadvantage in the matter of prestige and of influence upon problems presented for consideration. Therefore he suggested that the Board be called the "Board of Governors of the Federal Reserve System."

Since the establishment of the system, and now, the Secretary of the Treasury and the Comptroller of the Currency have been members of the Federal Reserve Board. Periodically, it has been urged upon the Banking and Currency Committees of the two Houses of Congress that these two officials should be eliminated, for various reasons. With respect to the Secretary of the Treasury, it was urged—and I know it to be a fact, because I was once Secretary of the Treasury—that he exercised undue influence over the Board; that he treats it rather as a bureau of the Treasury instead of as a board independent of the Government, designed to respond primarily and altogether to the requirements of business and industry and agriculture, and not to be used to finance the Federal Government, which was assumed always to be able to finance itself.

Moreover, it was represented that these officials, except when of their own initiative they wanted something to be acted on, rarely ever attended meetings of the board. I think the present Secretary of the Treasury has attended only two or three meetings. I do not think I, as Secretary of the Treasury, ever attended more than one or two meetings of the Board; but, all the same, I dominated the activities of the Board, and I always directed them in the interest of the Treasury, and so did my predecessor, the present Senator from California [Mr. McADOO]. That, however, was because when he functioned it was during the war, and when I functioned it was in the immediate post-war period, when the difficulties of the Treasury perhaps exceeded those of the war period. Certainly they were not less.

In the Banking Act of 1932, which passed the Senate overwhelmingly, there was a provision eliminating the Secretary of the Treasury, and upon a record vote it was retained in

the bill by 62 to 14, after considerable discussion on the floor, which indicated that the Senate concurred in the better judgment of those who think the Secretary of the Treasury and the Comptroller of the Currency should not be on the Board.

That provision would have been retained in the Banking Act of 1933 but for the fact that the then Secretary of the Treasury, in wretched health which eventuated in his death, was greatly concerned about the matter, and was rather importunate and insistent in desiring to be retained as a member of the Board. In the bill which we have reported, however, we leave off both the Secretary of the Treasury and the Comptroller of the Currency, with no dissent from these officials. The bill constitutes the Board of Governors of the Federal Reserve System of seven members, to be appointed by the President, by and with the advice and approval of the Senate. The President is authorized to appoint one of these governors as chairman of the Board, and another as vice chairman of the Board.

It was strongly urged upon the committee that the Board should be permitted to select its own chairman and its vice chairman. After the matter was deliberately debated for a long time the committee concluded—first the subcommittee, and afterward the full committee—that the President should be charged with the duty of selecting the chairman and vice chairman of the Board, respectively, whose term of office as chairman and vice chairman shall be 4 years, but as members of the Board they are permitted to serve a full term.

This change of title of the Federal Reserve Board to the Board of Governors of the Federal Reserve System suggested an alteration of the official title of the chief executive officer of the Federal Reserve banks. Without any sanction of law, but at the suggestion of the Federal Reserve Board itself, the chief executive officer of the Federal Reserve bank was called the "governor" of the bank; and that title has prevailed since a few months after the foundation of the System. We propose to call the chief executive officers of the Federal Reserve bank the president of the bank, and the vice president to be elected by the board of directors.

It was first proposed that the Federal Reserve banks should be stripped of every particle of local self-government, and that we should establish here in Washington practically a central bank, to be operated by people who are not bankers, and who have no technical knowledge of the banking business. That suggestion was so repugnant to the original purpose of the Federal Reserve Banking System that those who propounded the suggestion soon found it convenient to abandon their indefensible attitude. If anything was deliberately and decisively determined in 1913, Mr. President, it was that this country did not want a central bank.

It did not want a central bank even in the skillful guise of the so-called "Aldrich bill." It did not want a central bank at all.

The platform upon which Woodrow Wilson was elected President of the United States textually and unmistakably declared against the Aldrich plan or any other plan for a central bank.

The platform upon which Theodore Roosevelt ran for the Presidency in 1912 likewise denounced the Aldrich plan of centralization.

The Republican Party, in its national platform of that year, did not dare endorse a central bank of any description, and omitted to make any reference to the Aldrich plan.

Instead of a central banking system, the Congress decided to create a regional reserve banking system, upon the theory that the respective regions established would know better how to manage their own credits and to respond to the requirements of their own people than any central bank established either in New York or at Washington.

Therefore we established a regional Reserve System with a large measure of local authority and a Federal Reserve Board charged, not with conducting a central bank system, but charged merely with supervisory power to see that these regional Reserve banks complied with the law.

When the suggestion, practically, of a central bank here in Washington was abandoned because of its obvious repugnance to everything we had done, then it was proposed that the central board here should be given extraordinary authority to control these regional banks. They wanted to name the governor of the regional bank instead of having him named by the boards of directors of the respective banks.

Let me impress upon the Senate the complete fairness and wisdom of the provision of the existing law constituting the boards of directors of these regional reserve banks. The Federal Reserve Bank Board is composed of 9 members, only 3 of whom may be bankers, only 3 of whom may have any interest in banks. They are to be selected by the member banks of the respective regions to peculiarly represent the banking interests.

Three other members of the Board are required actively to represent commerce, agriculture, and industry. They are to be selected by the member banks of these respective regions who supply the funds to conduct the System, who are the stockholders of the Federal Reserve banks, just as an individual is a stockholder of a banking unit. But not one of these three representatives of commerce, agriculture, and industry may be an officer of a bank.

The other three members of the Board are appointed by the Federal Reserve Board here in Washington to represent the public interest, which means to represent the Government of the people.

Can anyone imagine a fairer or a wiser division of interests than we have presented in the organization of a Federal Reserve Bank Board, 3 members representing the banks peculiarly, 3 members representing business only, 3 members representing the Government, meaning the public? But I ask Senators always to bear in mind that the Government of the United States has never contributed as much as one dollar to any Federal Reserve bank.

The capital, the reserves, and the deposits are all contributed by the stockholding banks, known in law as the "member banks."

It has been suggested that because President Wilson would not permit the banks to have representation on the Federal Reserve Board, that his action has some relation to the proposal to permit the Federal Reserve Board, here in Washington, to control the regional banks. Never was a more asinine thing suggested. It not only is not the same thing but it is not akin to the proposition.

Some of us who were in charge of Federal Reserve legislation in 1913 were unwise enough to think that the banks should have minority representation on the Federal Reserve Board. I headed a delegation to the White House in an endeavor to convince the President that he was unfair to the banks, and that he was wrong in not permitting them to have minority representation.

He heard five of the ablest and most skillful, and in some respects the shrewdest, bankers in the United States state the case; and when they had done it he turned and said, "Will any one of you gentlemen point to any governmental board in any civilized country which has upon it representatives of the private business sought to be controlled?" He said, "Would you gentlemen permit the railroads to select any part of the membership of the Interstate Commerce Commission?" He asked other questions of similar character. They could not answer, and I could not answer. I was a convert, and admitted it; and the bankers were converts, and refused to admit it.

To say that the regional banks supplying all the funds of the Federal Reserve System should be completely and literally controlled by a central board set up originally merely as a supervisory power of control is to me the most unreasonable thing that could be suggested.

However, concessions were made along this line. Instead of permitting the Federal Reserve Board to designate the governor of each of these regional Reserve banks, we have accorded the Board the right to confirm the governor selected by the board of directors once in 5 years. As I said, it was first suggested that he should be appointed by the central

Board here. With that position abandoned it was suggested that he might be appointed by the Reserve bank board and his appointment confirmed annually by the Board here. What we have done was to authorize his appointment by the board of directors of these respective banks, subject to confirmation every 5 years by the central Board. It required the yielding of some very definite convictions on the part of some of us to agree to that, but it was agreed to, and we brought in a unanimous report.

The next point of controversy was as to what is known as the "open-market committee." Perhaps the Senate will better be able to determine the wisdom of the proposal contained in the committee report by having recited some of the background of this open-market committee. The open-market committee was established in the original Federal Reserve Act for two purposes only: To enforce the rediscount rate of the Federal Reserve banks in their respective districts, just as the Bank of England enforces its discount rate by going into the open market and purchasing or selling paper. The other reason for the establishment of the open-market committee was to enable the Federal Reserve bank to use its surplus funds in order to insure its overhead expenses, and that was all.

Better to indicate to the Senate that it could not possibly have been in the mind of anybody connected with the legislation—and many Senators here now were connected with that legislation in the other House—that this banking system was set up to finance the deficits of the Federal Government or that the open-market committee was, or should ever be, authorized to compel the regional banks to purchase the bonds of the Federal Government, it needs only to be stated that at the time of the enactment of the legislation there were less than $100,000,000 of United States bonds available for purchase. In other words, the indebtedness of the United States at that time was somewhat less than $1,000,000,000.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. GLASS. I yield.

Mr. BARKLEY. Does that include the bonds which were outstanding, which enjoyed the circulation privilege upon which the national banking currency was issued?

Mr. GLASS. Yes. Including all outstanding bonds, the indebtedness of the United States at that time was somewhat less than $1,000,000,000, and $748,000,000 of that amount were bonds authorizing national-bank circulation and held by the national banks, and a further amount was held by estates; so that not more than $100,000,000 of United States bonds were available for purchase in the open market.

It never was intended that the open-market committee should speculate in United States bonds or any other securities. It was intended that the open-market committee should build up a market for eligible paper, based upon industrial, agricultural, and commercial transactions. It never was intended that the open-market committee should go into the market and speculate. I do not think they have ever bought a dollar of commercial paper made eligible for rediscount under the law. They ought to have created a market for commercial paper. On the contrary, the Reserve banks have $2,500,000,000 of United States bonds in their portfolios. They have not any use for a dollar of these bonds. They cannot sell a dollar of them without demoralizing the entire security market of the United States, National, State, municipal, and corporate.

It is now proposed to make the open-market committee the supreme power in the determination of the credits of the country. No such thing was intended, and no such thing should ever be done. I do not venture very far when I say no such thing can be done. As a matter of fact, if we should put the Federal Reserve Board on the stock exchange to deal in security transactions, they would be as completely lost as the babes in the woods. Not one of them knows anything about it, with the possible exception of one member, and it is not so certain that he knows enough about it to have been a conspicuous success.

I make the statement, verified completely by the record, that there has never been any trouble between the open-market committee, constituted years ago as a voluntary committee and afterward as a statutory committee, and the Federal Reserve Board or the Treasury. The Secretary of the Treasury testified as did every member of the Federal Reserve Board testify, as Senators will note by reading the testimony, that they had gotten on with the open-market committee as at present constituted in perfect harmony—perfect harmony—with $2,500,000,000 of United States bonds purchased by the banks.

Some of us thought it was perfect folly to undertake to interfere with the existing arrangement. Were amazed to have it proposed that the Federal Reserve Board alone should constitute the open-market committee of the system. Let us consider that for a moment.

Here is a board originally established and now operating as the central supervising power. The Government of the United States has never contributed a dollar to one of the Reserve banks; yet it is proposed to have the Federal Reserve Board, having not a dollar of pecuniary interest in the Reserve funds or the deposits of the Federal Reserve banks or of the member banks, to constitute the open-market committee and to make such disposition of the reserve funds of the country, and in large measure the deposits of the member banks of the country, as they may please, and without one whit of expert knowledge of the transactions which it was proposed to commit to them.

As I have said, in order to produce a bill, in order to harmonize radical differences, concessions, even yielding of convictions, had to be made; so it was finally determined to constitute the open-market committee of the 7 members of the Federal Reserve Board and 5 representatives of the Federal Reserve banks. The Federal Reserve banks, which are the trustees of the reserve funds of all the member banks of the country, are graciously given this minority representation upon the open-market committee.

Some of us were opposed to any alteration of the existing arrangement. Others thought that the representatives of the banks, whose money is to be used, whose credit is to be put in jeopardy, should have control of the committee and should have the majority representation. But in order to reconcile bitter differences there was yielding, and we have now proposed an open-market committee composed of all 7 members of the Federal Reserve Board and 5 representatives of the regional reserve banks.

It has been suggested that the representatives of the banks would have to persuade only one member of the Board in order to get an "even break", and they would have to persuade only two members of the Board to have the majority representation which some of us thought they were entitled to by reason of the fact that they were the trustees of the funds to be used.

What more reason is there to assume that the representatives of the banks could persuade members of the Federal Reserve Board of Governors than that the Board of Governors could persuade some of the representatives of the banks?

It has been said—and I call the Senate's attention to this significant fact—that the Federal Reserve banks failed in a great exigency to put a stop to wild speculation—that the Federal Reserve banks failed. As a matter of fact, it was the Federal Reserve Board that failed. For seven successive weeks the New York Federal Reserve Bank proposed a raise in its discount rate, and for seven successive weeks the Federal Reserve Board here at Washington declined to sanction the raise. The purpose of raising the discount rate was largely psychological. It was to put speculators and gamblers on the stock market upon notice that money was no longer to be "easy", and that if the first raise of the discount rate did not put a stop to insane speculation there would be successive raises of the discount rate, in order that these gamblers might not have easy access to the facilities of the Reserve banks and of the member banks of the country.

Yet it was proposed to entrust to the Federal Reserve Board, which failed utterly, the very power that it is com-

plained that the Federal Reserve banks did not exercise, when they did exercise it. They did not exercise it as they should have exercised it. They should have done it in 1927, when they might have put an end to the orgy of wild speculation then going on. They should have exercised it in 1928. They did exercise it in 1929, and even at that late date the Federal Reserve Board would not sanction their action, but let them go on upon a "cheap-money" basis until the crash came.

I agree measurably with the defense which the Federal Reserve Board makes of itself to the effect that in 1929 discount rates did not count; that when a man was gambling and expected to make 50 percent or 150 percent or 200 percent, he was not to be deterred by a raise of 1 or 2 or 3 percent in the discount rate; but, at any rate, it seems to me literally absurb to be empowering the offending board to do what it utterly failed to do in any measure in 1927, 1928, and 1929.

At any rate, some of us, without changing our convictions, yielded to those who desired to constitute this committee as we have constituted it—7 members of the Federal Reserve Board and 5 representatives of the banks. As a matter of fact, there never has been a time since the adoption of the open-market provision of the Federal Reserve Act when the Federal Reserve Board had not largely control of the matter; and I wish to call the attention of the Senate to this fact, too, which seems to have been ignored by persons who have been trying to seize all of this power, and to strip every Federal Reserve bank of local self-government—the fact that there is but one reservation in the existing law that any Federal Reserve bank had. They have to operate, if at all, under rules and regulations to be adopted by the Federal Reserve Board, and their only reservation is that any Federal Reserve bank desiring not to participate in an open-market operation may refuse to do so upon 30 days' written notice to the open-market committee.

Moreover, I point out that, after months and months of fighting and of bitterness, the Federal Reserve Act of 1933 corrected the very things which it is now suggested this reorganized open-market committee might correct. The Federal Reserve Act of 1933 corrected them, and corrected them in the most drastic sort of fashion. In one of the provisions it is made the duty of a Federal Reserve bank to keep in intimate touch with the activities of member banks, and whenever it finds that any member bank is engaging in speculative activities in excess of a sound procedure the Federal Reserve bank must report the fact to the Federal Reserve Board, and the Federal Reserve Board is empowered to warn the offending bank that it must desist, and, upon its failure to desist, can dismiss it from all privileges of the Federal Reserve System.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. BARKLEY. Does the Senator desire to conclude his remarks today, or would he prefer that we take a recess until tomorrow?

Mr. GLASS. When I rose I did not think I could talk as long as I have talked. I should, of course, prefer to conclude tomorrow. I have been sitting here ever since 12 o'clock today—indeed, I have been sitting here for 2 weeks—waiting for an opportunity to get the bank bill up. It has been very trying for me to wait so long, and I was not particularly anxious to go on today.

EXECUTIVE SESSION

Mr. BARKLEY. With the understanding that the Senator from Virginia shall retain the floor, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

The PRESIDING OFFICER (Mr. DUFFY in the chair). If there be no further reports of committees, the calendar is in order.

THE JUDICIARY

The legislative clerk read the nomination of Harold M. Stephens, of Utah, to be associate justice, United States Court of Appeals, District of Columbia.

Mr. McKELLAR. Mr. President, I wish to have the RECORD show that I vote against this nomination.

Mr. CONNALLY. Has the nomination been before the Committee on the Judiciary?

The PRESIDING OFFICER. It has been before the committee and is now on the calendar.

The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

POSTMASTERS

The legislative clerk read the nomination of John P. Simpson to be postmaster at Ephrata, Wash., which had been reported adversely by the Committee on Post Offices and Post Roads.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

The nomination was rejected.

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the other nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

RECESS

Mr. BARKLEY. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Thursday, July 25, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 24 (legislative day of May 13), 1935

ASSOCIATE JUSTICE, UNITED STATES COURT OF APPEALS, DISTRICT OF COLUMBIA

Harold M. Stephens to be associate justice of the United States Court of Appeals for the District of Columbia.

POSTMASTERS

CALIFORNIA

Ica C. Adams, Brawley.
Ernest J. Craghill, Corcoran.
Harry E. Crenshaw, Escondido.
William J. Flowers, Ferndale.
Roy L. Terrell, Jr., Grass Valley.
Denny J. McChristy, Imperial.
Oliver G. Miller, Maricopa.
Joseph Scherrer, Placerville.
Philip T. Hill, Santa Monica.
Ray O. Caukin, Sierra Madre.
Alva A. Wilson, Willits.

IDAHO

Ralph R. Fluharty, Eagle.
Henry W. Thomas, Malad City.
George A. Hoopes, Rexburg.

INDIANA

Hazel H. Applegate, Carmel.
Orval E. Monahan, Jonesboro.
Bayard F. Russell, Laurel.
Jesse M. Trinkle, Paoli.
Ellis G. Ashabraner, Pekin.
Thomas J. Conley, Rome City.

KANSAS

Zenobia A. Kissinger, Bennington.
Os Love, Bronson.
Ivan Leo Farris, Cheney.

Harriet M. Mayo, Claflin.
Rolen C. Barrett, Frankfort.
Raymond E. Stotts, Garden City.
John McGrath, Greenleaf.
William F. Varvel, Gridley.
Pauline McCann, Hardtner.
Albert W. Balzer, Inman.
Victor T. Pickrel, Kanorado.
Harry T. Lindquist, Lindsborg.
William Westling, Marquette.
Leslie Eugene Harvey, Minneapolis.
Albert Cameron, Mulberry.
Charles A. Mardick, Richmond.
Raymond Artas, Russell.
George I. Althouse, Sabetha.
James A. Wiley, Sedgwick.
Michael Joseph Baier, Shawnee.
Harry E. Blevins, Stafford.
Harold B. Iliff, Strong.
Robert E. Berner, Waterville.
Verne A. Miller, Weir.
Lester W. Stewart, White City.

MINNESOTA

Alfred Gilbertson, Audubon.
John G. Johnson, Barrett.
Rose C. McFarland, Bena.
Marie B. Diekmann, Collegeville.
Frank J. Mason, Excelsior.
Miles L. Sweeney, Jeffers.
Allan B. Roth, Kasson.
Theodore J. Roemer, Madison Lake.
Frank J. Mack, Plummer.
Lloyd C. Waag, Roseau.

NEW HAMPSHIRE

Walter F. Hanrahan, West Swanzey.

NEW YORK

David J. Fitzgerald, Jr., Glens Falls.

NORTH CAROLINA

Frank H. Stinson, Banners Elk.
Clendenon D. Mallonee, Candler.
James F. Seagle, Lincolnton.
Earl P. Tatham, Robbinsville.
Leonard T. Yaskell, Southport.

OREGON

Ernest E. Puddy, Bonanza.
Harry D. Force, Gold Hill.
William P. Fisk, Sherwood.
Charles L. Pinkerton, Weston.

PENNSYLVANIA

John C. Colahan, Ashland.
George J. Hoke, East McKeesport.
Ambrose M. Schettig, Ebensburg.
Emma R. Smith, Elkland.
Thomas J. McCausland, Falls Creek.
John Laurence Callan, Franklin.
Stratton J. Koller, Glen Rock.
James J. O'Mara, Laceyville.
Martha L. King, Lawrenceville.
Grace G. Makens, Morton.
Vera C. Remaley, Penn.
Mary Camilla Teater, Port Allegany.
Charles M. Dinger, Reynoldsville.
William C. Salberg, Ridgway.
James S. Fennell, Salina.
Beulah S. Fitzpatrick, Tower City.
Catherine V. Morris, Vintondale.

SOUTH CAROLINA

Allen Watson Wallace, Gray Court.
Rosa B. Grainger, Lake View.

SOUTH DAKOTA

Walter H. Stein, Estelline.
Jennings H. Harris, Humboldt.

VIRGINIA

John Owen Lynch, Alexandria.
Oneda H. Carbaugh, Bluemont.
William J. Story, Courtland.
Samuel H. Dawson, Crozet.
Bernard M. Anderson, Dublin.
Alvis T. Davidson, Faber.
Philip Ransom Cosby, Grottoes.
Frank R. Henderson, Nathalie.
Gladys L. Robinson, Pound.
Grace H. Jenkins, Powhatan.
Florence T. Beans, Round Hill.
Florence E. Priest, Scottsburg.
Jesse F. Reynolds, Jr., Stuart.
Ernest E. Sine, Woodstock.

WASHINGTON

William W. Woodward, Darrington.
James C. Weatherford, Dayton.
Dorothy M. Henson, Fort Steilacoom.
Charles G. Gehres, Richland.
Joseph A. Wolf, Roy.
Dorothy H. Lynch, Soap Lake.
Will H. Lamm, Stevenson.

WISCONSIN

Harry R. Jones, Sturgeon Bay.

WYOMING

Christian M. Shott, Monarch.
Robert W. Hale, Thermopolis.
Vernie O. Gose, Upton.
Cecil R. Willhite, Yoder.

REJECTION

Executive nomination rejected by the Senate July 24 (legislative day of May 13), 1935

POSTMASTER

WASHINGTON

John P. Simpson, Ephrata.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 24, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal and merciful Father, it is Thy blessed Holy Spirit that can subdue any turbulent desires which break over our souls, and brings peace and brotherhood in the arena of our lives. Imbue us plenteously with heavenly gifts; clarify our minds and purify our hearts. Enable us to act wisely and with statesmanlike fervor, with an eye single to Thy glory. May good and just government obtain for the richest blessings to all our people. Impress us that life is deeper and larger than all its activities. We pray in our Savior's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate disagrees to the amendments of the House to the bill (S. 405) entitled "An act for the suppression of prostitution in the District of Columbia", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KING, Mr. COPELAND, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2034) entitled "An act to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes", requests a conference with the House on the disagreeing votes of the two Houses thereon,

and appoints Mr. KING, Mr. COPELAND, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3204. An act to provide additional funds for the completion of the Mount Rushmore National Memorial, in the State of South Dakota, and for other purposes.

CENTRAL VALLEY PROJECT IN CALIFORNIA

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. DOUGHTON. Mr. Speaker, reserving the right to object, I shall not object to this one request; but I must give notice now that we are anxious to go ahead and dispose of the bill that was under consideration yesterday. I shall object to any future requests.

Mr. TREADWAY. Reserving the right to object, I should like very much to have 3 minutes following the gentleman from California.

Mr. DOUGHTON. Of course, I shall not object to that.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. STUBBS]?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TREADWAY] that he be permitted to address the House for 3 minutes following the address by the gentleman from California?

There was no objection.

Mr. STUBBS. Mr. Speaker, yesterday, July 23, 1935, will become a red-letter day in the history of California, for the National Emergency Council allocated the sum of $20,000,000 with which to begin construction of the Central Valley project in the San Joaquin and Sacramento Valleys in California. I make this statement because this allocation assures immediate work on one of the greatest engineering programs ever conceived by the fertile mind of man. Many of you are not familiar with the purpose and the scope of this great project, but suffice to state its primary purpose is to provide cheap irrigation water and electrical energy for a vast inland nation comprising 20 counties which aggregate an area greater than six eastern States combined, and it presages economic liberty for the people of this area, commonly called the "bread basket of the West."

Those of us who have known the condition of affairs out there long ago realized that, unless water were provided in greater quantities along with cheap electrical power, economic extinction would merely be a matter of time.

It has been impossible for any private concern or the State of California to finance this stupendous project. A great and benevolent government, however, has come to our rescue, and I believe it is becoming to state at this time that if the National Emergency Council exercises equally good judgment in the allocation of other funds from the $4,800,000,000 public-works program, the Members of Congress need have no fears that the money will be spent foolishly.

I predict here and now that when history judges us in providing this immense sum to put men to work that the Central Valley project will be acclaimed the greatest monumental and most successful project of all approved under the public-works program.

I do not believe it would be amiss to express a word of appreciation in the Halls of Congress for the efforts of those hardy and far-seeing pioneers who 30 years ago realized the need for water and power would be acute today. Because they were men of action and characterized by unselfishness, they set into motion the machinery which eventually has resulted in the acceptance of their theories. Many of them are dead today. They handed the torch to their sons and daughters to carry forward. I salute these men and women, living and dead, for the part which they have played in this great work. I believe it is also proper for me to congratulate those officials and citizens of California who have done so much to assist this program. Only they can know the troubles which we have encountered and the obstacles which we have had to hurdle in this movement to translate theories into concrete action.

Soon thousands of men will be employed in the construction of the great power plants, giant canals, huge reservoirs, and pumping units which will dot the interior lowlands and mountainsides of California. Other thousands will be employed outside of the State, in the cement plants, steel foundries, hydraulic mills, and similar industries, bringing business to idle plant operators and work to unemployed. It is estimated that 186,000,000 man-hours of work will be involved, providing labor for many men over a period of several years. It is calculated that this project will bring about employment for 25,000 men for several years within the State of California and approximately 12,000 men in industrial occupations in the East and Middle West.

An almost inconceivable amount of cement, steel, rock, and other supplies will be required to complete this mammoth engineering project.

According to Edward Hyatt, State engineer for California, approximately $77,500,000 of the total $170,000,000 involved will be spent on supplies from outside the State. These outside expenditures will include $10,000,000 for 10,000 tons of steel, $9,250,000 for 12,000 tons of electrical equipment, $9,600,000 for 20,000 tons of construction-camp equipment, $5,000,000 for cement equipment, $4,000,000 for rock-plant equipment, $3,000,000 for copper cable, and additional huge sums for other types of supplies.

In order that there might be no misunderstanding, I can assure Members of the House that this program is not designed to bring any additional agricultural land into production. It is simply a program to preserve that which we already have in production.

Telegrams of almost hysterical appreciation from officials and citizens of interior California are pouring into my office today. For them I am very grateful. They are sentiments of people back home who have fought a long and a hard battle and who envisage successful culmination of their efforts. My part in bringing about this allocation of funds has been a pleasant duty, a duty to which I pledged myself 3 years ago when I first sought this office, and a responsibility which I am happy to have executed. This job, however, has not been a one-man job. Many have participated in the tedious task of presenting the program to the various interested agencies. All of the Members of the California congressional delegation played important roles in this work. I thank them one and all.

As the Representative of an area which will benefit greatly from this project I extend my heartfelt words of thanks for the assistance which has been granted my people. I hope that it will be possible for every Member of Congress to view the beehive of activity which soon will be noted at the scenes of construction in order that all of you might realize the vastness of this undertaking and in order that each of you might realize that, by providing funds for the project, you have been largely responsible for bringing economic freedom into view for a great agricultural and industrial area.

I am the official voice of several hundred thousands who reside in the affected area. For them I thank you from the bottom of my heart. [Applause.]

GUFFEY COAL BILL

Mr. TREADWAY. Mr. Speaker, the morning press seems authoritatively to bring glad tidings of great joy to this House, to this Congress, and to the country. We have what appears to be a very definite announcement at a press conference yesterday that one of the "must" bills on the President's program is soon to be reported out by a subcommittee from the Ways and Means Committee. I happen to be a member of that subcommittee, but I have heard nothing in 2 weeks in relation to the possibility of a report on the so-called "Guffey coal bill." But as the Guffey coal bill seems to be one of the obstructions against the adjournment of this Congress in this terrible heat, I say that we ought to offer great thanks to the Secretary of Labor for what appears as an official announcement that the Guffey coal bill is soon to be reported to the House, or as the Secretary said,

"Within a day or so." That will hasten adjournment. Nothing will hasten it more unless it is to have the Ways and Means Committee report out the other "must" bill, not yet on paper, the tax measure, of which, of course, the Republicans have no knowledge as the door of the committee room is closed to us. Possibly at her next press interview the Secretary of Labor may inform the Congress that the tax bill will be reported "within a day or so." If so, let us prepare a motion, Mr. Speaker, for adjournment. That is what this House wants. That is what the country wants. [Applause.] We, as Members of Congress, do not want a continued session nor does the country want any of the type of legislation that will come out of a continuation of this Congress at this time. So I, for one, express my hearty thanks to the Secretary of Labor for her official announcement that the Guffey coal bill, unconstitutional as we know it to be, is soon to be reported out and voted by the majority. It is very courteous of the Secretary to furnish this definite information to Members of Congress regarding their own actions and about which we have known so little ourselves.

Mr. TABER. Will the gentleman yield for a question?

Mr. TREADWAY. Certainly.

Mr. TABER. Does the gentleman have any idea that the President is going to allow Congress to adjourn before Christmas?

Mr. TREADWAY. Miss Perkins is one of his right bowers and speaks with authority at a press conference. That is good enough for me, and the Secretary shows her wisdom in wanting adjournment. I am sure she is anxious to have the Congress go home as we are to go. So let us go. Get the adjournment resolution ready, Mr. Floor Leader.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

EXTENSION OF REMARKS

Mr. ADAIR. Mr. Speaker, I ask unanimous consent that the speech delivered by Hon. WILLIAM H. DIETERICH, Senator from the State of Illinois, in memory of Hon. Henry T. Rainey, former Speaker of this House, be printed in the permanent RECORD containing the Rainey memorial services.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

WHAT IS A CONSTITUTIONAL DEMOCRACY?

Mr. HILDEBRANDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HILDEBRANDT. Mr. Speaker, some of the numerous editorial comments on my advocacy of constitutional amendments that will assure the right to pass humanitarian legislation and prevent interference by the Supreme Court with lawmaking functions show accidental or intentional misunderstanding of the points I raised. The majority of these comments, however, have been very favorable and reasonable.

The Huronite, of Huron, S. Dak., inquires:

> Since when has any Congress had the authority to disregard the Constitution? And has Mr. HILDEBRANDT forgotten that this is a constitutional democracy?

The editor seems to overlook the fact that legislation is an important part of a constitutional democracy and that lawmaking is a function of Congress that is distinctly authorized in the same Constitution to which he refers. The Constitution states very clearly that Congress shall make laws. It says nothing about permitting the Supreme Court to override laws Congress enacts.

The same paper remarks that I "continue to doubt the wisdom of the judges of the Supreme Court and the wisdom of any constitutional law." This is a weak and absurd and unfair way of meeting my arguments.

I do doubt the wisdom of the judges sometimes. So did Jefferson and Lincoln doubt their wisdom on occasion. Judges are human like other people. It is hardly to be assumed that they are made of such superior clay that they make no mistakes. When the members of the Supreme Court differ so frequently among themselves on vital subjects is there anything wrong in other citizens differing with the Court occasionally? Least of all, is there rational objection to such doubts arising in the minds of legislators who are chosen for the precise purpose of enacting legislation?

I do not, however, doubt "the wisdom of any constitutional law." The basic law of our country, the Constitution, is the very document that provides for its own amendment. I respect that document as able, but I appreciate the good sense and enlightened vision of those who wrote it and who made this provision for changes. It is not I who am doubting the wisdom of any constitutional law. It is the editor of the Huronite who wants to disregard two of the most elementary parts of our Constitution—the section giving Congress exclusive legislative authority and the section permitting amendments.

The Watertown Public Opinion comments that—

> It would have been easier to pass judgment on the contentions raised if the Congressman had been more explicit in outlining the changes which he thinks ought to be made now.

As a matter of fact, in a later statement on the same subject, which perhaps the editor of the Public Opinion did not see, I went into the matter more in detail. I called attention to the proposal of Senator COSTIGAN, made at the opening of the present session of Congress. This suggested amendment would definitely authorize national legislation governing business, industry, wages, and prices. It would be very helpful, although it is possible that it should go a trifle further. The language of such an amendment should certainly be so unmistakable that the Government should have full right to nationalize any industry.

I also discussed the proposals of Senator NORRIS, which are not sufficient, it seems to me. His plan of requiring a 6-to-3 vote by the Supreme Court would still leave in the hands of this tribunal the power to set aside legislation—a power that I insist should never exist.

Mention has often been made of the fact that in Great Britain, which assuredly is an orderly country, no act of Parliament is ever set aside by any court. Much of our own legal framework was copied from English law and it stands to reason that, with no contrary provision in our own Constitution, its framers expected to follow British procedure except where otherwise stated. In a matter of this importance such an assumption would seem the natural one.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that on tomorrow after the reading of the Journal and disposition of matters on the Speaker's table I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MICHENER. Reserving the right to object, may I ask the floor leader what the program is for tomorrow? It all depends on what the program is as to whether or not there will be objection.

Mr. TAYLOR of Colorado. It will probably be consideration of rules tomorrow from the Rules Committee.

Mr. MICHENER. That is quite a broad term—"consideration of rules." Does the gentleman mean the advisability of granting rules in the future?

Mr. TAYLOR of Colorado. I yield to the Chairman of the Rules Committee to answer.

Mr. MICHENER. The gentleman does not mean the advisability of granting rules in future?

Mr. O'CONNOR. Mr. Speaker, I may say, with the permission of the gentleman from Colorado, that, as I understand the program, following the whisky bill we will take up the tobacco bill. There is no relationship between them.

Mr. MICHENER. The gentleman is sure there is no relationship between them?

Mr. O'CONNOR. It is just a coincidence.

Mr. BLANTON. They are the two bad-habit bills.

Mr. O'CONNOR. Following the tobacco bill, the plan is to take up the Mississippi River set-back bill.

Mr. MARTIN of Massachusetts. Did the gentleman say Mississippi River set-back or Treasury set-back? [Laughter.]

Mr. O'CONNOR. Following that, the plan is to take up the Army promotion bill.

Mr. MICHENER. That is the bill advocated by the gentleman from California [Mr. HOEPPEL]?

Mr. O'CONNOR. Yes.

Mr. BLANTON. Mr. Speaker, reserving the right to object, is this to be a speech on the proposal of the gentleman from New York to waste another $50,000 on an investigation?

Mr. DICKSTEIN. No; it deals with another subject entirely.

Mr. BLANTON. If it is not on that ridiculous subject, I shall not object.

Mr. RICH. Mr. Speaker, reserving the right to object, these days it seems that $50,000 is only a pea in the pod alongside some of these huge authorizations, and that is the way it will look alongside the Mississippi River set-back proposition.

Mr. MILLARD. Mr. Speaker, reserving the right to object——

Mr. PARKS. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is, Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. YOUNG. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. YOUNG. May not the statement of the gentleman from Massachusetts be a lot of guff about the Guffey bill?

The SPEAKER. That is not a parliamentary inquiry.

SECTION 213 OF ECONOMY ACT, SO-CALLED "MARRIED WOMEN'S CLAUSE", SHOULD NOT BE DISTURBED

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Missouri [Mr. COCHRAN] may have leave to extend his remarks in the RECORD on section 213 of the economy act.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, the Committee on the Civil Service has ordered reported a bill which has as its purpose the modification of section 213 of the economy act. Section 213 provides that when there is to be a reduction in personnel in a Government agency either a husband or wife, where both are employed by the Government, must be separated from the service before an employee is discharged whose wife or husband is not employed by the Government.

I am the author of this legislation. It originated in my mind and was unanimously agreed to by the first economy committee, of which I was a member, in the Seventy-second Congress. I accept full responsibility for the act and desire at this time to cite briefly why the act should not be repealed or modified.

The bill ordered reported by the committee was originally the Celler bill, H. R. 5051, which was rewritten by the Civil Service Committee before it was ordered reported.

I note in the hearings where Mr. CELLER said, in speaking of what he termed discrimination and injustice involving section 213, the following:

> Mr. PEARSON. In other words, the outright repeal of section 213 might accomplish that.
>
> Mr. CELLER. Yes. As a matter of fact, I introduced a bill which is the out and out repeal of that section, in H. R. 136.
>
> The CHAIRMAN. Where was that bill referred, Mr. CELLER?
>
> Mr. CELLER. That went to Expenditures in the Executive Departments. That is why it is dead and buried.

That statement is unfair, and as chairman of the committee I must resent it. Mr. CELLER did introduce the bill H. R. 136. It was referred to the Committee on Expenditures in the Executive Departments, of which I am chairman. Although opposed to his bill, I called upon Government agencies for information relative to the enforcement of section 213, and the replies are in our committee files. Mr. CELLER introduced H. R. 136 on the opening day of the Seventy-fourth Congress. Feeling he was deeply interested in the bill, especially as he lost no time in introducing it, and in order to have information for the committee when we had our first meeting, I asked Mr. CELLER if he desired a hearing, and he replied by saying, "Let it ride a while." He never asked for a hearing nor advanced the subject in any way so far as H. R. 136 was concerned, but weeks after he did introduce H. R. 5051, so worded that the Parliamentarian referred the bill to the Committee on the Civil Service.

This question had never been considered by the Committee on Expenditures in the Executive Departments, because, as I said before, it originated in the first economy committee, of which our present distinguished Speaker was chairman, in the Seventy-second Congress. Mr. CELLER's remark, "That is why it is dead and buried", was a reflection on the members of my committee, because he practically accuses us of burying his bill in committee without giving him a fair opportunity to be heard. Nothing would have pleased me more than to have a hearing on the bill. True, if I had my way, the bill would never have been reported, but he would have had his day in court. I never speak for the committee as a whole unless instructed to do so. Therefore I am only expressing my own view on the repeal of this act.

What is the thought behind the law? The economy committee was trying to reduce Government expenditures. Our hearings disclosed many departments, bureaus, and commissions could function properly even after the personnel was reduced. In making the separations from the service I was very anxious to continue earning power in as many homes as possible. Therefore, when husband and wife were both employed if one was separated from the service, rather than discharging a man who had a wife and children to support, we would continue earning power in two homes. To me such a policy is sound. There is no more discrimination against the wife than there is against the husband. If the husband left the service the wife could remain and would not be affected by section 213.

I know what I am talking about when I say if a secret ballot was taken on this question among Government employees the vote would be 50 to 1 against repeal or modification of the section.

Whenever the question is discussed at a meeting of employees that meeting is packed by those directly affected. There are so many husbands and wives holding key positions in the Government the employees are afraid to open their mouths fearing retaliation.

The representatives of employees' organizations do not speak for the great majority of Government employees. E. Claude Babcock, president of the American Federation of Government Employees, insulted the single men and women in the service when he testified before the committee that single women and single men are living together without marriage. I answered this slander on the floor of the House. When later pressed for specific instances by the committee, Babcock said he had information, personal knowledge, of nine cases. Think of it, indicting nearly a million Government employees because in nine cases a man and woman are living together without being legally married. I let his own words answer his slander.

Mr. Speaker, even in this day, with probably 10,000,000 of our citizens unable to find work, I honestly feel there is one job for every family in the United States, if the jobs were properly spread.

If the Government will lead the way and try and spread employment, it will set an example for private business, but if the Congress repeals section 213, then private business can say Uncle Sam employs married women when their husbands are likewise employed, why cannot we do the same?

I want to see a census of not only those unemployed but those employed. We need information to show how many are working in families; how many are employed in the vocation for which they were trained and how many are not. We need reliable information on labor savings and labor-displacing devices. Information as to just how many men and women are discarded by various machines. I have urged such a census to be taken now and paid for out of the relief fund. It would be money well spent.

No matter how prosperous this country might get in the future you are going to find when prosperity is at its peak there will not be sufficient jobs to take care of the unemployed, honest citizens, through no fault of their own, willing to work, but unable to find a job.

Private business, like the Government, is going to be required to give more attention to employing men and women when work becomes available if it expects to ever be relieved of paying taxes for relief purposes. There can be no doubt about this.

Mr. Speaker, there is not a Member of this House whose district does not contain thousands of unemployed citizens. In the face of this condition, I do not see how we can repeal a law that seeks in the end to provide work for some of those we represent.

The real benefit of section 213 will come when the time arrives for reduction of the Government personnel. It is only when there is a reduction that the law becomes operative. Our Government employees back in our district are not asking for the repeal of section 213. It is those directly affected, thousands right here in the District of Columbia, who would hold their jobs, thus denying some of our constituents a share of the work.

The Washington papers, that depend upon Government employees for their very existence, are not the voice of our constituents. These papers advocate laws for Government employees that they do not or will not apply to their own personnel.

The Government employees of my district and city support me. They know my liberal attitude toward them and legislation affecting their welfare. My mail is the barometer by which I judge their views. They are not dissatisfied. They know, taking them as a whole, they are well paid and have the best paymaster in the country.

I, too, have been visited by scores of Washington Government employees and committees and have received hundreds of letters about section 213. I was threatened by several groups if I did not withdraw my opposition to repeal. I welcomed their opposition in my campaign and was promised I would get it. All I asked of them was that they fight fair and in the open. I wanted to make it a real issue. Did they come in 1932 when I ran for reelection at large, received over a million votes, and led the congressional ticket? Did they come in 1934 when I was reelected in a new district by over 29,000 votes? No. I waited until 2 weeks before the election; and when they did not appear, I brought up the issue myself. No statement I made in the campaign was greeted with more applause than my declaration that I would not consent to the repeal of the section and that I would fight every effort to do so.

Section 213 is sound legislation. It will prove in the end beneficial. The effort to repeal or modify the law should be defeated. Let us adopt as our motto, "Live and let live."

We can never have contentment, peace, and prosperity in this country with all the earning power and luxuries on one side of the street and poverty and misery on the other.

I have secured many reports from Government departments on section 213. While the following letter is far from being complete, nevertheless, it is interesting. It is dated April 12, 1935, from the Civil Service Commission:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., April 12, 1935.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in Executive Departments,
House of Representatives, Washington, D. C.

MY DEAR MR. COCHRAN: Further reference is made to your letter of February 20, 1935, requesting information with respect to section 213 of the Legislative Appropriation Act for the fiscal year ending June 30, 1933. Replies from the various departments and independent establishments have now been received, with one exception, and the information available is being forwarded to you as indicated below:

Department	Dismissed	Resigned	Retained
Agriculture	19	50	[1] 73
Commerce	28	17	285
Interior	49	26	(2)
Justice	16		75
Labor	10	4	42
Navy	205	45	268
Post Office	377		508
State	42		24

[1] Figures available for Agricultural Adjustment Administration only.
[2] Not available.

Department	Dismissed	Resigned	Retained
Treasury	[3] 149		1,294
War	139	24	171
American Battle Monuments Commission	0	0	3
Architect of the Capitol	(2)	(2)	(2)
Bureau of the Budget	0	0	2
Civil Service Commission	2	4	49
District Government	12		748
Employees Compensation Commission		1	20
Federal Communications Commission	12	0	20
Federal Power Commission	0	0	14
Federal Trade Commission	13	1	18
General Accounting Office	41		[3] 297
Government Printing Office	95	4	66
Interstate Commerce Commission	28		95
Library of Congress	0	5	61
National Advisory Committee for Aeronautics	0	0	6
National Mediation Board	0	0	1
Recorder of Deeds	0	0	1
Register of Wills	0	0	3
Securities Exchange Commission	0	0	9
Smithsonian Institution	0	3	36
Tariff Commission	2		26
Board of Tax Appeals	0	2	14
Veterans' Administration	266		

[3] Includes resignations.
[4] Information not yet received.
[5] Includes temporary employees.

Sincerely yours,

HARRY B. MITCHELL, *President.*

There are thousands of additional cases. In some instances, owing to the cost, I have not pressed departments to make a complete survey, but I have been promised that where reductions are made, section 213 will be complied with.

There is another matter that is of importance which I hope to press as well as take care of by proper legislation. That is Government employees holding more than one position. We certainly should see that one job is sufficient for each Government employee, thus setting another example for private industry.

Thousands of Government workers go to another job as soon as they are dismissed for the day. I have personally seen women employed by the Government as stenographers and clerks working in restaurants after Government hours. Messengers and elevator conductors get additional work from apartment houses, also as butlers in private homes. Accountants keeping books for business houses at night, and any number of Government doctors in private practice, while other employees are teachers. This is a big field and certainly should be stopped.

I have heard section 213 criticized because it does not cover the legislative branch of the service. I repeat now what I have often said—I regret it does not. At every opportunity I will support legislation that will prevent nepotism, not only in the executive and judicial branches of our Government, but in the legislative branch as well. I will favor legislation making forfeiture of office the penalty. I will never be charged with inconsistency. Such a law would set an excellent example to private industry.

Mr. Speaker, the question of employment and unemployment is to my mind an outstanding one and will remain so for many years to come. I can see not far distant a shorter work week. It is bound to come just like the 12-hour day was gradually reduced. We must meet this situation, so why not begin now? Do not set aside a law that will be helpful. It would be a backward step. Let us think of the thousands back home who are on relief, through no fault of their own, and spread the jobs. Our constituents will resent any other course we take.

Mr. CANNON of Missouri. Mr. Speaker, the Members will be glad to know that Mr. COCHRAN is rapidly recuperating and we may expect him back on the floor in the near future. [Applause.]

RELIEF OF CERTAIN DISBURSING OFFICERS, UNITED STATES ARMY

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 556) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department.

The Clerk read the title of the bill.



The SPEAKER. Is there objection to consideration of the bill?

Mr. DOUGHTON. Mr. Speaker, I object.

Mr. PITTENGER. Will not the gentleman withhold his objection to permit me to make a short explanation of the bill? I have no interest in the bill.

Mr. HOEPPEL. Mr. Speaker, reserving the right to object, I would like to ask the gentleman a question.

Mr. YOUNG. Now, Mr. Speaker, I object.

The SPEAKER. Objection is heard.

THIRD WORLD POWER CONFERENCE

Mr. O'CONNOR, from the Committee on Rules, submitted the following resolution (H. Res. 308, Rept. No. 1634) for printing in the RECORD:

House Resolution 308

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 350, a joint resolution to authorize the President to extend an invitation to the World Power Conference to hold the Third World Power Conference in the United States. That after general debate, which shall be confined to the bill, and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

RECONSTRUCTION FINANCE CORPORATION

Mr. O'CONNOR, from the Committee on Rules, presented the following resolution (H. Res. 309, Rept. No. 1635) for printing in the RECORD:

House Resolution 309

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 8279, a bill to authorize the Reconstruction Finance Corporation to make loans to institutions organized for the purpose of making loans for the payment of taxes on real estate, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

RELIEF FOR PUBLIC-SCHOOL DISTRICTS

Mr. DRIVER, from the Committee on Rules, presented the following resolution (H. Res. 310, Rept. No. 1636) for printing in the RECORD:

House Resolution 310

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8628, a bill to provide for the relief of public-school districts and other public-school authorities, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

PAYMENT OF THE BONUS OUT OF PUBLIC-WORKS FUNDS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks by including a radio speech.

Mr. HOEPPEL. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if he has read my remarks appearing on page 11707 of today's RECORD on the question of the Army promotion bill? I recommend that all Members of Congress read these remarks, for they are important.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address delivered by me over the National Broadcasting Co. network, Wednesday evening, July 24, 1935, at 6:45 o'clock:

For the first time in my political life of over 20 years I am appealing to the American public back home to write, wire, or otherwise communicate with your Representative in Congress to sign the petition at the Clerk's desk to discharge the Committee on Appropriations of further consideration of House Joint Resolution 300, introduced by me, to pay the adjusted-service certificates to World War veterans out of the $4,000,000,000 public-works funds and the unexpended balance for the same purpose passed by the preceding Congress. The right of the American people to petition their Members of Congress is still a sacred and constitutional right.

The money has been appropriated and is now available to be distributed to the World War veterans in the amount of $2,000,000,000, which would be spread over every State, county, city, and hamlet in the Nation. My appeal is directed to every veteran and nonveteran, business and professional man, farmer and wage earner, to ask his or her Representative in Congress to pay the so-called "bonus" to the veterans who are in need and in debt before it is squandered on useless and impractical projects. The obligation to the veterans has to be paid to them, and why not now when many are destitute, unemployed, and in need of relief? Why dole out billions to other groups for destruction of cotton, of foodstuffs, and for birth control of pigs and bees, and discriminate against the veterans who hold a binding obligation of the Government? The veterans are naturally fearful that if the adjusted-service certificates are not paid this year they may be paid off in inflated currency at 20 cents on the dollar or less.

When Congress passed, over President Coolidge's veto, the Adjusted Service Certificates Act, in 1925, it was on the basis of a sound gold dollar. Since then the new-deal administration has already broken the contract with the veterans by reducing the value of the dollar to 59 cents. President Roosevelt, however, takes the position that the contract entered into with the veterans is like the laws of the Medes and Persians, not to be changed or modified. In view of the fact that the new-deal administration has broken most of its promises and repudiated most of its platform pledges, the veterans are wondering why they should be selected as the only group in America against whom the pound of flesh is exacted and no mercy whatever shown.

Without costing a single cent to the taxpayers the obligation to the veterans can be paid immediately, provided the people back home take the trouble to write their Representatives in Congress to sign the petition to bring House Joint Resolution 300 on the floor of the House for consideration and adoption. It is proposed in my resolution to pay the adjusted-service certificates on the basis of the Vinson bill, which was sponsored by the American Legion, and reported favorably by the House Ways and Means Committee. This resolution in no way affects the $880,000,000 in the original Public Works relief bill allocated for direct relief purposes.

I feel reasonably sure that unless you write or telegraph your Representative, expressing your wish for immediate and favorable action on the Fish petition to pay the veterans there will be no other opportunity to pay the bonus during this session of Congress before the $4,000,000,000 have been wasted and frittered away or used as a slush fund for campaign purposes.

It is reported in the public press that Rexford Guy Tugwell has been allotted $1,000,000,000 for rural resettlement, reclamation, and irrigation. What a travesty to reclaim more land for production when the Government is insisting on a reduction in crops and a program of scarcity as opposed to abundance.

Briefly, my own record on the so-called "bonus" is as follows: I voted to override vetoes of Presidents Harding, Coolidge, and Hoover and to sustain that of President Roosevelt on the Patman inflationary proposal. My vote could not have been more distasteful to me, as I do not at all agree with the President's contention that there is no difference between the able-bodied veteran who served in our armed forces during the war at $1 a day and those who were employed at home at $10 a day and upward. The Congress settled that issue years ago with the passage of the Adjusted Service Certificates Act.

However, as I regard the Patman bill as the most vicious and dangerous in principle of any bill introduced in my 16 years in Congress, providing as it does for printing-press money to the extent of $2,000,000,000, I voted against it, and would have done so if I had been the only Member of Congress who did.

If the principle incorporated in the Patman bill is once invoked it could be just as reasonably applied to the payment of the national debt, the salaries of Government officials, the maintenance of the Army and the Navy, and the running expenses of the Government generally. The result would be ruinous inflation, chaos, and governmental bankruptcy.

Why should we be free from the curse and taint of printing-press money? Experience proves that any country that plays with the fire of fiat money gets burned, as Germany and Soviet Russia were. Experience also demonstrates that the wage earners are the worst sufferers. That is why the American Federation of Labor is against inflation. It is a delusion and a snare that crops up in

periods of depression and tends to make people believe that they will become richer if more currency is printed. The fact is that the wages of labor do not keep up with the inflation of prices and that fiat money depreciates in value in proportion to the amount issued.

In addition to labor, the disabled veterans, pensioners, those with small incomes, and Government and city employees, and all those on fixed salaries would be hardest hit by inflation. The millionaire and the speculator would reap a golden harvest by having available funds to take advantage of any temporary money crisis as occurred in Germany in 1923.

I would not ordinarily attack or denounce any colleague of mine for a mere difference of opinion, for that is what makes the world go round. But, in view of the recent attempts of Representative WRIGHT PATMAN, of Texas, to pry into my record as a friend of the veteran for the past 16 years in Congress, in order to twist it out of shape and befog the issues for political purposes, I am constrained to make certain observations and present some facts in regard to Mr. PATMAN'S claims as a friend of the veterans.

First, let me remind Mr. PATMAN that he who lives in glass houses should not throw stones. I state without fear of substantial contradiction that if Representative PATMAN had not been in Congress this year the so-called "Vinson bill", backed by the American Legion, would have been passed over the President's veto and the adjusted-service certificates would have been paid to the veterans by now.

Mr. PATMAN has crucified the veterans on a cross of inflation, self-pride, and selfish politics. The Patman printing-press bill never had a ghost of a chance of being passed over the President's veto. In both the House and the Senate irreconcilables against any bonus shifted from the Vinson bill to the Patman bill, knowing that it would be vetoed and that the veto would be sustained.

In spite of Mr. PATMAN'S shouting and ballyhooing for the bonus, it apparently means only one kind of a bonus, and that is his printing-press, inflationary bonus. Judging from his record, he is not as much interested in the payment of the bonus to the veterans as he is in inflation. He has won the confidence of a number of veterans through advocacy of payment of the bonus, in order to further his pet legislative hobby—currency expansion. If Mr. PATMAN was interested in the payment of the bonus, he would not oppose every movement initiated by other Members of Congress to effect payment and insist only upon his inflationary plan.

I have every reason to believe that the Democratic majority in the House of Representatives, worried and harrassed because my bill to pay the certificates to the veterans out of the public-works fund is sound and logical and has a tremendous popular appeal, and further frightened into the jitters by the strong support given my proposal by the Hearst newspapers, drafted Mr. PATMAN to come to their rescue for political reasons. "The voice is Jacob's voice, but the hands are the hands of Esau." The voice is WRIGHT PATMAN'S, but the hands are those of the Speaker and the Democratic organization in the House and very probably the President's.

The proof of the pudding is in the eating thereof. Exactly 50 Members have signed my petition, 47 Republicans and 3 Democrats, in a House which has 3 to 1 Democratic majority. Every Republican, except one, on the Ways and Means Committee, which has handled all bonus legislation in the past, has signed, as have the two ranking Republican members of the Rules Committee, and all Republican Members from the States of Illinois, Nebraska, Indiana, Kentucky, Missouri, and Tennessee, and most of the Members from Michigan and Pennsylvania, as well as half the Republicans from New York. I predict that 90 percent of the Republicans will sign the petition.

As the oldest veteran in the House of Representatives, in point of service in the Republican Party, and probably in the entire Congress, and as chairman of the committee of three which wrote the American Legion preamble at the St. Louis convention, in 1919, there is one other account I want to settle with Mr. PATMAN, and that is his outrageous alibi attack on the national commander of the American Legion, Frank N. Belgrano, without any justification or excuse. Representative PATMAN insisted on leading the veterans into a blind alley with his inflationary bill, where they were easily mowed down by a Presidential veto. The veterans were betrayed and slaughtered for the sake of inflation.

The veterans are not concerned with inflation and refuse any longer to be exploited and made use of by Mr. PATMAN or other inflationists. I repeat, the attack on Commander Belgrano was ill-conceived and totally unjustifiable, and a disservice to the American Legion, as it tends to cause dissensions within the Legion and creates an erroneous conception in the minds of the public. The charge that the Legion, or Vinson, bill was backed by the bankers is absurd. Practically all the new-deal financing has been transacted by the issuance of Government bonds, which is the same method proposed by the Vinson bill. If that method is playing into the hands of the bankers, then the whole new deal is a scheme of the American bankers—bunk and nonsense. The PATMAN charge is nothing but a smoke screen to cover up the failure of the Patman bill.

Newspaper reports indicate that he is again endeavoring to revive the inflationary features of his bill, in spite of the certainty of its veto and defeat in the Senate. Any attempt to use the bonus for inflationary purposes is doomed, and it would only mean leading the veterans again into an ambush and further slaughter. It is playing politics at the expense of the needy veterans.

I reiterate my appeal to the radio audience to write their Congressmen on behalf of House Joint Resolution 300, to pay the bonus out of the public-works funds before they are squandered. The merits of this resolution, in comparison with other bonus legislation, include: (1) It will pay an obligation that must be paid eventually, and by payment out of the public-works fund will actually help to reduce the national debt and effect a direct saving to the taxpayers; (2) it is merely an allocation of money already appropriated by Congress which, under the Constitution, should have been allocated by the legislative branch of the Government and not turned over to the President without strings, thus, in a measure, correcting an illegal act on the part of Congress; (3) the administration has broken its pledge to Congress when the public-works bill was passed early this year that the funds would be put to work immediately; this resolution will work for more rapid distribution of real relief than any other project proposed by the administration and prevent any waste through the setting up of bureaucracies and adding thousands to the already bulging Federal pay roll; and (4) it will promote the interests of the American people by diverting slush funds, which many people believe will be used to influence votes in the 1936 national election on behalf of the new deal.

In conclusion, I want to say that, bonus or no bonus, the American Legion and the Veterans of Foreign Wars constitute the greatest patriotic force in our country for the maintenance of the Constitution, our free institutions, and republican form of government; against communism, fascism, and nazism, and all who would undermine and subvert the Government of the United States.

CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Evidently there is not a quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 140]

Andrew, Mass.	Dietrich	Kimball	Rudd
Andrews, N. Y.	Disney	Kleberg	Russell
Bacon	Doutrich	Kniffin	Sadowski
Bankhead	Dunn, Miss.	Knutson	Sanders, La.
Bell	Eagle	Lamneck	Sandlin
Bolton	Eicher	Lee, Okla.	Schuetz
Brennan	Engel	Lewis, Md.	Scott
Brown, Mich.	Ferguson	Lloyd	Scrugham
Buckley, N. Y.	Fernandez	Lucas	Shannon
Bulwinkle	Fitzpatrick	Lundeen	Smith, Va.
Burnham	Frey	McGroarty	Smith, Wash.
Cannon, Wis.	Gasque	McLean	Snell
Carter	Gearhart	Maas	Stewart
Cary	Gifford	Maloney	Sutphin
Casey	Granfield	Marshall	Sweeney
Cavicchia	Greenway	Montet	Thomas
Chandler	Gregory	O'Connell	Turpin
Claiborne	Hamlin	Oliver	Underwood
Clark, Idaho	Harter	Perkins	Walter
Cochran	Hartley	Peyser	Weaver
Collins	Higgins, Mass.	Ransley	White
Corning	Hobbs	Rayburn	Wigglesworth
Cox	Hoffman	Reed, N. Y.	Withrow
Dear	Kee	Reilly	Wolfenden
DeRouen	Kelly	Rogers, N. H.	

The SPEAKER. Three hundred and thirty Members have answered to their names. A quorum is present.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

FEDERAL ALCOHOL CONTROL BOARD

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8870, the Federal Alcohol Administration Act, with Mr. MILLER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Chair wishes to announce that the Committee was considering section 4 when it rose yesterday and the last amendment disposed of was the amendment offered by the gentleman from Massachusetts [Mr. CONNERY] to subsection (c) on page 9. Further amendments are now in order.

Mr. BOILEAU. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BOILEAU: On page 10, line 16, after the word "person", strike out the comma, and in line 17 strike out all down to and including the comma following the word "club."

Mr. BOILEAU. Mr. Chairman, my amendment is to strike out of line 17, on page 10, the language "except a bona fide hotel or club." I discussed this amendment yesterday in general debate. At that time the gentleman from Massachusetts [Mr. CONNERY] stated that he intended to offer a similar amendment. The gentleman from Massachusetts [Mr. CONNERY] and I have discussed the matter, and it has been agreed that I offer this amendment and he has assured me he would give the amendment his support. I hope to have the attention of the Membership of the House for just a few moments, because I feel certain that if the Members thoroughly understand this amendment they will overwhelmingly vote to strike this language from the bill.

The bill in its present form provides that retailers may buy wooden kegs or barrels of liquor and may sell that liquor only in the original package; that is, they may sell a whole keg or a whole barrel, but they cannot break a barrel or keg and sell it over the counter by the drink or by the bottle. The bill, however, does provide that any bona fide club or hotel may break the package and sell the liquor by the drink, over their bar or over the table, a privilege which is given to hotels and clubs but not to other retailers. It is not given to restaurants; it is not given to bona fide taverns or other legitimate business institutions. It is a privilege which is absolutely unfair, and I do not believe there is a member of the Ways and Means Committee who can justify allowing this privilege to a hotel or club and withholding it from a restaurant or other legitimate business establishment. In my opinion, it is rank discrimination. I do not see how anyone can justify such a provision and for this reason I have offered the amendment to withdraw that privilege from hotels and clubs.

Mr. Chairman, I call attention to the fact that throughout the country there are many small hotels. There is not a Member here who has not many, many times driven through a small community and noticed a building with the sign "hotel" over it. If you go into the hotel and investigate you will find that they have about two or three guests or boarders; but nevertheless, it is a bona fide hotel because that small community needs a hotel for occasional guests that may come there to spend a night or two. That little hotel would have the privilege of selling this liquor out of a barrel while the legitimate restaurant or the legitimate tavern across the street, which may be better regulated, would not have this privilege. I believe that the privilege should be withdrawn from hotels and clubs so that there will be no discrimination.

In addition, this bill in its present form would encourage the organization of numerous drinking clubs throughout the country. A small group of people could get together and form a club and have the privilege of selling liquor from a barrel, not only to their own members but to the public as well. Therefore, there would be numerous clubs throughout the country that would be in direct competition with other legitimate business and such clubs would have a privilege that is not extended to their competitors.

[Here the gavel fell.]

Mr. DUNCAN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. DUNCAN. Is the effect of the gentleman's amendment to prohibit the sale of liquor that is purchased in kegs to anyone who might desire to purchase it?

Mr. BOILEAU. Yes; for resale. The retailers under my amendment may sell it to individuals to take home for home consumption. A retailer could buy liquor in kegs and sell it by the keg, but he cannot break the package. Under the bill as drawn at present he cannot repackage it. My amendment simply strikes out the provision that gives the hotels and clubs privileges not given to other retailers.

[Here the gavel fell.]

Mr. DUNCAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I understand the effect of this amendment, it would permit the sale of liquor in bulk to an individual who might take it home and put it in his basement, and it would permit the sale of liquor to a retailer who might thereafter rebottle it and sell it to the retail trade.

Mr. BOILEAU. No; if the gentleman will yield, my amendment does not affect the bill in that respect at all.

Mr. DUNCAN. Then I misunderstood the effect of the gentleman's amendment.

Mr. BOILEAU. The pending bill prohibits a retailer from reselling in that way to the trade.

Mr. DUNCAN. Yes.

Mr. BOILEAU. All I do by my amendment is to withdraw from the hotels and clubs the right to open the barrel and sell a drink out of the barrel, a privilege which you do not give the restaurant and other similar establishments.

Mr. CULLEN. Mr. Chairman, may I ask the gentleman from Wisconsin just what his amendment would do?

Mr. BOILEAU. My amendment strikes out, on page 10, line 17, the words "except a bona fide hotel or club." In other words, my amendment would put a hotel or club in exactly the same position as a restaurant or tavern or any other place that dispensed liquor.

Mr. DUNCAN. There was some confusion when the gentleman's amendment was read, and I should like to ask the gentleman this question: Under his amendment will the retailer and the hotel owner or any other person licensed under the laws of his State to sell liquor by the drink be permitted to buy a barrel of liquor or a keg of liquor and break it and sell it by the drink?

Mr. BOILEAU. No; and if my amendment is approved it will put the hotels and the clubs in exactly the same position that the taverns and restaurants, and so forth, are under the bill at the present time. The amendment does not change the effect of the legislation with respect to retailers other than hotels or clubs.

Mr. DUNCAN. In other words, there can be no sale of bulk liquor by the drink by anybody?

Mr. BOILEAU. That is correct.

Mr. CONNERY. Will the gentleman yield?

Mr. DUNCAN. I yield.

Mr. CONNERY. If the amendment is adopted the language of the bill will read, "and no such person shall, for purposes of sale, remove from any such barrel, cask, or keg any distilled spirits contained therein."

Mr. BOILEAU. Yes. Mr. Chairman, will the gentleman yield further?

Mr. DUNCAN. My time is about exhausted, and I must decline to yield.

Mr. Chairman, if the proposed amendment is adopted we might just as well not have any bulk provision in this law. It would destroy the entire effect of the bill. The object of putting this language in here, as I said yesterday, is to get rid of the bootlegger and to bring the price of liquor down so that there might be some honest competition in the sale of alcoholic beverages and not leave the sale entirely to the large institutions that have the money to advertise their products and advertise just a few brands of liquor.

Mr. O'MALLEY. Then why did they not put in the tavern keeper, too? He is just as much entitled to draw it out of a keg as a hotel or a club.

Mr. DUNCAN. Certainly. As I have said, any retailer who has been licensed under the laws of his State, under the provisions of this bill ought to be permitted to observe the law and to draw it out and sell it by the drink if the laws of his State permit that to be done.

Mr. BOILEAU. Then why did not the gentleman's committee permit the sale of a drink of whisky out of a barrel in the taverns and retaurants?

Mr. DUNCAN. So far as I am concerned, I think that ought to be done.

Mr. BOILEAU. Does not the gentleman think they ought to be treated alike?

Mr. DUNCAN. Yes; but the gentleman's amendment does not do that. The amendment prohibits the breaking of a package for resale by the drink.

Mr. BOILEAU. But it does treat them all alike.

Mr. DUNCAN. It does treat them all alike and I am in favor of treating them all alike, but I am not in favor of prohibiting the sale of liquor by the drink in this way.

[Here the gavel fell.]

Mr. HEALEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment of the gentleman from Wisconsin, principally because if the bill is enacted in its present form it will amount to unjust and unwarranted discrimination against the thousands of package-goods stores and bars, taverns, and restaurants throughout the country.

In my State packages are sold in package-goods stores and drinks are sold on the premises by the taverns. This bill provides that bona fide hotels or clubs may dispense liquor either by the glass or may bottle it and sell it over the counter in bottles to the consumer. This privilege is denied the proprietor of a bar or a saloon or a so-called "tavern", as well as the package-goods stores and the restaurants. The owners of package-goods stores and taverns have invested considerable sums of money to establish their business, and in most every instance have had to pay a large license fee. They have contributed to the revenues of the municipality where they do business by paying this large license fee. Usually the rental is high and they are having a difficult time to do business now, and if this language is allowed to remain in the bill, any three persons in a community may obtain a charter for a club and locate right in the vicinity of a tavern that is now doing business, and by virtue of the fact they are allowed to sell in bulk, they will put the tavern or restaurant or other dispensary out of business because of the advantage which they will have.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. McCORMACK. Without regard to the outcome of the amendment, does my friend think that this permits the sale in Massachusetts, for example, by bona fide hotels and clubs?

Mr. HEALEY. I think if the language here remains in the bill, it does, of course.

Mr. McCORMACK. Of course, it does not; because this bill is predicated upon the theory that we are providing in this measure that nothing can be done which is in violation of a State law, and in Massachusetts it is against the State law, and in many other States of the Union there is a similar law.

Mr. HEALEY. I do not know of any State law that will prevent them from receiving the benefits of this law.

Mr. BOILEAU. Will the gentleman yield?

Mr. HEALEY. I yield.

Mr. BOILEAU. I should like to state to the gentleman from Massachusetts [Mr. McCORMACK], when he said that they cannot sell it in any other State, he is mistaken.

Mr. HEALEY. I am making this appeal for the benefit of the proprietors of traverns and package-goods stores, who will certainly be placed at a disadvantage if this particular language is allowed to remain in this bill. Either they ought to have the same privilege as the hotels and clubs or no one ought to have the privilege. It should be none or all. Certainly we should not retain in this bill language that is so discriminatory, and will work at such a disadvantage to persons legitimately doing business at the present time.

[Here the gavel fell.]

Mr. FULLER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman and members of the Committee, I have never made it a practice where a standing committee of the House has given great time and thought to the consideration of a bill, to take it on myself to undertake to change the language and reconstruct it on the floor of the House. It is hardly ever done, and I anticipate that it will not be done in this case.

These gentlemen say that this is discrimination, because we make an exception to bona fide hotels and clubs. It is a discrimination against the saloons. It may be that we should have gone further, but this is merely an experiment, and we did not want to go too far at first. It cannot affect any State in the Union where they have a law to prohibit the sale of liquor by drinks.

Here in Washington my general information is that most of the liquor is sold in bona fide clubs and hotels. These dealers ought to have a right to buy liquor from the distiller in barrels by the carload like they used to do, and thus give the public the benefit of obtaining liquor per drink for half the present price.

Mr. O'MALLEY. Was this put in simply for Washington?

Mr. FULLER. Oh, no; principally for Wisconsin. [Laughter.]

Mr. BOILEAU. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. BOILEAU. The gentleman would not want to give the hotels and clubs of Washington the privilege of buying liquor at half as much as they now pay and deny it to the West.

Mr. FULLER. No; but here is what you are trying to do: You are trying to limit this—that everywhere, all over the country, where the State will permit the saloon, to allow the saloons to buy it by the barrel.

Mr. BOILEAU. Oh, no; just the opposite.

Mr. FULLER. You want to kill the effect of this bill. This does not affect the State that has a law against selling liquor by the drink out of the barrel.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes.

Mr. RICH. Does the gentleman not believe that without this amendment we will be gradually getting back to the point where we are bringing back the old saloon?

Mr. FULLER. No; I do not. We are not doing that. That is exactly what we are trying to avoid doing.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes.

Mr. FOCHT. Is it not a fact that this law must be concurrent with and conform to the State laws?

Mr. FULLER. Certainly.

Mr. McCORMACK. In other words, every provision of this bill recognizes the law of the State, and where the law of the State is inconsistent with the provisions of this bill, the law of the State prevails.

Mr. FULLER. That is correct. I am not going to let these people come in here and amend this bill simply because of some fancy they have, if I can help it. Let us stay with the committee. If this proves to be a bad policy, we can amend it.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. CONNERY. Mr. Chairman, I move to strike out the last two words.

Mr. CULLEN. Mr. Chairman, I move that all debate on this amendment close in 5 minutes.

Mr. GRAY of Indiana. Mr. Chairman, I would like to have 5 minutes.

Mr. CULLEN. Then I make it 10 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from New York that all debate upon this amendment close in 10 minutes.

The motion was agreed to.

Mr. CONNERY. Mr. Chairman, it seems to me that the question before us now has been described very succinctly by an interrogation made on the Republican side of the House a few minutes ago. We are getting back to the old question of the saloon, whether you want the corner saloon again, in another form; for instance, in the form of a hotel or a club. In other words, what they used to call in the old days in Massachusetts—and I suppose in all the rest of the States—the "kitchen barroom", in the name of a club. Three or four people would get a charter and establish a club in a basement, or in a clubhouse, as my distinguished

colleague from Massachusetts [Mr. HEALEY] said, establishing that so-called "club" right alongside of a place which is trying to run a reputable establishment selling package and bottled goods. This club will be established right next door to that establishment, in the basement, or in the kitchen barroom, or in the so-called "clubhouse", and sell to consumers drinks directly out of the cask, to any people who come in there, with the fine probability and possibility that what they sell to them will be the old-time bootleg liquor that was peddled during prohibition.

Mr. FULLER. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. FULLER. Surely the gentleman would not try to make his colleagues believe that any two or three people could get together and fool the authorities in charge of the enforcement of the liquor laws of the various States as to what is meant by a bona fide hotel or a bona fide club? This means just what it says; it is not a subterfuge.

Mr. CONNERY. Oh, they fooled them so much during prohibition on the same proposition that the graveyards of the country are filled as a result of it with victims of poisonous bootleg liquor.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. TRUAX. Would not the gentleman state that this section is designed for a special privilege for large hotels and exclusive clubs?

Mr. CONNERY. I do not agree with the gentleman entirely. It is a special privilege for reputable hotels and clubs, but what it really means is that you could get four rooms and call the place a hotel, as they did in the old days, and bring customers in and sell them a drink of whisky out of the barrel.

Mr. TRUAX. But the workingman does not go to clubs or hotels to get a drink.

Mr. CONNERY. Oh, he would have to go to a big hotel or to these so-called "clubs."

Mr. LEHLBACH. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. LEHLBACH. Is it not a fact that when one wanted to avoid liquor restriction and prohibition the favorite form of doing it has been through the hotel or club?

Mr. CONNERY. Yes; absolutely. That is what we knew in the old days before prohibition and during prohibition.

Mr. O'MALLEY. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. O'MALLEY. If a man wanted to cheat in selling whisky out of a barrel he could do it just as well in selling out of a bottle?

Mr. CONNERY. No; because the seal is on there under Government supervision. I looked on F Street yesterday—I looked at bottles and saw the seal put there under Government supervision. That is what I was trying to get at yesterday in my amendment.

Mr. BOILEAU. The bill does not say "reputable hotels." It says "bona fide hotel." Any dinky little hotel is a bona fide hotel.

Mr. CONNERY. Yes. Three or four back rooms.

Mr. CHURCH. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CHURCH. Will it not be the administration in power which will select these hotels or clubs?

Mr. CONNERY. I do not know.

Mr. CHURCH. Well, it can be political in that way.

Mr. RICH. Governor Earle, of Pennsylvania, signed a liquor bill yesterday whereby anybody can stand up to a bar and put his foot on the brass rail just as he did years ago. Will this bill stop that?

Mr. CONNERY. No; not if the State of Pennsylvania passed such a law. This would not interfere with that law. Personally I am against that. I would like to see it sold only in package goods.

I hope the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU] will be carried. I think it is in the interest of temperance and will keep us from going back to the old saloon during preprohibition days, which practically everyone in this House has said he is absolutely against. I hope the amendment will be agreed to.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired.

Mr. GRAY of Indiana. Mr. Chairman, I realize that in making a pledge, a candidate may make a mistake or in some way bind himself to an error. But regardless of whether right or wrong, he should discover and declare his mistake before the election. It is too late after the votes are cast.

During the course of my last campaign, I was called upon by the glassworkers and requested to advocate and urge a law to forbid the reuse of liquor bottles. I told them I would consider the matter as a measure in the recovery program and would give them an answer later.

In taking up a study of the subject under the recovery program, I was impressed that this requirement for new bottles to provide employment for the unemployed possessed equal merit and was equally justified with the processing taxes for the farmers in payment for stock and crop reduction.

I concluded that if cotton farmers could be paid for plowing up cotton, if antitrust laws could be suspended to allow corporations to raise prices to consumers, all to stimulate employment and restore industry, that a requirement for the use of new, clean bottles for liquor to restore employment to the glassworkers was of equal merit as a recovery policy.

To guard against any possible error induced by the impulse of self-interest, I went into fasting and prayer and recurred to the Holy Scriptures for further and more complete advisement, when I read from the Gospel of St. Mark, chapter II, verse 22, the words:

> And no man putteth new wine into old bottles; else the new wine doth burst the bottles, and the wine is spilled, and the bottles will be marred: but new wine must be put into new bottles.

[Laughter.]

When I read this verse from St. Mark I concluded my strenuous inquiry, I was more than doubly assured, assured not only by precedence and usage from provisions already under administration but by authority time honored and higher up. [Laughter and applause.]

Other grounds and reasons considered and upon which the declaration was based was the ground of sanitation and purity, the menacing dangers to health resulting from the use of old bottles allowed to become putrid or germ infested, collected from dumps and refuse piles. But this ground was mere incidental to the main grounds of necessity for the restoration of employment to the glassworkers of my district.

I immediately called a meeting in the vicinity of the glassworkers and announced that I would speak explaining the conclusions that I had reached. The meeting was well attended and at which I declared my pledge. My declaration was well received, especially my recital from St. Mark. Election day was awaited with interest, facing a 28,000 adverse majority. While the returns were not unanimously conclusive, they were in no way discouraging.

I came to Washington soon after, strong in my determination, fervent in spirit, diligent in the affairs of my office, with the one purpose and object in view of bringing the glassworkers up in the national recovery program on a level with the hog and corn raisers and the cotton farmers of the South, and the manufacturers of the country, granted the right to raise prices to consumers under the suspension of the antitrust laws.

Immediately upon reaching the Capitol I called to my office the representatives of the National Association of Glass Workers, for counsel and to devise ways and means and to formulate appropriate legislation. After full and exhaustive consideration, I was advised by these representatives that while the program was a worthy one and in keeping with other measures for the relief of other classes and was practical of attainment, yet it was a questionable policy to be entered upon. The glassblowers' association most graciously undertook the explanation to my constituents and did so to

the complete satisfaction of the glassworkers in my district as well as myself as their Representative. [Laughter.]

The whole matter now comes before me more real and fervent than a dream. While I will not be able to prevent the use of old bottles for new wine, the opportunity is afforded here today to maintain and continue the use of bottles in the retail of distilled spirits. I am faced with a choice between bottles and barrels, and under both my platform pledge and the Gospel of St. Mark I am constrained to take my stand for bottles and against barrels upon the pending amendment. [Applause and laughter.]

There is a story of the old times, under the local-option laws, which will illustrate the merits of this amendment and the demerits of the bill without it.

Michael Sullivan was a far-seeing Irishman, and, apprehending a drought resulting from a pending local-option election, he rolled a barrel of whisky into his cellar. The apprehension proved not without grounds. The election carried the town dry. Michael was a genial soul with many old-time friends around him. After the town was declared dry many of his friends were observed going into his cellar and coming out in a disorderly way.

Complaint was made by the neighbors to the priest that Michael had a barrel of whisky and was dealing it out to his friends contrary to the peace and order of the community and in disregard of the statutes made and provided in such cases. The reverend father called upon Michael and informed him of the complaints and the charge that he was dispensing a barrel of whisky from his cellar. Michael's reply was substantially as follows, to wit: "And shure, I have a barrel in my cellar, and what is a barrel of whisky in a family where there is no cow. [Applause and Laughter.]

There is a moral to this story which I want to impress during the consideration of this legislation. If the retail of distilled liquors had been provided for in bottles, Michael would have carried bottles to his cellar resort instead of rolling in a barrel. He would have handed out one bottle at a time to his friends and not all of these experienced drinkers would have become intoxicated on one bottle, or, if intoxicated on one bottle, they would not have all been drunk at the same time at the same place. [Applause and laughter.] And Michael would have been saved from the charge and odium before his neighbors of maintaining a nuisance in his cellar and of disturbing the peace and order of his community while overcoming a Sahara drought and showing hospitality to his friends. [Laughter.]

The law as it stands today requires that liquor be retailed in bottles, and this requirement will be continued unless a new law enacted provides otherwise by barrels. So, I want to give timely notice, that regardless of all other merits of this measure, I will be constrained to vote against this bill to maintain good faith with my constituents and to vindicate my platform pledge unless the pending amendment is adopted.

Mr. Chairman, I propose to stand for bottles and against resort to barrels or kegs as long as there is an opportunity afforded. If I have made a mistake in my pledge to the glassworkers, I have discovered the error too late for change and correction. [Applause and laughter.]

The CHAIRMAN. The time of the gentleman from Indiana has expired.

The question is on the adoption of the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU].

The question was taken; and on a division (demanded by Mr. BOILEAU) there were ayes 68 and noes 70.

Mr. BOILEAU. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. BOILEAU and Mr. CULLEN to act as tellers.

The Committee again divided; and the tellers reported there were ayes 81 and noes 86.

So the amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendments offered by Mr. CELLER: On page 12, line 16, strike out the words "such appeal shall be taken by", and strike out lines 17, 18, 19, 20, 21, and 22, and strike out the words "or in part", in line 23.

On page 14, strike out lines 3, 4, 5, and in line 6 "and 347", and insert in lieu thereof after the period in line 16, page 12, the following: "The permittee or applicant for a permit may by petition or appropriate proceeding in a court of equity have the action of the administrator reviewed, and the court may affirm, modify, or reverse the finding of the administrator, as the facts and law of the case may warrant; and during the pendency of such proceeding may restrain the manufacture, sale, or other disposition of articles, and may restrain all operations under the permit."

Mr. CELLER. Mr. Chairman, I ask unanimous consent to have an additional 5 minutes, that I may address the House altogether 10 minutes on this important amendment.

Mr. CULLEN. Mr. Chairman, reserving the right to object, we want to allow as full discussion on this bill as possible, but we want to try to pass it today.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Chairman, it is with considerable hesitancy that I offer this amendment. I know the members of the Ways and Means Committee have worked hard and assiduously on this bill. I offer the amendment, nevertheless, for whatever it may be worth, but offer it seriously with the hope the membership of this committee will accept it.

In a word, what I seek to do is this: Under the bill as written, a person who is aggrieved may not go to the district court, but must go to the United States circuit court of appeals. He is thus deprived, in the first instance, of the right of going to that court, where it has always been customary to handle such cases, even during prohibition days, namely, the United States district court. I do not know why this skipped this court. It is unfair to do so.

I discussed this matter with the Department of Justice officials. They have given me valuable information which I shall bring to your attention.

I may say further, Mr. Chairman, that the language of my amendment was taken bodily from section 5 of title II of the National Prohibition Act. In other words, under the old National Prohibition Act, stringent as were its provisions against permittees, they could, nevertheless, go into the district courts. Why should not the same privilege be given the permittees and others who will operate under the pending bill? Why should they be compelled to go to the circuit court of appeals in the manner indicated in this bill?

This is what the Department of Justice officials say:

The provision in the pending bill providing that the determination of the Administrator in matters relating to the granting, withholding, or revoking of permits shall be reviewable by appeal to the circuit courts of appeals, are highly undesirable and should be stricken from the bill. There should be substituted for this proposed procedure a review by a suit in equity in the United States district court, which is the same procedure as that provided by the National Prohibition Act (National Prohibition Act, title 2, secs. 5 and 9; U. S. Code, title 27, secs. 14 and 21).

I embodied in my amendment the recommendation of those officials of the Department of Justice.

Mr. VINSON of Kentucky. What officials are they? We ought to have the whole story.

Mr. CELLER. I shall come to that in a moment. These officials make this further statement:

There are a number of impelling reasons in support of this contention.

First, the action of the Administrator is purely administrative in character, and, therefore, it is wrong in principle to provide a direct appeal from his action to an appellate court.

I appeared before the Ways and Means Committee and argued as I am arguing now; and it was indicated to me as an answer to my argument that these commissions such as the Federal Radio Committee, the Interstate Commerce Commission, and others, being quasi-judicial in character, that appeals from a decision must be taken to the circuit court of appeals. I maintained then as I maintain now, that an administrator does not do anything which is quasi-judicial. His very title "administrator" shows that he administers. He does not act as a judge or in a judicial or quasi-judicial capacity. In an appeal is taken from the decision of a mere administrator, therefore, it should be taken

to a court of equity, the district court, and not to the circuit court of appeals. Further the Department of Justice says:

The Administrator's action should be reviewable in the district court and appeals should be taken only from the decisions of the tribunal of first instance. While it is true that decisions of certain Commissions like the Federal Trade Commission, the Federal Radio Commission, and others, are reviewable directly by the circuit court of appeals, it must be remembered that those commissions are quasi-judicial in character and their decisions are quasi-judicial in their nature. This was held only recently by the Supreme Court in the so-called "Humphreys case." On the other hand, the actions of the Administrator in dealing with permits do not partake of any quasi-judicial character, nor is he himself a quasi-judicial officer.

Second, as a practical matter the provision now in the bill for direct review by circuit courts of appeals would clog up the dockets of those courts with miscellaneous liquor business to an intolerable degree. The volume of this type of business can be inferred from a consideration of the following figures.

At the time the Federal Alcohol Control Administration suspended operations because of the Schechter decision it had under permit—

Wholesalers (wine, liquor, and beer)	12,534
Rectifiers	447
Distillers	488
Total	13,469
Plus importers	1,192

In addition to these the Alcohol Tax Unit of the Treasury Department issues permits to manufacturers, dealers, and users of industrial and tax-free alcohol under title III of the National Prohibition Act. The number of such permits issued by it up to a few months ago were:

Denaturing alcohol plants	38
Bonded warehouses	70
Bonded manufacturers of specially denatured alcohol	4,103
Bonded dealers in specially denatured alcohol	70
Withdrawers and users of tax-free alcohol	5,970
Total	10,251

This makes a total of something like 25,000 individuals who might potentially have the right to take appeals.

You can readily see that you would clog up the dockets of the circuit court of appeals, which you have no right to do. The appeal in these cases should go directly to the district courts.

I continue reading from this statement by the Department of Justice:

Third, the procedure for review by suit in equity in the district court provided by the National Prohibition Act is simple and expeditious. The procedure has been well established by a series of decisions. Delays will be inevitable if the jurisdiction is transferred to the circuit courts of appeals.

Let us dwell on this a moment. Hundreds, literally hundreds, of cases were tried under the National Prohibition Act in the district courts. The procedure is well marked, the proceedings are well defined. A person going to those courts knows exactly what is expected and he can very readily get justice there because there is no confusion, decisions are clear, and the whole procedure has become crystallized as a result of years of experience.

In the pending bill you map out a new procedure, requiring appeal to be taken to the circuit court of appeals. This is going to be experimental at best. Why should the permittees suffer in this regard? There will be intolerable delays. The circuit court of appeals, for example, is on vacation for the months of July, August, September, and part of October; and during this time you can get no redress in the circuit court of appeals. What is the permittee to do? Close his place of business? In the district court, on the other hand they can always get redress. In most of the district courts there is more than one judge or if the judge in one court is on vacation the litigant can go to another judge; but if you make him go to the circuit court of appeals there is bound to be disastrous delay.

Furthermore, let me show you the distances that must be traveled before one reaches the circuit court. I have before me the official register of the United States for the year 1934 indicating situs of that court. Let us take e. g. the fifth circuit, comprising the States of Alabama, Florida, Georgia, Louisiana, Mississippi, Texas, and the Canal Zone.

Incidentally the officials of the Department of Justice who support my amendment are Messrs. Kiefer and Holtzoff.

If a man is aggrieved and he lived at El Paso, where must he go? Not to the district court near his place of business. He must travel a thousand miles to New Orleans. From the Canal Zone he must go to New Orleans. From Macon to New Orleans. Consider the unnecessary expense of traveling of the permittee and his lawyers and witnesses.

If he lives in the sixth circuit, comprising the States of Michigan, Ohio, and Tennessee, say in Detroit, for example, he must go all the way down to Cincinnati instead of going to the district court situated in Detroit where it would be convenient for him to go.

If he resides in the eighth circuit, comprising the States of Arkansas, Iowa, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota, he must go thousands of miles from Aberdeen, S. Dak., or Fargo, N. Dak., all the way to St. Louis, Mo.

The same difficulty would obtain in almost each circuit. In the circuit court expensive records must be prepared. This is avoided in the district court—the court of equity. Let me quote finally from the report of the Department of Justice officials:

Fourth, the proposed procedure is unfair to the individual, for it casts upon him a heavy burden of expense in proceeding to the circuit court of appeals. It must not be overlooked that in many parts of the country this requirement will entail travel for a long distance with a consequent heavy expense. Moreover, it will result in delay in the adjudication of the rights of business men. It is unfair to subject them either to the added expense or the enhanced delay.

On the other hand, we know of nothing to commend the proposed procedure in preference to that heretofore followed, namely, a review by a suit in equity in the district court.

Lastly, the officials of the Alcohol Tax Unit also favor my amendment.

Mr. VINSON of Kentucky. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, you have just witnessed the versatility of a lawyer. This is a natural appeal, wanting to bring the litigants to the nearest court, wanting to bring this appeal or review into the district court instead of the circuit court of appeals. The gentleman from New York [Mr. CELLER] asked the question as to what a person would do if the circuit court of appeals was on vacation and an appeal was desired from the Administrator's order. We take care of that situation in lines 6, 7, and 8 on page 14, where it is stated that the commencement of the proceedings under this subsection shall, unless specifically ordered by the court, operate as a stay of the Administrator's order.

As I caught the gentleman's contention, he tried to convey the impression that if the circuit court of appeals was on vacation, and the Administrator made a certain ruling, it closed up the business of the permittee. Of course, this language answers his contention in the negative.

The gentleman from New York [Mr. CELLER] very eloquently referred to keeping on the beaten path. He talked about going far into new fields and trying out experiments. If you do what the gentleman from New York wants you to do you are doing that very thing. The language in this bill which he seeks to strike is the identical language used in a half dozen or more acts of Congress dealing with appeals from orders of administrators and administrative bodies, to the circuit court of appeals. The gentleman from New York [Mr. CELLER] talked about a quasi-judicial status. Why, Secretary Wallace down here has no quasi-judicial status, but under the Stockyards Act the Congress provided for an appeal from the Secretary's order to the circuit court of appeals. In the Securities Act we provided for an appeal to the circuit court of appeals. In the Securities Exchange Act we provided for an appeal to the circuit court of appeals. Under the Federal Trade Commission Act the Congress provided for an appeal to the circuit court of appeals. Under the Interstate Commerce Act I believe there is provision for an appeal to a three judge court, which is substantially the same thing.

Let us see what we have here in the form of this amendment. Who on this floor knows exactly what the amendment offered by the gentleman from New York covers? He says

there shall be a review through a petition in equity. Whether this is a review of law or a review of fact, we do not know. I do know it means more work for the lawyers. I do know it means more expense to litigants. I do know it means a more clogged docket in the district courts. What do we do in this bill and under the standardized form of procedure provided? That is what this bill is. There is no experiment here. It is the standard form used in a half dozen or more Federal statutes. We simply save to the litigants one step in the judicial procedure, because you know and I know when litigants go into the district court whichever side loses will appeal to the circuit court of appeals, thence to the Supreme Court.

May I say that the gentleman from New York did not offer the amendment that has been offered here to the committee. He made reference to the fact they ought to go to the district court, but the first time I ever heard anything about a petition in equity was on the floor this morning when the gentleman offered the amendment. I may be in error, and if I am I shall be glad to have the gentleman correct me.

Mr. CELLER. I simply copied the language of the National Prohibition Act.

Mr. VINSON of Kentucky. When the gentleman appeared before the committee did he say anything about providing for the filing of a petition in equity?

Mr. CELLER. That is the technical language used when referring to petitions in the district court.

Mr. VINSON of Kentucky. As I understood the gentleman when he came before our committee he wanted an appeal from the Administrator's order to the district court. There is a difference between an appeal from the order of the Administrator and filing a petition in equity, and I may say there is a very material difference. There is a difference in favor of the lawyers. There is a difference in favor of added expense to the litigants.

Mr. Chairman, I trust that the amendment offered by the gentleman from New York will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. CELLER].

The amendment was rejected.

Mr. MASSINGALE. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. MASSINGALE: On page 9, lines 15 and 16, after the word "store", in line 15, insert the word "or" and strike out the last word "or" on line 15 and the words "sell or from which to sell" on line 16.

Mr. MASSINGALE. Mr. Chairman, in the discussion of this bill yesterday there were two points brought out as to why the law should be changed in the respects recommended by the Committee. One was that the Whisky Trust controlled the bottle industry of America, and the other was that the stave industry in Arkansas and other States ought to have some recognition so far as the use of barrels and kegs is concerned in connection with the handling of whisky and other liquors.

Mr. Chairman, I am not interested in the stave industry or in the bottle industry. The only thing about this bill that concerns me is the selling part of it. The amendment which I have offered is for the purpose of taking away or denying the right of an unlicensed retailer to sell liquor out of barrels or out of any other kind of a container. The argument was made that we needed barrels that had been charred on the inside so that the liquor would age and taste better.

I am not interested in that feature of the matter. I would not know the difference whether whisky had been put up in a charred barrel or whether it had not been put up in a charred barrel. I am not an expert along that line, but I am interested in this proposition. I know that the draughtsmen of this bill have nothing in mind that will disappoint the people in this Republic who are interested in decency in the liquor business.

I do not know what the conditions are in New York or in other large cities of the country, but I know that once you give a bootlegger or a club—I do not care what you call it—I have seen these clubs operate down in Oklahoma, and I know what they will do, and the minute you give them the right to peddle liquor out of a barrel without a license, you have a hog wallow in every alley in every little town in the country, and you will have around such a place every cheap gambler and bootlegger in the community. This is the thing I want to avoid in my part of the country, although I am free to say to you that I believe Oklahoma will be safe from this condition because probably the laws of that State would not permit them to bring the whisky in there in barrels, but I also know, as a general proposition, when you provide that a man, without a license or without any restraint, or without a permit of any kind, have the right to draw whisky out of a barrel or a bottle or whatever kind of container it may be, you set up a condition that will ultimately, and pretty soon, raise in this country a desire to go back to prohibition, and I do not blame them if you create this kind of condition.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. McCORMACK. I can buy a barrel of liquor now as a consumer, bring it to my home or have it in my office. That is true, is it not?

Mr. MASSINGALE. I presume the gentleman can.

Mr. McCORMACK. That is, in a State where it is permitted. Of course, I could not do so in a State where it was not permitted by law. Why should not I, as a consumer, have the right to buy a barrel of liquor for my home if I want to? Why should I be prohibited from doing that?

Mr. MASSINGALE. The gentleman from Massachusetts did not understand me. The point I am making is this: I do not care how much whisky you buy. The point I am making is that when you buy it you have no right to retail it and sell it to boys and children throughout the country.

Mr. McCORMACK. No; but the gentleman's amendment would stop me from buying it for my own personal consumption.

Mr. MASSINGALE. No; I do not stop you from buying it. [Here the gavel fell.]

Mr. CULLEN. Mr. Chairman, I rise in opposition to the amendment simply to say that this amendment is similar to the one that the Committee just voted on, offered by the gentleman from Wisconsin. It allows the transportation of liquor, which is a right they have now, and I do not see the necessity, Mr. Chairman, of taking up the time of the Committee further on this proposition. I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

Mr. CULLEN. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. ROBERTSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBERTSON: On page 10, line 9, strike out the period after the word "spirits" and insert in lieu thereof a colon and the following words: "*Provided further*, It shall be unlawful for any person to store, transport in or sell from a barrel, cask, keg, bottle, or other container having a capacity in excess of 1 wine gallon in any State, the laws of which prohibit the importation or transportation into such State of intoxicating liquors in containers of the size aforesaid."

Mr. ROBERTSON. Mr. Chairman, this is the bulk-shipment provision limited to the 13 States which, by State law, prohibit importation in bulk and the sale of liquor from barrels or kegs.

The distinguished gentleman from Kentucky [Mr. VINSON] has repeatedly mentioned the fact that the pending bill gives protection to States that prohibit the transportation or sale of anything except bottled goods. The language used in the bill is, "This section shall not apply to any condition in any basic permit." All that this bill does is to authorize the Administration to revoke a permit if the permittee, knowingly and willfully, ships liquor into a State in violation of the law of that State, but you would never have any

distiller who would knowingly and willfully commit this offense. The distiller sells to someone else, and the other person is the one who brings it in to your State in violation of your State law, and under this bill the remedy is on the permit only. There is nothing in the bill that carries out the title that this bill is to enforce the twenty-first amendment.

I agree with my friends from Massachusetts and from Oklahoma and from Wisconsin that when we write into this bill permission for any little fly-by-night hotel or club to sell by retail liquor from barrels we are writing a barroom bill.

There are many good provisions in this bill. We need a control bill; but, frankly, I do not see how I could give my vote to this bill on its final passage with a provision in it like that.

The amendment which I have offered possibly would be more appropriate to the Sumners bill that will probably come up later, a bill specifically for the enforcement of the twenty-first amendment. I shall offer, when that bill comes up, a somewhat similar amendment. I am offering this amendment to the pending bill—not with any hope that it is going to be adopted, because the members of the committee have told us they are not going to let any amendments be adopted; and one member has even gone so far as to say that we would be presumptuous if we offered any—but because some of us have our own views about these matters and wish to express them publicly.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, the time has been limited to 10 minutes; and as I shall not have time to speak on an amendment which I shall offer, I want to say that I am going to offer an amendment which is similar to the one I offered yesterday, doing the same thing, to stop the business of selling liquor in kegs and barrels at wholesale where the wholesaler can open the cask and fill it up with bootleg liquor. When that amendment is offered, the House will know for what purpose it is offered.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. ROBERTSON].

The question was taken, and the amendment was rejected.

Mr. GILCHRIST. Mr. Chairman, I have an amendment at the desk which I offer.

The Clerk read as follows:

Page 9, line 9, after the period, insert a new sentence, as follows: "Every such basic permit shall contain an express prohibition against the use of imported molasses in the manufacture of alcohol or distilled spirits."

Mr. GILCHRIST. Mr. Chairman, I want to read an extract from a letter which is relevant to the debate we had here yesterday concerning the importation of blackstrap molasses and its use in manufacturing distilled spirits. This letter was dated at Terre Haute in March last year. Among other things, it said:

The importation of large quantities of blackstrap molasses during recent weeks had the immediate effect in Terra Haute of throwing 200 men out of work, of losing a local daily market for 12,000 bushels of corn, and of disorganizing an important industry.

Mr. CULLEN. Will the gentleman yield?

Mr. GILCHRIST. I cannot yield when I have only a minute and a half.

I will also read an extract from another letter I received sometime ago:

I was making a speech on this subject down in the district last spring during the primary campaign, and one of the farmers in the audience spoke up and said, "Yes; I know that is true, because the American Distillery Co. at Pekin, Ill., unloaded 17 carloads of blackstrap molasses at their distillery the day before, and this was being converted into industrial alcohol at the expense of the corn farmers."

Now, Mr. Chairman, I want to refer to the statement made yesterday, and I ask leave to withdraw my amendment because it will be offered again at the proper time.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. O'NEAL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 11, line 10, strike out the words "1 year" and insert in lieu thereof "2 years."

Mr. CULLEN. Mr. Chairman, the committee will accept that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken, and the amendment was agreed to.

Mr. CONNERY. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 9, strike out all of lines 10 down to 16, inclusive, and the first two words on line 17.

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order that the amendment just offered is the same amendment that has been already acted on by the Committe.

Mr. CONNERY. Mr. Chairman, it is not the same amendment. Yesterday I moved to strike out all of that subsection. This merely strikes out part of it and is a limitation on subsection (e).

The CHAIRMAN. The point of order is overruled. The gentleman from Massachusetts is recognized for 1 minute.

Mr. CONNERY. Mr. Chairman, this will do exactly what I tried to do yesterday, and it removes the objections of my friend from Kentucky [Mr. VINSON] in regard to the States. If you want at least to try to stop bootleg liquor, vote for this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. Connery) there were—ayes 32, noes 73.

Mr. CONNERY. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. MASSINGALE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. MASSINGALE: Amend section 4 by striking the comma after the word "spirits", in line 16, and insert a period, and by striking all words in line 16 following the word "spirits", and by striking all of lines 17 and 18 and down to and including the period in line 19 of paragraph (3) of subsection (e), on page 10.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

The Clerk read as follows:

UNFAIR COMPETITION AND UNLAWFUL PRACTICES

SEC. 5. It shall be unlawful for any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer or wholesaler, of distilled spirits, wine, or malt beverages, or as a bottler, or warehouseman and bottler, of distilled spirits, directly or indirectly or through an affiliate:

(a) Exclusive outlet: To require, by agreement or otherwise, that any retailer engaged in the sale of distilled spirits, wine, or malt beverages, purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such requirement is made in the course of interstate or foreign commerce, or if such person engages in such practice to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such requirement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce; or

(b) "Tied house": To induce through any of the following means, any retailer, engaged in the sale of distilled spirits, wine, or malt beverages, to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce: (1) By acquiring or holding (after the expiration of any existing license) any interest in any license with respect to the premises of the retailer; or (2) by acquiring any interest in any

premises of the retailer; or (3) by furnishing, giving, renting, lending, or selling to the retailer any equipment, fixtures, signs, supplies, money, or other thing of value, subject to such exceptions as the Administrator shall by regulation prescribe, having due regard for public health, the quantity and value of articles involved, established trade customs not contrary to the public interest and the purposes of this subsection; or (4) by paying or crediting the retailer for any advertising, display, or distribution service; or (5) by guaranteeing any loan or the repayment of any financial obligation of the retailer; or (6) by extending to the retailer credit for a period in excess of the credit period usual and customary to the industry for the particular class of transactions, as ascertained by the Administrator and prescribed by regulations by him; or

(c) Commercial bribery: To induce through any of the following means, any trade buyer engaged in the sale of distilled spirits, wine, or malt beverages, to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such trade buyer in interstate or foreign commerce: (1) By commercial bribery; or (2) by offering or giving any bonus, premium, or compensation to any officer, or employee, or representative of the trade buyer; or

(d) Consignment sales: To sell, offer for sale, or contract to sell to any trade buyer engaged in the sale of distilled spirits, wine, or malt beverages, or for any such trade buyer to purchase, offer to purchase, or contract to purchase, any such products on consignment or under conditional sale or with the privilege of return or on any basis otherwise than a bona fide sale, or where any part of such transaction involves, directly or indirectly, the acquisition by such person from the trade buyer or his agreement to acquire from the trade buyer other distilled spirits, wine, or malt beverages—if such sale, purchase, offer, or contract is made in the course of interstate or foreign commerce, or if such person or trade buyer engages in such practice to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such sale, purchase, offer, or contract is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such trade buyer in interstate or foreign commerce; or

(e) Labeling: To sell or ship or deliver for sale or shipment, or otherwise introduce in interstate or foreign commerce, or to receive therein, or to remove from customs custody for consumption, any distilled spirits, wine, or malt beverages in bottles, unless such products are bottled, packaged, and labeled in conformity with such regulations, to be prescribed by the Administrator, with respect to packaging, marking, branding, and labeling and size and fill of container (1) as will prohibit deception of the consumer with respect to such products or the quantity thereof and as will prohibit, irrespective of falsity, such statements relating to age, manufacturing processes, analyses, guarantees, and scientific or irrelevant matters as the Administrator finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products, the alcoholic content thereof (except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are hereby prohibited unless required by State law and except that, in case of wines, statements of alcoholic content shall be required only for wines containing more than 14 percent of alcohol by volume), the net contents of the package, and the manufacturer or bottler or importer of the product; (3) as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled; (4) as will prohibit statements on the label that are disparaging of a competitor's products or are false, misleading, obscene, or indecent; and (5) as will prevent deception of the consumer by use of a trade or brand name that is the name of any living individual of public prominence, or existing private or public organization, or is a name that is in simulation or is an abbreviation thereof, and as will prevent the use of a graphic, pictorial, or emblematic representation of any such individual or organization, if the use of such name or representation is likely falsely to lead the consumer to believe that the product has been endorsed, made, or used by, or produced for, or under the supervision of, or in accordance with the specifications of, such individual or organization: *Provided*, That this clause shall not apply to the use of the name of any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer, wholesaler, retailer, bottler, or warehouseman, of distilled spirits, wine, or malt beverages, nor to the use by any person of a trade or brand name used by him or his predecessor in interest prior to the date of the enactment of this act; including regulations requiring, at time of release from customs custody, certificates issued by foreign governments covering origin, age, and identity of imported products. No person shall remove from Government custody after purchase at any Government sale any distilled spirits, wine, or malt beverages in bottles to be held for sale until such bottles are packaged, marked, branded, and labeled in conformity with the requirements of this subsection.

It shall be unlawful for any person to alter, mutilate, destroy, obliterate, or remove any mark, brand, or label upon distilled spirits, wine, or malt beverages held for sale in interstate or foreign commerce or after shipment therein, except as authorized by Federal law or except pursuant to regulations of the Administrator authorizing relabeling for purposes of compliance with the requirements of this subsection or of State law.

In order to prevent the sale or shipment or other introduction of distilled spirits, wine, or malt beverages in interstate or foreign commerce, if bottled, packaged, or labeled in violation of the requirements of this subsection, no bottler, or importer of distilled spirits, wine, or malt beverages shall, after such date as the Administrator fixes as the earliest practicable date for the application of the provisions of this subsection to any class of such persons (but not later than Jan. 1, 1936, and only after 30 days' public notice), bottle or remove from customs custody for consumption distilled spirits, wine, or malt beverages, respectively, unless the bottler or importer, upon application to the Administrator, has obtained and has in his possession a certificate of label approval covering the distilled spirits, wine, or malt beverages, issued by the Administrator in such manner and form as he shall by regulations prescribe: *Provided*, That any such bottler shall be exempt from the requirements of this subsection if the bottler, upon application to the Administrator, shows to the satisfaction of the Administrator that the distilled spirits, wine, or malt beverages to be bottled by the applicant are not to be sold, or offered for sale, or shipped or delivered for shipment, or otherwise introduced, in interstate or foreign commerce. Officers of internal revenue and customs are authorized and directed to withhold the release of such products from the bottling plant or customs custody unless such certificates have been obtained, or unless the application of the bottler for exemption has been granted by the Administrator. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States court for any Territory shall have jurisdiction of suits to enjoin, annul, or suspend in whole or in part, any final action by the Administrator upon any application under this subsection; or

(f) Advertising: To publish or disseminate or cause to be published or disseminated by radio broadcast, or in any newspaper, periodical, or other publication or by any sign or outdoor advertisement or any other printed or graphic matter, any advertisement of distilled spirits, wine, or malt beverages, if such advertisement is in, or is calculated to induce sales in, interstate or foreign commerce, or is disseminated by mail, unless such advertisement is in conformity with such regulations, to be prescribed by the Administrator, (1) as will prevent deception of the consumer with respect to the products advertised and as will prohibit, irrespective of falsity, such statements relating to age, manufacturing processes, analyses, guaranties, and scientific or irrelevant matters as the Administrator finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products advertised, the alcoholic content thereof (except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are prohibited and except that, in case of wines, statements of alcoholic content shall be required only for wines containing more than 14 percent of alcohol by volume), and the person responsible for the advertisement; (3) as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled; (4) as will prohibit statements that are disparaging of a competitor's products or are false, misleading, obscene, or indecent; (5) as will prevent statements inconsistent with any statement on the labeling of the products advertised. This subsection shall not apply to outdoor advertising in place on the date of the enactment of this act, but shall apply upon replacement, restoration, or renovation of any such advertising.

The provisions of subsections (a), (b), and (c) shall not apply to any act done by an agency of a State or political subdivision thereof, or by any officer or employee of such agency.

The Administrator shall give reasonable public notice, and afford to interested parties opportunity for hearing, prior to prescribing regulations to carry out the provisions of this section.

Mr. BUCK. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: Page 16, lines 6 and 7, strike out the words "by acquiring any interest in any premises of the retailer" and inserting in lieu thereof the following: "by acquiring any interest in real or personal property owned, occupied, or used by the retailer in the conduct of his business."

The amendment was agreed to.

Mr. BUCK. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 16, line 9, after the word "money", insert a comma and the word "services."

The amendment was agreed to.

Mr. BUCK. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: Page 19, line 10, after the word "rectification", insert the following: "or in case of gin, whether or not produced by blending or rectification."

The amendment was agreed to.

Mr. BUCK. Mr. Chairman, I offer the following committee amendment which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: Page 23, line 9, after "rectification", insert "or in case of gin, whether or not produced by blending or rectification."

The amendment was agreed to.

Mr. BUCK. Mr. Chairman, also the following committee amendment which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: Page 23, lines 18 and 19, strike out "the date of the enactment of this act" and insert "June 18, 1935."

Mr. BUCK. Mr. Chairman, I shall explain this amendment so that the Members of the Committee may know the reason for it.

This amendment is designed to make outdoor advertising which has been erected since June 18, 1935, conform to the provisions of the bill relating to what must be placed on such advertising and what must not be placed on such advertising.

Congress has the power to make outdoor advertising no matter when erected conform to such provisions and, therefore, the requirement that advertising erected or repainted since June 18, 1935, conform to the provisions of the bill is not unreasonable since that date is not an arbitrary date. That date is the date of the introduction of the original bill, H. R. 8539, and the industry had notice on that date of the contemplated regulation. It seemed fair to the committee to permit advertising in place on and prior to such date to continue until replaced, restored, or renovated but that the provisions of the bill ought not be permitted to be avoided by the erection of permanent signs between June 18 and the passage of the act.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. BUCK. Yes.

Mr. KVALE. Aside from the merits of the amendment, would the gentleman join in a movement to forbid all outdoor nature-defacing advertising?

Mr. BUCK. The laws of the State that I have the honor in part to represent limits severely that type of advertising.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. BUCK. Yes.

Mr. TRUAX. The gentleman states that Congress has the power to regulate outdoor advertising. I think the gentleman is right, but why would not the Congress have the same right to regulate outdoor advertising, for instance, of the gasoline and oil companies, the Standard Oil, the Sinclair, the Texas Co.? They all furnish their dealers who are confined exclusively to the sale of their own products, with electric signs. As I understand this bill, it will impose very drastic regulations upon the use of such signs and outdoor advertising material. Is that true?

Mr. VINSON of Kentucky. It does not restrict the use, but it prohibits a distillery or a brewery from furnishing signs and other things to induce the retailer to purchase exclusively the product of the distillery or brewery.

Mr. BUCK. If the gentleman will permit, it goes further than that. It prohibits the placing of misleading advertising on any signs that may be erected.

Mr. TRUAX. The point I wish to make is: If we enter this field as we are entering it in this bill, why not also enter the fields of similar advertising? For instance, the Coca Cola Co. That company furnishes all its dealers with prepared signs, outdoor advertising signs. Why discriminate and single out the brewers and beer dealers?

Mr. BUCK. I am afraid our committee has no jurisdiction over these other subject matters. They will have to be taken care of in some other committee, no matter how meritorious the contention of the gentleman may be.

Mr. TRUAX. I wanted to make the point that this section of the bill, in my judgment, is unfair and discriminatory in that it singles out this particular traffic and this particular commodity and will dictate to the dealers and to the wholesale brewers.

Mr. BUCK. May I suggest that the liquor industry, including the wine and brewing industry, has always been subject to Federal jurisdiction.

Mr. TRUAX. In the matter of advertising?

Mr. BUCK. In the matter of almost any sort of control that the Government wants to place upon these industries.

Mr. TRUAX. But not advertising.

Mr. BUCK. We have never placed it upon them before in this form, but the Food and Drug Act forbids false or misleading labeling or advertising.

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. O'MALLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Page 16, line 9, after the word "signs", insert "costing collectively more than $100 per year per retail outlet."

Mr. O'MALLEY. Mr. Chairman and members of the committee, I have offered the amendment just read, because as I interpret this particular section it works a hardship on the small producer in the brewing and distilling industry. In the light of the first part of this section, the large brewer or distillery can provide outrageously expensive advertising signs to those who handle their product at retail, provided only that they do not make as a condition of furnishing this advertising, the exclusive handling of their products.

Now, the only possible way the small producer in the business can get his product before the public is through the use of advertising signs directly at the retail outlet. To force him to compete in the furnishing of high-priced advertising material with the great aggregations of wealth of the few large concerns is to make it practically impossible for him to do business. Likewise this section as it is written leaves it entirely in the discretion of the Administrator to decide what is reasonable in the way of the value of the articles involved. This might be construed to mean that the Administrator could O. K. the placing of a thousand-dollar sign of a large brewing or distilling company in front of a retail outlet while the little fellow could not possibly hope to meet this type of competition. My amendment seeks to provide a limitation upon the value of this type of advertising to be offered to the retailer so that the small brewer or distiller is not at an unfair advantage in competing for outlets for his product.

My amendment is exactly in line with the original code which contained a provision that no signs could be furnished by the producer to the retailer in excess of a cost of $100 per retail outlet. I think that is a fair limitation and was agreed to by all the brewers who participated in the drawing of the code. Even if signs were ruled out, the big brewers would still have the advantage of millions of dollars to spend in newspaper and radio advertising while the small producer cannot afford this expenditure and must rely entirely upon the use of this small and necessary advertising to sell his product.

Now, if signs are going to be included in this section at all, we certainly ought to place a limitation upon their cost, since, after all, they are commercial inducements recognized in every field of business, so that the little fellow can get his sign in the retail outlets for his products and not be compelled to spend thousands of dollars attempting to compete with the financially powerful producers in order to obtain an outlet for his product.

I have sought enlightenment upon what this section does from many members of the committee, and everyone I have talked to has agreed that, as this section is written, no limitation is placed upon the amount of advertising material which may be furnished retailers by brewers and distillers so long as no agreement is entered into for exclusive outlet. If the chairman were to tell what transpired in the committee, he would agree with me that there was a very sharp division on this particular point, and I am reliably informed that this very proposition contained in my amendment lost in committee by only one vote. I think we should take out of here by the adoption of my amendment the possibility of discrimination and hardship in the use of advertising that this section works upon the small producer who certainly needs some help and not hindrance in endeavoring to compete for the sale of his product.

I sincerely hope this minor amendment, which places exactly the same limitation that was in the original code, will be adopted, since the code as adopted had the complete approval of the Administrator, including this limitation on advertising display furnished retailers.

Now, there is another and perhaps even more important reason why my amendment should be adopted. This section as written leaves the matter of regulation entirely to the Administrator. He could if he chose forbid the use of all advertising signs and might conceivably do so since, as I have said, the larger concerns in the field can still gain advertising for their product through millions spent in radio and other forms of advertising which the small man has not the funds to purchase.

If, after this law is enacted, the Administrator should rule against the use of advertising display signs he would throw out of work some 25,000 men in the sheet metal, sign painting, and other organized trades engaged in producing this type of advertising throughout the country, to say nothing of many thousands of other craftsmen employed in this field alone.

We should not place the possible fate and livelihood of a great group of workers in the hands of any one particular man whose rulings may deprive them of a livelihood. Only today I received a letter from the president of the Sheet Metal Workers' International Association saying that they hoped the Administrator would not be given the blanket authority he is given in this bill to arbitrarily, if he should deem fit, rule out the use of advertising signs in the sale of beer and distilled liquors. He pleads with me in this letter to consider this possibility in the light of the present wording of this bill, and I, under leave, insert a copy of his letter to me:

SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION,
Washington, D. C., July 24, 1935.

Congressman THOMAS O'MALLEY,
Fifth District Wisconsin,
House of Representatives, Washington, D. C.

HONORABLE SIR: The liquor-control bill now before your body contains a clause vitally affecting the interest of a great many of our members. If it should be left to the discretion of the Administrator whether or not brewers should be allowed to give a tavern keeper a sign denoting what particular product he handles, and if the Administrator should decide against the use of said sign, approximately 9,000 sheet-metal workers now engaged on the work in connection with the fabrication and erection of signs, bulletin boards, etc., in the United States will be thrown out of work.

We urge you to study this bill, considering this fact very carefully and seriously.

Very truly yours,

JOHN J. HYNES,
General President.
WM. O'BRIEN,
General Secretary-Treasurer.

Practically all of the small producers, many in my district and many throughout the country, ask only that they be placed upon the same level of competing for business with the large concerns, and I know if this $100 limitation on advertising sign material furnished to retail outlets is adopted, they will at least have the opportunity of advertising their products at the point of sale.

Mr. TRUAX. Will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. TRUAX. The $100 limitation is already a part of the regulation, is it not?

Mr. O'MALLEY. It was, but now the code is wiped out. The reason we are passing this bill is because there is no longer any code. The $100 limitation was in the code, and I think it ought to be in here specifically so that the big brewers cannot force the small fellow out of all his retail outlets by furnishing excessively expensive advertising signs and displays which the small manufacturer cannot begin to afford.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. O'MALLEY] has expired.

Mr. VINSON of Kentucky. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is just another evidence of legislating by either telegrams or letters. I am actually surprised at the very able gentleman from Wisconsin [Mr. O'MALLEY] presenting this amendment in the name of the small brewery. I want to tell you it is the big breweries who want to dig in with this sign proposition.

Mr. O'MALLEY. Will the gentleman yield right there?

Mr. VINSON of Kentucky. Yes; I yield.

Mr. O'MALLEY. Does the gentleman maintain that the big breweries wrote this code when it was in there?

Mr. VINSON of Kentucky. I mean to say——

Mr. O'MALLEY. The gentleman said the big breweries want this.

Mr. VINSON of Kentucky. I say it is the big breweries who want to dig in with this sort of an amendment. I will answer the gentleman. I want to say that Schlitz & Co., from the gentleman's State, was charged with 2,100 different violations affecting signs, under the Federal Alcohol Control Administration. I want to say that the three big breweries are the ones who want to undermine the salutary provisions in the tied-house paragraph.

Here is the proposition in its entirety: If you adopt the amendment of the gentleman from Wisconsin, or if you strike "signs" out of this paragraph you will have gone back to the evils of the old tied house, that is, substantially the control of the retail establishment by either the distillery or the brewery. Nobody who believes in enforcement will want to go back to the old days where the saloon was controlled by the brewery or the distillery.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. No; I cannot yield.

Gentlemen who may read just a line or two from page 16 without going back to the beginning of the paragraph, miss the real essence of the paragraph in its relationship to tied houses.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. No.

(b) "Tied house": To induce through any of the following means, any retailer, engaged in the sale of distilled spirits, wine, or malt beverages, to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale.

Mr. O'MALLEY. The gentleman does not want to make a misstatement?

Mr. VINSON of Kentucky. I beg the gentleman's pardon; I am not making a misstatement; I am reading from the bill, and I am making a correct statement.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. I will not yield to the gentleman.

Mr. Chairman, I continue quoting:

Sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce: (1) By acquiring or holding (after the expiration—

It does not make any difference if you make the value of the sign $5, permit signs even $5 in value; if you write that amendment into the bill you might as well strike out all of paragraph (b) on pages 16 and 17 and go back to the evils of the "tied house." Now, if the Committee, if the House,

if the Congress want to go back to the evils of the "tied house", vote for the amendment of the gentleman from Wisconsin; but I hope it will not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

The Clerk read as follows:

MISCELLANEOUS

SEC. 9. (a) As used in this act—

(1) The term "Administrator" means the head of the Federal Alcohol Administration.

(2) The term "United States" means the several States and Territories and the District of Columbia; the term "State" includes a Territory and the District of Columbia; and the term "Territory" means Alaska, Hawaii, and Puerto Rico.

(3) The term "interstate or foreign commerce" means commerce between any State and any place outside thereof, or commerce within any Territory or the District of Columbia, or between points within the same State but through any place outside thereof.

(4) The term "person" means individual, partnership, joint stock company, business trust, association, corporation, or other form of business enterprise, including a receiver, trustee, or liquidating agent and including an officer or employee of any agency of a State or political subdivision thereof; and the term "trade buyer" means any person who is a wholesaler or retailer.

(5) The term "affiliate" means any one of two or more persons if one of such persons has actual or legal control, directly or indirectly, whether by stock ownership or otherwise, of the other or others of such persons; and any one of two or more persons subject to common control, actual or legal, directly or indirectly, whether by stock ownership or otherwise.

(6) The term "distilled spirits" means ethyl alcohol, hydrated oxide of ethyl, spirits of wine, whisky, rum, brandy, gin, and other distilled spirits, including all dilutions and mixtures thereof, for nonindustrial use.

(7) The term "wine" means (1) wine as defined in section 610 and section 617 of the Revenue Act of 1918 (U. S. C., title 26, secs. 441 and 444) as now in force or hereafter amended, and (2) other alcoholic beverages not so defined, but made in the manner of wine, including sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than the juice of sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake; in each instance only if containing not less than 7 percent and not more than 24 percent of alcohol by volume, and if for nonindustrial use.

(8) The term "malt beverage" means a beverage made by the alcoholic fermentation of an infusion or decoction, or combination of both, in potable brewing water, of malted barley with hops, or their parts, or their products, and with or without other malted cereals, and with or without the addition of unmalted or prepared cereals, other carbohydrates or products prepared therefrom, and with or without the addition of carbon dioxide, and with or without other wholesome products suitable for human food consumption.

(9) The term "bottle" means any container, irrespective of the material from which made, for use for the sale of distilled spirits, wine, or malt beverages at retail.

(b) The right to amend or repeal the provisions of this act is expressly reserved.

(c) If any provision of this act, or the application of such provision to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

(d) This act may be cited as the "Federal Alcohol Administration Act."

Mr. BUCK. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: On page 30, strike out lines 22 and 23.

The committee amendment was agreed to.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am reluctant to take this time except to refresh the recollection of the committee that on yesterday the gentleman from Iowa [Mr. GILCHRIST] offered an amendment seeking to prohibit the manufacture of distilled spirits from imported blackstrap molasses. A motion to recommit the bill for the purpose of inserting this amendment will, I am informed, be made in a little while, and I want to say just this last word to the committee and to those here assembled with respect to this amendment.

When Mr. Wallace became the Secretary of Agriculture, he proceeded on the theory that since our outlet for grain through the export market for ham, bacon, lard, and for cereal products was at least temporarily gone, and since the purchasing power of the people of this country had been sadly diminished, that it became necessary to curtail the production of agricultural commodities. Among these commodities under the Agricultural Adjustment Act were included corn and hogs.

A report by Mr. Davis, the Administrator, dated June 17, 1935, shows that under that program they contracted to take out of production 13,030,000 acres of corn land. Some of the finest, most productive, and most fertile acreage in the 11 major corn-producing States was contracted to the Secretary of Agriculture. In so doing every person in this country contributed, directly or indirectly, through the agency of the processing tax to the extent of $111,840,000 in order to pay farmers for the land they took out of cultivation at the rate of 30 cents a bushel, for the corn that was not produced.

We paid that huge sum to take this corn land out of production. Is there, then, any reason why we should permit the importation of hundreds of millions of pounds of blackstrap molasses from the Philippines, Cuba, and elsewhere annually for conversion into alcohol, since molasses is directly competitive with corn? The figures of the Department of Commerce show that for January and February alone of this year over 205,000,000 pounds of molasses came into the United States. The figures show further that 1,250,000,000 pounds of molasses were imported during 1934, sufficient to displace twenty-five to thirty million bushels of corn, if it were all converted into alcohol.

It looks to me like the sheerest kind of folly and nonsense to have an agricultural adjustment program paying 30 cents a bushel to the farmers to cut down their corn production and then let the barriers down so that this dark molasses can come in from offshore possessions to destroy what little is left of agriculture's industrial market.

When the time comes to record yourselves upon this motion to recommit, if you vote "yes" on this motion you do not necessarily oppose the merits of the present bill. I think this is a good bill and ultimately I may vote for it; but the inclusion of this amendment would make it an infinitely better bill.

It seems to me high time that every Member in whose State or among whose constituency they raise corn, wheat, rye, and other agricultural commodities ought to stand up here and vote for a motion to recommit so that we will get a little justice for the farmer and cut out this nonsense of leaving the back door open to competitive commodities.

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Chairman, I ask unanimous consent to return to page 16 so that I may offer an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

Mr. CULLEN. Mr. Chairman, I may say for the information of the membership that the bill has been read. I do not want to take unfair advantage of the gentleman from Colorado. I want to give him his day in court. Therefore I shall not object.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. LEWIS of Colorado. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. LEWIS of Colorado: On page 16, line 22, after the word "or", insert "(7) by requiring the retailer to take and dispose of a certain quota of any such products or."

Mr. LEWIS of Colorado. Mr. Chairman, this is a further restriction on the so-called "tied house" which is regulated under section 5 (b) of this bill. Before prohibition, in our part of the country at least, one of the evils of the liquor traffic was that a retailer was required by the brewer or distiller to take a certain quota of beer or spirits of some private brand as a condition to being allowed to retail that brand. The temptation was often irresistible for the retailer to induce customers to buy drinks when they had already had quite enough. This was a very great evil, as I believe the Members of the Committee will concede. I think this is an

important amendment to this bill. I hope the Committee will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. LEWIS].

The amendment was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes, pursuant to House Resolution 305, he reported the same back to the House with sundry amendments agreed to in Committee.

The SPEAKER. Under the rule, the previous question is ordered on the bill and amendments to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. BACHARACH. Mr. Speaker, I offer a motion to recommit, which I send to the desk. I am opposed to the bill.

The Clerk read as follows:

Mr. BACHARACH moves to recommit the bill (H. R. 8870) to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments: Page 3, line 23, strike out the words "without regard to" and insert in lieu thereof the words "in accordance with"; page 9, line 9, before the period, insert a comma and the following: "and shall be further conditioned upon the agreement by the holder thereof that no imported molasses shall be used in the manufacture of alcohol or distilled spirits, and upon any breach of such agreement such permit shall be revoked."

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 46, noes 117.

Mr. MARTIN of Massachusetts. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is no quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 124, nays 211, not voting 94, as follows:

[Roll No. 141]

YEAS—124

Adair	Eaton	Kvale	Reece
Allen	Ekwall	Lambertson	Reed, Ill.
Amlie	Englebright	Lehlbach	Reilly
Andresen	Fish	Lemke	Rich
Arends	Fletcher	Lord	Robsion, Ky.
Ayers	Focht	Luckey	Rogers, Mass.
Bacharach	Gearhart	McAndrews	Rogers, Okla.
Biermann	Gehrmann	McKeough	Sauthoff
Binderup	Gilchrist	McLean	Schaefer
Blackney	Gillette	McLeod	Schneider
Boileau	Goodwin	Maas	Secrest
Brennan	Guyer	Mapes	Seger
Brewster	Gwynne	Marcantonio	Short
Buckbee	Halleck	Martin, Mass.	Smith, W. Va.
Buckler, Minn.	Hancock, N. Y.	Mason	Stefan
Cannon, Wis.	Hess	Massingale	Taber
Carlson	Hildebrandt	Meeks	Tarver
Carpenter	Hoeppel	Merritt, Conn.	Taylor, Tenn.
Cartwright	Hollister	Michener	Thompson
Christianson	Holmes	Millard	Tinkham
Church	Hope	Mott	Tobey
Coffee	Houston	Nichols	Treadway
Cole, N. Y.	Hull	O'Brien	Turpin
Cooper, Ohio	Imhoff	O'Malley	Utterback
Crawford	Jenkins, Ohio	Patterson	Wadsworth
Culkin	Johnson, Okla.	Perkins	Welch
Darrow	Johnson, W. Va.	Pittenger	Wilson, Pa.
Dirksen	Kahn	Plumley	Wolcott
Ditter	Keller	Polk	Wolfenden
Dobbins	Kinzer	Powers	Wolverton
Dondero	Kramer	Ramspeck	Woodruff

NAYS—211

Arnold	Beam	Bland	Boehne
Ashbrook	Beiter	Blanton	Boland
Barden	Berlin	Bloom	Boylan
Brooks	Eckert	Lloyd	Robertson
Brown, Ga.	Edmiston	Ludlow	Robinson, Utah
Brunner	Ellenbogen	Lundeen	Rogers, N. H.
Buchanan	Faddis	McClellan	Romjue
Buck	Farley	McCormack	Ryan
Burch	Fiesinger	McFarlane	Sabath
Burdick	Flannagan	McGehee	Sadowski
Caldwell	Ford, Calif.	McGrath	Sanders, Tex.
Cannon, Mo.	Ford, Miss.	McLaughlin	Schulte
Carmichael	Frey	McReynolds	Sears
Castellow	Fuller	McSwain	Shanley
Celler	Fulmer	Mahon	Sirovich
Chandler	Gambrill	Mansfield	Smith, Conn.
Chapman	Gassaway	Martin, Colo.	Smith, Va.
Citron	Gavagan	Maverick	Smith, Wash.
Clark, Idaho	Gildea	May	Snyder
Clark, N. C.	Gingery	Mead	Somers, N. Y.
Colden	Goldsborough	Merritt, N. Y.	South
Cole, Md.	Gray, Ind.	Miller	Spence
Connery	Gray, Pa.	Mitchell, Ill.	Starnes
Cooley	Greenway	Mitchell, Tenn.	Steagall
Cooper, Tenn.	Greenwood	Monaghan	Stubbs
Cox	Griswold	Moran	Sullivan
Cravens	Haines	Moritz	Sumners, Tex.
Crosby	Hancock, N. C.	Murdock	Taylor, Colo.
Cross, Tex.	Harlan	Nelson	Taylor, S. C.
Crosser, Ohio	Hart	Norton	Terry
Crowe	Harter	O'Connor	Thom
Cullen	Healey	O'Day	Thomason
Cummings	Hennings	O'Leary	Tolan
Darden	Hill, Ala.	O'Neal	Tonry
Deen	Hill, Knute	Owen	Truax
Delaney	Hill, Samuel B.	Palmisano	Turner
Dempsey	Hobbs	Parks	Umstead
Dickstein	Hook	Parsons	Vinson, Ky.
Dies	Huddleston	Patman	Wallgren
Dingell	Jacobsen	Patton	Walter
Disney	Jenckes, Ind.	Pearson	Warren
Dockweiler	Johnson, Tex.	Peterson, Fla.	Wearin
Dorsey	Jones	Pettengill	Weaver
Doughton	Kennedy, Md.	Pfeifer	Whelchel
Doxey	Kenney	Pierce	Whittington
Drewry	Kloeb	Quinn	Wilcox
Driscoll	Kocialkowski	Rabaut	Williams
Driver	Kopplemann	Ramsay	Wilson, La.
Duffey, Ohio	Lambeth	Randolph	Wood
Duffy, N. Y.	Lanham	Rankin	Woodrum
Duncan	Larrabee	Rayburn	Young
Dunn, Pa.	Lesinski	Richards	Zioncheck
Eagle	Lewis, Colo.	Richardson	

NOT VOTING—94

Andrew, Mass.	Dietrich	Kerr	Sanders, La.
Andrews, N. Y.	Doutrich	Kimball	Sandlin
Bacon	Dunn, Miss.	Kleberg	Schuetz
Bankhead	Eicher	Kniffin	Scott
Bell	Engel	Knutson	Scrugham
Bolton	Evans	Lamneck	Shannon
Brown, Mich.	Fenerty	Lea, Calif.	Sisson
Buckley, N. Y.	Ferguson	Lee, Okla.	Snell
Bulwinkle	Fernandes	Lewis, Md.	Stack
Burnham	Fitzpatrick	Lucas	Stewart
Carter	Gasque	McGroarty	Sutphin
Cary	Gifford	McMillan	Sweeney
Casey	Granfield	Maloney	Thomas
Cavicchia	Green	Marshall	Thurston
Claiborne	Greever	Montague	Underwood
Cochran	Gregory	Montet	Vinson, Ga.
Collins	Hamlin	O'Connell	Werner
Colmer	Hartley	Oliver	West
Corning	Higgins, Conn.	Peterson, Ga.	White
Costello	Higgins, Mass.	Peyser	Wigglesworth
Crowther	Hoffman	Ransley	Withrow
Daly	Kee	Reed, N. Y.	Zimmerman
Dear	Kelly	Rudd	
DeRouen	Kennedy, N. Y.	Russell	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Snell (for) with Mr. Buckley of New York (against).
Mr. Marshall (for) with Mr. Dietrich (against).
Mr. Cavicchia (for) with Mr. Rudd (against).
Mr. Doutrich (for) with Mr. McMillan (against).
Mr. Wigglesworth (for) with Mr. Green (against).
Mr. Andrews of New York (for) with Mr. Kennedy of New York (against).
Mr. Gifford (for) with Mr. Kniffin (against).
Mr. Knutson (for) with Mr. Colmer (against).
Mr. Bolton (for) with Mr. Dear (against).
Mr. Withrow (for) with Mr. Sandlin (against).
Mr. Stewart (for) with Mr. Sanders of Louisiana (against).
Mr. Ransley (for) with Mr. Montet (against).
Mr. Hoffman (for) with Mr. Maloney (against).
Mr. Reed of New York (for) with Mr. DeRouen (against).
Mr. Bacon (for) with Mr. Fernandez (against).
Mr. Hartley (for) with Mr. Fitzpatrick (against).
Mr. Andrew of Massachusetts (for) with Mr. Sisson (against).
Mr. Corning (for) with Mr. Granfield (against).

Until further notice:

Mr. Kelly with Mr. Crowther.
Mr. Cochran with Mr. Carter.
Mr. Scrugham with Mr. Burnham.
Mr. Sutphin with Mr. Higgins of Connecticut.

Mr. Bulwinkle with Mr. Engel.
Mr. Oliver with Mr. Fenerty.
Mr. Bankhead with Mr. Kimball.
Mr. Cary with Mr. Thomas.
Mr. Vinson of Georgia with Mr. Thurston.
Mr. Gasque with Mr. Lamneck.
Mr. Schuetz with Mr. Peterson of Georgia.
Mr. Lea of California with Mr. Bell.
Mr. Claiborne with Mr. McGroarty.
Mr. Lewis of Maryland with Mr. Brown of Michigan.
Mr. Lee of Oklahoma with Mr. Casey.
Mr. Montague with Mr. O'Connell.
Mr. Daley with Mr. Costello.
Mr. Russell with Mr. Dunn of Mississippi.
Mr. Eicher with Mr. Scott.
Mr. Greever with Mr. Evans.
Mr. Ferguson with Mr. Stack.
Mr. Gregory with Mr. Sweeney.
Mr. Hamlin with Mr. Werner.
Mr. Kleberg with Mr. Higgins of Massachusetts.
Mr. Zimmerman with Mr. Kee.
Mr. White with Mr. Hildebrandt.
Mr. Kerr with Mr. West.
Mr. Underwood with Mr. Peyser.

Mr. AYERS and Mr. FLETCHER changed their votes from "no" to "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. CULLEN. Mr. Speaker, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The question was taken; and there were—yeas 239, nays 101, not voting 89, as follows:

[Roll No. 142]

YEAS—239

Amlie	Driver	Lea, Calif.	Richardson
Arnold	Duncan	Lesinski	Robinson, Utah
Ashbrook	Dunn, Pa.	Lewis, Colo.	Rogers, N. H.
Ayers	Eagle	Lewis, Md.	Romjue
Barden	Eckert	Lloyd	Ryan
Beam	Edmiston	Luckey	Sabath
Beiter	Ekwall	Ludlow	Sadowski
Berlin	Ellenbogen	Lundeen	Sanders, Tex.
Biermann	Englebright	McClellan	Sauthoff
Blackney	Evans	McCormack	Schulte
Bland	Faddis	McGehee	Sears
Bloom	Farley	McGrath	Secrest
Boehne	Fiesinger	McKeough	Shanley
Boileau	Fletcher	McLaughlin	Sirovich
Boland	Ford, Calif.	McLeod	Smith, Conn.
Boylan	Frey	McReynolds	Smith, Va.
Brennan	Fuller	Maas	Smith, Wash.
Brooks	Gambrill	Mansfield	Snyder
Brown, Ga.	Gassaway	Mapes	Somers, N. Y.
Brunner	Gavagan	Marcantonio	South
Buchanan	Gearhart	Martin, Colo.	Spence
Buck	Gehrmann	Maverick	Stack
Burch	Gildea	May	Starnes
Caldwell	Gillette	Mead	Steagall
Cannon, Mo.	Gingery	Merritt, N. Y.	Stubbs
Cannon, Wis.	Goldsborough	Michener	Sullivan
Celler	Greenway	Miller	Sumners, Tex.
Chandler	Greenwood	Mitchell, Ill.	Taylor, Colo.
Chapman	Greever	Mitchell, Tenn.	Taylor, S. C.
Citron	Haines	Monaghan	Terry
Clark, Idaho	Hancock, N. C.	Moran	Thom
Clark, N. C.	Harlan	Moritz	Thomason
Coffee	Hart	Mott	Thompson
Colden	Harter	Murdock	Tobey
Cole, Md.	Healey	Nelson	Tonry
Connery	Hennings	Norton	Truax
Cooley	Hildebrandt	O'Brien	Turner
Cooper, Ohio	Hill, Ala.	O'Connor	Umstead
Cooper, Tenn.	Hill, Knute	O'Day	Vinson, Ky.
Cox	Hill, Samuel B.	O'Leary	Wallgren
Cravens	Hobbs	O'Malley	Walter
Crawford	Hoeppel	O'Neal	Warren
Crosby	Hook	Owen	Wearin
Cross, Tex.	Huddleston	Palmisano	Weaver
Crosser, Ohio	Imhoff	Parks	Welch
Crowe	Jacobsen	Parsons	Werner
Cullen	Jenckes, Ind.	Patman	Whittington
Darden	Jenkins, Ohio	Patton	Wilcox
Delaney	Jones	Pearson	Williams
Dempsey	Keller	Peterson, Fla.	Wilson, La.
Dickstein	Kennedy, Md.	Pettengill	Wilson, Pa.
Dies	Kenney	Pfeifer	Wolcott
Dingell	Kerr	Quinn	Wolfenden
Disney	Kloeb	Rabaut	Wood
Dockweiler	Kocialkowski	Ramsay	Woodruff
Dondero	Kopplemann	Ramspeck	Woodrum
Dorsey	Kvale	Randolph	Young
Doughton	Lambeth	Rayburn	Zimmerman
Drewry	Lanham	Reilly	Zioncheck
Driscoll	Larrabee	Richards	

NAYS—101

Adair	Arends	Brewster	Burdick
Allen	Bacharach	Buckbee	Carlson
Andresen	Blanton	Buckler, Minn.	Carmichael
Carpenter	Gray, Pa.	Lemke	Reed, Ill.
Cartwright	Green	Lord	Rich
Castellow	Griswold	McAndrews	Robertson
Christianson	Guyer	McFarlane	Robsion, Ky.
Church	Gwynne	McLean	Rogers, Mass.
Cole, N. Y.	Halleck	Mahon	Rogers, Okla.
Culkin	Hancock, N. Y.	Martin, Mass.	Schaefer
Cummings	Hess	Mason	Schneider
Darrow	Hollister	Massingale	Seger
Deen	Holmes	Meeks	Short
Dirksen	Hope	Merritt, Conn.	Smith, W. Va.
Ditter	Houston	Millard	Stefan
Dobbins	Hull	Nichols	Taber
Doxey	Johnson, Okla.	Patterson	Tarver
Duffey, Ohio	Johnson, Tex.	Perkins	Taylor, Tenn.
Eaton	Johnson, W. Va.	Pierce	Tinkham
Fish	Kahn	Pittenger	Treadway
Focht	Kinzer	Plumley	Turpin
Ford, Miss.	Kramer	Polk	Utterback
Fulmer	Lambertson	Powers	Wadsworth
Gilchrist	Lee, Okla.	Rankin	Whelchel
Goodwin	Lehlbach	Reece	Wolverton
Gray, Ind.			

NOT VOTING—89

Andrew, Mass.	Dear	Kelly	Sanders, La.
Andrews, N. Y.	DeRouen	Kennedy, N. Y.	Sandlin
Bacon	Dietrich	Kimball	Schuetz
Bankhead	Doutrich	Kleberg	Scott
Bell	Duffy, N. Y.	Kniffin	Scrugham
Binderup	Dunn, Miss.	Knutson	Shannon
Bolton	Eicher	Lamneck	Sisson
Brown, Mich.	Engel	Lucas	Snell
Buckley, N. Y.	Fenerty	McGroarty	Stewart
Bulwinkle	Ferguson	McMillan	Sutphin
Burnham	Fernandez	McSwain	Sweeney
Carter	Fitzpatrick	Maloney	Thomas
Cary	Flannagan	Marshall	Thurston
Casey	Gasque	Montague	Tolan
Cavicchia	Gifford	Montet	Underwood
Claiborne	Granfield	O'Connell	Vinson, Ga.
Cochran	Gregory	Oliver	West
Collins	Hamlin	Peterson, Ga.	White
Colmer	Hartley	Peyser	Wigglesworth
Corning	Higgins, Conn.	Ransley	Withrow
Costello	Higgins, Mass.	Reed, N. Y.	
Crowther	Hoffman	Rudd	
Daly	Kee	Russell	

So the bill was passed.

The following pairs were announced:

On the vote:

Mr. Granfield (for) with Mr. Corning (against).
Mr. Marshall (for) with Mr. Cavicchia (against).
Mr. Knutson (for) with Mr. Hartley (against).

Until further notice:

Mr. Sisson with Mr. Andrew of Massachusetts.
Mr. Kennedy of New York with Mr. Andrews of New York.
Mr. Fernandez with Mr. Bacon.
Mr. Bankhead with Mr. Kimball.
Mr. Dear with Mr. Bolton.
Mr. Buckley of New York with Mr. Snell.
Mr. Bulwinkle with Mr. Engel.
Mr. Scrugham with Mr. Burnham.
Mr. Cochran with Mr. Carter.
Mr. Cary with Mr. Thomas.
Mr. Rudd with Mr. Casey.
Mr. Kelly with Mr. Crowther.
Mr. Gasque with Mr. Lamneck.
Mr. DeRouen with Mr. Reed of New York.
Mr. Eicher with Mr. Scott.
Mr. Claiborne with Mr. McGroarty.
Mr. Dietrich with Mr. Marshall.
Mr. Oliver with Mr. Fenerty.
Mr. Collins with Mr. Fitzpatrick.
Mr. Costello with Mr. Daly.
Mr. Dunn of Mississippi with Mr. Russell.
Mr. McMillan with Mr. Doutrich.
Mr. Kniffin with Mr. Gifford.
Mr. Gregory with Mr. Sweeney.
Mr. Sutphin with Mr. Higgins of Connecticut.
Mr. Kleberg with Mr. Higgins of Massachusetts.
Mr. Maloney with Mr. Hoffman.
Mr. Montague with Mr. O'Connell.
Mr. Montet with Mr. Ransley.
Mr. Peterson of Georgia with Mr. Schuetz.
Mr. Peyser with Mr. Underwood.
Mr. Sanders of Louisiana with Mr. Stewart.
Mr. Sandlin with Mr. Withrow.
Mr. Vinson of Georgia with Mr. Thurston.

The result of the vote was announced as above recorded.

Mr. GASSAWAY. Mr. Speaker, my colleague, Mr. FERGUSON, was called to Oklahoma on account of illness. If he had been present, he would have voted "no" on the motion to recommit and "aye" on the passage of the bill.

Mr. McCORMACK. Mr. Speaker, the gentleman from Ohio, Mr. LAMNECK, is unavoidably absent. If he had been present, he would have voted "aye" on the passage of the bill.

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a letter from which I quoted.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO FILE COMMITTEE REPORT

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent that I may have until midnight to file a report on the bill S. 1629.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, is there any minority report?

Mr. SADOWSKI. A supplemental report by the gentleman from Montana [Mr. MONAGHAN], and I will include that in my request.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AN AMERICAN EPIC IN 600 WORDS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and insert therein an article by Rev. Prof. Karl Sigmund Felder. I made the request yesterday, but I understand the objection has been withdrawn.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, I would like to ask whether or not this is on one of the so-called "Kerr bills"?

Mr. DICKSTEIN. Nothing to do with it.

The SPEAKER. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, under leave to extend my remarks in the RECORD I include an article known as "An American Epic in 600 Words", which is an original article by Karl Sigmund Felder, of Washington, D. C., who calls his article "A 600 Word History of the American People." I ask that it be printed in the form submitted.

AN AMERICAN EPIC IN 600 WORDS

(By the Reverend Prof. Karl Sigmund Felder, B. A., B. D., Th. M.)

A 600-WORD HISTORY OF THE AMERICAN PEOPLE OF THE UNITED STATES OF AMERICA

1620–1935

Dedicated to Franklin Delano Roosevelt, the President of the United States of America, "Rescuer of Forgotten People", and to Dr. Anna Eleanor (Hall) Delano Roosevelt, "People's Mother."

1776–1935

From Christopher Columbus to Franklin Roosevelt, 1492–1933.

From Plymouth Rock to Mount Rushmore National Memorial Carvings and Inscriptions, 1620–1935.

From Declaration of Independence to Declaration of New Order, 1776–1933.

IN GOD WE TRUST

Columbus discovered Americas, 1492.

Pilgrims landed at Plymouth Rock, 1620, conquering continent with Bible, hoe.

1776: Colonists proclaimed independence.

1787: United States Constitution adopted "* * * to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, * * * secure the blessings of libery to ourselves * * * our posterity, * * *."

Washington, Country's Father, first President, won independence war (1776–1783). Franklin won independence diplomatically.

Morris, Salomon, Vigo financed independence.

Lafayette, Pulaski, Kosciusko, Steuben, Rochambeau, Europeans, fought for our independence.

Hamilton, first Treasurer, organized Nation's finances. Whitney invented cotton gin, 1794.

Jefferson, Democracy's father, founded Nation's education, wrote Independence Declaration, third President, bought from Napoleon (1803) Louisiana Territory, doubling domain.

Madison, fourth President, Constitution's father.

1814: Navy won seas' freedom. Key wrote national anthem, Star-Spangled Banner. 1819: Floridas ceded by Spain. 1822: People founded Liberia. 1823: Monroe, fifth President, proclaimed Monroe Doctrine, declaring Americas free from Europe. McCormick invented reaper, 1831. Morse invented telegraph, 1833.

1845: Texas Republic joined Union. 1846: Oregon boundary negotiated with England. 1848: Southwestern territory ceded by Mexico. California joined Union, 1850. Perry opened Japan, 1854.

Lincoln, sixteenth President, won Civil War (1861–65), preserving Union, abolishing slavery. (Free white citizens shed their blood in brothers' war, saving union, freeing negro slaves.)

Seward bought Alaska, 1867. Pacific Railroad, transcontinental, completed, 1869. Bell invented telephone, 1875.

Spanish-American War (1898), freeing Cuba, made Republic world power. Hay established China's "open-door" policy, 1899.

1903: Theodore Roosevelt, twenty-sixth President, built Panama Canal, uniting Atlantic with Pacific. Wrights invented airplane. Peary discovered North Pole, 1909.

1918: Wilson, twenty-eighth President, won World War; founded Nations' League, World Court. Women were enfranchised, 1919. Lindbergh flew across Atlantic, 1927.

1928: Government renounced wars. Byrd flew over South Pole, 1929.

1929: Depression.

1933: Franklin Roosevelt, thirty-second President, inaugurated new order; rescued Nation.

1934: Congress granted Philippines' independence.

Heroes:
- Henry: "* * * liberty or * * * death!"
- Revere awoke Nation.
- Hale, Witherspoon, Rodney: Loved country.
- Jones founded Navy.
- Boone, Gray, Lewis, Clark, Pike: Pioneer explorers.
- Jay prevented war.
- Fulton perfected steamboat.
- Perry won Lakes.
- Marshall, Clay, Webster: Nation's champions.
- Sequoia, Indian, invented Cherokee alphabet.
- Mann trained teachers.
- Shattuck founded public health.
- Long discovered anesthetic ether.
- Field laid Atlantic cable.
- Grant won Lee back into Union.
- Whistler painted "Mother."
- Brooks, Moody: Preached Jesus.
- Dewey defeated Spanish fleet.
- Reed traced yellow fever.
- Booker, Negro educator.
- Cardinal Gibbons served God.
- Edison, Westinghouse: Electrical creators.
- Stanford, Duke, Guggenheim: endowed education.
- Gompers started American Labor's Federation.
- Rockefellers: Benevolent wealth.
- Ford manufactured automobiles.
- Burbank: Plant breeder.
- Carleton: Wheat.
- Mott, Borden, Jones, missionaries.
- James, Thorndike, psychologists.
- Michelson, Millikan, Compton, physicists.
- Mayos: Physicians.
- Walsh: Priest-teacher.
- Frank: Educator.
- Anda, Brisbane: Editors.
- Rogers: Jester.
- Thomas, Read: Radio commentators.
- Barrymores: Actors.
- Gilbert designed Supreme Court.
- Unknown.
- Borglum carved this: Stone Mountain, Southeast.

Heroines:
- Lyon founded women's college.
- Mott, Stanton, Anthony, Willard's, Howe, Shaw: Advocated women's rights.
- Hale: Editor.
- Alcott, Cather, Rinehart: Authoresses.
- Barton founded Red Cross.
- Addams saved people.
- Sabin: Physician.
- Sullivan tutored Keller.
- Dickinson, Millay: Poetesses.
- Eddy, Buck: Missionaries.
- Schumann: Singer.
- Woolley: Teacher.
- Allen: Judge.
- Caraway: Senator.
- Earhart: Aviatrix.
- Perkins: Cabinet member.
- Bryan: Envoy.
- Roosevelt saves families.

Immigrants:
- Schurz: Ambassador, general, Senator, Cabinet member.
- Gaudens, Bitter: Sculptors.
- Steinmetz, Tesla: Electrical inventors.
- Pupin: Scientist.
- Bok, Mukerji: Authors.
- Damrosch's: Musicians.
- Davis: Puddler, Cabinet member, Senator.
- Carnegie founded thousands of libraries.
- Felder: Miner; wrote this.

Literature:
- "Scarlet Letter": Colonial Iliad.
- "Uncle Tom's Cabin": Nation's Odyssey.
- Emerson, Dewey, Hocking: Philosophers.
- Poe, Longfellow, Whitman: Poets.
- Twain: Humorist.
- Prescott, Motley, Parkman: Historians.



Ideals:
Equal opportunity: Heritage.
Work: Honor.
Schools: "Barracks."
"Abundant life": Christian religion.
Men honor women.
Law: Arbiter.
Flag: Freedom, security, brotherhood.

Mr. WOOD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD, and include therein an editorial by Arthur Brisbane and my comments thereon.

The SPEAKER. Is there objection?

Mr. RICH. Reserving the right to object, who is the author of the editorial?

Mr. WOOD. Arthur Brisbane.

Mr. RICH. I shall have to object, because we are trying to keep editorials out of the RECORD.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On July 10, 1935:

H. R. 6464. An act to provide means by which certain Filipinos can emigrate from the United States.

On July 15, 1935:

H. J. Res. 347. Joint resolution to provide for the compensation of pages of the Senate and House of Representatives from July 1, 1935, until the close of the first session of the Seventy-fourth Congress.

On July 16, 1935:

H. R. 4751. An act to amend sections 11 and 24 of the Interstate Commerce Act, as amended, with respect to the terms of office of members of the Interstate Commerce Commission.

On July 18, 1935:

H. R. 3512. An act for the relief of H. B. Arnold;

H. R. 4760. An act limiting expenditures for repairs or changes to naval vessels; and

H. J. Res. 201. Joint resolution giving authority to the Commissioners of the District of Columbia to make special regulations for the occasion of the Seventieth National Encampment of the Grand Army of the Republic, to be held in the District of Columbia in the month of September 1936, and for other purposes incident to said encampment.

On July 19, 1935:

H. R. 5393. An act for the relief of Moses Israel.

On July 22, 1935:

H. R. 5599. An act to regulate the strength and distribution of the line of the Navy, and for other purposes.

PERCY C. WRIGHT (H. DOC. NO. 250)

The SPEAKER laid before the House the following message from the President of the United States, which was read, as follows:

To the House of Representatives:

I am returning herewith, without approval, H. R. 2566, entitled "An act for the relief of Percy C. Wright."

This bill would authorize and direct the Administrator of Veterans' Affairs to place on the pension rolls at the rate of $100 per month a Reserve officer of the Army who was injured in an airplane accident while on active duty. I am informed by the Administrator of Veterans' Affairs that this officer now receives the same amount of pension that is paid to other veterans who have been similarly injured; namely, $45 per month. It would therefore be unjustly discriminatory to provide a higher pension in this instance than is paid to other veterans in this same category.

The records show that in addition to the payment of pension at the rate of $45 per month for permanent and total disability, insurance benefits have been awarded on account of permanent and total disability at the rate of $55.57 per month from August 25, 1930.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 24, 1935.*

Mr. HILL of Alabama. Mr. Speaker, I move that the message and the bill be referred to the Committee on Military Affairs, and ordered printed.

The motion was agreed to.

CLASSIFICATION AND INSPECTION OF TOBACCO

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 294, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 294

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 8026, a bill to establish and promote the use of standards of classification for tobacco, to provide and maintain an official tobacco inspection service, etc. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. HOEPPEL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. HOEPPEL (interrupting the count). Mr. Speaker, I withdraw my point of no quorum.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN]. Before proceeding with the debate on the rule, I suggest that we possibly may reach an agreement about the passage of the rule. It has been suggested that as there is 1 hour of general debate on the rule and 1 hour under the rule provided for the bill, and as there is no particular objection to the adoption of the rule, we might agree by unanimous consent to extend the time for general debate upon the bill to 2 hours, in which event I would move the previous question.

Mr. MARTIN of Massachusetts. Is it the purpose of the gentleman to finish the bill tonight? ?

Mr. SMITH of Virginia. I had hoped we might finish general debate on the bill tonight.

Mr. MARTIN of Massachusetts. I cannot agree to any such unanimous consent, if there is to be an effort to try to finish the general debate tonight.

Mr. SMITH of Virginia. I suggest that we might go along as far as we can.

Mr. MICHENER. If the consent is granted, will the gentleman agree to rise at 5:15 o'clock?

Mr. SMITH of Virginia. Yes.

Mr. POLK. Mr. Speaker, I call attention to the fact that the rule attempts to make certain annual appropriations from the United States Treasury of some $750,000.

Mr. SMITH of Virginia. Mr. Speaker, I cannot yield for that.

Mr. HOEPPEL. Mr. Speaker, I renew my point of no quorum.

The SPEAKER. The Chair will count. [After counting.] Two hundred and twenty-six Members present, a quorum.

Mr. O'MALLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from Virginia yield to the gentleman from Wisconsin for the purpose of making a parliamentary inquiry?

Mr. SMITH of Virginia. I yield for that purpose.

Mr. O'MALLEY. Is this the rule that we are now discussing?

The SPEAKER. It is.

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the rule may be considered as adopted, with an amendment extending the time for general debate upon the bill to 2 hours instead of 1 hour, with the understanding that we will rise at 5 o'clock.

Mr. MARTIN of Massachusetts. Mr. Speaker, that will be agreeable to this side of the House, if we adjourn at 5 o'clock.

Mr. O'CONNOR. Of course, the gentleman cannot agree to adjourn at that time, but he will agree to have the Committee rise.

Mr. MARTIN of Massachusetts. Yes; I understand the other will follow.

Mr. TRUAX. Mr. Speaker, I reserve the right to object to ask if the statement made by my colleague from Ohio, Mr. POLK, is true, namely, that this rule provides for an authorization of $750,000?

Mr. SMITH of Virginia. I do not remember the amount. I do not think there is an authorization of that amount. There will be necessary inspection costs, but there is no authorization.

Mr. TRUAX. This is not a farmer's measure, this is a bureaucrat's measure.

Mr. COX. Oh, the gentleman is mistaken about that.

Mr. TRUAX. As I understand, all debate on the rule will be waived if this request is granted?

Mr. SMITH of Virginia. Yes.

Mr. MARTIN of Massachusetts. And another hour will be given to general debate on the bill.

Mr. TRUAX. Will time be given to the opponents of the measure?

Mr. SMITH of Viriginia. I will not have control of the time.

Mr. TRUAX. Who will have?

Mr. SMITH of Virginia. I suppose the Chairman of the Committee on Agriculture.

Mr. TRUAX. I withdraw my reservation of objection.

The SPEAKER. The gentleman from Virginia asks unanimous consent that the rule be adopted, and that there be 2 hours of general debate, one-half to be controlled by the gentleman from South Carolina [Mr. FULMER] and one-half by the gentleman from Kansas [Mr. HOPE]. Is there objection?

Mr. POLK. Mr. Speaker, I feel constrained to object.

Mr. SMITH of Virginia. Mr. Speaker, this is the rule for the consideration of what is known as the "Flannagan tobacco grading bill." The rule is brief in itself. It provides for 1 hour of general debate on the bill. It is what is known as a "wide-open rule", subject to any and all amendments and subject to the usual motion to recommit. In other words, under the rule everyone will have an opportunity to express his opposition to the bill and may seek to put into the bill any amendment he may regard as desirable. The object of the bill itself is to provide a grading service in the tobacco markets of the country.

At the present time there is no system of grading tobacco in the United States, and the bill will provide for the adoption of such an arrangement by the Federal Government so that tobacco may be properly graded.

Mr. Speaker, for further explanation of the bill I intend to yield time to gentlemen on this side.

I reserve the balance of my time.

I yield 5 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Speaker, I want to discuss briefly with you our present tobacco-auction system, the objects of the grading bill, the merits of the grading system, those behind the grading system, the opposition that has developed, and those behind the opposition, so you will be in position to form an intelligent opinion as to the merits or demerits of the bill under consideration.

For just a few minutes let us look into our present system of selling tobacco at public auction on the warehouse floor. To begin with, very few growers really know how to grade tobacco. The average grower knows only some 4 or 5 grades, while there are between 60 and 100 different grades. And everyone familiar with conditions around the warehouse floor knows that the average grower, under the system, is absolutely helpless when his tobacco is sold. It is sold without being officially graded in order to let the grower know what he has to offer for sale, and like you would sell a dead man's estate, at public auction, to the highest bidder. In fact, conditions surrounding the sale of tobacco under our present system are much worse than the conditions under which the effects of a dead man are sold, in that in the case of tobacco the buyers are organized, which is not true when we offer for sale the property left by those who have passed on. Again, tobacco is sold at the rate of a pile every 10 seconds, and during that short time the grower has to decide, without knowing the true grade of his tobacco or what similar tobacco is bringing on other markets, whether he will accept or reject the bid.

The true picture is simply this: Here is a farmer offering his tobacco for sale at public auction, to the highest bidder, without the grade being first determined and without knowing what similar tobacco is bringing on other markets, to a purchaser who is represented by an expert in the grades of tobacco and who is in possession of all available information with respect to quality and price. There is no justice in such a one-sided sale. There would be just as much justice in forcing the cattle farmer to sell his cattle without knowing whether they were fat or poor, light or heavy, thorough breeds or "penny ribs", and without knowing the price the different grades of cattle are bringing from day to day on the cattle markets.

If when tobacco is sold the buyer is protected by an expert in grades, why should not the seller have the same protection? Common sense tells us that if the buyer needs an expert in the transaction the seller also needs an expert.

And I want to remind you of the fact that while huge fortunes have been made in tobacco, all of them have been made by those who were represented by experts in buying tobacco.

Under our present system adjoining farmers who have the same character of soil, who get their plants out of the same tobacco bed, who use the same amount of fertilizer, who have the same rainfall and sunshine, who cultivate their tobacco in the same way, cure and prepare it for market in the same way, and who could not tell their tobacco apart on the warehouse floor, receive prices for their tobacco ofttimes varying from 50 to 200 percent.

Under our present system warehouse "pets"—usually large growers and men of influence—are to be found on every market. These "pets" stand in with the warehousemen and buyers and receive good prices for their tobacco, usually prices in excess of the general tobacco price level; and then when the ordinary grower—the one-gallows grower—offers his tobacco for sale the price is hammered down and the one-gallows fellow robbed in order to pay the "pet" and maintain the average price level.

And under our present system speculators and "pinhookers" infest every warehouse floor. These fellows know tobacco, wait for bargains—wait until they see some poor devil's tobacco going for a song and dance—before buying. They then resell the tobacco, usually on the same floor, but at a later time, for a profit. And the profits made by these fellows who labor not, neither do they spin—these parasites the system has developed—rightfully belong to the growers who have labored about 13 months in the year to produce the tobacco.

So much for the present system. Now let me devote a few minutes to the grading bill.

The tobacco grading bill was introduced primarily for the purpose of protecting the growers in marketing their tobacco. Simply stated the bill has two objects: First, the grading of the growers' tobacco before sale by a competent grader in order to determine what grades the growers have to offer for sale, and second, furnishing the growers with a daily marketing news service so they will know what the different grades of tobacco are bringing on the other tobacco markets and thus put them in position to intelligently accept or reject a sale. Surely the growers are entitled to know what they are offering for sale—the different grades of tobacco they have to offer—and the prices that the different grades are bringing from day to day upon the different tobacco markets. Deny them these rights and you deny them the opportunity to make a fair and honest sale.

Now, Federal grading is not a dream. It is not a utopian theory. As demonstrated by the Department of Agriculture independently or in conjunction with some of the State agencies it has proven to be not only a practical, sensible, and just way of assisting the growers in obtaining better and fairer prices for their tobacco, but in stabilizing prices.

Let me state to you briefly what the Department of Agriculture has demonstrated. Last season the Department either independently or in conjunction with the State agencies graded for the growers something over 197,000,000 pounds of tobacco at an average grading cost of one-tenth of 1 cent per pound. Tests were made in order to determine if grading was beneficial to the farmers. These tests show that where tobacco was officially graded and the growers furnished with daily marketing reports that they received an average of at least 15 percent more for their tobacco. I only have time to give you the results of one of these tests. The tests were made in this way: One hundred lots of tobacco were officially graded, the Government grade being placed on each lot. The graders then skipped several rows and graded another 100 lots in code. The lots officially graded and sold according to grade averaged $2.92 per hundred pounds more than the lots officially graded in code but not sold according to the grades. In other words, this test demonstrated that the tobacco officially graded and sold according to grade brought nearly 14 percent more than the same tobacco officially graded but not sold according to grade.

The report on this test is as follows:

TABLE 1.—*Price comparison between officially inspected tobacco and tobacco graded in code*

[Market: Oxford, N. C. Type: Middle Belt flue-cured, Type 11 (b). Period: Season from Sept. 13, 1934, to Jan. 24, 1935]

United States standard grade	Average sales price of 100 or more lots officially inspected	Average sales price of 100 or more lots graded in code
Leaf grades:		
B2F	$43.00	$41.30
B3F	34.70	31.00
B3R	32.60	27.70
B4F	24.70	23.70
B4R	23.20	18.80
B5F	17.20	14.30
B5R	14.80	12.70
B5D	13.40	11.50
B6R	9.90	8.60
B6D	8.80	8.00
Smoking leaf grades:		
H2F	41.90	39.90
H3F	35.80	31.70
H4F	27.50	22.80
H4R	23.00	20.20
H5F	17.60	14.20
H5R	15.10	13.30
Lug grades:		
X1F	39.60	35.40
X2F	33.40	29.60
X3F	25.10	20.90
X4F	16.70	14.50
General average	24.93	22.01

The Department made several other tests, but in an entirely different way. Let me give you the history of one of them: On the Clarksville and Springfield, Tenn., markets, where all the tobacco was graded during the past season, and where the growers not only had the benefit of knowing what grades they had to offer for sale but also had the benefit of daily market reports, and from these reports knew when to accept and reject sales, the record shows that the growers by rejecting sales and reselling averaged $1.40 per 100 pounds on all tobacco resold. This report, therefore, shows that by reason of the fact the growers were in possession of the knowledge that they are rightfully entitled to, and which the grading bill will give them, namely, the grades they have to offer for sale and the prices those grades are bringing from day to day on the other markets, that they averaged 13.46 percent more for their tobacco.

The report of this test is as follows:

This table gives the average prices received by producers for officially inspected tobacco of United States Type 22 on the markets of Clarksville and Springfield, Tenn., for the season through December 20, 1934, compared with the average prices offered and rejected for corresponding grades, on the same markets and during the same period. Prices are in dollars per 100 pounds, and in each case represent averages of 20 or more lots:

TABLE 3.—*Comparison between the sales price accepted by farmers and the bids at which tobacco was rejected*

United States grade and size	Sale price or market average	Average offered and rejected	Difference
B3F 45	$18.50	$15.20	$3.30
B3T 45	17.80	14.40	3.40
B3G 45	16.30	14.10	2.20
B4F 45	12.80	11.30	1.50
B4G 45	12.60	9.90	2.70
C3F 45	16.00	13.70	2.30
C3M 45	13.00	11.40	1.60
C3G 45	13.30	11.30	2.00
C4F 45	13.30	10.90	2.40
C4M 45	10.60	10.00	.60
C4G 45	9.60	9.00	.60
C5G 45	7.70	7.10	.60
X3G	7.20	6.80	.40
X4G	5.10	4.90	.20
X5G	3.80	3.30	.50
Average	10.40	9.00	1.40

Mr. Grower, Government grading should increase the price level of tobacco from 10 to 15 percent. Do you know that an increase of 10 percent last year would have amounted to over $25,000,000 in new money to the growers, which is nearly one-fourth as much as the entire tobacco crop brought in 1932, the year before tobacco went into the A. A. A. as a basic commodity?

It will also bring about uniformity in prices. That is, put the small grower on a price parity with the large grower.

Now, let me give you a few actual cases under the old auction system and under the same system supplemented by official grading and the marketing service in order for you to see just what official grading and the daily marketing service will mean. These are true cases vouched for by the Department of Agriculture.

Cases where the grading service was not available:

A farmer of North Carolina accepted the sale at auction of a lot of 154 pounds of his tobacco which was bid off at 12 cents per pound. On the same day, in the same warehouse, before the same set of buyers, the speculator who purchased this lot resold the same 154 pounds for 22 cents per pound. In this case the speculator's gross profit was $15.40 for a few minutes of his time, while the farmer received gross $18.48 for his year's work in producing the tobacco.

Another farmer of North Carolina sold a lot of 292 pounds at auction for 8 cents per pound. This lot was bought by a speculator who picked out 18 pounds of inferior tobacco and 3 days later sold the remaining 274 pounds for 25 cents per pound. In this case the speculator made a profit of $45.14, less handling and selling charges, and the farmer received $23.36, less selling charges.

The third North Carolina farmer sold at auction 146 pounds for 6 cents per pound. After losing 4 pounds in handling and picking, the speculator sold 142 pounds of this tobacco for 22½ cents per pound. In this case the farmer received a gross price of $8.76, while the speculator received a gross price of $31.95.

Cases where the grading service was available:

A speculator on one of the Virginia markets bought in the auction two lots of tobacco which had not been officially graded, the grower failing to take advantage of the grading service, paying $9.25 per hundred for one and $5 per hundred for the other. The following day the speculator sold the two lots after having them officially inspected. Both lots graded P3L. The one which cost the speculator $9.25 sold for $16.75, and the other, which cost him $5, sold for $17.25 per hundred pounds.

On the same Virginia market, a farmer offered two lots of tobacco for sale at auction after having it officially inspected. On one lot the bid was $46 per hundred, and on the other the bid was $39 per hundred. As these prices were materially below the market average as shown by the daily Market News Report of the Department, the farmer rejected both lots and moved the tobacco over two rows in the same warehouse. On the second sale both lots averaged $55 per hundred. In this case the farmer, by using the standard grade and the Market News Report, in a few minutes received $9 per hundred more for one lot and $16 per hundred more on the other.

In another Virginia case, a farmer offered for sale two lots of tobacco without having it officially graded. One of these lots was bid off at $12.25 per hundred and the other at $18 per hundred. Both were rejected, officially inspected, and again offered for sale. The first lot resold, officially inspected, for $14 per hundred, and the second lot resold, officially inspected, for $37 per hundred.

Now, just a few minutes as to the advantages of Federal grading:

First. Under our present system prices frequently vary widely as between lots of the same quality sold under the same marketing conditions. The tobacco-inspection service would have a marked influence in bringing about a more unform price for tobacco of like quality.

Second. The opportunity for speculators and pinhookers making large profits by buying tobacco in the auction market and reselling, which is a daily occurrence under our present system, will be greatly reduced if not eliminated, because the growers will know what they have to offer for sale and the prices the different grades are bringing. That this is true is evidenced by the fact that the speculators and pinhookers are opposing Federal grading.

Third. In the rush of the auction sale buyers frequently overlook tobacco of good quality, which results in eliminating their competition on such lots. This is not likely to happen if the tobacco has been graded and the standard grade is announced during the sale.

Fourth. Without some definite guide farmers frequently accept bids which are materially below the market price. If the tobacco is officially graded, the grade placed on the pile and announced when the sale is made, and the farmers furnished with the daily and weekly tobacco-price reports, they are not likely to accept a bid materially under the market price.

Fifth. When mold or other damage is found on one or two lots of tobacco it frequently causes the buyers to be overcautious so that the price of succeeding lots—although sound and free of damage—sell materially below the market price. Buyers, however, should feel free to purchase lots of tobacco which have been officially inspected without the fear of getting damaged tobacco, since all tobacco found in the inspection to be damaged will be clearly indicated.

Sixth. The purchase of tobacco in very soft or doubtful keeping order is a hazard which most buyers will avoid. When any material amount of tobacco is offered for sale extreme caution on the part of the buyers frequently results in lowering the price of other tobacco which is in safe keeping order. The question of order would be largely eliminated by official inspection, since all the tobacco found in the inspection to be so damaged will be clearly indicated.

Seventh. At the speed tobacco is sold buyers are frequently unable to make a proper examination and accurately determine its quality. This results in the buyer playing safe and placing a low bid. Under Federal grading the buyers could rely upon the accuracy of the information shown on the tag and announced by the auctioneer. Hence, in spite of the speed of the sale a buyer would feel safe in placing his bid.

Eighth. Improper or unfavorable light on an auction floor frequently results in a low price because the buyers do not have time to take samples to other portions of the warehouse where the light is suitable for the proper determination of quality and color. In the case of officially inspected tobacco the graders who perform their work more deliberately have time to take such samples to the proper light before making their determination. Therefore, the standard grade in such a case will serve as a reliable guide to buyers.

Ninth. Unusually heavy offerings or blocked sales continuing over any material length of time usually result in a lower price. The farmers, through the market news service, would be advised of such conditions and would keep their tobacco off of the market until the glut was over.

Who are the people that are behind the bill? Well, let us see.

The Federal Trade Commission has given considerable study to the system since back in 1920.

Under date of December 11, 1920, the Federal Trade Commission reported:

The Commission also recommends that a Federal system of grading leaf tobacco be established by the Department of Agriculture. It is believed that this would tend to stabilize market values under abnormal conditions, such as prevailed during part of last season.

Under date of December 23, 1925, the Federal Trade Commission submitted its report on the American Tobacco Co. and the Imperial Tobacco Co., which was published as Senate Document No. 34, Sixty-ninth Congress, first session. This report contains a reference to the need for a uniform system of grading tobacco, as follows:

"Under the private auction warehouse system, crops were practically 'dumped' on the market within a short selling season under conditions largely controlled by the buyers. Practices under this system were regarded by the growers as unjust and unfair, tending to manipulation against the smaller, more helpless farmers. Discrimination between growers and undue variations in prices were facilitated, it is claimed, by the absence of a uniform system of grading."

On May 14, 1931, the Federal Trade Commission again published a report of an investigation pertaining to tobacco, and although the investigation related to flue-cured tobacco the conclusions reached apply with equal force to all types sold at auction. By the time this investigation had been made the Department of Agriculture had inaugurated tobacco-grading service and tobacco-market news service, both, however, on a very limited scale. The grading service was furnished on only a few markets, where the cooperation of warehousemen could be obtained, and only to farmers who were willing to pay fees for having their tobacco graded.

The following excerpts are taken from this report:

It has been stated that tobacco is sold at the rate of approximately one pile every 10 seconds, and under this system of high-pressure salesmanship it is manifestly impossible for any number of buyers to make a careful inspection of tobacco offered, and no matter how expert the buyers may be it is unreasonable to believe that a group of buyers on any warehouse floor can inspect, bid, and buy tobacco from a fair competitive standpoint under the present system. It is a physical impossibility, and these conditions will continue unless some system is devised whereby there can be some authentic determination of quality and grade."

It is absolutely essential in the leaf-tobacco industry that standard grades be established which will not only assist and educate the tobacco farmer in sorting and grading his tobacco for market, but will give the product some definite ascertainable value. Standardizing the various grades of tobacco would also place the farmer and buyer on a more equitable plane and would establish uniformity in commercial transactions and constitute a basis on which the market value of leaf tobacco could be determined with some degree of definiteness.

It would appear that much would be accomplished if the Secretary of Agriculture be given the same authority with respect to tobacco, which coupled with the necessary legislative enactments on the part of the various tobacco-growing States establishing United States standards on tobacco sold within these States, would give to leaf tobacco a definite ascertainable value from a commercial standpoint and would clarify, as well as simplify, the system under which leaf tobacco is now marketed.

A Government grading system would also operate to the benefit of the tobacco buyer because he would have knowledge that the tobacco had been inspected and graded by a competent grader and that the quality or grade of tobacco offered for sale is exactly as represented. It would also be a tremendous factor in teaching the tobacco grower the necessity of properly grading and sorting his tobacco before placing it on the market. It would also do away with one of the chief sources of dissatisfaction of the present system in that all tobaccos of the same grade would bring approximately the same price, whereas, under the present system, one pile of tobacco of apparently the same quality as an adjoining pile may sell for a price greatly in excess of that obtained for the former. A Government grading system would cure most of the defects inherent in the present system and would substitute therefor "an impartial, disinterested, and authentic determination of quality."

The present system of Government grading established at a number of warehouses in the flue-cured district is probably the most progressive step taken in this industry within the last 50 years and warrants the support and encouragement of the producer and manufacturer alike.

Secretary of Agriculture Wallace, who, in my opinion, is probably the greatest Secretary of Agriculture this country ever had, and whose sole aim is to serve the farmer, when called upon by the House Committee on Agriculture for a report on the tobacco-grading bill, filed a lengthy report strongly endorsing the bill.

He said in part:

The inspection of tobacco by disinterested official inspectors on the basis of uniform standards at the time it is offered for sale is a service which the tobacco grower has long needed. As your committee is aware, specific legislation has been in effect for many years providing for the establishment by this Department of standards for grain and cotton and the inspection and classification of these commodities. The Bureau of Agricultural Economics has also been conducting for many years an extensive inspection and grading service for fruits and vegetables, meats, butter, cheese, poultry, eggs, beans, hay, and several other farm products. Although one of our important farm products, it was not until the fiscal year beginning July 1, 1929, that the Agricultural Appropriation Act was amended and a small appropriation made for that Bureau to inaugurate a similar grading service for tobacco. Like all such services it has had to pass through a trial period, during which technical and administrative problems could be worked out and during which time its usefulness could be determined.

Satisfactory progress has been made and the positive value of the service to growers has been demonstrated. The quantity of tobacco graded has increased from 500,000 pounds during the first year of the service to nearly 200,000,000 pounds during the last marketing season. Interest in the service appears to be constantly increasing. In developing the service, the Bureau of Agricultural Economics has cooperated extensively with the States and H. R. 3258 contains authority for continuing such cooperation whenever practicable.

Notwithstanding the success that has been attained in establishing official inspection as a phase in the marketing process, it has become increasingly evident that additional legislation is necessary in attaining that desirable objective. Fully 35 percent of American-grown tobacco is sold at auction in small farm lots. It is found that the official inspection of tobacco promotes more uniform selling conditions and results in growers receiving prices for their tobacco more nearly on the basis of its actual market value. With official inspection the buyers' judgment at the time of sale is supplemented by the unbiased judgment of the inspectors as to the quality of the tobacco. It is an unfortunate fact also that under present conditions speculators frequently take unfair advantage of growers by buying their tobacco cheap and reselling it at a profit on the same market, thus absorbing a part of the return rightfully due the grower. It is believed much of this evil would be eliminated by this bill.

The Department is of the opinion, therefore, that the enactment of H. R. 3258 would be in the interest of tobacco growers and the marketing of tobacco generally.

The bill has also been endorsed by practically all of the secretaries of agriculture of all the tobacco States, by hundreds of tobacco growers' associations, and—I make the statement advisedly—by practically all the tobacco growers in this country who have not been influenced by the false propaganda the tobacco manufacturers and dealers have spread among the growers.

Who are the people opposing the bill? Well, let us see. The opposition can be divided into three classes:

First. The manufacturers and dealers, united under the leadership of their organization, the Tobacco Association of the United States. This is the crowd that in 1932—the year before tobacco went under the A. A. A.—paid the tobacco growers of America only $107,000,000 for the entire tobacco crop, but in the same year four of the large tobacco companies made in net profits $110,340,000, which is more than the entire tobacco crop brought, and paid their stockholders that year in dividends $79,650,000. The same crowd that paid George Hill, as president of the American Tobacco Co., $2,500,000 per year as salary, which is more money than the 8,000 growers of dark air-cured tobacco, producing around 50,000,000 pounds, got for their entire crop in 1932. The same crowd that paid the American tobacco growers around six-tenths of 1 cent for the tobacco in a 15-cent package of cigarettes. The same crowd whose representative while testifying against this bill admitted, when I questioned him about the above facts, that they were true, but put in a plea of confession and avoidance by stating that they had repented and were now paying better prices. Well, I am only trying to keep them on the mourners' bench so they will hereafter deal fairly with the tobacco growers.

Second. The second class opposing the bill are the "pinhookers", the crowd that makes a living off the 12-month's sweat that falls from the brows of the tobacco growers.

Third. And the third class are the warehouse "pets", these large fellows who, by education and experience, are able to take care of themselves, and who stand in with the warehousemen and buyers. The record shows, with one or two exceptions, that the growers who testified against this bill before the committee produce from 40,000 to 200,000 pounds of tobacco annually.

That is the crowd that is opposing this bill.

I wish the Members of the House could have attended the hearing when these fellows arrived by pullman, bus, and automobile; some of whom, I am reliably informed, came on free transportation, and practically all of whom, I am informed, came as a result of the efforts of the Tobacco Association of the United States, dealers and warehousemen, who sent their hirelings to each tobacco market town to hold local meetings and organize their forces, secure new recruits, and secure petitions by making false representations to the growers. The growers know what they were told in order to induce them to sign. Well, they arrived safely and without any lung trouble, as was evidenced by the cheering and applause that followed the nonsensical reasons, advanced by their spokesmen, some of whom, at least, had not even read the bill, as to why the legislation should not be passed.

I just want to say this: That was a pretty good crowd that they brought, but, in my opinion, if the ordinary growers had one-tenth of the money that has been spent by the opposition, they could fill Washington so full of supporters of the grading bill that their feet and legs would be sticking out of the hotel and boarding-house windows all over town.

Now, is it not a little singular, to say the least, that that crowd that has been living off the toil and sweat of the growers should all of a sudden—overnight, so to speak—become so considerate of their rights?

Beware of the Greeks bearing alms!

Now, I want to say this to the ordinary grower: The next time one of these fellows comes to you to sign a petition or to take a petition around, or with an offer to pay your expenses to Washington to furnish an audience to applaud while they furnish the Agriculture Committee with reasons why the grading bill should not pass, just ask him this question: "Why do you object to the tobacco grower knowing, when he offers his tobacco for sale, the different grades of the tobacco he is offering for sale and the prices the grades have been bringing on the different tobacco markets from day to day?"

If he is honest, he will answer: "Simply because it is against my business for the grower to have the information."

Now, let us see what these fellows have been telling the growers about the grading bill. No more vicious and contemptible propaganda was ever circulated against a bill. Money, you know, is the spring from which propaganda comes, and the crowd opposing this bill has the money.

What are they saying?

That the bill will cost the grower 5 cents per pound for grading—one of the North Carolina papers carried this falsehood in box-car letters. Well, of course, this statement is a downright falsehood. The Government last year graded 197,000,000 pounds of tobacco at an average cost of one-tenth of 1 cent per pound.

What else? Yes; that the Secretary of Agriculture can close warehouse floors and probably the growers will, due to the fact their market has been closed, have to take their tobacco to some distant market. The man who makes such a statement has never read the bill or is deliberately misrepresenting the facts. The Secretary of Agriculture cannot close a single warehouse under the bill.

What else? Yes; that the bill provides for grading tobacco in hogsheads and that all export shipments will be graded. Another deliberate misstatement. The bill only provides for grading tobacco offered for sale at auction on a warehouse floor.

What else? Oh, yes; that the bill prohibits barn sales. This tale was only told down in certain parts of Tennessee and Kentucky where tobacco is sold at the barns. Another willful misrepresentation. As I have already stated, the bill only applies to auction sales on warehouse floors.

What else? That a grower cannot reject a sale. Another willful misrepresentation. Why, the very object of the bill is to determine the grades each grower offers for sale and furnish him with a daily market report showing what each particular grade is bringing so he will be in position to reject the sale if he is being chiseled or robbed.

What else? Oh, they are saying in one breath that the growers know how to grade tobacco and that it is a reflection on them to say they do not—appealing to their vanity—and in the next breath they are saying that it is impossible to grade tobacco. Well, the facts are that every manufacturer and dealer grades tobacco, that they have experts in grades representing them in the purchase of every pound of tobacco they purchased, and that they would not permit—so they stated in their evidence—a grower to represent them in purchasing tobacco. Well, who is reflecting upon the grower's intelligence? Am I, when I tell the truth and say the ordinary grower does not know how to grade his tobacco—there are 60 to 100 grades, and the ordinary grower

only knows about 5 or 6—or are the manufacturers and dealers, who say that the growers know how, but admit that they would not let growers grade for them?

What else? Oh, when they are unable to deceive you by misrepresentations they are, in some instances, resorting to intimidation and coercion. Why, they have gone so far as to tell growers they had better stand in with them because they had nowhere else to sell their tobacco, the implication clearly being that if they refused to sign the petition against the bill there would be a hereafter on the warehouse floor.

What else? Yes; they are telling that we are trying to destroy the present auction system of selling tobacco, another willful misrepresentation. We are not trying to do that, we are only trying to correct its vices and make it an honest and fair system. We are only trying to perpetuate the system by correcting its abuses.

But let me tell the opposition this: If the present auction system of selling tobacco is not cleaned up, if the injustices that are daily perpetrated on the warehouse floors are not corrected, no one will have to destroy it by legislation or otherwise, because it will die of its own rottenness.

Why is the manufacturer and dealer opposed to the grower knowing the grade of the tobacco he is offering for sale and the price the grade is bringing from day to day on the other tobacco markets? The answer is obvious—he wants the grower to continue to sell a pig in the poke. But remember the manufacturer and dealer will not buy a pig in the poke—they have experts, who know grades, representing them. Why, when the hearings were going on and one of the dealers was testifying that the bill was useless because growers knew how to grade their tobacco, I stopped him and made the statement that there were several thousand growers in my district; and then I asked him this question: "You state that growers know how to grade tobacco. Now, there are several thousand growers in my district. Would you be willing for a single grower in my district—you state they know grades—to buy tobacco for you on the warehouse floor?" He answered; "No: I would not."

Yes; a buyer, when he buys tobacco, is protected by an expert in grades, a man who knows tobacco and the different grades. Why should not the seller—the man who produces the tobacco—have the same protection?

When the tobacco manufacturers, dealers, and warehousemen, and their representatives appeared before the committee they urged two objections against the bill. The first objection was that the bill was compulsory. Well, we have eliminated the compulsory feature and provided for a referendum. This objection, therefore, has been met. The other objection was that the bill put the grading cost on the purchaser, and that the purchaser would pass the cost, probably two or three fold, on back to the grower. Well, this provision has been eliminated and the Director of the Budget has approved the bill as now drafted, which provides the Government shall pay the grading costs. It is estimated that the costs will amount to around $200,000 for the first year and that when the grading service is extended to all markets it will be around $750,000. Due to the fact that tobacco is the only farm product that is taxed, and the further fact that it brings in an enormous revenue, it is only right that the Government should pay the costs so there can be no question of the cost being passed back to the grower.

The Government receives more in revenue from the taxes on tobacco than the growers receive for their tobacco. Here are the figures:

Year	Revenue from sale of manufactured tobacco products (fiscal year)	Gross returns to growers from sale of tobacco (crop year)
1930	$449,000,000	$212,000,000
1931	444,000,000	130,000,000
1932	309,000,000	108,000,000
1933	403,000,000	179,000,000
1934	425,000,000	241,000,000

Certainly, it is fair for the Government to pay the cost of grading.

Now, they are saying that I am against the manufacturers and dealers and the auction warehouse system. Well, I am not against the manufacturers and dealers and the auction warehouse system; what I am against is the manufacturers and dealers and some of the warehousemen operating the auction warehouse system primarily for their own selfish interest and to the detriment of the ordinary grower. I am not against the manufacturer making a profit. He is entitled to a legitimate profit. I am not against the legitimate dealer making a profit. He is entitled to a legitimate profit. I am not against the warehouseman making a profit. He is entitled to a legitimate profit. What I am against is the manufacturer and dealer and warehouseman acting the hog and leaving the ordinary grower out of the profit equation.

There is plenty of money in tobacco for the manufacturer, legitimate dealer, warehouseman, and grower if the profit is divided in the right way. All I am trying to do is to put the ordinary grower in position to get his just and equal share—no more, no less—of the profits of tobacco.

Mr. MITCHELL of Tennessee. Will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. MITCHELL of Tennessee. As a matter of fact, about how many different grades of tobacco do we have?

Mr. FLANNAGAN. Between 60 and 100 different grades of tobacco when graded by experts.

Mr. MITCHELL of Tennessee. What opposition developed before the committee with reference to this bill?

Mr. FLANNAGAN. The only opposition that developed was from Mr. P. M. Carrington. He is the first man who opposed the bill. He is head of the Manufacturers' Tobacco Association of the United States, which is composed of the manufacturers and warehousemen. They oppose it on the ground that it did not provide for a referendum, and further, that it placed the cost upon the purchaser. Both of these objections were cured by amendments adopted by the Committee on Agriculture.

Mr. MITCHELL of Tennessee. There is in the bill at this time a referendum provided for on the part of the growers?

Mr. FLANNAGAN. There is.

Mr. MITCHELL of Tennessee. As a matter of fact, is there any real competition on the part of the buyers when they come to these markets?

Mr. FLANNAGAN. Not a bit. They have been in cahoots all the time. They take the farmer's tobacco for a song and dance, and he stands there helpless.

Mr. MITCHELL of Tennessee. It is just a scheme to rob him of his toil and his efforts?

Mr. FLANNAGAN. And they have been mighty successful. Four tobacco companies in this country in 1932 paid more in net dividends to their stockholders than they paid the growers for their tobacco.

Mr. MITCHELL of Tennessee. How much revenue does the Government get per year, if my colleague knows, out of the tobacco industry?

Mr. FLANNAGAN. Very nearly half a billion dollars a year is paid into the Treasury—over $400,000,000 a year is paid into the Treasury of the United States. Last year the Federal tobacco tax amounted to $425,000,000.

Mr. MITCHELL of Tennessee. Is that more than is paid by any other commodity that is grown?

Mr. FLANNAGAN. Tobacco is the only farm crop that is taxed.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. TRUAX. The gentleman stated that tobacco is the only farm crop sold at auction. What about cattle and hogs, the thousands and millions of cattle, hogs, and sheep that are sold at auction on the world's greatest livestock market, namely, Chicago?

Mr. FLANNAGAN. I have never made the statement that tobacco is the only farm crop sold at auction.

Mr. TRUAX. The only major farm crop.

Mr. FLANNAGAN. I made the statement that tobacco was the only farm crop that was taxed.

Mr. TRUAX. Then I beg the gentleman's pardon; but the committee reports that tobacco is the only major farm crop which is sold at auction.

Mr. FLANNAGAN. And that is true; no other farm crop is sold on the auction floor the way tobacco is.

[Here the gavel fell.]

Mr. CARPENTER. Mr. Speaker, I ask the gentleman from Massachusetts if he will not yield one additional minute to the gentleman from Virginia that I may ask him a question.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 1 additional minute to the gentleman from Virginia.

Mr. CARPENTER. I appreciate the fact that the gentlemen proposing this bill are sincere in their efforts to help their farmer constituents, but does not this subject matter fall within the sphere of State rights? Has the gentleman and his colleagues on the committee given any consideration to the constitutionality of this bill or what is sought to be accomplished by this bill?

Mr. FLANNAGAN. I got an opinion from the Solicitor's office of the Agriculture Department. He holds that the bill is constitutional. I shall be pleased to insert his opinion in the RECORD. No one, so far as I know, has ever attacked the constitutionality of the legislation. We regulate the sale of wheat and cotton and cattle; why can we not legislate with respect to the grading of tobacco?

Mr. O'MALLEY. Is not this regulation exercised at the point of purchase in the State?

Mr. FLANNAGAN. There must be a uniform system.

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from North Carolina [Mr. CLARK].

Mr. CLARK of North Carolina. Mr. Speaker, I do not care to enter into any controversy about the fact that there are certain bad practices connected with the auction sale of tobacco; I admit that this is true. Further, I admit that the principle aimed at in this bill is a good one and that good can come out of this kind of legislation. I will say further that in view of the very large amount of money the Government of the United States collects annually out of tobacco, the tobacco growers are entitled as a matter of right and equity to have at Government expense any facility that will reasonably promote their good. [Applause.]

I am not attacking the principle of this bill, and I am not unmindful of the fact that it comes from one of the greatest committees of the House. I am compelled, notwithstanding this fact, to feel that in one respect the legislation might be amended to make it a wiser, more permanent, and more beneficial bill to the farmers themselves; and I have no interest in the subject aside from their interest. I represent a district that grows a great deal of tobacco.

Mr. Speaker, I am opposed to the compulsory features of this bill. I do not know of any law that has been enacted by this Congress or by any State that compels the producer of an agricultural commodity to have it graded before he offers it for sale. As to cotton and some other commodities, we do have a Government standard of grade by which the grower, if he wishes, can measure the quality of his own product; but until this good hour I have never heard it seriously proposed to compel the producer of an agricultural commodity to submit it to grading by a Government agent before he may offer it for sale. Under this bill, there can be no grading except compulsory grading. I am aware of the fact that the bill contains a provision for some kind of a little synthetic referendum by which the Secretary of Agriculture can go into a community that seems to him propitious, put up a box, hold an election, and see what the people say about it. But the fact remains that, whether arrived at by referendum, a shirt-tail fiat of the Secretary of Agriculture, or by any other means, any tobacco grading under this bill will be compulsory grading.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. CLARK of North Carolina. I yield.

Mr. PIERCE. We have compulsory grading today in the case of wheat.

Mr. CLARK of North Carolina. Under what penalty?

Mr. PIERCE. Under the law.

Mr. CLARK of North Carolina. I know; but what is the penalty?

Mr. PIERCE. We bring our wheat to the market and it is graded by Government and State authorities.

Mr. CLARK of North Carolina. May I ask the gentleman if they can put his constituents in jail for 12 months for offering for sale wheat which has not been graded by a Government grader?

Mr. PIERCE. We would not try to market our wheat in any other way.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. CLARK of North Carolina. I yield.

Mr. VINSON of Kentucky. The gentleman is a distinguished Member of this House and comes from a great tobacco district. When the Kerr-Smith bill was up, did the gentleman refer to its provisions as a synthetic referendum or—what was the other expression?

Mr. CLARK of North Carolina. A shirt-tail fiat.

Mr. VINSON of Kentucky. Did the gentleman say anything about that at that time?

Mr. CLARK of North Carolina. If the gentleman will give me an opportunity I will answer his question.

In the case of the control of production it was absolutely necessary to have cooperation among all the States of the Union. No one State could agree with another as to the quota or as to the amount of production a State should be permitted to have. It was necessary for Congress to go into that proposition and we went into it as a voluntary matter and not until it was demonstrated that more than 96 percent of the tobacco growers had gone voluntarily into the proposal was the Kerr-Smith bill suggested.

Mr. VINSON of Kentucky. Under the Kerr-Smith bill it was compulsory and the referendum was taken after the first market. In this bill the referendum comes before.

Mr. CLARK of North Carolina. I hope the gentleman will remember that this is my speech.

Mr. VINSON of Kentucky. Is that not the truth?

Mr. CLARK of North Carolina. I would not be willing to say that. However, the very fact the gentleman from Kentucky makes that statement I will admit it is true.

Mr. TREADWAY. Will the gentleman yield?

Mr. CLARK of North Carolina. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. Will the gentleman inform me whether in States where the method of auctioning off the tobacco does not prevail, this bill will force that kind of sale in those States?

Mr. CLARK of North Carolina. No; I do not think it will.

Mr. TREADWAY. In other words, the New England tobacco which is sold by the farmers to the jobber who goes to the farm and sees the tobacco in the farmer's barn is not affected; that is, the farmer may trade with that jobber under this bill just the same?

Mr. CLARK of North Carolina. I may say to the gentleman I think the bill does not cover that.

Mr. FLANNAGAN. That is correct.

Mr. CLARK of North Carolina. I think this bill applies to the auction sale of tobacco only.

Mr. TREADWAY. That type of sale rather than the farm sale?

Mr. CLARK of North Carolina. Yes. When you put the compulsory feature in this bill, in my judgment, you invalidate the law. You cannot tell me that finding a pile of tobacco on a warehouse floor is no. 4, no. 3, or no. 2 and is a transaction in interstate commerce. This bill was written before the decision of the Supreme Court in the Schechter case, and, with all due respect to the opinion of the attorneys in the Agricultural Department, I feel beyond any question that this is the most unconstitutional measure that has yet been proposed in this House.

Mr. Speaker, this bill undertakes to say that in fixing the grade of a pile of tobacco lying on a warehouse floor and which has not even started to enter the channels of interstate commerce the Congress has authority under the commerce clause to do so. Now, I have not the time to enlarge

upon the constitutional argument, but there is no difference between picking chickens, slaughtering chickens, buying, and reselling or transporting them after they have reached New York City and transportation has ended, and going down to a warehouse and grading or conditioning a pile of tobacco on a warehouse floor before it has gotten into the channels of interstate commerce or transportation. The serious thing about that is if we put this compulsory feature in the bill it seems to me any good lawyer will have to admit that the Supreme Court will invalidate the whole law and the farmers will get nothing. All I am asking the Members to do is to adopt an amendment which will be offered by my colleague from North Carolina, Mr. UMSTEAD, which simply strikes from this bill the language that makes it compulsory upon the farmer and subjects him to a penalty of a fine of $1,000 or imprisonment for 12 months if he does not comply.

Mr. COX. Will the gentleman yield?

Mr. CLARK of North Carolina. I yield to the gentleman from Georgia.

Mr. COX. The gentleman does not mean to convey the idea to the House that he is opposed to the adoption of the rule. He is simply taking advantage of the time given him for the rule to discuss the merits of the bill.

Mr. CLARK of North Carolina. I think the Members of the House have already caught on to the fact that I am speaking to the bill rather than to the rule. Of course, I have no objection to the rule and should have so stated.

There is one other thing I desire to mention. The amendment which will be offered will strike from the bill the compulsory language. It will not emasculate the bill. The Secretary of Agriculture may still hold his referendum and secure the sentiment of the farmers of a particular community as to whether they want this service or not. If they show by the referendum that they want the service, then the Secretary may put it in and the farmers may make use of it. If it is a good thing the farmers will make use of it voluntarily. If it is not a good thing, or if they do not want it, it should not be forced upon them by compulsory legislation through a referendum or otherwise.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. HANCOCK of North Carolina. Will my distinguished and able colleague yield?

Mr. CLARK of North Carolina. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. Does the gentleman not appreciate the fact that if inspection and grading is to be optional with the minority, we are pushing them right back up against the coercive and powerful influence, that has tended to thwart every constructive piece of legislation of this character, which has been designed to help the grower in the sale of his tobacco? In other words, does not the gentleman believe that the so-called "Umstead amendment" will defeat the true purposes of this bill? That is my feeling about it.

Mr. CLARK of North Carolina. I honestly do not, sir. It is my judgment, after careful study of this legislation and with a personal knowledge of the growing and marketing of tobacco for the period of my lifetime, that the adoption of the Umstead amendment will put this bill upon safe ground and will give the farmers in the tobacco territory legislation that they will gradually embrace and make use of, that will be helpful to them, and by doing which we remove any question of its unconstitutionality.

Mr. FLANNAGAN. Mr. Speaker, will the gentleman yield?

Mr. CLARK of North Carolina. I must finish my statement and then I shall yield to the gentleman if I can get through in time.

I want to add this remark. As I stated a moment ago, I have no interest in this matter from the standpoint of the warehouseman, but the tobacco warehousemen of this country are not a bunch of thieves and thugs. They are not the agents of the farmer at all, as my distinguished friend from Virginia has suggested.

Mr. FLANNAGAN. Mr. Speaker, will the gentleman yield?

Mr. CLARK of North Carolina. I cannot yield right now.

Mr. FLANNAGAN. Who pays the commission?

Mr. CLARK of North Carolina. The system is that the warehouseman runs his place of business upon a commission basis. The farmer can take his tobacco to the warehouse or not, as he sees fit, and there are as many as 5 or 6 of these warehouse markets in each of the towns where there is a large tobacco trade; and he can go to either one of them. He does not, as the gentleman from Virginia stated, decide in 10 seconds what to do. If the price put on his pile of tobacco does not suit him, he simply goes along and looks it over, taking as much time as he wants to take, and if he does not like the price he can turn the tag and take his tobacco back home, or take it to any one of the 4 or 5 other warehouses in that city.

However, as I stated, I do not want to get into a controversy about that; but, representing the tobacco growers of my district, I may say that there has never been anything that has succeeded more marvelously than the A. A. A. as applied to tobacco. It is a success today, far beyond the fondest expectations of the most enthusiastic of those of us who advocated the legislation, and this is due, more largely than anything else, to cooperation—cooperation by the growers with the Government, by the growers with the warehousemen, and by the warehousemen with the growers—and I will even go so far as to say a word for the "Big Four" and say that these giant tobacco companies have cooperated in a measure. By this legislation, which starts to divide sentiment right here among the delegation from the tobacco territory, we are injecting, needlessly, into a successful program the first element of disagreement and discord and dissension. This will go on down through the warehousemen and the growers and what not, and this dissension and disagreement and discord will follow clear to the bottom of the program. When it is today a success that ought to be the pride of the Department of Agriculture, we are putting the first drop of discord and dissension into it, and we are doing it without being asked by any appreciable number of farmers to do it. I do hope my colleagues will adopt the sensible and well-considered amendment of my colleague from North Carolina, Mr. UMSTEAD, and cut out the compulsory feature of this legislation.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I am opposed to this legislation for what I believe are three substantial reasons. I am opposed because I believe it will result in putting an unnecessary burden upon the Public Treasury. I am opposed because I believe, eventually, it will mean higher cost to the consumers of tobacco; and, third, I am opposed because I do not want to harrass the tobacco farmer by sending to his farm a herd of Government inspectors.

I believe, eventually, whatever little good the farmer may get out of this legislation will be more than offset by the interference on the part of Government inspectors.

This is a new policy the Department is setting up here. It is now saying to those who grow commodities in this country, "You must come forward with the product of your farms and let us examine them before they are offered for sale." The Department of Agriculture has brought many new theories and new ideas to America in recent months, but I believe this is the most dangerous one, and if it is started in the tobacco field, it will eventually spread to other fields.

Mr. HANCOCK of North Carolina. Mr. Speaker, will the gentleman yield for a question?

Mr. MARTIN of Massachusetts. I yield.

Mr. HANCOCK of North Carolina. The gentleman referred to the fact that under the bill agents of the Government would probably be sent to the farms of the tobacco growers. The gentleman should know that there is nothing in the bill that provides for inspection and grading at the farms. It would be a real solution of the problem if this

could be effectively done through a practical educational program.

Mr. MARTIN of Massachusetts. The gentleman knows that when the Department of Agriculture, or any other department of the Government, gets a foothold they generally go further and we get more than we bargain for before they get through.

Mr. HANCOCK of North Carolina. The gentleman understands that as a practical matter these Federal graders or inspectors of tobacco would have to do their work on the warehouse floors when the auction system is employed.

Mr. MARTIN of Massachusetts. They might, to start with, but who knows how far they are going to go eventually? Those of us who have been in Congress any length of time know that these things all start in a small and humble way, but they all expand, and I believe this activity will expand both in its cost to the Treasury and the people of the United States as well as in harrassment of the farmer.

Mr. HANCOCK of North Carolina. The gentleman cited as another reason for his opposition to the bill the fact that it would be a burden on the Federal Treasury.

Mr. MARTIN of Massachusetts. Yes.

Mr. HANCOCK of North Carolina. The gentleman knows, does he not, that the maximum probable cost would be less than one-quarter of 1 percent of the amount of tobacco taxes paid into the Federal Treasury annually?

Mr. MARTIN of Massachusetts. The gentleman means the people, the consumers of tobacco, for they eventually pay the bill. I will say this: I have never seen any bureau of the Federal Government but that it became increasingly burdensome to the Government, and I believe this will.

Mr. COX. Will my colleague yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman.

Mr. COX. I know the heart of the gentleman, and I know he would be in sympathy with this legislation if he believed that it would benefit the masses.

Down in my section of the country it is the poor people, the poor white and the Negroes that grow tobacco. In the marketing of their crop under the auction system they are at the complete mercy of the warehouseman and the buyer. The warehouseman is supposed to be the agent and protector of the seller, but as a matter of practice he works in conjunction with the buyer. He practices the buying of tobacco himself far below its value, and then in turn sells it to the buyers, the big companies.

Every Government agent studying this question has advocated legislation of this type. I am not interested in the compulsory feature. The Federal Trade Commission studied it in 1920, and in 1925, and again in 1931, and urged this legislation.

I know that if the gentleman from Massachusetts understood the problem and the purpose of the legislation and the necessity for the legislation, as a matter of protection to the buyer, that he would favor the passage of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. ANDRESEN. Mr. Speaker, the gentleman from Georgia has stated that the purpose of the bill is to help the poor grower. I might state to you the experience we have had in the Northwest with the Federal grading of grain.

Some years ago we operated under a State grading law, where we set up the machinery for grading the grain. There arose a dissatisfaction among the growers of one State and growers of other States over grades, and finally they demanded Federal inspection.

Now we find that under the compulsory grain-inspection law the people are dissatisfied with the Federal grading and want to go back to the State grading system because they feel that the State graders are closer to the people and give them a more satisfactory grade.

Under the Federal grading system of grain, we found invariably that the Federal inspector graded the grain against the interest of the producer, and that the State inspector was closer to the people and would give the producer a better grade.

I know that in some of the tobacco-growing States you are having the same experience. You have State grading systems. I do not know whether they have such a system in Georgia or not, but you will be sadly disappointed in the results you seek to get from a Federal inspection, because the Federal inspector is so far removed from the actual grower. He may try to be a little bit more impartial sometimes, but we are suspicious of him. I am quite sure that you will have little satisfaction in the passage of this bill so far as the tobacco growers are concerned. I am afraid that the small tobacco grower, whom the gentleman from Georgia [Mr. COX] seeks to protect—and we are all for him—will get no benefit from the bill. I have been a member of the Committee on Agriculture for some years, and we have gone all over this tobacco matter. In that committee we have tried to shape legislation that the tobacco grower wanted. We had a great deal of discussion in our committee, and we heard gentlemen from the tobacco sections on both sides. They made some splendid arguments for and against this bill.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. ANDRESEN. Yes.

Mr. PIERCE. Does the gentleman want us to understand that the wheat growers of Minnesota are dissatisfied with the National Grain Grading Act?

Mr. ANDRESEN. They are dissatisfied not only in Minnesota, but in North and South Dakota and in the other hard spring wheat States. They are dissatisfied with the Federal grades. On appeals being made from the State grading up in Minnesota we have invariably found that 75 percent of those grades have been lowered by Federal inspection.

Mr. PIERCE. That certainly is not true in our Pacific Northwest.

Mr. ANDRESEN. Oh, out in the gentleman's section they grow the macaroni wheat, which they do not raise in any other part of the United States, and you have a market abroad for it.

Mr. VINSON of Kentucky. For the crop of 1933 there were some Federal grading markets throughout the country. They have some in my district, which produces a large amount of tobacco, and I say to the gentleman that the farmers in my district were very much pleased with the Federal grading.

Mr. ANDRESEN. I hope they will continue to be after they get the law passed.

Mr. FLANNAGAN. And I will say that we had Federal grading on several markets last year and that the price level of tobacco was raised at least 15 percent.

Mr. ANDRESEN. And I say that inside of 5 years after this becomes a law you gentlemen from the tobacco-growing sections will be here asking for a repeal of the law.

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I do not know anything about the merits of this controversy with respect to the desirability of grading tobacco. As the gentleman from Georgia says, with the gentleman from Massachusetts [Mr. MARTIN], and everyone else, we have great sympathy for the poor farmers who are engaged in raising small patches of tobacco, and we want to do everything to ameliorate their condition. I do know that an act of Congress which provides that before the grower of tobacco may take even the first step after it is taken from the ground before he can offer it for sale he must submit to the Federal Government's grading it and be subject to a penalty of a thousand dollars or a year in prison if he does not is so manifestly unconstitutional that I do not see what all the pother is about.

The SPEAKER. The time of the gentleman from New Jersey has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. POLK].

Mr. POLK. Mr. Speaker, it was with some hesitancy that I asked for time to speak against this rule. This is the first time during the 4½ years that I have been a Member of this

House that I have taken the floor in opposition to a rule which has been reported by our Committee on Rules. However, because of my belief that the measure which this rule seeks to make in order fosters the growth and development of another bureaucracy at the expense of the taxpayers, and for the further reason that the testimony taken before the Committee on Agriculture with reference to this bill, failed to show any material benefits to the growers of tobacco, I am forced to oppose the establishment of a system of Federal grading for tobacco.

The bill which this rule seeks to make in order was considered very thoroughly by a subcommittee of the Committee on Agriculture. Hearings were held February 27, 28, March 4, 12, and 13. I regret very much that those hearings have not been printed, because there is contained therein some very interesting testimony which would be of material interest and help to the House in deciding what should be done with the bill which this rule seeks to make in order.

I want to state at the outset that I have the highest personal regard for Mr. FLANNAGAN, the author of this bill, and the gentleman from Kentucky [Mr. VINSON] and other gentlemen who are so much interested in its passage, and nothing that I shall say is in any sense a reflection upon their sincerity of purpose. I with equal sincerity disagree with them on this proposition.

As I mentioned before, there has been some very interesting testimony offered concerning this measure.

Mr. Thomas B. Hall, representing the Virginia Dark Fired Tobacco Growers' Association, testified that they have in Virginia a grading law passed by the General Assembly of Virginia about 2 years ago, and at the present time the producer of tobacco in Virginia is paying 5 cents per 100 pounds for the grading of his tobacco. During the testimony, in answer to a direct question by Mr. MAY, of Kentucky:

How do the farmers feel about this 5 cents per 100 pounds as the cost of inspection and grading? Do they feel that it is justified?

Mr. HALL. No, sir. Not altogether. You will find some that are perfectly willing to pay it and some who object to it, and they feel that it should be borne by someone other than the producer. I do not think there is any question about the worth being many times that, but we would much rather have someone else pay it.

In other words, the tobacco growers of Virginia feel that they would like to have the Federal Government pay for this grading and inspection instead of paying for it themselves.

During the hearings the only farmers, so far as I was able to learn, who appeared in any number before our committee in favor of this legislation were the tobacco growers from the State of Virginia, who have an interest, I submit, in having this legislation enacted, in order that they will be enabled to unload their present cost of grading onto the Federal Government.

Mr. Dawson Chambers, of Walton, Ky., president board of directors of the Burley Tobacco Growers Cooperative Association, testified that it would take at least $1,000,000 to carry out the provisions of this bill and that in his judgment it will be a waste of public money to establish compulsory grading.

Mr. Charles E. Gage, Tobacco Section, Bureau of Agricultural Economics, testified in answer to a question as to how many graders it would take to grade a tobacco crop:

We figure that there ought to be two graders to each set of buyers aside from the head grader on the market and the supervisors and extra graders to take charge in case of sickness or unusual rush, say, 10 or 11 graders with a head grader, on a market like Greenville.

In answer to a question as to the cost, he stated:

We would have to pay them a very good price. It would be probably the highest price for any inspection of commodities in the Department of Agriculture.

Thomas H. Woodward, of North Carolina, in answer to a question as to the attitude of farmers toward Federal grading, said:

I will answer that by saying that I would be willing to make a wager that you would get 80 percent of the farmers of Wilson County to say that they do not want any interference whatever. We have followed the Government right through. We get down on our knees and thank God for Roosevelt every Sunday morning—but we do not want to be molested any further, and I know that that is the answer you would get from 80 percent of them on a conservative estimate. Another thing is this: What is your incentive for expert handling if you are going to have your tobacco grader tear your tobacco to pieces before you get there? I do not want any inspector to interfere. If you have a grader coming along and tearing that tobacco up before the buyer comes there, it is ruined, because the more tobacco is handled the more it is apt to be harmed.

I believe the following testimony taken at the hearings will be of interest to the Membership of the House:

EXCERPTS FROM SUBCOMMITTEE NO. 1, COMMITTEE ON AGRICULTURE, HOUSE OF REPRESENTATIVES, TUESDAY, MARCH 12, 1935

Hon. Russell Wright, of Hartsville, Tenn., stated, as on page 6 SW:

"Grading tobacco is not like grading corn, it is not like grading wheat. As I understand it, there are some 54 grades of burley tobacco. Even the dark-fired tobacco, or dark air-cured tobacco has a limited number of grades, but burley tobacco has 54 different grades to it. Those grades blend into each other just like colors blend into each other. You cannot get any two people who will grade tobacco exactly alike. Indeed, as I understand it, the buyers of this tobacco use what is known as a "circuit rider", who rides over from 10 to 15 markets to control the grades that his own men for his own concern are buying and grading. He does not have to go there to tell them what to pay for this tobacco. The fact that he is overseer for maybe 15 or 20 buyers on 15 or 20 different markets is only for the purpose that those grades will be the same when they get into the manufacturing plants. And it keeps him busy all the time, and those graders are men who have had 5 to 10 years' schooling in the buying of tobacco.

"If the Government could put on graders, where could you get these graders? It takes time to teach those men. Indeed, anybody that is capable of judging tobacco has already got a job with some tobacco concern, some warehouseman, or somebody else. Are you going to pick up a broken-down warehouseman, a broken-down tobacco buyer, or something, and put them into the business? Or are you going to start a school somewhere to educate somebody over 10 days and teach them what has taken the tobacco graders, working in their own concerns, 10 years to learn?

"I just cannot see the necessity for it. I cannot see where anybody is going to get any good out of it. If anything, it will cost something, and that cost is bound to be reflected on to the grower."

J. W. Holmes, of Farmville, N. C., debated, as on page 31 SW to 33 SW:

"Mr. COOLEY. Mr. Holmes, I am sure that you are thoroughly familiar with the auction-warehouse system and with the ills that the farmers have experienced in the tobacco-growing sections in the past. I just want to see if I can sum up the objections to this bill. First, you take the position that the farmers do not want this legislation which calls for Government grading.

"Mr. HOLMES. Yes, sir.

"Mr COOLEY. That is one objection. And you take the further position that the bill will force upon them by compulsion certain regulations and certain help—that is, help which they, the producers, do not want.

"Mr. HOLMES. Yes, sir.

"Mr. COOLEY. The next objection is that you object to the cost of it, because you are of the opinion that the cost of the administration of the act will ultimately be passed back to the farmer.

"Mr. HOLMES. Yes, sir.

"Mr. COOLEY. Next you object to it because of the possibility that the legislation will result in the closing of certain warehouses or markets; or is that an objectionable feature to you?

"Mr. HOLMES. If my understanding is correct, that is an objection; yes, sir.

"Mr. COOLEY. The next is the possibility of ultimately abandoning the auction system which has been in practice for a great number of years.

"Mr. HOLMES. It appears to me that is correct.

"Mr. COOLEY. Then there is another objection, that you fear the inability of the Government to obtain expert graders in sufficient numbers to properly grade the crop in an orderly fashion, so as not to impede the sales on the auction floor.

"Mr. HOLMES. It will take 10 years to get competent graders for all the markets.

"Mr. COOLEY. And your last objection to it is that even if the Government were to provide the expense, that would be an unnecessary waste of public funds?

"Mr. HOLMES. I certainly do believe it; yes, sir.

"Mr. COOLEY. Do you know of any other objection that has been raised to the bill other than those I have attempted to enumerate?

"Mr. HOLMES. I might think of some others, but that is enough.

"Mr. COOLEY. You did not mention one other one, and that is this, that you are of the opinion that with the present legislation which has been enacted during this administration the tobacco farmers are now in better condition than they have been for a number of years, and you are in favor of letting well enough alone for the time being, at least?

"Mr. HOLMES. Absolutely. Our farmers are satisfied, and happy with the marketing system we have, and they do not want to be disturbed."

Statement of Dr. Paul E. Jones, of Pitt County, N. C., as on page 40 SW to 41 SW:

"Dr. JONES. Mr. Chairman and members of the committee, I am not here to argue this bill at all. I came up here as a representative citizen and a tobacco grower and a man who has been born and raised up to this date on the growing of tobacco.

"I live in a town that sells 20,000,000 pounds of tobacco a year, and I have always sold my tobacco in this town. In this town we have had the Government grading for the last 4 years. The first year we had the grading I had some tobacco graded, and I did not see that it did me any good. I am not representing now, mind you, anybody but myself. But I believe I know the sentiments of a lot of my people in my section.

"As I say, I did not see that this was any benefit; but I became friends, more or less, with some of these tobacco graders in my town, and through their influence from time to time I have had a little tobacco graded since then in the years going on since. The first year they graded some tobacco, as I told you. The next year they graded less tobacco. They graded less the third year, and last year they graded practically no tobacco through the Government grading on the market in my town.

"This is the simple story that I am here to tell you, and that is about all I have to say. I do not believe our farmers want the tobacco grading, and I do not see why it should be forced on them when they do not seem to want it. They have tried it and it has not appealed to them. If it has, they have not shown it by their continued participation in the grading, even though they graded it free one year.

"Mr. HOLMES. How many acres of tobacco do you grow?

"Dr. JONES. I grow about 150 acres, sir.

"Mr. HOLMES. That is all right.

"Mr. FULMER. Thank you very much, Doctor.

"Dr. JONES. Thank you."

From statement of J. Hurt Whitehead, of Chatham, Va., as per page 1 SW to 2 SW:

"Mr. L. T. PIERCE (of Farmville, N. C.). We have here tonight a good many who came here for the express purpose of giving you information as to why they are opposed to this Flannagan bill. We have had only a few that have been able to speak to you. Those in the minority seem to be monopolizing the time here. I feel that we should be entitled to let you hear just why we are opposing this bill, and not permit those in the minority to consume practically all the time.

"Mr. FULMER. I would like to state for the information of the gentleman that I tried my best to get arrangements whereby all groups could be heard, and in the meantime, we have given more time to those opposing the bill than we have to those for the bill.

"Mr. PIERCE. Mr. Holmes here today was appointed our chairman, and he had those names. They were to be called in order, from the various States and the various localities. It does not seem that he has been able to do that.

"Mr. FULMER. We gave Mr. Holmes 1 hour, and we lack a short time of giving the other side 1 hour, after which time if you gentlemen want to remain we will be very glad to hear from any others who may remain with us.

"Mr. PIERCE. There are 25 to 1 here tonight that are opposing this bill. I think they should be heard."

Statement of W. S. Fleming, of Creedmore, N. C., as per page 7 HH:

"Regarding the tobacco grading, it has been in Oxford for the last 4 years and in Durham and that vicinity. It takes in all those counties around there. There is the News Observer printed in Raleigh, and the Raleigh Times; and in Durham there are the Durham Herald and the Morning Sun. They carry the Government grading from day to day. Every afternoon at 6 o'clock you hear the Government reports. The graders' reports come out from Raleigh over the radio station, and they vary in price just like the auction market. They will come on from day to day. Then on Friday night they will give the summary. I have kept up with them, and next Friday night they will give the summary for that week; and they vary anywhere from $2 to $5."

Continued as per page 9 HH:

"When it comes to grading tobacco, how long would it take two or four Government men to step on the Durham market, where they sell as high as 600,000 pounds of tobacco in one day—how long would it take them to grade tobacco? By the time they had finished the last pile would have rotted before the graders got to it. The company buys it, redries it overnight, and it will keep 100 years if the bugs do not get to it.

"So therefore we folks are very well satisfied. North Carolina grades more flue-cured tobacco than Virginia, South Carolina, Georgia, and the upper edge of Florida. We grade more than all of them put together, and we people are satisfied down there."

Statement of R. Leo Carter, of Lake City, S. C., as per page 12 HH:

"The farmers in that district down there in South Carolina, where we grow the cigarette type of tobacco, are opposed to this bill. For 2 years, I think it was, we had Government graders there on the Lake City market, and I fail to see where it did one bit of good. I had my tobacco graded and I did not see where I accomplished one thing by it.

"Our people are opposed to that. Your Congress here did a great thing for us when they passed that bill that there has been so much talk of tonight. We, to a great extent, have farmers now who are pleased, who are going along, and, I might say, who are happy, because we hope that we are on the road to recovery. We do not want anything to come in there to knock up that happiness."

Testimony of Mr. J. P. Phillips, of Pleasantview, Va., as per page 19 HH:

"I was up here before you about 10 days ago, and I went back to Lynchburg, and I called a meeting of the farmers there. On Saturday I had a couple of petitions written up, one for and one against this bill. This bill was explained there to the best of my ability. I did not understand it so well myself. On this petition against this bill there were 492 names, people that signed. They were not all there that day, but in the 2 days' time they were there. There were 25 here that signed a petition for the bill. Here are the two petitions."

Testimony of Mr. G. Willie Lee, of Johnston County, N. C., as per page 26 HH:

He stated with reference to tobacco grading:

"We tried it out there 3 years. Practically every farmer had some grading. The next year they began to wean off from it, and the third year it had become so unpopular that practically all of them quit it and would not have any grading. So the fourth year the tobacco Government grader was not invited back to Smithfield. Anyway, they abandoned the idea of having the tobacco graded."

Testimony of Henry Gaughan, of Nash County, N. C., as per pages D-4 and D-5:

"Several of my neighbors have tried the Oxford market, where they had Government grading, and it being new, they went there and tried it out. Every man that I have heard make an expression of it was disappointed. I remember one neighbor who lived right near me went up there for his first time and had his graded. The Government grader graded it, and he compared the prices on the bulletin board of what he might expect. He found his tobacco graded higher than his expectations were for the tobacco. So he got his hopes up. They sold the tobacco and every pile went away under the grading.

"He went back and got this grader to go back and look at his tobacco, and he said, 'Well, I will agree that your tobacco is on the low side of these grades, but here are two grades I would take in and sell again.' One brought 8 and one brought 12. He took them in and sold them again, and one brought 4 and one brought 6, and he came home.

"If Mr. FLANNAGAN'S district wants Government grading, I see no reason in the world that eastern North Carolina would object to him having it. The farmers in that section are not in favor of Government grading of their tobacco. They feel like they have to have a vestige of their American democratic spirit to give them some say-so in what they are doing. So if the farmers of one section want it, I see no objection that Congress should not grant them that power. I do not see any reason that it should be over a section that does not want it. My county has signed petitions here 2,500 strong against compulsory grading. Now, there is the principle in the bill that does not strike Nash County farmers, compelling them to have their tobacco graded before it is put on the market."

Statement of W. O. Nelson, of Danville, Va., as per page D-3:

"I got grading put in Danville, not myself altogether, but largely through my help, through our five tobacco warehouses. I helped Mr. Wilkinson put it over. I met with him and worked it out, and we got grading down. I thought it was a good thing and decided it would be a great help to me as a tobacco warehouseman. I imagined I would just pick up a ticket. We sell 300 or 400 pounds of tobacco an hour. I expected that that man would have judged the tobacco. He would come on and examine this pile of tobacco, and it would take him probably half a minute or a minute to grade the pile of tobacco. I would see it only a second. I would pick up that ticket on the pile of tobacco he had graded there. He had put a ticket on there, a $20, $30, or $40 grade, whatever it might be. It would give me an opportunity to know about what price to start that pile of tobacco. Say he had graded it at $30; I could start it at $27. We could sell it in 2 or 3 seconds and go to the next one.

"I had my man that stood in front of me who handed the ticket back to the auctioneer. He got up there and took the ticket. My buyers all knew that BL-4 meant what that price was, what X-2 was, whether it was, say, $20, $30, or $40.

"That man, with my instructions to pick up that ticket, would call the BL-4 tobacco, which stood for $20. I thought those buyers were going to buy the tobacco around $17 or $22.50. I sold hundreds of those tobaccos for $30 that were graded at $20 and $22.50. I have sold hundreds of those for $12.50 or $14 that were graded at $22.50, and I have sold a great many at $22.50 that were graded at that price.

"I tried it out for a year and did my very best. I had my clerks ask every farmer that came to that office if he wanted his tobacco graded. If he said he did, he put a certain ticket on that tobacco—that he wanted it graded—and charged him 5 cents per hundred, and we turned it over to the proper authorities. The Government grader came in and he went over my sale. He would find this ticket to be graded and he would grade that tobacco, and he would strike another lot with another ticket on it which did not call for grading. I gave it a fair test for a year. I saw it was a failure the first week I put it in. The buyers did not pay any attention in the world to my man calling the grade to them. It did not help me sell the tobacco for one cent more.

"The farmers asked me did I think it paid them to grade it, and I just finally told them, 'Use your own judgment on it.'

"I just want to say I gave that a fair test. We tried it out for that year, and I think every farmer that paid 5 cents per hundred for grading his tobacco threw away 50 cents a thousand. I do not

think it was worth one cent to him. The buyers did not pay any attention in the world to it.

"The grader made it a very unsatisfactory proposition to us warehouse people. If he graded a pile of tobacco in the $20 grade and it brought $30, the farmer was very much pleased with the proposition, he had done wonderfully well. If he graded it in the $20 grade and it brought $12, which it did often, the farmer would take it in. You could not get him to let it go at $12. He took it in because it did not bring what the Government man had put on it."

The fundamental question which this House must decide is whether or not the appropriation of some $750,000 to $1,000,000 annually, which this measure provides for the grading of tobacco, is justified.

The only individuals outside of the employee of the United States Department of Agriculture, who can possibly benefit from this legislation are the growers of tobacco. I am a member of the Committee on Agriculture of this House, and I represent a district each county of which produces much tobacco, and while this bill has been under consideration for several months, I do not recall having received a single communication, by letter or otherwise, from any tobacco grower in my district urging its passage.

On the other hand, I have received numerous appeals from the tobacco growers of my district protesting against the enactment of the so-called "Flannagan tobacco bill."

Consequently, I believe it cannot be said that the tobacco growers themselves favor the compulsory grading of tobacco.

If the tobacco growers do not favor the enactment of legislation providing for the compulsory grading of tobacco, who else does favor it? So far as I have been able to learn, the only persons solidly and whole-heartedly behind this proposed legislation are certain individuals in the tobacco division of the Department of Agriculture.

I submit that these gentlemen have a selfish interest in sponsoring this legislation.

A few years ago a former very able and very valuable Member of this House, Hon. James M. Beck, of Pennsylvania, wrote a book entitled "Our Wonderland of Bureaucracy." In this very interesting and valuable book Mr. Beck traces the growth of bureaucracy in our Government. He points out how natural it is for most bureau chiefs and department heads to continually endeavor to build up and increase the activities of their departments and bureaus in order to increase their own salaries and importance in their chosen fields of endeavor.

The bill H. R. 8026, which this rule seeks to make in order, is a fine illustration of this natural tendency of Government bureaus and departments to endeavor to expand. In order to expand and increase their personnel these departments must find new fields to conquer.

And so we have this proposition to make it compulsory for the growers of tobacco to have their tobacco graded by a Government inspector before a single pound can be sold.

It provides that any person violating any provision of sections 5 and 10 of this act shall be subject to a fine of $1,000 or imprisoned for one year, or both.

This bill provides for the appropriation out of the United States Treasury of from $750,000 to $1,000,000 of the taxpayers' money. I regret that time does not make it possible to go into the further details of this proposed legislation; however, because of the great cost involved, and because the tobacco growers themselves have not asked for this legislation, I believe that the rule providing for its consideration should be defeated.

Mr. SMITH of Virginia. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I am not a tobacco grower, but I am perhaps one of the greatest tobacco users in the United States, and I am not ready to pay an extra high price for my cheap cigars. I desire to state, however, that I am satisfied the passage of this bill will not increase the cost of tobacco or cigars. The committee had several witnesses before it and I paid attention to some of the evidence that was given. Judging from this evidence I am satisfied this legislation is for the best interest of the growers.

I can readily understand why some gentlemen have received communications opposing this bill, for it was testified that the Big Four, who were making millions upon millions of dollars and spending the money abroad, started propaganda against this legislation. Mr. Duke, Mr. Reynolds, and his successors, of course, need additional millions to take care of daughters abroad; but I for one am not willing to pass any legislation which they desire or to stop the passage of legislation in the interest of the people which legislation they oppose.

I think this legislation is in the right direction. I have the greatest admiration for both of the gentlemen from North Carolina. They themselves feel it will be helpful, but they are fearful that if the provision for a referendum is not included in the bill the courts might hold the bill to be unconstitutional. That would not be unusual. I know the ability of my colleague, the gentleman from North Carolina; I know he is a wonderful lawyer, but he is fearful as to what some of the judges are likely to do nowadays; they are going far afield.

As I said yesterday, they are liable to hold almost any law we pass here unconstitutional. But I hope that in a short space of time we shall be able to pass legislation or an amendment to the Constitution to eliminate this usurpation on the part of the courts.

I think this bill will be helpful to the farmers. I know they have been taken advantage of by the agents and the buyers of the "Big Four." I know that many a farmer has had the experience of having his tobacco graded at the warehouse as no. 4 and no. 5 and then finding that that same tobacco was immediately regraded no. 1 and no. 2 and sold at a price increase of from 50 to 100 percent.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I do not think the gentleman from Pennsylvania knows anything about it. I think, as I say, that this bill is a step in the right direction and should be favorably considered.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DIETRICH (at the request of Mr. HAINES), for 1 month, on account of official business to Alaska.

To Mr. MARSHALL, for 5 days, on account of death in family.

To Mr. RUDD, indefinitely, on account of illness.

To Mr. CONNERY, for 3 days, on account of death in family.

To Mr. GRAY of Indiana, for 10 days, on account of important official business.

WITNESSES BEFORE HOUSE COMMITTEES

Mr. MILLER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8875) to clarify section 104 of the Revised Statutes (U. S. C., title II, sec. 194).

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. YOUNG. Mr. Speaker, reserving the right to object, I would like to know something about the bill in order to determine whether or not I should object. I do object, as a matter of principle, to bringing up any measure for final action at this late hour. I do not think it is the proper practice, and I think I ought to object, and I do object.

Mr. MILLER. Will the gentleman withhold his objection?

Mr. YOUNG. I withhold my objection.

Mr. MILLER. Mr. Speaker, the bill merely clarifies section 104, which gives to congressional committees sitting outside the District of Columbia the same authority to deal with recalcitrant witnesses and to subpena records, and so forth, as those committees have when they are sitting in the District.

Mr. MARTIN of Massachusetts. Is this a unanimous report of the Committee on the Judiciary?

Mr. MILLER. It is a unanimous report and is very much in need at this time.

Mr. O'CONNOR. For years this has been considered necessary by many committees that have been investigating various things.

Mr. YOUNG. Under the circumstances I withdraw my objection to this particular bill, but I still say this way of doing business is wrong.

Mr. RICH. Mr. Speaker, reserving the right to object, I agree with the gentleman that we ought not to permit bills to come up for consideration without giving notice to the membership of the House. I understand that there are a lot of bills that are going to be presented at the last minute. It requires diligence on the part of the membership to keep these bills from being enacted into legislation when they are brought up at this late hour. I do not object to this bill being considered at this time.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 104 of the Revised Statutes (U. S. C., title II, sec. 194) is amended to read as follows:

"SEC. 104. Whenever a witness summoned as mentioned in section 102, of the Revised Statutes fails to appear to testify or fails to produce any books, papers, records, or documents, as required, or whenever any witness so summoned refuses to answer any question pertinent to the subject under inquiry before either House or any committee or subcommittee of either House of Congress, and the fact of such failure or failures is reported to either House while Congress is in session, or when Congress is not in session, a statement of facts constituting such failure is reported to and filed with the President of the Senate or the Speaker of the House, it shall be the duty of the said President of the Senate or Speaker of the House, as the case may be, to certify, and he shall so certify, the statement of facts aforesaid under the seal of the Senate or House, as the case may be, to the appropriate United States attorney, whose duty it shall be to bring the matter before the grand jury for its action."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by Mr. Bruce Bliven, editor of the New Republic.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. LAMBETH. Mr. Speaker, I object.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1065. An act to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen; and

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 5 minutes p. m.) the House adjourned until tomorrow, Thursday, July 25, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

434. Under clause 2 of rule XXIV, a letter from the Chairman of the Reconstruction Finance Corporation transmitting a report of the activities and expenditures of the Reconstruction Finance Corporation for the month of June 1935 (H. Doc. No. 249), was taken from the Speaker's table, referred to the Committee on Banking and Currency, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. O'CONNOR: Committee on Rules. House Resolution 308. Resolution providing for the consideration of House Joint Resolution 350; without amendment (Rept. No. 1634). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 309. Resolution providing for the consideration of H. R. 8279; without amendment (Rept. No. 1635). Referred to the House Calendar.

Mr. DRIVER: Committee on Rules. House Resolution 310. Resolution providing for the consideration of H. R. 8628; without amendment (Rept. No. 1636). Referred to the House Calendar.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 7653. A bill to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over certain roads about to be constructed in the Presidio of San Francisco Military Reservation and Fort Baker Military Reservation; without amendment (Rept. No. 1637). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. S. 1301. An act to provide further for the maintenance of United States Soldiers' Home; without amendment (Rept. No. 1638). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 3044. A bill to amend the act of May 29, 1930 (46 Stat. 349), for the retirement of employees in the classified civil service and in certain positions in the legislative branch of the Government, to include all other employees in the legislative branch; with amendment (Rept. No. 1639). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 5051. A bill to amend the Civil Service Act approved January 16, 1883 (22 Stat. 403), and for other purposes; with amendment (Rept. No. 1640). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROWE: Committee on the Territories. H. R. 8845. A bill to authorize the incorporated town of Cordova, Alaska, to construct, reconstruct, enlarge, extend, improve, renew, and repair certain municipal public structures, utilities, works, and improvements, and for such purposes to issue bonds in any amount not exceeding $50,000, and for other purposes; without amendment (Rept. No. 1641). Referred to the House Calendar.

Mr. HEALEY: Committee on the Judiciary. House Joint Resolution 321. Joint resolution granting the consent of Congress to the minimum-wage compact ratified by the Legislatures of Massachusetts and New Hampshire; without amendment (Rept. No. 1642). Referred to the House Calendar.

Mr. CHANDLER: Committee on the Judiciary. H. R. 8180. A bill to prohibit the use of the mails for the solicitation of the procurement of divorces in foreign countries; with amendment (Rept. No. 1643). Referred to the House Calendar.

Mr. UTTERBACK: Committee on the Judiciary. S. 3058. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and for other purposes; without amendment (Rept. No. 1644). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. S. 1629. An act to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes; without amendment (Rept. No. 1645). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H. R. 8686) for the relief of John Lewis, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FORD of California: A bill (H. R. 8949) to authorize and adopt a certain public-works project for controlling floods, improving navigation, and regulating the flow of the Colorado River; to the Committee on Flood Control.

By Mr. KVALE: A bill (H. R. 8950) to amend the act of June 4, 1920, entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes', approved June 3, 1916, and to establish military justice", to limit its application in the case of civil educational institutions to those offering elective courses in military training; to the Committee on Military Affairs.

By Mr. LAMBETH: A bill (H. R. 8951) to amend an act entitled "An act to authorize the collection and editing of official papers of the Territories of the United States now in The National Archives", approved March 3, 1925, as amended; to the Committee on Printing.

By Mr. DIMOND: A bill (H. R. 8952) providing old-age pensions for Indians of the United States; to the Committee on Indian Affairs.

By Mr. McSWAIN: A bill (H. R. 8953) to make provision for the care and treatment of members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and citizens' military training camps who are injured or contract disease while engaged in military training, and for other purposes; to the Committee on Military Affairs.

By Mr. BEAM: A bill (H. R. 8954) to amend section 48 (b) and section 53 (a) (1) of the Revenue Act of 1934; to the Committee on Ways and Means.

By Mr. BOYLAN: A bill (H. R. 8955) authorizing the Secretary of the Treasury to make an examination of certain claims of the State of Missouri; to the Committee on the Judiciary.

By Mr. ADAIR: A bill (H. R. 8956) to authorize a preliminary examination of Spoon River, in the State of Illinois, with a view to the control of its floods; to the Committee on Flood Control.

By Mr. CLARK of Idaho: Joint resolution (H. J. Res. 366) providing for the establishment of a game-management supply depot and laboratory, and for other purposes; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York: A bill (H. R. 8957) granting a pension to Hanna M. MacCleverty; to the Committee on Pensions.

By Mr. AYERS: A bill (H. R. 8958) for the relief of the Waterton Oil, Land & Power Co.; to the Committee on Claims.

By Mr. COLE of New York: A bill (H. R. 8959) granting a pension to Isabelle Walton Prentice; to the Committee on Pensions.

By Mr. CROWTHER: A bill (H. R. 8960) granting a pension to Maude Harriman Sanford; to the Committee on Pensions.

By Mr. McSWAIN: A bill (H. R. 8961) for the relief of Mr. and Mrs. R. H. Minton; to the Committee on Claims.

By Mr. WHELCHEL: A bill (H. R. 8962) for the relief of Howard Hefner; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9191. By Mr. BUCKBEE: Petition of the Chamber of Commerce, Ottawa, Ill., calling upon Congress to adjourn sine die as soon as possible in order to remove any cause for retarding business recovery through the uncertainty of legislation; to the Committee on Rules.

9192. By Mr. CULLEN: Petition of the Eastern Fisheries Association, Inc., New York City, urging the speedy enactment of House bill 8055; to the Committee on Merchant Marine and Fisheries.

9193. Also, petition of the Advertising Men's Post, No. 209, American Legion, unequivocally and unqualifiedly opposing any amendments to the Agricultural Adjustment Act which would in any manner attempt to curtail advertising or reputable, legitimate advertisers, either through processing taxes, or by control of the Department of Agriculture or any other governmental department; to the Committee on Agriculture.

9194. By Mr. SAUTHOFF: Petition of the League of Women Voters of Oconomowoc, Wis., supporting the neutrality bills; to the Committee on Foreign Affairs.

9195. By the SPEAKER: Petition of the Polish Workers' Club "Solidarity", Milwaukee, Wis., to the Committee on Immigration and Naturalization.

SENATE

THURSDAY, JULY 25, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, July 24, 1935, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quroum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pope
Ashurst	Coolidge	La Follette	Radcliffe
Austin	Copeland	Lewis	Reynolds
Bachman	Costigan	Logan	Russell
Bailey	Davis	Lonergan	Schall
Bankhead	Dickinson	McAdoo	Schwellenbach
Barbour	Donahey	McGill	Shipstead
Berkley	Duffy	McKellar	Smith
Black	Fletcher	McNary	Steiwer
Bone	Frazier	Maloney	Thomas, Okla.
Borah	George	Metcalf	Townsend
Brown	Gerry	Minton	Trammell
Bulkley	Gibson	Moore	Truman
Bulow	Glass	Murphy	Tydings
Burke	Gore	Murray	Vandenberg
Byrd	Guffey	Neely	Van Nuys
Byrnes	Hale	Norbeck	Wagner
Capper	Harrison	Norris	Walsh
Caraway	Hatch	Nye	Wheeler
Carey	Hayden	O'Mahoney	White
Chavez	Holt	Overton	
Clark	Johnson	Pittman	

Mr. LEWIS. I announce that the Senator from Mississippi [Mr. BILBO], my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Louisiana [Mr. LONG], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Arkansas [Mr. ROBINSON] are necessarily detained from the Senate. I request that this announcement stand for the day.

Mr. CONNALLY. I wish to announce that my colleague the senior Senator from Texas [Mr. SHEPPARD] is necessarily detained from the Senate. I ask that the announcement stand for the day.

Mr. AUSTIN. I desire to announce that the Senator from New Hampshire [Mr. KEYES], the Senator from Delaware [Mr. HASTINGS], and the Senator from Rhode Island [Mr. METCALF] are necessarily absent.

Mr. VANDENBERG. I repeat the announcement as to the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House

had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 8870. An act to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes; and

H. R. 8875. An act to clarify section 104 of the Revised Statutes (U. S. C., title II, sec. 194).

ADMINISTRATION OF JUSTICE IN THE COURTS

Mr. VAN NUYS. I ask unanimous consent for the present consideration of Senate Resolution 170. The resolution has been reported from the Committee on the Judiciary, and is now on the calendar, being Calendar No. 1131.

The VICE PRESIDENT. Is there objection?

There being no objection, the resolution (S. Res. 170) submitted by Mr. McADOO on the 12th instant was considered and agreed to, as follows:

Resolved, That in addition to the authority conferred upon the special committee of the Senate to investigate the administration of receivership and bankruptcy proceedings in the courts of the United States, created under Senate Resolution No. 78, Seventy-third Congress, first session, agreed to June 13, 1933, and supplemented by Senate Resolution No. 72, Seventy-fourth Congress, first session, agreed to February 15, 1935, said committee shall have authority to make a full and complete investigation of the administration of justice in the courts of the United States. The Department of Justice is requested to furnish to the committee such investigators and legal assistants as the committee may require in its investigation.

PETITION

Mr. BAILEY presented the following joint resolution of the Legislature of the State of North Carolina, which was referred to the Committee on Interstate Commerce:

A joint resolution of the General Assembly of North Carolina requesting and petitioning the Congress to make no change in the long- and short-haul clause of section 4 of the Interstate Commerce Act, allowing the present provisions of law to remain in effect without change.

Whereas there is now pending in the House of Representatives of the Congress of the United States H. R. 3263, introduced by Representative PETTENGILL, of Indiana, a bill to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), by repealing the long- and short-haul clause of said act; and

Whereas there is ample remedy in the hands of the Interstate Commerce Commission, under the present provisions of law, for relieving common carriers by railroad from the terms of said section, where, in the judgment of the Commission, it would be proper to do so; and

Whereas the agency of Congress, namely the Interstate Commerce Commission, has been exceedingly generous in the exercise of its powers in the granting of such relief to common carriers by railroad; and

Whereas if H. R. 3263 is enacted into law, it would be necessary for shippers and receivers of freight by railroad in North Carolina to resort to petitions for suspension of rates or by formal complaint under the provisions of section 3 of the said Interstate Commerce Act, in order to relieve such shippers and receivers of freight in North Carolina from unjustly discriminatory and unduly preferential rates in favor of competing shippers and receivers in other States; and

Whereas the present law requires common carriers by railroad, in order to secure relief from the provisions of the long- and short-haul clause of section 4 of the act, to first satisfy the regulating authority, namely, the Interstate Commerce Commission, that such relief should be granted: Now, therefore be it

Resolved, That the General Assembly of North Carolina hereby requests and petitions the Congress to make no change in the existing provisions of the long- and short-haul clause of section 4 of the Interstate Commerce Act, allowing the said existing provisions of law to remain in effect without change.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 6703) for the relief of Joanna Forsyth, reported it without amendment and submitted a report (No. 1152) thereon.

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 32) to establish a national military park to commemorate the campaign and Battles of Saratoga, in the State of New York, reported it with amendments and submitted a report (No. 1154) thereon.

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 3311) to amend an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437; U. S. C., title 30, secs. 185, 221, 223, 226), as amended, reported it with amendments and submitted a report (No. 1158) thereon.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (S. 3289) to authorize the attendance of the Marine Band at the United Confederate Veterans' 1935 Reunion at Amarillo, Tex., reported it with an amendment and submitted a report (No. 1153) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 3303) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings, reported it with amendments and submitted a report (No. 1155) thereon.

He also, from the same committee, to which was referred the bill (S. 3055) to provide conditions for the purchase of supplies and the making of contract, loans, or grants by the United States, and for other purposes, reported it with an amendment and submitted a report (No. 1157) thereon.

Mr. COOLIDGE, from the Committee on Immigration, to which was referred the bill (S. 2969) to authorize the deportation of criminals, to guard against the separation from their families of aliens of the noncriminal classes, to provide for legalizing the residence in the United States of certain classes of aliens, and for other purposes, reported it without amendment and submitted a report (No. 1156) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GERRY:

A bill (S. 3313) for the relief of George W. Olney; to the Committee on Military Affairs.

By Mr. TRAMMELL:

A bill (S. 3314) granting an increase of pension to Augusta Coontz; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 3315) granting a pension to Roy Joyce (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 3316) authorizing the Delaware Tribe of Indians in the State of Oklahoma to sue in the Court of Claims; to the Committee on Indian Affairs.

(Mr. HATCH introduced Senate bill 3317, which was referred to the Committee on Finance and appears under a separate heading.)

By Mr. DICKINSON:

A bill (S. 3318) for the relief of Robert W. Anderson; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 3319) for the relief of the Waterton Oil, Land & Power Co.; to the Committee on Public Lands and Surveys.

By Mr. THOMAS of Oklahoma:

A joint resolution (S. J. Res. 166) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 16 to May 23, 1936, inclusive; to the Committee on Foreign Relations.

THE BRONSON M. CUTTING NATIONAL MEMORIAL CEMETERY

Mr. HATCH. I ask consent to introduce, for appropriate reference, a bill which is introduced pursuant to a resolution adopted by Chapter No. 1 of the Disabled American Veterans of the World War at Fort Bayard, N. Mex. I also ask that the bill and resolution may be printed in the RECORD.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred, and, in accordance with the request of the Senator from New Mexico, the bill and resolution will be printed in the RECORD.

The bill (S. 3317) to establish a national cemetery at Fort Bayard, N. Mex., was read twice by its title and referred to the Committee on Finance, as follows:

Be it enacted, etc., That the part of the grounds of the United States Veterans' Bureau facility, at Fort Bayard, N. Mex., which

is now in use or plotted for use for cemetery purposes, is hereby transferred from the jurisdiction and control of the United States Veterans' Bureau to the jurisdiction and control of the War Department to be established and maintained as a national cemetery under the provisions of the laws governing national cemeteries. The national cemetery so established shall be known and designated as "The Bronson M. Cutting National Memorial Cemetery."

The resolution presented by Mr. HATCH was referred to the Committee on Finance, as follows:

Resolution respectfully submitted to Congress, dealing with the creation of a national cemetery at Fort Bayard, which is included in the many acres now comprising the Government reservation. There is at this point a cemetery in which many pioneer soldiers and scouts are buried, and which in our judgment would make a fitting memorial to one of America's greatest statesmen; same to be called "The Bronson M. Cutting National Memorial Cemetery"

Whereas the late Senator Bronson M. Cutting did introduce a bill in Congress to create a national cemetery at Fort Bayard, N. Mex.; and

Whereas the bill was sent to the committee having jurisdiction in such matters, and no further action taken; and

Whereas this chapter of the disabled American Veterans of the World War would like to see a fitting memorial to the late Senator Bronson M. Cutting; and

Whereas we believe that the creation of the national cemetery at Fort Bayard and bearing the name of Bronson M. Cutting National Memorial Cemetery would be a fitting way of perpetuating the noble services our Senator Bronson M. Cutting did render his country, State, and our people: Be it

Resolved, That the Fort Bayard Chapter, No. 1, of the Disabled American Veterans of the World War, assembled in regular meeting this 1st day of July 1935 go on record as favoring the creation of a national memorial at Fort Bayard, N. Mex., in memory of the late Senator Bronson M. Cutting, and that such memorial be the creation of a national cemetery to be known as "The Bronson M. Cutting National Memorial Cemetery"; and be it further

Resolved, That a copy of this resolution be attached to the resolution known as Resolution No. 8, and presented to the national organization in convention at New Haven, Conn., for action and cooperation in carrying out the provisions of this resolution as well as the provisions which are similar in nature and incorporated in Resolution No. 8: Now be it further

Resolved, That a copy of this resolution be forwarded to each of the Senators and Congressman from the State of New Mexico and other Senators who are interested, for action and pressing of a law embodying the provisions of this resolution and intention, until there has been created the memorial to our great citizen, Bronson M. Cutting.

MICHAEL A. J. DOTY,
Commander Disabled Veterans of World War, Chapter No. 1, Fort Bayard, N. Mex.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 8870. An act to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes; to the Committee on Finance.

H. R. 8875. An act to clarify section 104 of the Revised Statutes (U. S. C., title II, sec. 194); to the Committee on the Judiciary.

REVISION OF COPYRIGHT ACT

Mr. DUFFY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement by Mr. Thorvald Solberg, United States Register of Copyrights for 33 years, referring to Senate bill 3047, the so-called "copyright bill", which is now on the calendar of the Senate.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

AUTHORS SHOULD INSIST UPON THE ENACTMENT OF THE COPYRIGHT BILL (S. 3047) NOW

American authors have at the present time an opportunity to secure a greater measure of direct legislative benefit than has been possible since 1909.

1. They can induce Congress to enact the copyright bill (S. 3047) and obtain new and valuable rights.

2. They can secure the ratification of the Copyright Convention of Rome (1928) and thus secure the entry of the United States into the Copyright Union, securing thereby protection without formality "automatic copyright" in more than 40 countries and many colonies and protectorates.

S. 3047 is the most practical and most carefully prepared copyright bill that has been presented to Congress since 1925. It accords to authors (besides the wide area of new international protection) a great many of the most important reforms for their benefit urged upon Congress for the last dozen years. It is not my purpose to enumerate these; any author can discover them for himself. But in response to two specific criticisms I will state:

1. There is no grant of privilege to foreign countries without providing corresponding privileges for American authors. The American author gets protection in foreign countries and the foreign author gets protection here. American authors continue the procedure of registration and notice practiced for more than half a century and secure the practical benefits resulting. Foreign authors are definitely encouraged to register their works at the Copyright Office.

2. There is no unfair advantage for the users as opposed to the creators of copyrighted works. The remedies against infringement are ample and represent an adjustment to the needs of the present time in the light of experience under previous statutes. Authors have no reason for fear. The bill affords them as full protection as the present law.

THORVALD SOLBERG,
United States Register of Copyrights for Thirty-three Years.

FEES IN PARAMOUNT-PUBLIX REORGANIZATION PLAN

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD certain articles appearing in the New York Times under date of July 12 and July 19.

In the issue of July 12 there was published under the heading "$3,222,315 in fees asked in film plan", a story related of the reorganization costs confronted by the Paramount-Publix Corporation.

These stupendous fees were claimed for the most part by law firms in New York and I should like to call attention of the Senate to the manner in which some of those law firms have reached in and, at the expense of the stockholders in that once great corporation, have done what in some respects seem to constitute acts of legal vultures.

The articles as published reveal fees of $700,000 going to the firm of Root, Clark, Buckner & Ballentine; fees of $250,000 to Cook, Nathan & Lehman; fees of $33,000 to Coverdale & Colpitts, engineers and accountants; Dr. Julius Klein, $52,300; the law firm of Davis, Polk, Wardwell, Gardiner & Reed, $150,000, and so on, as will be observed by those who will read the entire list, which I ask to have printed in the RECORD in connection with these remarks.

At the time this article was published, there was considerable comment upon it, some of which was quoted, which caused attorneys appearing for other attorneys before the Federal court on July 18 to rather resent what had been said regarding what some termed the looting of this corporation.

I ask unanimous consent that there may be printed following these remarks, and the article of July 12, the news account in the New York Times of July 19 of the appearance of counsel before the court seeking to justify their claims.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times of July 12, 1935]

$3,222,315 IN FEES ASKED IN FILM PLAN—PARAMOUNT PUBLIX LAWYERS, ACCOUNTANTS, RECEIVERS FILE CLAIMS WITH COURT—$700,000 FOR ONE FIRM—ROOT, CLARK, BUCKNER & BALLANTINE PUT IN BILL FOR 72,113 HOURS OF WORK

Fees and charges amounting to $3,222,315 are being claimed from the Paramount Publix Corporation by lawyers, accountants, receivers, and members of stockholders' and bondholders' committees, according to schedules that have been filed in the United States District Court in the last week. The fees, charges, and expenses will be submitted to Federal Judge Alfred C. Coxe for his approval at a hearing on next Thursday.

In addition to the amounts now sought, more than $400,000 has been paid to law firms, accountants, and others in connection with the reorganization of the corporation now known as "Paramount Pictures, Inc."

The largest amount sought—$700,000 plus expenses of $7,679—is asked by Root, Clark, Buckner & Ballantine, attorneys for the receivers as well as for the trustees in bankruptcy. The firm has received interim allowances of $250,000.

Other fees sought are $250,000 by Cook, Nathan & Lehman, attorneys for the company and for the stockholders' protective committee, exclusive of expenses of $3,759; $150,000 by Davis, Polk, Wardwell, Gardiner & Reed; $150,000 by Cravath, De Gersdorff, Swaine & Wood; $150,000 by Malcolm Summer and Edwin L. Garvin, attorneys for petitioning creditors; $100,000 by Stroock & Stroock, attorneys for the Paramount Broadway bondholders' committee.

LIST OF PRINCIPAL CLAIMS

The principal claims include the following:

Charles D. Hilles, as equity receiver	$10,000
Charles D. Hilles, as trustee	118,000
Eugene W. Leake, trustee	118,000
C. E. Richardson, trustee	87,000
Adolph Zukor, equity receiver	18,545



Root, Clark, Buckner & Ballantine, attorneys for receivers and for trustees from January 1933 to July 1935	700,000
Price Waterhouse, accountants	10,484
Joseph P. Day and Peter Grimm, realtors	10,000
Cook, Nathan & Lehman, attorneys for the debtor in the reorganization from November 1934 to July 1935	250,000
Barney Balaban, Maurice Newton, and Gerald Brooks, stockholders' committee	70,000
Same—for expenses	57,769
Coverdale & Colpitts, engineers and accountants for reports to the stockholders' committee	33,116
Debenture holders' committee:	
Frank A. Vanderlip, chairman	70,000
Robert R. Cassatt	7,500
Morris L. Ernst	7,500
Duncan G. Harris	7,500
Lawrence Stern	7,500
For expenses	90,863
To Dr. Julius Klein for compensation and expenses	52,390
Davis, Polk, Wardwell, Gardiner & Reed, attorneys for debenture holders' committee	150,000
Percy H. Johnson, chairman of bank committee	30,000
Max D. Howell, member of bank committee	20,000
Beekman, Bogue & Clark, attorneys for bank committee	75,000
Kuhn, Loeb & Co. for services from January 1933 to December 1934	100,000
Cravath, De Gersdorff, Swaine & Wood, attorneys for Kuhn, Loeb & Co	150,000
Szold & Brandwen, attorneys for Munger debenture committee	75,000
Committee of general creditors (total)	13,500
Nathan Burkan, attorney for general creditors	50,000
Peter Grimm and others, committee for Paramount Broadway gold bonds	40,000
Strook & Strook, attorneys for Grimm committee	100,000
Samuel Zirn, attorney for debenture holders	75,000
Samuel Zirn and others, attorneys for *R. S. Levy* v. *Paramount*	75,000
Archibald Palmer, attorney for stockholders and allied owners bondholders' committee	15,000

More than 20 law firms are seeking sums from the corporation in connection with the reorganization. It is estimated that more than 100 lawyers worked on the rehabilitation of the company. One firm alone—Root, Clark, Buckner & Ballantine—had 43 members of its legal staff connected with the reorganization work.

FOUR HUNDRED SUBSIDIARIES INVOLVED

In explanation of its request for an allowance of $700,000, the latter firm, in a petition filed with the United States District Court, says members of its staff devoted 72,113 hours to the reorganization. The reorganization embraced more than 400 subsidiary companies, the petition adds.

Out of claims for $297,000,000 that were filed against the company, $237,000,000 were eliminated. There was a total of 6,991 claims. The reorganization, it is pointed out, resulted in a substantial reduction in the fixed charges of the company, which has total assets of approximately $149,000,000.

The reorganization plan set aside a reserve of $2,500,000 for estimated expenses in connection with the administration of the estate, legal fees, committee expenses, and other charges.

[From the New York Times of July 19, 1935]

PARAMOUNT COSTS DEFENDED IN COURT—ATTORNEYS SEEK TO JUSTIFY $3,222,315 FEES IN COMPANY REORGANIZATION—COURT QUESTIONS CHARGES—JUDGE COXE SAYS ONE SEEMS "PRETTY STEEP"—LAWYERS POINT TO MILLIONS SAVED

Some of the leading corporation lawyers in New York argued at a hearing before Federal Judge Alfred C. Coxe yesterday in support of claims for fees and disbursements totaling $3,222,315 on account of their own firms, other law firms, trustees, accountants, and others in connection with the receivership, bankruptcy, and reorganization of the Paramount Pictures Corporation.

More than $400,000 in such payments already has been allowed, making a total of more than $3,600,000. The reorganization plan set aside $2,500,000 for estimated expenses of this nature.

Thomas D. Thacher, former Federal judge, of the law firm of Simpson, Thacher & Bartlett, appeared as counsel for Paramount Pictures, Inc., the reorganized company, and announced that he would oppose some claims in toto and others in part, on behalf of the company. After spending a 7-hour day in a sweltering court room hearing the presentation of claims, Judge Coxe adjourned the hearing last night until 10:30 o'clock next Thursday morning, when he announced he would hear the opposition.

INTERRUPTED BY COURT

Judge Coxe frequently interrupted the arguments to demand how they justified the size of their claims or in some cases any claims whatsoever on the basis of services actually rendered. He remarked that one claim seemed "pretty steep" to him, and said that certain others did not seem to him to have any justification under the statutes. His questions were interpreted as indicating the possibility that some claims might be disallowed altogether and some might be drastically reduced.

Alfred A. Cook, of the law firm of Cook, Nathan & Lehman, attorneys for the company during the reorganization proceedings and for the stockholders' protective committee, acted as marshal of the 20 law firms represented, and presented their advocates to the court one by one.

Arthur A. Ballantine, former Under Secretary of the Treasury, now a member of the law firm of Root, Clark, Buckner & Ballantine, attorneys for the trustees in bankruptcy and for the equity receivers, was the first speaker. He struck the keynote of all the arguments on behalf of the claims when he said that his firm regarded its claim as "eminently reasonable and fair", in view of the fact that one of the most difficult reorganizations on record had been successfully accomplished after 2½ years of hard work, resulting in the saving of millions of dollars for the stockholders, bondholders, and general creditors of the company.

LARGEST CLAIM FOR $700,000

Mr. Ballantine's firm has asked the largest amount sought—$700,000 in fees plus $7,679 in expenses. It has received already interim allowances of $250,000, making its total fee $950,000. Its clients are asking fees as follows: Charles D. Hilles, as equity receiver and trustee, $128,000; Eugene W. Leake, as trustee, $118,000; and Charles E. Richardson, as trustee, $87,000. Mr. Hilles already has received $52,433.33, Mr. Leake $32,433.33, and Mr. Richardson $132,433.33.

Decrying the tendency to "belittle valuable services", Mr. Ballantine said the Paramount stockholders were beneficiaries of a highly successful reorganization, resulting in an increase of $50,000,000 in the market value of their stock. In January 1932, he pointed out, "the biggest moving-picture company in the world" was in a very bad way. Its cash was gone, its credit had vanished, its very existence was threatened, and the outlook was exceedingly gloomy.

Trustees of unusual ability, character, and experience were needed, he said, and the trustees in turn needed experienced and able counsel with an organization large and varied enough to be able to perform legal services "on many fronts" in various parts of the country where the company, with its 450 subsidiaries and more than 1,000 theaters, had interests to be protected.

BANK LOANS PAID OFF

"As a result of the work of the trustees and their counsel", Mr. Ballatine continued, "bank loans were paid off, claims of creditors were adjusted, expenses were reduced, large amounts of money were saved, a cash reserve was accumulated, and the credit of the company was reestablished."

"Compared with a $20,000,000 loss in 1932", he pointed out, "the company earned $5,000,000 in 1933, $5,400,000 in 1934, and $2,100,000 in the first quarter of 1935. Its stock went from 12½ cents a share to $4.50, its 5-percent bonds from 8 to 96, and its 6-percent bonds from 10 to 90."

Mr. Ballantine said that members and employees of his law firm spent 72,000 hours of work on the case. This included full-time work by 5 partners and 25 or 30 associates, and part time by 4 other partners and about 20 more associates. As an example of the great amount of work that had to be done, he said, 1,000 creditors' claims, representing $300,000,000, had to be analyzed and reduced, and litigation had to be carried on in various parts of the country to reduce fixed charges.

As in the case of practically all the claimants, Judge Coxe asked for a more detailed itemization of all disbursements.

Grenville Clark, also of the firm of Root, Clark, Buckner & Ballantine, said that the $950,000 total fee represented only an average of $13.17 an hour for all the lawyers who have worked on the case from its beginning. If a fee of $95,000 were asked in a case involving one-tenth the amount of money and work, he did not believe that it would be questioned. Judge Coxe dryly interposed that he supposed counsel did not mean to intimate that the court would not question it. Mr. Clark agreed.

REORGANIZATION HELD "UNIQUE"

Pointing out that the Paramount had a most complicated corporate structure and 37,000 stockholders, as well as several thousand bondholders, Mr. Clark characterized the reorganization as "unique" in the number of difficult questions it presented. As a veteran of important railroad reorganizations, he believed that the problems presented in a great railroad reorganization were relatively simple. "I would rather attempt to reorganize one of the great railroad systems than do this," he added.

Mr. Clark emphasized that the fixed charges had been brought down by $11,500,000 and the cash reserve increased by many millions. The task had been the "biggest job our office ever handled", he said, tying up one-third of the staff for 2½ years.

Mr. Cook, whose firm seeks a fee of $250,000 plus $3,759.10 expenses and disbursements, replied to criticisms of the size of the claims made by Senator GERALD P. NYE, of North Dakota, and others. He said that he "resented undue and improper suggestions made either by legislators or the public press that this matter is in disregard of the public interest or public rights."

"This court," he added, "needs no suggestion from legislators or newspaper publishers as to the right or wrong of matters before Your Honor."

CRITICISMS ARE RESENTED

Mr. Cook said that "improper and unjust criticism" had come from persons "who knew nothing of the problem or what was done." He said that "the higher the position of the critic the more certain he should be that his criticism is founded on knowledge and not on the usual theory of the day that 'everything is wrong, and I propose to right it.'"

Reading from a newspaper clipping, Mr. Cook quoted Senator NYE as having said that the case called for a congressional inves-

tigation, and that bankruptcy proceedings took on the aspect of a "national racket." He also quoted a newspaper article which had characterized the case as a "melon" that was to be sliced for the lawyers.

"I accept the challenge," said Mr. Cook. "If it was a melon, it was one created by the counsel in this monumental reorganization, and the creditors, stockholders, and bondholders are enjoying it today. A fine job was done for the stockholders in this company, and our fee really should be more than $250,000."

BANKERS' CLAIM PRESENTED

Robert T. Swaine, of Cravath, de Gersdorff, Swaine & Wood, as attorneys for Kuhn, Loeb & Co., former bankers of Paramount Publix, asked for $150,000 for themselves plus $812.15 expenses and disbursements and a $100,000 fee and $14,267.20 expenses and disbursements for Kuhn, Loeb. This claim was based on help in drawing up the reorganization plan. Judge Coxe asked where there was any justification in the law for such a claim, and Mr. Swaine replied that the work was done at the request of the bank service and debenture committee.

Davis, Polk, Wardwell, Gardiner & Reed, attorneys for the debenture bondholders' committee, asked a fee of $150,000 for themselves and extra fees for members of the committee, including $50,000 for Frank A. Vanderlip, chairman, and $52,390.15 compensation and expenses for Dr. Julius Klein, secretary. Judge Coxe brought out that Mr. Vanderlip made a "substantial" profit in buying and selling Paramount bonds during the reorganization period, and commented: "Now he's asking $50,000." The court also asked for more detailed information about Dr. Klein's work and expenses.

When Nathan Burkan, as attorney for a merchandise creditors' committee, asked $50,000 for himself and additional fees for members of the committee, including $7,500 for R. E. Anderson as chairman and $3,000 for Hubert B. Cornish as secretary, Judge Coxe brought out that Mr. Anderson was treasurer of the Electrical Research Products Institute (referred to as Erpi) and that Mr. Burkan "believed" Mr. Cornish was employed by that concern. Mr. Burkan admitted that Erpi collected more than $1,000,000 in claims against Paramount.

"It seems to be a strange notion," remarked Judge Coxe, "that no creditor can perform any service without being paid. Why should one of Erpi's officers be paid for pulling its own chestnuts out of the fire?"

BANKERS' FEES BEING COMMENT

Morton G. Bogue, of the firm of Beekman, Bogue & Clark, argued for a fee of $75,000 for themselves as counsel for the bank group committee, representing 12 creditor banks; $30,000 for Percy H. Johnson, chairman of the board of the Chemical Bank & Trust Co., as chairman of the committee; and $20,000 for Max D. Howell, another officer of the Chemical Bank, as secretary. Judge Coxe emphasized that bank officials were asking fees in a matter where they had acted to collect loans for their own bank.

When Malcolm Sumner, for himself and Edwin L. Garvin, as counsel for certain creditors, asked $150,000 fees, Judge Coxe brought out that these lawyers represented debenture bonds totaling only $15,000, although Mr. Sumner insisted that it was his duty to act in the interests of all the bondholders.

Saying that he did not see anything to justify the payment of "one dollar" in this case, Judge Coxe asked why lawyers should expect fees when they "injected" themselves into a case and performed functions which the trustees and their counsel were responsible for. He also demanded what authority Messrs. Sumner and Garvin had had to spend $23,000 for accountants and experts, who have put in separate claims for that amount.

Other attorneys who appeared included Sol Stroock, of Stroock & Stroock, asking $100,000 as counsel for the Paramount Broadway Bondholders Committee, and $56,914.89 fees, expenses, and disbursements for the committee; Robert Szold, of Szold & Brandwen, $75,000 fees as counsel for the Lloyd A. Munger debenture committee and $7,945.72 for the committee; and A. M. Frumberg, $75,000 for attorneys for Robert S. Levy in a suit against the Paramount.

WHICH ROAD TO TAKE—ADDRESS BY J. HOWARD PEW

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a comprehensive and penetrating analysis of the relationship between government and business prepared and delivered by J. Howard Pew, prominent industrialist of Pennsylvania.

The address, which was delivered at the Institute of Public Affairs at the University of Virginia at Charlottesville, Va., July 12, is timely and gives the business man's perspective of governmental activities.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Our country plainly faces a decision whether it will adopt a planned economy or will continue on the course of individualism, equal opportunity, liberty of initiative, and constitutional democracy. It is amazing that such an issue should be pressed upon a people who have so prospered under economic freedom and constitutional institutions, but it is no more startling than to find that planned economy is presented to us as if it were something new, inspired, anointed, and certain to open our way to Utopia.

In recent time the "economic interpretation of history" has been something of a fad. Many writers have strained to make their points, and as I have read them I have felt that a more satisfactory formula would be "the historical interpretation of economics." I hope my remarks will somewhat clarify the distinction.

Three thousand years of human records have given us largely the history of unsuccessful attempts to make planned economies work. Most of the race's progress in material betterment, in democratization of opportunity, and in the dissemination of educational and spiritual benefits, has been made in the few brief generations since men learned what freedom meant, how it might be attained, and how jealously it must be guarded. The masses of men made less progress in the first 4,000 years of recorded history toward realizing the highest human aspirations than in the last century and a half under the regime of economic freedom.

Planned economy is necessarily dictated economy. That has always been true, whether the dictator was an oriental despot of 3,000 years ago, a Roman emperor of 1,500 years ago, a Tudor king of 4 centuries ago, or a Mussolini, a Stalin, or a Hitler of today. And wherever you find it, under whatever name—fascism, nazi-ism, communism, or socialism—it is essentially the same thing. There is no room in it for the mere individual—for personal effort, initiative, enterprise, originality, invention, progress. Whatever of these elements enters into it must come from the top—from the dictator—and he will be too busy to bother about such things; too well entrenched in power and plenty to think them worth while. Beneath him will be just a deadly universality of dull and regimented drudgery. All the roads into dictated economy come out at the same place; some may appear a bit smoother than others, but they are all downhill roads; and they bring up at lower living standards, national decay, and the sacrifice of liberty. That is equally true whether the dictator is a usurper by force or is elected under the forms of popular government.

If our economic planners had read their Bibles more carefully they might have taken warning from the stories of Egypt in the time of Joseph. As prime minister, he took control of grain and cattle just as our A. A. A. has done; then he gathered all the money in the land "and brought the money into Pharaoh's house", just as our economic planners gathered the gold into the Treasury, and when the people complained that they had nothing left "but our bodies and our land", Pharaoh took their land in exchange for food. A little later I will show you how far our economic planners have gone toward taking over the land.

Having taken the land, Pharaoh made a free seed distribution to the people, and sent them back to cultivate that same land. He exacted one-fifth of all their produce; in which regard Pharaoh was rather easier than our economic overlords, for they are making government cost us one-third of the national income. Finally a public-works administration was set up, under which a starving people reared the monumental piles that have been the wonder of the world ever since. The tombs of the Pharaohs became the burial place of Egyptian civilization—a civilization that was a perfect type of a planned economy.

The story of planned economy in the China of Confucius is equally illuminating. The Chinese dictators were strong for price fixing, seeking to maintain an unchanging level of prices fair to both producer and consumer. One ancient writer says every shop had a superintendent set over it, and for every 20 shops there was a master merchant, to fix prices. It was decreed that even when crop failure caused famine, corn prices must not rise, and during the epidemic which followed, coffins must sell at their regular prices. An army of bureaucrats enforced all these decrees, and a government bank was set up to buy and hold the surpluses, when such existed, very much as certain financial agencies under N. R. A. have operated. The police guarded the gates to market places, and watched over the shops; and then there was so much corruption that a detective was assigned to every five shops, to see that the police, the various functionaries, were kept as honest as possible.

The scheme was supposed to protect the people against extortion, but the rich always got the better of it. They bought up the grain immediately after harvest at low prices, and later distributed it at high prices. The Government warehouses took in the surplus after the merchants had bought enough to control the market; the Government always paying high prices and always losing money on the operation. In the end the plan failed either to keep prices reasonable or to insure against famine, and the system completely collapsed.

Dropping down a thousand years nearer to our own time, let us consider economic dictatorship under the Roman Empire. Many historians believe the empire's ruin was due to the persistent efforts to enforce a planned economy. Certain it is that there is a suggestive parallel between the futile efforts of the Roman rulers to control their economic establishment, and the economic dictatorships which various occidental countries have lately attempted—among them our own country under the new deal.

The Roman emperors commanded the armies and controlled the state's revenues; the Senate gradually surrendered its authority, though not so rapidly as our Congress has done. Thus everything was increasingly centralized in the emperor. The provinces became more and more dependent on Rome, just as our States have increasingly leaned on Washington. The emperors unwisely intruded into provincial affairs and the state rights issue got to be a very live one in Rome, but unfortunately for the empire, it didn't have a supreme court to call a halt.

I have lately pawed over rather more of ancient and medieval history than is perhaps good for a plain business man. I find that during the years of Rome's decadence industry and agriculture

were organized under administrations quite like our N. R. A. codes; that the central government distributed relief to the needy provinces just as Washington does today; that the Emperor Domitian ordered half the vineyards destroyed, just as we saw our cotton plowed under; that this caused a shortage of wine, just as our birth-control for the pigs made pork a luxury. These measures brought the small farmers of Rome to ruin under their burden of mortgages, and the lands fell into the hands of capitalists, who farmed them on the tenant system—all exactly paralleled in our own recent experience. I read of how the Emperor Nerva set up a federal farm-loan system to provide cheap money for the farmers. But the money had to come through taxes on the rest of the people—they didn't call them processing taxes, though they doubtless would have done so had they been as clever as our "brain trusters"—and it got so burdensome that agriculture only went from bad to much worse.

It would be possible to go on indefinitely, developing a business man's crude interpretation of Roman history, but time doesn't permit. What the Empire needed was to give natural economic law a chance to allow competition, uncontrolled price, and free initiative to try their hand. Unfortunately for Rome, only one of the great Emperors seems to have thought of this. He was Augustus; and I cannot break away from Rome without a word about him.

Augustus didn't believe in economic planning. He didn't wish to encourage that spirit of intense nationalism that always develops under economic dictatorship and paves the way to wars. He thought the empire was plenty big enough and wanted no conquests. He was a democratic Emperor, if you get the idea. He believed natural forces encouraging competition and enterprise would get the best of results. He stuck to these simple ideas, and under him Rome dug out from the ruins that the civil wars had wrought into a prosperity that has made his name a connotation of the highest human satisfactions.

Another honorable exception to the rule of economic despotism and social decline in the ancient world was Pericles, of Athens. Historians have lauded the age of Pericles chiefly for its intellectual, artistic, and literary achievements; but a modern business man may be pardoned for noting that in fact the Athens of Pericles was a shipping, trading, and industrial metropolis; a community of merchants and enterprises whose commerce reached about all of the then known world. The Periclean Greeks developed manufacture as never before, even getting well beyond the beginnings of mass production. They skillfully adapted their products to the needs and tastes of their customers. Their merchant marine and traders won for Greece a place in the ancient world similar to that of Britain in the nineteenth century; they made it general headquarters of industry and commerce. Under Pericles the glory that was Greece flowered from institutions of political and economic freedom.

But, I repeat, Pericles and Augustus were exceptions among ancient potentates. Most rulers made the blunder of setting themselves up as economic as well as political authorities. Neither peoples nor rulers had any real conception of democracy. The little group in control of a state had things all its own way, and the economic despotism they imposed not only failed, but finally pulled down the state with it. Much more certainly, then, would economic dictatorship fail under a democracy where all interests insist on a hearing, where debate is perpetual, and laws and policies are the results of compromise. Economic dictatorship and political democracy cannot live side by side. Once set afoot economic dictatorship must reach to every detail of human activity. It is bound to destroy democracy, and after that it is bound to be itself overwhelmed in the ruins of the structures it has attempted to rear.

Leaving Rome and coming down another thousand years nearer to our own time, we find further illustration of our thesis in the mercantilist economy of the later Middle Ages. The mercantilists assumed that each State ought to be as nearly self-sufficient as possible. The rulers wanted the largest possible amount of precious metals; some of them believing that these were the only worth-while forms of wealth. The merchants wanted to expand their foreign trade but wanted to do it without surrendering to foreigners any correspondent share in their domestic market. So governments granted all manner of special privileges, monopolies, rights, and exemptions, to individuals, groups, corporations, and municipalities. Laws were passed fixing wages, prohibiting luxury, standardizing prices. One Tudor king enacted that no proprietor should have over 2,000 sheep, setting forth that some had as many as 24,000. His decree declared that the great increase in the number of sheep had made the price of mutton go up, rather than down; because the business had fallen into a very few hands, and those who controlled it exacted monopoly prices.

Monopoly, in some form or other, has always been the foundation of planned economies. Henry the Eighth granted endless monopolies, some of them giving to certain towns exclusive rights to manufacture or deal in particular articles. There was great British trade into Barbary but so many ships entered the traffic that Queen Elizabeth required all to take out licenses; then, by refusing licenses to any except a favored few, she established a fine monopoly. I recently hunted out this decree and found it so similar to the licensing provision of N. I. R. A. that I couldn't help suspecting that Queen Bess had been the real inspiration of some important parts in our new deal.

Another striking parallel between Tudor mercantilism and our new deal was the decree of Henry VIII devaluing the British coinage. It set forth that the French and Dutch moneys had been so reduced in value that English traders were at a great disadvantage; therefore he ordered the gold and silver content of English coins reduced, and that English money should be kept just as cheap as any money of competing countries. If you will look up that old decree and compare it with the provision of law under which the new deal lopped off 40 percent of the gold content of our coinage, you will see that the two measures, and the arguments in support of them, are as much alike as two peas in the same pod.

This debasement of the English coinage resulted, as always, in the better money being driven out by the poorer; there was competition between countries in cheapening their moneys, just as in recent years; and presently the English discovered that their gold and silver were going abroad. So Henry's successor, Edward VI, enacted a measure prohibiting export of British coins; his measure being precisely parallel to the new-deal act prohibiting gold exports. Talk about a new deal! I have diligently sought for some phase of it that was less than 300 years old; I have found fragments of it scattered all down the corridors of time from 3,000 years ago to 300 years ago; I have found in every case that these ancient measures all failed in their time and caused suffering and disaster. But I have found nothing new, or even modern, in the so-called "new deal."

Now, these blunders by ancient and medieval dictators were not exclusively the doings of wicked and misguided rulers. They were partly the result of ignorance, and probably in greater degree the result of selfishness on the part of men "who had a pull" and expected to profit. The man who nowadays wants his prices fixed, and fixed high enough to insure him a profit whether he deserves it or not, wants it for exactly the same reason that the price fixers of ancient China, or ancient Egypt, or imperial Rome, or medieval England wanted their prices fixed; they were looking for the best of it. The man who today wants a license for his business but wants his competitor denied a license is actuated by exactly the same motives as were Elizabeth's traders into Barbary. The man who nowadays holds a franchise to render some public service wants it exclusive, exactly as he did 300 or 3,000 years ago. He wants a monopoly; bigger profits for less service.

Economic planners have never understood that government and business can't be mixed without harming both. The line between them ought to be sharply drawn and each ought to stay on its side. When business crowds over onto the government side it does so because it wants some special privileges that it ought not to have. When government crowds over to the business side it interferes with natural processes that government doesn't understand and is not equipped to deal with. The two will not mix any more than you can mix pure water with contaminated water and get anything but contaminated water.

During the Constitutional Convention of 1787 this question of the Federal Government's authority over business was endlessly discussed. One element would have sharply limited the "General Government's" authority over commerce, and made a strenuous fight to include in the Constitution a provision that Congress should place no restriction on trade or navigation except by a two-thirds vote of both Houses. Supporting this view, George Clymer, of Pennsylvania, declared that "the diversity of commercial interests, of necessity, creates difficulties which ought not to be increased by unnecessary restrictions." The other side would have given the Federal Government complete authority over commerce—intrastate, interstate, and foreign. In the end a compromise was reached, which has proved one of the most beneficent provisions of the great document. But even thus, some delegates felt that the General Government had been given too much power over commerce, and Elbridge Gerry, of Massachusetts, in refusing to sign the Constitution, stated as one of his reasons "that under the power over commerce, monopolies may be established."

Our "new dealers" have taken the view of the extreme Federalists who wanted to lodge all authority over commerce and industry in the General Government. That has been, plainly, the real objective of new-deal legislation. Had it succeeded it would have set up a complete economic dictatorship under which the Federal Government could have perpetrated anew the whole series of blunders that were committed in the ancient and medieval world. Fortunately, the Supreme Court has emphatically forbidden this. I am convinced that whoever will study the debates in the Constitutional Convention will agree that the Schechter decision was the salvation of one of the most important and necessary provisions of the Constitution.

But despite this decision, the "new dealers" still persist in their program of complete federalization, and of establishing authority for economic dictatorship. Some would amend the Constitution; others seek ways to circumvent Constitution and Court. Should they succeed we could only expect a continuation of projects aiming at such a complete Government control over business, industry, and enterprise as they have in Italy; and contemplating an ultimate socialization of wealth, business, industry on the precious model of Russian communism.

In the last 3 or 4 years we have heard much prophecy that the capitalistic regime is nearing its close; that democracy has failed, and that some new form, whether derived from Italy, or Germany, or Russia, or based on Marxian socialism, lay just around the corner. Most of us here in America have regarded this discussion as academic. We have observed what is happening in Europe with a certain mild wonderment, not suspecting that such things could happen here. I have talked with people who had studied the corporative and totalitarian states in Europe with-

out at all realizing how closely they resembled the organization which the new deal has sought to impose.

In my view, state socialization is even now developing on a scale so great and at a tempo so rapid as to warrant grave concern. The Government has invaded countless fields that only a few years ago were entirely without its sphere. Private business and enterprises are rapidly becoming terrorized at the Frankenstein of governmental competition and control. As these fears move to increased caution, initiative becomes paralyzed, enterprise stagnates, and the task of economic restoration is more and more shouldered over on the Government. It is a load that government cannot carry and should not attempt unless it is proposed completely to recast our social forms and go in for a socialistic state. I propose now to suggest some of the evidence that we are already well started in that direction.

Let me begin with some reflections on the new deal and the farmer. The English Labor Party is demanding nationalization of England's land, which strikes Americans as about the last word in radicalism; yet we in America have gone a long way toward that end. For the Federal land banks and other agencies have loaned roundly $3,000,000,000 on farm mortgages or in advances to agricultural credit banks, cooperatives, etc., at low interest and for long terms. Little of this will ever be paid off; the farmer's interest becomes practically rent. Yet this is mild compared to the Bankhead bill, which creates the Farmers' Home Corporation to sell bonds and buy land for tenant farmers. Starting with a billion dollar issue, the measure obviously contemplates more loans, more purchases, in the future; straightaway nationalization. This bill has passed the Senate and is being pressed in the House.

Amendments to the A. A. A. are urged giving the Secretary of Agriculture sweeping powers over marketing farm products, power to fix prices, determine to whom and in what quantities sales should be made, etc. This measure has passed the House.

Again, the Government is rapidly becoming landlord to town and city home owners. In 1 year the Home Owners' Loan Corporation made over 840,000 loans, aggregating $2,539,000,000. The Government has invested heavily in stocks of banks and investment companies, has loaned enormous sums to these and other financial institutions, and has, in short, become the greatest banking power in the land. Beyond all this, the administration's banking bill plans complete control over all banking credit, whereby to fix the economic dictator's grip on national business.

Along with all this the new deal has invaded the public-utility field. The Tennessee Valley Authority expended nearly $35,000,000 in a year, and has $29,000,000 more to spend. Boulder Canyon has cost over $42,000,000, and has about $23,000,000 yet to be spent. Nearly $400,000,000 is outstanding in loans to railroads, while subsistence homesteads, emergency housing, resettlement of farmers, colonization of Alaska, the Great Plains forest belt have demanded other uncounted millions. The A. A. A. has been authorized to spend more than a billion and a half subsidizing the wheat farmers, plowing cotton under, killing off the pigs—and raising the cost of living.

The electrical and irrigation projects in the upper Missouri and Columbia Valleys will produce power nobody can use and put water on land nobody wants to farm. Three billions have been squandered on merchant marine; and our economic planners, oblivious of the ancient fable of King Canute, are about to regiment the Passamaquoddy tides in order to get more power that nobody wants.

But too much detail will only hide the forest behind a too dense growth of trees. What I would emphasize is that with all these activities the cost of Government is now absorbing about one-third of the national income, and these are activities which Government is not competent to carry on efficiently, and for which there is no need. They are merely the beginning of a grand program for centering all authority, credit, financial resources and economic direction in the Government at Washington.

And the end is not in sight. The administration demands the Guffey coal-control bill, to nationalize this essential industry; to enable our economic planners to decree where and how much coal shall be mined, where and at what prices it shall be sold. It is the baldest project of its sort yet brought forward; but it is only a forerunner to the Thomas bill, for dictatorship over the oil industry. Here, I may say with some assurance, is the most efficiently organized, the most competitive, the best able to take care of itself, of all our great industries. With $12,000,000,000 capital it is second only to agriculture. For years it has supplied a persistently increasing demand for its products, at constantly decreasing prices. Through gasoline and other taxes it has been the greatest contributor to public revenues. It cannot be accused of extorting high prices, for its price index figure is at the bottom of the list; nor of earning excessive returns, for over 12 years its average return on capital was only 1.66 percent per annum. It has not asked for and doesn't want Government control. The only reason for proposing such a thing is that it strikes our economic planners as an inviting field for experimentation.

Whose business, then, will come next? I warn my friends of the lumber, the steel, the cement, and the textile industries to beware; the eye of economic dictatorship is on them. And after they have been gathered into the fold, the rest will be progressively easier. The railroads are already well on the way into the Government bag, and so are the banks. Uncle Sam has become the world's greatest landlord outside of Russia; the A. A. A. has practically taken over direction of farming and farm marketing; the T. V. A. and like projects are driving private enterprise out of the electrical field; and Government funds are being urged upon municipalities to provide public utilities in competition with those already in existence.

In a word, we have already traveled a long sector of the road toward socialization. We stand today at a critical junction. To the left, marked with gaudy and alluring guideposts, lies the road of adventure into socialization and communism. Straight ahead lies the road by which we have come thus far. Its signboards are weather beaten and homely, but their directions are dictated by reason, wisdom, and experience.

Which road to take?

A NATIONAL REFERENDUM ON WAR

Mr. CAPPER. Mr. President, Dr. Charles M. Sheldon, of Topeka, minister, editor, and author, recently delivered an interesting address, advocating a national referendum before this Nation declares war. I ask unanimous consent to have his address printed in the RECORD. I desire to say that I am in hearty sympathy with the objectives outlined by Dr. Sheldon and intend to support that program.

The views of Dr. Sheldon on this subject are worthy of the careful attention of the Senate and of the country, and I urge my colleagues to read the address.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

All the wars of history have been started by individuals or by small groups of war-minded men. Alexander the Great, Caesar, Frederick the Great, and Napoleon are examples of individual men, who for military glory or personal ambition have started wars and killed millions of young men. There was not one good reason or excuse for any of the wars that any of these war-minded men had for any one of the wars they started and carried on with the needless destruction of life and property.

The leading students of history now agree that the Great War, in which 10,000,000 young men were killed outright and 10,000,000 more crippled for life, at a cost of over $200,000,000,000 was started by less than 50 men. Add to these 50 diplomats and militarists the munition men who have always wanted war and another group interested in war for economic reasons and compared with the mass of population of any country involved in the actual fighting and dying, the number of persons responsible for the Great War is insignificant.

There is another fact in the history of war that we should never forget. It is old men who start the wars of the world and the young men who do the fighting. It is doubtful if at any time in history any group of young men ever started a war. A few individuals and a small group of diplomats and munition makers get the wars started and then they create a false spirit of patriotism and say to your boy and mine, "Do your bit. Get over the top and die for your country."

But a remarkable change has come over the world since the wholesale murder of 10,000,000 young men and the crippling of 10,000,000 more for life, all brought about by less than 50 militarists and diplomats.

Young men all over the world, and especially the student group, are now beginning to say to the old men, "You started this war; how about you fighting it? We have died long enough for our country. We want to live for it."

This feeling has been caught up and summarized for millions of the youth of the world in an address made by James Frederick Green, a representative of the National Disarmament Council of the United States, delivered at the World Disarmament Conference held at Geneva February 2, 1932. This young man at the time was a junior in Yale University. Speaking for the entire body of students represented by the council, the young student said:

"After contemplating the events preceding the catastrophe of 1914, we remain unconvinced as to the wisdom of our predecessors. We respect the noble dead, but we question the judgment of those responsible for their death.

"Organized slaughter does not settle a dispute. It merely silences an argument.

"The other speakers have much at stake. We have even more, for we young men are literally fighting for our lives. It is my generation that will be called upon to surrender all we consider worth while in life in order to become targets for machine-gun bullets and victims of the latest poisonous gas. It is the young men and women of my age who will be commanded to commit suicide. We have thus lost all interest in being prepared for cannon fodder. For, behind your deliberations stands staring down at us the specter of death, and we desire to live, and to live in peace."

This statement made to a group of diplomats and war lords is a fair statement that would be made by millions of young men today, young men who have awakened to the fact that they have been made the pawns of the war game by the old men. A friend of mine who sat at the conference and heard this address of Green writes me that it created a sensation among the diplomats and war lords who heard it, but the address was suppressed as far as possible and given small publicity. Nevertheless that address of the young student is going around the world, and the war lords will have to listen to it, for it is the voice of protest against militarism and a false patriotism.

The time has come in America for a Nation-wide referendum on war. This Government of ours in a solemn treaty, the Kellogg

Pact, has condemned war and renounced it as a national policy and promises to settle all international disputes by pacific means. War is no longer a sign of patriotism, it is a sign of stupidity and of treason to the supreme law of the land, which a treaty signed by the Senate always is. There is no more opportune time for this referendum than right now. Great Britain has recently held such a referendum with a result of tremendous popular demand for reduction of war armament and a protest against militarism as a national policy and practice. Also there are joint resolutions before the Congress calling for referendums on different phases of war, calling for a vote of the people before the Congress can declare war. Senator CAPPER has cooperated for the last 4 years in securing passage of these resolutions and they have his hearty approval, together with that of many of his colleagues.

I am asking this audience to vote at this time their approval of a Nation-wide referendum on war, and I submit here a series of questions that may be used in the vote submitted to the people:

(1) Do you believe war is the best way to settle international disputes?

(2) The United States in a solemn treaty has condemned war and outlawed it. Why, then, is our war budget the most tremendous in our national history?

(3) If the United States should disarm without waiting for any other nation, would any other nation attack us, and what for?

(4) If our Congress should declare war against any European power or promise military and financial help, what would you do?

(5) Do you think the people should be permitted to vote on the question of being drafted?

(6) Are you in favor of having the old men who start the wars do the actual fighting?

(7) Do you believe that preparedness for war prevents war or provokes it?

(8) If a European war should break out, would you favor our getting into it and helping it financially, and why?

(9) Why are all the powers, our own included, spending more money for war stuff than ever before in human history?

(10) Do you favor militarism as a human habit?

I call on all the churches of all creeds, on our friends in the Jewish and Catholic communities, on the press, and on the American Legion, on the school and college teachers and instructors, on the whole community to take a stand together against war and militarism as a human habit. War is no respecter of persons. It destroys all together in one common destruction, contrary to all the decent and kindly instincts of humanity. I do not believe that the mass of people want to go out and kill other people. I call on you all to make your protest felt against this enemy of man's progress and happiness, so that we may live together as friends and not as wild beasts that prey on one another. God save the world from this century-old curse! If the people of the world after all these centuries of what we call civilization cannot put an end to war then we might as well confess that civilization is a failure and future happiness and progress are impossible. It is time to take this old god Mars down off his bloody throne and put in his place the Prince of Peace.

Let us shake hands, and not fists, across the international tables of the world.

GEORGE III AND FRANKLIN I—LETTER TO NEW YORK HERALD TRIBUNE

Mr. BARBOUR. Mr. President, I ask unanimous consent to have inserted in full in the RECORD the letter entitled "George III and Franklin I", addressed by Mrs. George A. Wyeth, of Riverdale on Hudson, N. Y., under date of July 18, 1935, to the New York Herald Tribune.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of July 21, 1935]

GEORGE III AND FRANKLIN I—A FEW RARE COINCIDENCES FROM 1776 AND 1935 THAT MERIT SERIOUS COMPARISON

To the NEW YORK HERALD TRIBUNE:

For generations Americans had no immediate experience of tyranny. Official encroachment on the rights of the citizen came to be something remote, if not impossible—something told of only in old books.

One must turn to the Declaration of Independence itself to learn just what were those acts of King George III which, in the opinion of Thomas Jefferson and his great contemporaries, made his rule intolerable to freemen.

Let us note a few items from that long list of

1776	And a few items from the still growing list of 1935
"He has refused to pass * * * Laws for the accommodation of large districts of people, unless those people would relinquish the right of representation in the legislature, a right inestimable to them and formidable to tyrants only."	President Roosevelt's advisers, chosen by himself, draw up bills for submission to and passage by State legislatures, whose members are permitted only the briefest discussion of their provisions. Penalty for failure to enact these measures without amendment is the withdrawal of public moneys voted for public works and works relief.
"He has erected a multitude of new offices and sent hither swarms of officers to harass our people and eat out their substance."	Although the Supreme Court on May 27 directed the disbanding of the N. R. A. "swarm", enforcement officers for the A. A. A., F. E. R. A., and the others continue to "harass our people and eat out their substances."
"He has made judges dependent on his will alone, for the tenure of their offices and the amount and payment of their salaries."	President Roosevelt removed, without charges, William E. Humphrey, member of the quasi-judicial Federal Trade Commission, the stated reason being merely that the commissioner's mind did not meet his on the policies and administration of the Commission. The Supreme Court on May 27 rebuked the President for this act and Mr. Humphrey having passed away, directed the payment to his family a salary of which he and they illegally had been deprived.
"For cutting off our trade with all parts of the world."	By cutting the value of the American dollar to 59 cents President Roosevelt raised a tariff wall against imports of goods from all gold-standard countries. By arbitrarily fixing the price of cotton and other products, through loans to farmers, based on higher-than-world prices, the Roosevelt administration has tended to destroy the foreign market for American farm products.
"For imposing taxes on us without our consent."	Secretary Wallace has been given by Mr. Roosevelt power to levy processing taxes without the consent of the millions who must pay them. Relief Administrator Hopkins has been given power to control the tax systems of States by the giving or withholding of public moneys voted for relief. Although the Supreme Court has put an end to the N. R. A., citizens have no means to recover the many millions of dollars illegally collected from them.
"In every stage of these oppressions, we have petitioned for redress in the most humble terms. Our repeated petitions have been answered by repeated injury."	Repeated petitions to President Roosevelt from his fellow citizens have been answered by repeated levity. Over one protest from men and women of both political parties the President was reported as saying he had laughed for 10 minutes. When a delegation of Governors, Senators, Congressmen, and leading industrialists from New England waited on the President and the Secretary of Agriculture to pray for a lifting of the burden of N. R. A. wage interference in textile mills and the burden of processing taxes on cotton, they were admonished to stop whining. Mr. Wallace suggested they might make prefabricated houses if the making of cotton cloth were no longer profitable.
"For taking away our charters, abolishing our most valuable laws, and altering fundamentally the forms of our government." (Mr. Jefferson here referred to the individual charters and governments of the several colonies.)	Today the Executive attack is on the one charter of our traditional American liberties: the American Constitution. President Roosevelt has insisted on the passage of laws which in many details, and according to informed opinion, were unconstitutional. He has appeared reluctant to have these new laws brought before the highest tribunal in the land. Responsible newspaper correspondents assert that this follows the advice of "new dealers" who urge that no ruling be permitted until the laws "build up a solid background of achievement.") The President's mocking comments on the Court's unanimous deci-

1776

"A prince, whose character is thus marked by every act that may define a tyrant, is unfit to be the ruler of a free people."

1935

sions against the administration claims indicate his resentful determination to proceed as he began.

WAKE UP, AMERICANS!

It is later than you think.

Mrs. GEORGE A. WYETH.

RIVERDALE ON HUDSON, N. Y., *July 18, 1935.*

WHAT'S IN AN OATH?

Mr. DICKINSON. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial appearing in the Mason City (Iowa) Globe-Gazette on July 23, 1935, entitled "What's in an Oath?"

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Mason City (Iowa) Globe-Gazette of July 23, 1935]

WHAT'S IN AN OATH?

Paragraph 7 of section I, article II of the Constitution of the United States provides:

"Before he (the President) enter on the execution of his office, he shall take the following oath or affirmation: 'I do solemnly swear (or affirm) that I will faithfully execute the office of President of the United States, and will, to the best of my ability, preserve, protect, and defend the Constitution of the United States. So help me God.'"

Every President of the United States, of course, has taken this oath. Always, we think, the oath is administered by the Chief Justice of the United States Supreme Court. Usually, the Chief Justice reads the oath to the President-elect, who, on the conclusion of the reading, says "I do."

On March 4, 1933, tens of millions of people "listened in" on the inaugural ceremonies and heard Franklin Delano Roosevelt repeat that oath after the Chief Justice. He seemed to wish to emphasize his intention to keep the oath inviolable no matter what happened.

It is difficult to understand Franklin Delano Roosevelt. He said, during the campaign, that he accepted the Democratic platform absolutely. The record to date is that this administration has repudiated all the major planks of that platform with the exception of the one which called for repeal of the eighteenth amendment.

During the more than 2 years that this administration has been in power it has passed new and strange laws, many of them clearly in contravention of the Constitution of the United States. These laws have not originated in Congress; they have been prepared by men who have never been elected to any office, who have no responsibility, and who, for the most part, belong to no political party. They call themselves "independents", or "forward-looking men", or something of that sort.

Recently the Supreme Court clearly indicated that not a little of the legislation already enacted, and practically all of the legislation on the "must program" with the exception of the tax measure, will be nullified by the Supreme Court when the issues come before the court.

One of these measures is the Guffey-Snyder coal bill. In effect, it proposes to put the coal-mining industry under control of the National Government, relying upon the commerce clause of the Constitution for its authority. Now, the Supreme Court has specifically held that mining is not interstate but intrastate. The other day President Roosevelt sent a letter to the chairman of the House subcommittee before which this bill is pending, urging the speedy passage of the bill. In this letter the President said:

"I hope your committee will not permit doubts as to its constitutionality, however reasonable, to block the suggested legislation."

Is this preserving, protecting, and defending the Constitution of the United States to the best of the President's ability? Is it a high-minded thing to "pass the buck" on a question of this kind to the Supreme Court?

Suppose we let one of Mr. Roosevelt's predecessors answer this question. William Howard Taft, later made Chief Justice of the Supreme Court, in vetoing a bill which he regarded as unconstitutional, argued:

"But it is said that this is a question with which the Executive or Members of Congress should not burden themselves to consider or decide. It is said that it should be left to the Supreme Court to say whether this proposed act violates the Constitution. I dissent utterly from this proposition. * * *

"The oath that the Chief Executive takes, and which each Member of Congress takes, does not bind him any less sacredly to observe the Constitution than the oaths which justices of the Supreme Court take. It is questionable whether the doubtful constitutionality of a bill ought not to furnish a greater reason for voting against the bill or vetoing it than for the Court to hold it invalid.

"The Court will only declare a law invalid where its unconstitutionality is clear, while the lawmakers may very well hesitate to vote for a bill of doubtful constitutionality because of the wisdom of keeping clearly within the fundamental law.

"The custom of legislators, and executives having any legislative function, to remit to the Court entire and ultimate responsibility as to the constitutionality of the measures which they take part in passing is an abuse which tends to put the Court constantly in opposition to the Legislature and Executive, and, indeed, to the popular supporters of unconstitutional laws. If, however, the Legislature and the Executive had attempted to do their duty, this burden of popular disapproval would have been lifted from the courts, or, at least, considerably lessened."

Reader, whatever your political affiliations may be, which of these utterances appeals most to your sense of honor and fair play? If you held the office of President of the United States, which record would you rather leave? John Quincy Adams said: "I want the voice of honest praise to follow me behind." That is a laudable ambition for every man in whatsoever station of life he finds himself.

What's in an oath? Everything that savors of honesty, straightforwardness, and sincerity ought to be in an oath. And he who takes an oath should always seek to keep it, not to get around it.

THE PROPOSED DEPARTMENT OF CONSERVATION AND WORKS

Mr. GORE. Mr. President, I ask unanimous consent to have inserted in the RECORD a radio address by Mr. Fred Brenckman, Washington representative of the National Grange, on July 20, 1935, on the subject the Proposed Department of Conservation and Works.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Kindly allow me to call your attention to a matter which is pending in Congress and which is of first-rate importance to all the rural people of the United States. I refer to a bill which would change the name of the Department of the Interior to that of the Department of Conservation and Works. This measure was introduced in the Senate by JAMES HAMILTON LEWIS, of Illinois, and in the House by JOHN J. COCHRAN, of Missouri.

The language of the bill plainly indicates that the plan is to transfer from the Department of Agriculture to the Department of the Interior our national forests, the Soil Conservation Service, and possibly the Biological Survey. As I recently stated at hearings before the House and Senate committees that are handling this bill, in the opinion of the Grange such a move would constitute a monumental mistake.

It should be remembered that in the early years of our Forest Service, this agency of the Government was located in the Department of the Interior. For sound and practical reasons, it was transferred to the Department of Agriculture by President Theodore Roosevelt, a pioneer in the cause of conservation, and one of the best and truest friends that conservation in this country ever had.

A large part of the activities of the Department of Agriculture relates directly to conservation. These include such important phases as the maintenance and improvement of soil productivity; farm, forest, and range production; watershed maintenance and improvement; the propagation and protection of wild life, together with the prevention and control of animal diseases.

The Department of Agriculture has always been conservation-minded, and its record of achievement testifies to the soundness of its policies and the capability of its personnel.

The bill would permit the breaking down of the coordination which has been developed in the conservation of renewable resources within the Department of Agriculture.

It is worthy of note that, broadly speaking, the Department of the Interior has dealt primarily with nonrenewable resources, such as coal, oil, and other minerals. One of its chief functions in the past was to dispose of agricultural land rather than to promote its suitable use. Many are of the opinion that it was a mistake for Congress to place the administration of the Taylor grazing bill under the Department of the Interior.

TREES CLASSED AS A CROP

The question has been raised in connection with the hearings being conducted on the bill as to whether or not trees may be properly classed as a crop. The idea of considering trees in this light is not far-fetched at all. The tree crop is susceptible of renewal and management in accordance with known sciences and practices.

President Franklin D. Roosevelt, in his Atlanta (Ga.) speech of October 24, 1933, recognized trees as crops when he said:

"Everyone knows that we are using up our American timber supply much faster than the annual growth of new timber. * * *

"Because we are a young nation—because apparently limitless forests have stood at our door, we have declined up to now to think of the future. Other nations whose primeval forests were cut off a thousand years ago have been growing tree crops for many hundreds of years."

Woodlands owned by farmers aggregate more than one-fourth of our 495,000,000 acres of commercial forest lands. Farm woodlands occupy more acres than any other crops on American farms. They furnish timber, fuel, fence posts, and supplemental cash incomes to 2,500,000 farmers. Effective woodland management is, therefore, a vital part of national agriculture. Federal cooperation in farm forestry is authorized under the Clark-McNary law. Besides providing for the prevention and suppression of forest fires, the forest taxation inquiry and the insurance study, the Clark-McNary law specifically provides for the distribution of forest planting stock to farmers, and for farm forestry extension, which is administered by the Department of Agriculture's Office of Cooperative Extension Work.

In some regions successful agriculture can continue only if forest management and utilization create and maintain nearby markets for farm crops. In other regions forest work and its cash incomes are necessary to tide over populations which obtain most of the family food through work on farms. In other sections, the Nation is confronted with the task of replacing, with forest crops, agricultural production on abandoned or worked-out farms.

Forest land forage is vital in many sections to agriculture. Within the continental United States some 334,000,000 acres are grazed by domestic livestock. In parts of the East this forage occurs largely on woodlands owned by farmers, and into which millions of farmers turn their livestock. In the South, not so much of the forest land on which forage occurs is owned by farmers, but it is essential just the same to the local population.

Forage on the national forests in the West is used by almost one and one-half million cattle and some 6,000,000 sheep, under permits issued to some 26,000 individuals. And these individuals own or control more than four and one-half million acres of improved farming land and 22,000,000 acres of privately owned grazing lands. National forest ranges in the West have been under administration for more than 30 years, under a system which allows only the number of stock that the amount and condition of the available forage justifies.

GRANGE MAKES COUNTER PROPOSAL

So far from favoring the transfer of the national forests, the Soil Erosion Service, or the Biological Survey to the Department of the Interior, the Grange has for years advocated that the Bureau of Reclamation should be taken from the Department of the Interior and given to the Department of Agriculture.

It is interesting to recall that during the Presidency of Warren G. Harding a commission was appointed to study the question of reorganizing and regrouping the various administrative units of the Government. Some of the members of this commission, which was headed by Walter Brown, of Ohio, who later became Postmaster General, were in favor of transferring the Bureau of Reclamation to the Department of Agriculture. This met with the hearty approval of Henry Wallace, father of the present Secretary of Agriculture, who then headed the Department. However, one of the members of the commission was the present head of the Bureau of Reclamation, who opposed the idea. When asked to explain his reasons for opposing such a logical move, he replied by saying that the Department of Agriculture would not let him do what he wanted to do. What he wanted to do was to reclaim more land to grow food for the coming millions, notwithstanding the fact that the farmers of the country have been drowning in a sea of surplus for the last 15 years.

The Department of Agriculture is better qualified to decide when and under what conditions new land should be brought under cultivation than any other department of the Government. Our reclamation projects necessarily involve problems for soil physicists and economists, agricultural engineers, agronomists, horticulturists, livestock and dairy specialists, entomologists, forestry experts, and agricultural economists trained in the special problems of farm organization and farm management. The Department of Agriculture has such a staff while the Department of the Interior has not. But if the Department of the Interior claims that it does have such a staff, I assert with emphasis that it should not have. Every effort should be made to prevent overlapping, duplication, and unnecessary expense in the conduct of governmental activities.

Secretary of the Interior Harold L. Ickes, in repeated appearances before the House and Senate committees, has persistently advocated the bill under consideration. Among other things, he has publicly lamented the alleged fact that the Department of Agriculture is gradually absorbing the functions of the Department of the Interior, and he declares that if this process continues, the Department over which he presides might as well be liquidated and closed up.

It is interesting to learn in this connection, however, that plans have been made to construct a new and larger building to house the Department of the Interior. Besides, this session of Congress created the office of Under Secretary of the Interior, which never existed before. These two facts do not seem to bear out the contention of Secretary Ickes.

GIVE BUREAU OF ROADS TO INTERIOR

However, if Mr. Ickes desires to annex any division of the Department of Agriculture in order to maintain the importance and prestige of his department and to find something to do for his staff, I would respectfully suggest that legislation be introduced transferring the Bureau of Public Roads to the Department of the Interior.

So far as I am able to see, there is no particular reason why this bureau should be located in the Department of Agriculture. It had its origin more than 40 years ago in the division known as the "Office of Road Inquiry." The function of this office, for which we appropriated only $10,000 a year in the beginning, was to do research and investigational work, largely for the benefit of township supervisors throughout the country.

Under the changed conditions of today, when every State has its own highway department, the reasons which led to the establishment of the Bureau of Roads in the Department of Agriculture no longer exist.

It seems to me that to retain this bureau in the Department of Agriculture is in some respects a disadvantage to the farmers of the country. Every time some newspaper editor sets out to prove that the farmer is the pampered pet of the Government he is apt to cite the heavy appropriations made to the Department of Agriculture. Since these figures include appropriations for highways that are used by all the people of the country, this creates an unfair impression in the minds of the people who are not familiar with all the facts in the case.

From 1917 to 1933 Federal aid appropriations for highways totaled $1,290,000,000. The appropriation for the present fiscal year is $125,000,000. All this is charged to the Department of Agriculture.

Let Mr. Ickes have the Weather Bureau, too, if he wants it. As the Bible aptly puts it, "He sendeth rain on the just and the unjust alike." We are all interested in the weather, and there would seem to be no good reason why the Weather Bureau could not function just as efficiently in the Department of the Interior as it does in the Department of Agriculture.

But by all means let us keep our national forests, the Soil Conservation Service, and the Biological Survey in the Department of Agriculture.

UTILITY HOLDING COMPANIES—EDITORIAL FROM PHILADELPHIA RECORD

Mr. BONE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Philadelphia Record of July 20, dealing with the pending holding-company bill.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record of July 20, 1935]

COME OUT FROM BEHIND THE "WIDOWS AND ORPHANS"

Nothing contained in the so-called "death-sentence clause" of the Wheeler-Rayburn bill could possibly do the utilities as much damage as the utilities have done themselves.

The power utilities have been caught cheating—

Cheating on the American people, in a particularly repulsive fashion.

But if the American people are going to pay more than a million dollars for utility lobbying, through their electric, gas, and power bills, they at least have the benefit of a most convincing object lesson in the way the utilities work.

The holding companies had loudly proclaimed they were only seeking to protect the "widows and orphans" who had invested in utility holding companies' stocks.

But when it came to locating those "widows and orphans", an employee of the Associated Gas & Electric Co. had to fake hundreds of telegrams by snitching names out of the telephone book.

Messenger boys had to be paid 3 cents for each telegram they solicited against the Wheeler-Rayburn bill.

Not to mention the fact that employees of various holding companies were mobilized and held responsible for mailing a certain number of letters, or sending a certain number of telegrams, for their friends, also protesting against the bill.

These are the same sort of tactics the utilities employed in the palmy days when they subsidized school teachers, paid for padded textbooks and "persuaded" irresponsible editors to use canned editorials, written by utility propagandists, in an effort to discourage public ownership and lead the public to believe that the utilities were beneficent, kind, and generous.

Philip Gadsden, chairman of the committee of public utility executives, deplores the activities of the Associated Gas & Electric Co. and points out that this holding concern was not associated with the utilities his committee represents.

Mr. Gadsden is a bit late.

For years this newspaper has been urging the more responsible utility concerns to cooperate with the President, to take leadership in providing proper regulation for holding companies, to submit themselves willingly to such regulation and thereby convince the public of their sincerity.

Instead, the utilities, en masse, have fought any holding company regulation at all. They have made no effort to support legislation to curb the activities of those companies which they claim are not among the "better element" of the utility interests.

Now they all find themselves tarred with the same stick.

And if a Nation-wide demand for publicly owned power plants arises out of the present ill-smelling mess, the utilities will have only themselves to blame.

A few years hence they may look back and realize that Mr. Roosevelt was their friend, not their foe.

As the record has pointed out before, the utilities have a perfectly legitimate right to protest the Wheeler-Rayburn bill or any bill affecting them. They have equal right to engage lobbyists to carry their protests to Washington.

But they have no right to spread misinformation throughout the land—while the sending of these fake telegrams needs no comment. Such an offense is punishable by fine and imprisonment.

The Black committee's investigation is not ended by any means. Let it forge ahead, to find just how many more bogus "widows and orphans" were behind the hundreds of thousands of telegrams rained on Congress.

At the same time, let the Senate insist that the "death clause"—which is really no death clause at all—be retained in the Wheeler-Rayburn bill when it comes out of conference.

If the Committee of Public Utility Executives recognizes the best interests of its own fair-dealing companies, it, too, will want that clause retained.

After this show-up, rigid regulation is the one hope left for maintenance of our system of privately owned utilities.

The mask is off. The public can be fooled no longer—not even by men hiding behind the skirts of widows and orphans.

MESSAGE FROM THE PRESIDENT—APPROVAL OF BILLS

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On July 10, 1935:

S. 2074. An act to create a National Park Trust Fund Board, and for other purposes.

On July 12, 1935:

S. 2378. An act authorizing the Secretary of the Navy to accept on behalf of the United States a bequest of certain personal property of the late Dr. Malcolm Storer, of Boston, Mass.

On July 15, 1935:

S. 1206. An act authorizing the transfer of certain lands near Vallejo, Calif., from the United States Housing Corporation to the Navy Department for naval purposes;

S. 2230. An act to authorize the Secretary of the Navy to acquire a suitable site at Pearl Harbor, Territory of Hawaii, for a rear range light;

S. 2846. An act authorizing the Secretary of the Navy to accept on behalf of the United States the devise and bequest of real and personal property of the late Paul E. McDonnold, passed assistant surgeon with the rank of lieutenant commander, Medical Corps, United States Navy, retired; and

S. 2966. An act to empower the Legislature of the Territory of Hawaii to authorize the issuance of revenue bonds, to authorize the city and county of Honolulu to issue flood-control bonds, and for other purposes.

On July 17, 1935:

S. 377. An act to grant to the Utah Gilsonite Co. the right to use a water well on certain public lands in Utah; and

S. 883. An act directing the retirement of acting assistant surgeons of the United States Navy at the age of 70 years.

On July 18, 1935:

S. 312. An act for the relief of Lillian G. Frost.

On July 19, 1935:

S. 475. An act for the relief of Mrs. George F. Freeman;

S. 780. An act for the relief of the Standard Dredging Co.;

S. 1099. An act for the relief of Ethel G. Remington;

S. 1290. An act for the relief of Walter Motor Truck Co., Inc.;

S. 1446. An act for the relief of Knud O. Flakne;

S. 1447. An act for the relief of Mary C. Moran;

S. 1498. An act for the relief of Robert D. Baldwin;

S. 1499. An act for the relief of Robert J. Enochs;

S. 1566. An act for the relief of Carl C. Christensen;

S. 2292. An act for the relief of Emanuel Wallin; and

S. 2779. An act to authorize the conveyance of certain lands in Nome, Alaska.

On July 22, 1935:

S. 428. An act authorizing adjustment of the claim of Korber Realty, Inc.;

S. 884. An act for the relief of Lt. Comdr. G. C. Manning;

S. 1036. An act authorizing adjustment of the claim of Dr. George W. Ritchey;

S. 1054. An act authorizing adjustment of the claim of White Bros. & Co.; and

S. 2487. An act for the relief of the Western Electric Co., Inc.

On July 23, 1935:

S. 156. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the city of Perth Amboy, N. J.;

S. 239. An act for the relief of the Barlow-Moore Tobacco Co.;

S. 1872. An act for the relief of Guy Clatterbuck; and

S. 3038. An act to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration facility, Alexandria, La.

On July 24, 1935:

S. 1309. An act to amend section 114 of the Judicial Code to provide for terms of district court for the western district of Wisconsin to be held at Wausau, Wis., and for other purposes;

S. 2532. An act to amend an act entitled "An act setting aside Rice Lake and contiguous lands in Minnesota for the exclusive use and benefit of the Chippewa Indians of Minnesota", approved June 23, 1926, and for other purposes; and

S. 2904. An act to prohibit the interstate transportation of prison-made products in certain cases.

THE BANKING SYSTEM

The Senate resumed the consideration of the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

The VICE PRESIDENT. When the Senate adjourned last evening the Senator from Virginia [Mr. GLASS] had the floor, and had not concluded his speech on the bill. The Senator from Virginia is recognized.

Mr. GLASS. Mr. President, when the Senate recessed yesterday I was proceeding to point out that the Banking Act of 1933, in the opinion of some of us, made unnecessary title II of the pending bill; but it was finally concluded, inasmuch as this title had been considered and passed by the House, that it was desirable to cure its manifest defects here in the Senate rather than to postpone the issue, perhaps to be resumed at the next session of Congress immediately preceding the national election, with all of the wining and dining and lobbying of the persons chiefly interested in title II of the bill.

In this connection I may say that repeated references to the bill as an administration bill have no justification whatsoever. It is not an administration bill. The President of the United States has never read a word of it, unless he has done so very recently. The Secretary of the Treasury is on record in the printed hearings of the Appropriations Committee as saying that he had not read it. Every member, except one, of the Federal Reserve Board testified before the committee that he had not seen the bill until it was introduced and printed. The President, in his letter to the Chairman of the Senate Banking and Currency Committee, referred to the measure as a "tentative" bank bill and simply asked that those interested in it be summoned before the committee and be heard. So it may not accurately be called an "administration measure", as I know the President himself was perfectly willing that the bill should be considered in committee and altered as the judgment of the committee should determine, and likewise in the Senate.

I speak of it simply as the Eccles bill, because nobody, with a single exception, who appeared before the Banking and Currency Committee of the House or of the Senate has advocated this bill.

Mr. BULKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Ohio?

Mr. GLASS. I yield.

Mr. BULKLEY. I take it the Senator is referring to title II?

Mr. GLASS. Yes; only to title II, and that title I am discussing. I desired to correct the impression that it is an administration bill or that the administration would seek to preclude the Senate from considering the bill carefully and reaching its own conclusion.

I was pointing out yesterday when the Senate recessed that those responsible for title II of the bill, as it came from the other branch of the Congress, failed to recall, if they ever knew, that the Banking Act of 1933 completely averted the very danger which it is pretended might again beset the country if title II, as passed by the House of Representatives, were not passed by the Senate and enacted into law.

It is suggested that the chief advocate of title II is in a nervous state and has a large measure of anxiety lest we should have inflation in the country; that he wants to prevent inflation and deflation. We already have more deflation than may be remedied in the next 10 or 20 years to come. As a consequence, I am amused at the pretense that the sponsor of title II of the bill is anxious to prevent inflation, because of all the inflationists in the country he has exceeded the group in his advocacy of inflation. I repeat, however, that the Banking Act of 1933 averts all danger of a return to the frightful conditions of 1929 which brought on the collapse, due, as we all know, to excessive speculation on the stock exchange.

In the act of 1933 we required for the first time that—

Each Federal Reserve bank shall keep itself informed of the general character and amount of the loans and investments of its member banks with a view to ascertaining whether undue use is being made of bank credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and, in determining whether to grant or refuse advances, rediscounts, or other credit accommodations, the Federal Reserve bank shall give consideration to such information. The chairman of the Federal Reserve bank shall report to the Federal Reserve Board any such undue use of bank credit by any member bank, together with his recommendation. Whenever, in the judgment of the Federal Reserve Board, any member bank is making such undue use of bank credit, the Board may, in its discretion, after reasonable notice and an opportunity for a hearing, suspend such bank from the use of the credit facilities of the Federal Reserve System and may terminate such suspension or may renew it from time to time.

Thus in the act of 1933 we gave the Federal Reserve banks and the Federal Reserve Board a measure of control and of discipline of member banks using their facilities for speculative purposes which neither the Federal Reserve banks nor the Federal Reserve Board ever before had.

Moreover, in the Banking Act of 1933 we provided:

Upon the affirmative vote of not less than six of its members the Federal Reserve Board shall have power to fix from time to time for each Federal Reserve district the percentage of individual bank capital and surplus which may be represented by loans secured by stock or bond collateral made by member banks within such district, but no such loan shall be made by any such bank to any person in an amount in excess of 10 percent of the unimpaired capital and surplus of such bank. Any percentage so fixed by the Federal Reserve Board shall be subject to change from time to time upon 10 days' notice, and it shall be the duty of the Board to establish such percentages with a view to preventing the undue use of bank loans for the speculative carrying of securities. The Federal Reserve Board shall have power to direct any member bank to refrain from further increase of its loans secured by stock or bond collateral for any period up to 1 year under penalty of suspension of all rediscount privileges at Federal Reserve banks.

Furthermore, the Banking Act of 1933 contained this new provision:

Any Federal Reserve bank may make advances for periods not exceeding 15 days to its member banks on their promissory notes secured by the deposit or pledge of bonds, notes, certificates of indebtedness, or Treasury bills of the United States, or by the deposit or pledge of debentures or other such obligations of Federal intermediate credit banks which are eligible for purchase by Federal Reserve banks under section 13 (a) of this act; and any Federal Reserve bank may make advances for periods not exceeding 90 days to its member banks on their promissory notes secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve banks under the provisions of this act. All such advances shall be made at rates to be established by such Federal Reserve banks, such rates to be subject to the review and determination of the Federal Reserve Board.

Now, note this:

If any member bank to which any such advance has been made shall, during the life or continuance of such advance, and despite an official warning of the Reserve bank of the district or of the Federal Reserve Board to the contrary, increase its outstanding loans secured by collateral in the form of stocks, bonds, debentures, or other such obligations, or loans made to members of any organized stock exchange, investment house, or dealer in securities, upon any obligation, note, or bill, secured or unsecured, for the purpose of purchasing and/or carrying stocks, bonds, or other investment securities (except obligations of the United States) such advance shall be deemed immediately due and payable, and such member bank shall be ineligible as a borrower at the Reserve bank of the district under the provisions of this paragraph for such period as the Federal Reserve Board shall determine.

Mr. President, it was under this 15-day and 90-day provision of the old act that the facilities of the Federal Reserve banks in the money centers of the country were used to an incredible extent for stock-gambling purposes; and that provision of the law was intended to put a stop to that sort of thing. Now some gentlemen would confide to the Federal Reserve Board exclusively the right of determining all these matters which the Board utterly failed to determine in 1929, and permitted itself to be challenged and defied by one of the most notorious speculators on the New York stock market, and practically was told to "go to hell", saying that, despite its order, he proposed the very next day to rediscount at the New York Federal Reserve Bank $25,000,000 under this 15-day provision and use it for stock-speculative purposes. The Board had not even the spirit to resent this gross insult and to kick that man out of the directorate of the New York Federal Reserve Bank before the lunch hour next day; and yet we are asked to empower this Board with supreme and exclusive authority in such matters.

Not only did the Banking Act of 1933 do what I have indicated, but it required the separation of affiliates from commercial banks. Not only did it require the separation of affiliates, but we made the terms of the act so severe on banking holding companies—which seem to be in favor in contrast to industrial holding companies—as that we determined to drive them out of business within 5 years; and those who appeared before our committee when we framed the act agreed to go out of business in 5 years.

Not only that, Mr. President, but we prohibited the vicious practice of loans by others for speculative purposes on the stock market. In other words, the great corporations of this country, instead of distributing their surplus funds in the payment of dividends to the stockholders, would send them into the whirlpool of stock speculation. They did that to the extent of $6,000,000,000. We put a stop to that, but in this bill as it came from the House of Representatives it was provided that member banks might make loans on any sound assets.

What would that mean? It would mean that member banks could speculate to their hearts' content, except for the other provisions I have read, with the funds of their depositors, because it was testified over and over again, without challenge, that brokers' loans, which approached the maximum sum of nearly $8,000,000,000 in this speculative period, had proved to be the soundest loans that could be made.

Under the bill as it came from the House, member banks, but for the provisions of the act of 1933, and in spite of the provisions of the act of 1933, could use the deposits for their speculative purposes, because brokers' loans are regarded as sound usually. Whether for an evil purpose or for a good purpose, they were asserted to be sound. So that in considering the bill, some members, both of the subcommittee and of the full Committee on Banking and Currency, felt that it was an unnecessary attempt to create fermentation and terror in the banking community with title II. But, as I have said, the committee wisely concluded to settle the matter now rather than to postpone its settlement until the next session of Congress.

Speaking of "broadening the base" of loans, the committee embodied in the bill now pending a provision which was adopted as an emergency provision, but which expired in March 1934, which reads as follows:

Whenever any member bank has no eligible and acceptable assets available to enable it to obtain adequate credit accommodations through rediscounting at the Federal Reserve bank or any other method provided by this act other than provided by section 10 (a)—

Which is the group section—

any Federal Reserve bank, under rules and regulations prescribed by the Board of Governors of the Federal Reserve System, may make advances to such member bank on its time or demand notes secured to the satisfaction of such Federal Reserve bank. Each such note shall bear interest at a rate of not less than 1 percent per annum higher than the highest discount rate in effect at such Federal Reserve bank on the date of such note.

We propose to make that permanent law, and it seemed to all of us a wise thing to do.

I think the only other provision of the pending bill to which I have not made some reference is a provision with which I have not very much familiarity. It relates to loans by national banking associations upon real estate.

For 50 years there was not a sentence in the Federal statutes authorizing a national bank to lend a dollar to anyone on real estate of any description. In the Federal Reserve Act of 1913 we incorporated a provision authorizing national banks to make loans for a period of 5 years on real estate up to 50 percent of the actual value of real estate, but without any amortization provision at all.

Section 24 of the pending bill authorizes loans under a system of amortization for not longer than 10 years up to 60 percent of the appraised value of the real estate offered as security; and the committee, upon hearing arguments pro and con, came to the conclusion that that was a fair adjustment of the matter.

Mr. BONE. Mr. President——

The PRESIDING OFFICER (Mr. BYRNES in the chair). Does the Senator from Virginia yield to the Senator from Washington?

Mr. GLASS. I yield.

Mr. BONE. The Senator, I think, has stated that the old statute which authorized these loans was confined to assessed value. There is a great distinction between the two terms, "assessed value" and "appraised value."

Mr. GLASS. "Appraised value" is the wording of the provision of the pending bill, as the Senator will see.

Mr. BONE. The Senator was referring to the act of 1913, as I understand.

Mr. GLASS. Yes.

Mr. BONE. The assessed value in my State, for instance, would be approximately 42 to 46 percent of the true market value, which probably might be the appraised value, for loan purposes.

Mr. GLASS. The act of 1913 spoke of the actual value of real estate offered as security, and this provision speaks of the appraised value.

There is another provision of the pending bill to which I might refer, but have not, because I have no reason to suppose that it will be objected to by any Senator, though as to that I do not speak definitely.

In the operations of the open-market committee, as constituted under the bill, we provide that Government bonds may be purchased by the Federal Reserve banks, but only in the open market. The wisdom of that ought to be manifest to anyone. Such bonds should not be purchased, under the mandatory provision of the bill, directly from the Treasury.

Suppose, for example, the open-market quotation for Federal Reserve bonds is 10, or 20, or 25, or 30 percent below par, as once was the case. No one can conceive of any fair reason why a Federal Reserve bank should use the reserve funds of their member banks to purchase Government bonds at par directly from the Treasury when they could go into the open market and buy them at a greatly depreciated price. Therefore, we require that the purchases shall be in the open market.

I have not referred to the reserve requirements of the bill as it came over from the House, but the committee wisely, I think, and as the committee unanimously thought, insists upon the retention of a statutory reserve, or a reserve defined and enacted into law by the Congress itself and not left to the doubtful or ignorant judgment or whim of any bureau here in Washington. Under the proposition as originally presented, the central board here could destroy any business or ruin any section of this country from Maine to California, or from the Great Lakes to Texas.

The Board was given complete control of the reserves of member banks. It could determine whether the textile business was overproduced, whether the steel or the coal business was overproduced, whether the wheat crop or flour mill products were overproduced, and if, in its view, there was overproduction, the Board could so fix the reserves of the member banks as to deny credit to such industries. No such stupendous authority was ever granted to any central board in any civilized country on earth.

The pending bill provides that the existing reserves of 7 percent, 10 percent, and 13 percent may not be reduced—13 percent for central reserve cities, 10 percent for reserve cities, and 7 percent for country banks—and that they may not be increased beyond a certain percentage. We declined to leave to the discretion of a board here in Washington or anywhere else the determination of a matter of this sort.

As to credit being a national question, the credit of the United States Government is a national question, but your credit, Mr. President, is not a national question, nor is my credit, or the credit of this, that, or the other industry. Many elements enter into the determination of credit. Character is the basis of credit. Habits enter into the determination of credit. Conditions in various sections of the country, which vary greatly, enter into the question of credit.

The very particular vice of the so-called "Aldrich scheme" for a central bank was that it provided a uniform rate of discount throughout the Nation. To show how undesirable that is one has only to examine the rates of discount in the various sections of the country. In the State of the Senator from Michigan [Mr. VANDENBERG] the statutory limitation is 5 percent upon current discounts. In my State of Virginia the statutory rate is 6 percent. In some of the far Western States the current rate by statute is 8 percent. In some of them it is as high as 10 percent, because money there and its use are regarded as worth more than is money in the East.

The rediscount rate of New York Reserve Bank today I think is 1½ percent. Everyone knows that is ridiculous. There is no bank west of the Mississippi River which could pay the salary of its cashier, much less take care of its other overhead charges on a 1½-percent rediscount basis.

So the regional system which we have established ought not to be molested and wrecked as is proposed here. I say it ought not to be molested and wrecked. I have here a volume of letters which would take up every inch of space of a dozen issues of the CONGRESSIONAL RECORD, letters from commercial institutions, business institutions, industrial institutions of every description in this country, protesting against the banking bill which was sent over from the House of Representatives. There is not a State bankers' association in the United States which has spoken a kind word for it. There is not a group of bankers in the United States which advocates it. The single sponsor of this bill himself could not control the bankers' association of his own State, and it declared in emphatic terms against the bill.

When you wreck the banking institutions of this country you wreck the business of the country, because the credits afforded by the banking institution touch every home and every fireside; they touch every business in the country. For that reason I have always entertained an unutterable contempt for any man who would bring politics into the consideration of banking legislation.

I have been in Congress for 34 years and no man can point the accusing finger at me and say that I ever permitted a political consideration or party view to enter into my determination of banking legislation. In this file of letters, Senators, is an expression not sought by me, but voluntarily sent to me from one end of the country to the other, and from every State of the Union, protesting against this proposal to wreck our regional banking system, and to put it completely in the control of a bureau here in Washington and, without desiring to be disagreeable, but to be frank with the Senate, I say a bureau which has never had a magician in its membership, and does not have one now and, I am afraid, is not likely ever to have one. They are all just human beings like we are—somewhat. It is simply shocking, it is appalling to think that the newest member of that Board, who never had a day's association with the Federal Reserve System in his life, proceeded within less than 90 days after his nomination to propose revolutionary changes in all the fundamental provisions of the law.

I appeal to the Senate to preserve the local self-government of the Federal Reserve banks and the regional char-

acter of the Federal Reserve System, so that the respective Reserve banks may function in the interest of commerce, industry, and agriculture, as they view the situation in their own districts, not as some central board here in Washington may view it.

Mr. President, I think I have touched upon the principal provisions of title II of the bill. Now I venture to refer briefly to two provisions of title III.

I am leaving the exposition of title III to my colleague, the senior Senator from Ohio [Mr. BULKLEY], who has given title III particular attention, having had charge of the greater part of it at the last session of Congress.

I know of but two provisions of title III to which I think there may be objection. One of them is the underwriting provision. A very simple recital of the history of that problem should enable Senators to understand what has been done and why it was done. In the consideration of the Banking Act of 1933, because of the shocking abuses that immediately preceded the passage of that act, it was felt that something should be done to prevent a recurrence of anything of that sort. Therefore we prohibited outright any underwriting by a commercial bank.

We did it with the avowed hope and expectation that thereafter there would be organized in this country underwriting houses such as exist in Great Britain and continental Europe, devoting their activities exclusively to the underwriting of issues. We realized that there was then or might soon be a great demand for underwriting in the heavier-goods industries. The percentage of capital withdrawn from and the unemployment existing in the heavy-goods industries as contrasted with the sales industries is startling both in percentage and amount. However, we expected that this deficiency would be made up by the organization of underwriting houses. That did not take place; no underwriting houses have been organized; yet we were assured that there was a sharp and insistent demand, ever increasing, and which will continue ever increasing upon the recovery of this country, for credits in the heavy-goods industries.

Therefore we have incorporated in title III of this bill permission to commercial banks to underwrite to a moderate extent. We have denied them the right to sell to other banks or to retail any of the securities which they have underwritten, but have given them the right to contract to take a limited amount of any security authorized to be issued under the securities act, and if the institution in issuing the securities should fail in disposing of the entire amount, the bank is permitted to take its contractual portion. We have hedged it about severely. We have provided that not more than 10 percent of the capital of any bank may be loaned in this way to any single customer; not more than 20 percent of any one issue and not more than a hundred percent altogether to all the heavy industries of the country.

In addition to these severe restrictions, we have superimposed upon them the requirement that none of this business may be done except under rules and regulations to be prescribed by the Comptroller of the Currency. So if there should be any short cutting in the matter, any evasion of the law whatsoever, the Comptroller of the Currency would step in and put a stop to it and penalize the bankers engaged in it.

Personally I do not care enough about the provision to see this bill delayed; certainly not enough about it to see the bill defeated; but I think it is a wise provision of the proposed law.

Mr. President, there has been some objection to the provision of title III relating to interlocking directors. Under the existing law, the Clayton Act, interlocking directors are prohibited except by consent of the Federal Reserve Board, and we were advised that the Federal Reserve Board had given consent to 3,000 banks. I will ask the Senator from Ohio if that is not the number?

Mr. BULKLEY. That is the approximate number.

Mr. GLASS. Consent has been given to 3,000 banks, and there are so many applications for consent that the Federal Reserve Board long ago tired of having to deal with them and requested to be relieved of that duty. So we have provided in the bill that a commercial or private banker may belong to the board of two banks, his own bank and one other bank. Instead of being an expansion of the privilege, we regard it as a curtailment of it. A commercial or private banker may belong to the boards of only two banks.

The gentleman who has made the most furore about this provision is a great banker whose institution engaged in more vicious and hurtful transactions than any other bank on the American continent and lost millions upon millions of dollars in the process. He seems to entertain a jealousy of one or two private bankers in his city, and through his jealousy of them and enmity toward them he has stirred up a fuss about this interlocking-director provision which permits commercial and private bankers to serve on one other bank board.

It has been suggested that a certain private banking institution, with some 8 or 10 partners, might serve on several bank boards. Well, under the existing law, with the specific permission of the Federal Reserve Board, that happens to be the case right now; the committee was not disposed to yield to that sort of apparent personal enmity, and therefore we have provided that a commercial banker and a private banker may serve on the board of one other bank.

It has been my view—and I have so often undertaken to determine constitutional questions that I am a little ashamed to repeat it again, and I know I will meet with the derision of my distinguished friend from Kentucky, who says——

Mr. BARKLEY. Mr. President, not only will it not meet with my derision but it will meet with my admiration.

Mr. GLASS. Who says that even the Supreme Court cannot render a decision that I could not better. To some extent, I confess that I might; but I have never believed that the Congress of the United States had any constitutional right to govern the activities of a private banker, and I have been somewhat astounded that private bankers concerned with that section of the existing law have not litigated it. I was told that it was because they were more patriotic than I; that they did not want to make more difficult any of the problems of the administration; and that therefore they were going to obey the law. Some of them went out of the investment business entirely, and have turned their institutions into commercial banking, much to the discomfort of the persons who wanted them put out of the investment business.

Mr. President, this is as brief a statement on the high spots of the banking bill as I think I ought to make at this time. Of course, if there is any antagonism to the bill I hope to be able to meet the criticism which may ensue.

I ask unanimous consent that the Senate consider each title of the bill separately so we may dispose of title I first, then proceed to title II, and then to title III, and not have the whole bill under consideration at the same time.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Senator from Virginia asks unanimous consent that the three titles of the bill be considered separately. Is there objection? The Chair hears none, and it is so ordered.

Mr. FLETCHER. Mr. President, I have not heard any objections at all raised to title I of the bill. I believe the bill as reported by the committee, so far as title I is concerned, is the best and wisest solution we can make of the problem therein involved. Accordingly I move that the Senate agree to the amendment proposed in the report of the committee as set forth in title I, and adopt title I as reported and amended by the committee.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida to adopt the committee amendment to title I.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Black	Byrnes	Copeland
Ashurst	Bone	Capper	Costigan
Austin	Borah	Caraway	Davis
Bachman	Brown	Carey	Dickinson
Bailey	Bulkley	Chavez	Donahey
Bankhead	Bulow	Clark	Duffy
Barbour	Burke	Connally	Fletcher
Barkley	Byrd	Coolidge	Frazier

George	Lewis	Norbeck	Steiwer
Gerry	Logan	Norris	Thomas, Okla.
Gibson	Lonergan	Nye	Townsend
Glass	McAdoo	O'Mahoney	Trammell
Gore	McGill	Overton	Truman
Guffey	McKellar	Pittman	Tydings
Hale	McNary	Pope	Vandenberg
Harrison	Maloney	Radcliffe	Van Nuys
Hatch	Metcalf	Reynolds	Wagner
Hayden	Minton	Russell	Walsh
Holt	Moore	Schall	Wheeler
Johnson	Murphy	Schwellenbach	White
King	Murray	Shipstead	
La Follette	Neely	Smith	

Mr. LEWIS. I announce the absence of Senators for the reasons given on the previous roll call.

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is upon the motion of the Senator from Florida [Mr. FLETCHER] to agree to the committee amendment to title I of the bill.

The committee amendment to title I is in lieu of the House provision, to insert the following:

That this act may be cited as the "Banking Act of 1935".

TITLE I—FEDERAL DEPOSIT INSURANCE

SECTION 101. Section 12B of the Federal Reserve Act, as amended (U. S. C., Supp. VII, title 12, sec. 264), is amended to read as follows:

"SEC. 12B. (a) There is hereby created a Federal Deposit Insurance Corporation (hereinafter referred to as the 'Corporation') which shall insure, as hereinafter provided, the deposits of all banks which are entitled to the benefits of insurance under this section, and which shall have the right to exercise all powers hereinafter granted.

"(b) The management of the Corporation shall be vested in a board of directors consisting of 3 members, 1 of whom shall be the Comptroller of the Currency, and 2 of whom shall be citizens of the United States to be appointed by the President, by and with the advice and consent of the Senate. One of the appointive members shall be the chairman of the board of directors of the Corporation and not more than two of the members of such board of directors shall be members of the same political party. Each such appointive member shall hold office for a term of 6 years and shall receive compensation at the rate of $10,000 per annum, payable monthly out of the funds of the Corporation, but the Comptroller of the Currency shall not receive additional compensation for his services as such member. In the event of a vacancy in the office of the Comptroller of the Currency, and pending the appointment of his successor, the Acting Comptroller of the Currency shall be a member of the board of directors in the place and stead of the Comptroller. In the event of a vacancy in the office of the chairman of the board of directors, and pending the appointment of his successor, the Comptroller of the Currency shall act as chairman. The Comptroller of the Currency shall be ineligible during the time he is in office and for 2 years thereafter to hold any office, position, or employment in any insured bank. The appointive members of the board of directors shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any insured bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. No member of the board of directors shall be an officer or director of any bank, banking institution, trust company, or Federal Reserve bank or hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the board of directors he shall certify under oath that he has complied with this requirement and such certification shall be filed with the secretary of the board of directors. No member of the board of directors serving on the board of directors at the effective date shall be subject to any of the provisions of the three preceding sentences until the expiration of his present term of office.

"(c) As used in this section—

"(1) The term 'State bank' means any bank, banking association, trust company, savings bank, or other banking institution which is engaged in the business of receiving deposits and which is incorporated under the laws of any State, Hawaii, Alaska, Puerto Rico, or the Virgin Islands, or which is operating under the Code of the District of Columbia (except a national bank), and includes any unincorporated bank the deposits of which are insured on the effective date under the provisions of this section.

"(2) The term 'State member bank' means any State bank which is a member of the Federal Reserve System, and the term 'State nonmember bank' means any other State bank.

"(3) The term 'District bank' means any State bank operating under the Code of the District of Columbia.

"(4) The term 'national member bank' means any national bank located in the States of the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, or the Virgin Islands, except a national nonmember bank as hereinafter defined.

"(5) The term 'national nonmember bank' means any national bank located in Hawaii, Alaska, Puerto Rico, or the Virgin Islands which is not a member of the Federal Reserve System.

"(6) The term 'mutual savings bank' means a bank without capital stock transacting a savings bank business, the net earnings of which inure wholly to the benefit of its depositors after payment of obligations for any advances by its organizers.

"(7) The term 'savings bank' means a bank, other than a mutual savings bank, transacting a strictly savings bank business under State laws imposing special requirements on such banks governing the manner of investing their funds and of conducting their business: *Provided*, That the bank maintains, until maturity date or until withdrawn, all deposits made with it, exclusive of funds held by it in a fiduciary capacity, as time savings deposits of the specific term type or of the type where the right to require written notice before permitting withdrawal is reserved: *Provided further*, That such bank to be considered a savings bank must elect to become subject to regulations of the Corporation respecting the redeposit of maturing deposits and prohibiting withdrawal of deposits by checking except in cases where such withdrawal is permitted by law on the effective date from specifically designated deposit accounts totaling not more than 15 percent of the bank's total deposits.

"(8) The term 'insured bank' means any bank the deposits of which are insured in accordance with the provisions of this section, and the term 'noninsured bank' means any other bank.

"(9) The term 'new bank' means a new national banking association organized by the Corporation to assume the insured deposits of an insured bank closed on account of inability to meet the demands of its depositors and otherwise to perform temporarily the functions prescribed in this section.

"(10) The term 'receiver' shall include a receiver, liquidating agent, conservator, commission, person, or other agency charged by law with the duty of winding up the affairs of a bank.

"(11) The term 'board of directors' means the board of directors of the Corporation.

"(12) The term 'deposit' means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obligated to give credit to a commercial, checking, savings, time or thrift account, or which is evidenced by its certificate of deposit, and trust funds held by such bank whether retained or deposited in any department of such bank or deposited in another bank, together with such other obligations of a bank as the board of directors shall find and shall prescribe by its regulations to be deposit liabilities by general usage: *Provided*, That any obligation of a bank which is payable only at an office of the bank located outside the States of the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, and the Virgin Islands, shall not be a deposit for purposes of this section or be included as a part of total deposits or of an insured deposit: *Provided further*, That any insured bank having its principal place of business in any of the States of the United States or in the District of Columbia which maintains a branch or office in Hawaii, Alaska, Puerto Rico, or the Virgin Islands may elect to exclude its deposit obligations which are payable only at the office of such branch and upon so electing the branch or office shall be considered as a unit and it and the insured bank with respect to it shall comply with the provisions of this section applicable to the termination of insurance by nonmember banks: *Provided further*, That the bank may elect to restore the insurance to such deposits at any time its capital stock is unimpaired.

"(13) The term 'insured deposit' means such part of the net amount of money due to any depositor for deposits in an insured bank, after deducting offsets, as shall not exceed the maximum prescribed by paragraph (1) of subsection (l) of this section. Such amount shall be determined according to such regulations as the board of directors may prescribe. In determining the amount due to any depositor there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit either in his own name or in the names of others, except trust funds which shall be insured as provided in paragraph (9) of subsection (h) of this section.

"(14) The term 'transferred deposit' means a deposit in a new bank or other insured bank made available to a depositor by the Corporation as payment of the insured deposit of such depositor in a closed bank, and assumed by such new bank or other insured bank.

"(15) The term 'effective date' means the date of enactment of the Banking Act of 1935.

"(d) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000,000, which shall be available for payment by the Secretary of the Treasury for capital stock of the Corporation in an equal amount, which shall be subscribed for by him on behalf of the United States. Payments upon such subscription shall be subject to call in whole or in part by the board of directors of the Corporation. Such stock shall be in addition to the amount of capital stock required to be subscribed for by Federal Reserve banks. Receipts for payments by the United States for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States. Every Federal Reserve bank shall subscribe to shares of stock in the Corporation to an amount equal to one-half of the surplus of such bank on January 1, 1933, and its subscriptions shall be accompanied by a certified check payable to the Corporation in an amount equal to one-half of such subscription. The remainder of such subscription shall be subject to call from time to time by the board of directors upon 90 days' notice. The capital stock of the Corporation shall consist of the shares subscribed for prior to the effective date. Such stock shall be without nominal or par value, and shares issued prior to the effective date shall be exchanged and reissued at the rate of one share for each $100 paid

into the Corporation for capital stock. The consideration received by the Corporation for the capital stock shall be allocated to capital and to surplus in such amounts as the boards of directors shall prescribe. Such stock shall have no vote and shall not be entitled to the payment of dividends.

"(e) (1) Every operating member bank, including a bank incorporated since March 10, 1933, licensed on or before the effective date by the Secretary of the Treasury shall be and continue without application or approval an insured bank and shall be subject to the provisions of this section.

"(2) After the effective date any national member bank authorized to commence or resume the business of banking, State bank converting into a national member bank, or State bank becoming a member of the Federal Reserve System shall be an insured bank from the time the certificate herein prescribed shall be issued to the Corporation by the Comptroller of the Currency in the case of such national member bank, or by the Board of Governors of the Federal Reserve System in the case of such State member bank: *Provided*, That in the case of an insured bank admitted to membership in the Federal Reserve System or insured State bank converting into a national member bank, such certificate shall not be required, and the bank shall continue as an insured bank. Such certificate shall state that the bank is authorized to transact the business of banking in the case of a national member bank, or is a member of the Federal Reserve System in the case of a State member bank, and that consideration has been given to the factors enumerated in subsection (g) of this section.

"(f) (1) Every bank not a member of the Federal Reserve System which on the effective date is a member of the temporary Federal deposit insurance fund or of the fund for mutuals created pursuant to the provisions of the Banking Act of 1933, as amended (48 Stat. 168, 969; chs. 89, 546), shall be and continue without application or approval an insured bank and shall be subject to the provisions of this section, unless in accordance with regulations to be prescribed by the board of directors such bank shall give to the Corporation, and to the Reconstruction Finance Corporation if it owns or holds as pledgee any preferred stock, capital notes, or debentures of such bank, within 30 days after the effective date written notice of its election not to continue after August 31, 1935, as an insured bank and shall give to its depositors, by publication or by any reasonable means, as the board of directors may prescribe, not less than 20 days' notice prior to August 31, 1935, of such election: *Provided*, That any State nonmember bank which was admitted to said temporary Federal deposit insurance fund or fund for mutuals but which did not file on or before the effective date on October 1, 1934, certified statement and make the payments thereon required by law as it existed prior to the effective date, shall cease to be an insured bank on August 31, 1935: *Provided further*, That no bank admitted to the said temporary Federal deposit insurance fund or the fund for mutuals prior to the effective date shall, after August 31, 1935, be an insured bank or have its deposits insured by the Corporation, if such bank shall have permanently discontinued its banking operations prior to the effective date. Deposits of the bank giving such notice shall continue to be insured until August 31, 1935, and the rights of the bank shall be as provided by law existing prior to the effective date, and such bank shall not be insured by the Corporation beyond August 31, 1935.

"(2) Subject to the provisions of this section, any national nonmember bank, on application by the bank and certification by the Comptroller of the Currency in the manner prescribed in subsection (e) of this section, and any State nonmember bank, upon application to and examination by the Corporation and approval by the board of directors, may become an insured bank. Before approving the application of any such State nonmember bank, the board of directors shall give consideration to the factors enumerated in subsection (g) of this section and shall determine, upon the basis of a thorough examination of such bank, that its assets in excess of its capital requirements are adequate to enable it to meet all of its liabilities as shown by the books of the bank to depositors and other creditors.

"(g) The factors to be enumerated in the certificate required under subsection (e) and to be considered by the board of directors under subsection (f) shall be the following: The financial history and condition of the bank, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served by the bank, and whether or not its corporate powers are consistent with the purposes of this section.

"(h) (1) The assessment rate shall be one-twelfth of 1 percent per annum. The semiannual assessment for each insured bank shall be in the amount of the product of one-half the annual assessment rate multiplied by an assessment base which shall be the average for 6 months of the differences at the end of each calendar day between the total amount of liability of the bank for deposits (according to the definition of the term 'deposit' in and pursuant to paragraph (12) of subsection (c) of this section, without any deduction for indebtedness of depositors) and the total of such uncollected items as are included in such deposits and credited subject to final payment: *Provided, however*, That the daily total of such uncollected items shall be determined according to regulations prescribed by the board of directors upon a consideration of the factors of general usage and ordinary time of availability, and for purposes of such deduction no item shall be regarded as uncollected for longer periods than those prescribed by such regulations. Each insured bank shall, as a condition to the right to deduct any specific uncollected item in determining its assessment base, maintain such records as will readily permit verification of the correctness of the particular deduction claimed. The certified statements required to be filed with the Corporation under paragraphs (2), (3), and (4) of this subsection shall be in such form and set forth such supporting information as the board of directors shall prescribe. The assessment payments required from insured banks under paragraphs (2), (3), and (4) of this subsection shall be made in such manner and at such time or times as the board of directors shall prescribe, provided the time prescribed shall not be later than 60 days after filing the certified statement setting forth the amount of the assessment. In the event a separate fund for mutuals be established the board of directors from time to time may fix a lower assessment rate operative for such period as the board may determine applicable to insured mutual savings banks only and the remainder of this paragraph shall not be applicable to such banks. Whenever on any May 31 or November 30 the value of the assets of the Corporation, as shown by its books and records, exceeds its liabilities, other than its contingent liabilities for insured deposits in operating banks, by $500,000,000 or more, insured banks shall be relieved of complying with the provisions of paragraph (2) of this subsection for a period (limited as hereinafter provided) beginning the first of the next succeeding July or January as the case may be: *Provided*, That no insured bank becoming such after July 1, 1935, until it has paid a number of semiannual assessments equal to the largest number of such assessments paid by any insured bank prior to the beginning of the first period during which any banks are relieved hereunder, shall be relieved by reason of this paragraph from complying with the provisions of paragraph (2) of this subsection: *Provided further*, That the period during which any banks shall be relieved, by reason of this paragraph, from complying with the provisions of paragraph (2) of this subsection shall in each case terminate on such succeeding July 1 or January 1, as is next preceded by a May 31 or November 30 on which the aforementioned excess is less than $425,000,000.

"(2) On or before the 15th day of July of each year, each insured bank shall file with the Corporation a certified statement under oath showing for the 6 months ended on the preceding June 30 the amount of the assessment base and the amount of the semiannual assessment due to the Corporation, determined in accordance with paragraph (1) of this subsection. Each insured bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify. On or before the 15th day of January of each year each insured bank shall file with the Corporation a similar certified statement for the 6 months ending on the preceding December 31 and shall pay to the Corporation the amount of the semiannual assessment it is required to certify.

"(3) Each bank which shall continue as an insured bank according to the provisions of subsection (e) or (f) of this section shall be relieved of complying with the provisions of paragraph (2) of this subsection with respect to the first certified statement due to be filed on or before July 15, 1935, but shall on or before the 15th day of August 1935 file with the Corporation a certified statement under oath showing the amount of the assessment base and the amount of the semiannual assessment due to the Corporation for the period ending December 31, 1935, determined in accordance with paragraph (1) of this subsection, except that the assessment base shall be the average for the 31 days in the month of July 1935, rather than for the 6 months ending June 30, 1935. Each such bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify.

"(4) Each bank which becomes an insured bank after the effective date shall be relieved from complying with the provisions of paragraph (2) of this subsection for the period until it has operated as an insured bank for a full semiannual period ending either June 30 or December 31 as the case may be. Each such bank, on or before the forty-fifth day after it becomes an insured bank, shall file with the Corporation its first certified statement which shall be under oath and shall show the amount of the assessment base determined in accordance with paragraph (1) of this subsection, except that the assessment base shall be the average for the first 31 calendar days it operates as an insured bank. Each such certified statement shall also show as the amount of the first assessment due to the Corporation the prorated portion (for the period between the day it becomes an insured bank and the next succeeding last day of June or December, as the case may be) of an amount equal to the product of one-half the annual assessment rate multiplied by the base required to be set forth on its first certified statement and payment shall be made to the Corporation of the amount of the assessment required to be certified. Each bank becoming an insured bank after the effective date which has not operated as an insured bank for a full 6 months at the end of the next succeeding last day (either June 30 or December 31) of a semiannual period shall, on or before the 15th day of the first month thereafter, except that banks becoming insured in June or December shall have 31 additional days, file with the Corporation its second certified statement under oath showing the amount of the assessment base and the amount of the semiannual assessment due to the Corporation, determined in accordance with paragraph (1) of this subsection, except that if it became an insured bank in the month of December or June the assessment base shall be the average for the first 31 calendar days it operates as an insured bank and except that if it became an insured bank in any other month than December or June the assessment base shall be the average for the days between the day it became an insured bank and the next succeeding last day (either June 30 or December 31) of a semiannual period. Each bank obligated to file a certified statement under the preceding

sentence shall pay to the corporation the amount of the semiannual assessment the bank is required to certify.

"(5) Each bank which shall be and continue without application or approval an insured bank in accordance with the provisions of subsection (e) or (f) of this section, shall, in lieu of all right to refund, be credited with any balance to which such bank shall become entitled upon the termination of said Temporary Federal Deposit Insurance Fund or the Fund for Mutuals. The credit shall be applied by the Corporation toward the payment of the assessment next becoming due from such bank and upon succeeding assessments until the credit is exhausted.

"(6) Any insured bank which fails to file such certified statement or statements as it is lawfully required to file in connection with determining the amount of assessment or assessments due the Corporation, may be compelled to file such statement or statements by mandatory injunction or other appropriate remedy in a suit brought by the Corporation against the bank and any officer or officers thereof, for the purpose stated, in any court of the United States of competent jurisdiction in the district or territory in which such bank is located.

"(7) The Corporation, in a suit brought at law or in equity in any court of competent jurisdiction, shall be entitled to recover from any insured bank any unpaid assessment or assessments lawfully due from such insured bank to the Corporation, regardless of whether or not such bank shall have filed the certified statement or statements it is lawfully required to file, and regardless of whether or not suit shall have been brought to compel such statement or statements to be filed.

"(8) Should any national member bank now or hereafter organized, or should any national nonmember bank which is now or hereafter becomes an insured bank, omit to file any certified statement required to be filed by such bank under any provision of this section, or to pay the assessment required to be paid under any provision of this section by such bank on any certified statement filed by it, and should any such bank not correct such omission to file or to pay within 30 days after written notice has been given by the Corporation to an officer of the bank, citing this paragraph, and stating that the bank has omitted to file or pay as required by law, all the rights, privileges, and franchises of the offending bank granted to it under the National Bank Act or under the provisions of the Federal Reserve Act, as amended, shall be thereby forfeited. Whether or not the penalty provided in this paragraph has been incurred shall be determined and adjudged in the manner provided in the sixth paragraph of section 2 of this act, as amended. The remedies provided in this paragraph and in the two preceding paragraphs shall not be construed as limiting any other remedies against any bank, but shall be in addition thereto.

"(9) Trust funds held by an insured bank in a fiduciary capacity whether held in its trust or deposited in any other department or in another bank shall be insured subject to a $5,000 limit for each trust estate and when deposited by the fiduciary bank in another insured bank shall be similarly insured to the fiduciary bank according to the trust estates represented. Notwithstanding any other provision of this section, such insurance shall be separate from and additional to that covering other deposits of the owners of such trust funds or beneficiaries of such trust estates: *Provided*, That where the fiduciary bank deposits any of such trust funds in other insured banks, the amount so held by other insured banks on deposit shall not for the purpose of any certified statement required under paragraph (2), (3), or (4) of this subsection be considered to be a deposit liability of the fiduciary bank, but shall be considered a deposit liability of the bank in which such funds are so deposited by such fiduciary bank. The board of directors shall have power by regulation to prescribe the manner of reporting and of depositing such funds.

"(i) (1) Any insured bank (except a national member bank or State member bank) may, upon not less than 90 days' written notice to the Corporation, and to the Reconstruction Finance Corporation if it owns or holds as pledgee any preferred stock, capital notes, or debentures of such bank, terminate its status as an insured bank. Whenever the board of directors shall find that an insured bank or its directors or trustees have continued unsafe or unsound practices in conducting the business of such bank or have knowingly or negligently permitted any of its officers or agents to violate any provision of this section or of any regulation made thereunder, or of any law or regulation made pursuant to law to which the insured bank is subject, the board of directors shall first give to the Comptroller of the Currency in the case of a national bank or District bank, to the authority having supervision in case of a State bank, and also to the Board of Governors of the Federal Reserve System in case of a State member bank, a statement of such violation by the bank for the purpose of securing a correction of such practices or conditions. Unless such correction shall be made within 120 days or such shorter period of time as the Comptroller of the Currency, the State authority, or Board of Governors of the Federal Reserve System, as the case may be, shall require, the board of directors, if it shall determine to proceed further, shall give to the bank not less than 30 days' written notice of intention to terminate the status of the bank as an insured bank, fixing a time and place for a hearing before the board of directors or before a person designated by it to conduct such hearing, at which evidence may be produced, and upon such evidence the board of directors shall make written findings which shall be conclusive. Unless the bank shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured bank. If the board of directors shall find that any violation specified in such notice has been established, the board of directors may order that the insured status of the bank be terminated on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The Corporation may publish notice of such termination and the bank shall give notice of such termination to each of its depositors at his last address of record on the books of the bank, in such manner and at such time as the board of directors may find necessary and may order for the protection of depositors. After termination of the insured status of any bank under the provisions of this paragraph, the insured deposits of each depositor in the bank on the date of such termination, less all subsequent withdrawals from any deposits of such depositor, shall continue for a period of 2 years to be insured and the bank shall continue to pay to the Corporation assessments as in the case of an insured bank for such period of 2 years from such termination, but no additions to any deposits or any new deposits shall be insured by the Corporation, and the bank shall not advertise or hold itself out as having insured deposits unless in the same connection it shall state with equal prominence that additions to deposits and new deposits made after the date of such termination, specifying such date, are not insured. Such bank shall in all other respects be subject to the duties and obligations of an insured bank for the period of 2 years from such termination and in the event of being closed on account of inability to meet the demands of its depositors within such period of 2 years, the Corporation shall have the same powers and rights with respect to such bank as in case of an insured bank.

"(2) Whenever the insured status of a member bank shall be terminated by action of the board of directors, the Board of Governors of the Federal Reserve System in the case of a State member bank shall terminate its membership in the Federal Reserve System in accordance with the provisions of section 9 of this act and in the case of a national member bank the Comptroller of the Currency shall appoint a receiver for the bank (to be the Corporation whenever the bank shall be unable to meet the demands of its depositors). Whenever a member bank shall cease to be a member of the Federal Reserve System, its status as an insured bank shall without notice or other action by the board of directors terminate on the date of the taking effect of the termination of membership of the bank in the Federal Reserve System, with like effect as if terminated on said date by the board of directors after proceedings under paragraph (1) of this subsection (i).

"(3) When the liabilities of an insured bank for deposits shall have been assumed by another insured bank or banks, the insured status of the bank whose liabilities are so assumed shall terminate on the date of receipt by the Corporation of satisfactory evidence of such assumption with like effect as if terminated on said date by the board of directors after proceedings under paragraph (1) of this subsection (i): *Provided*, That if the bank whose liabilities are so assumed gives to its depositors notice of such assumption within 30 days after such assumption take effect, by publication or by any reasonable means, in accordance with regulations to be prescribed by the board of directors, the insurance of its deposits shall terminate at the end of 6 months from the date such assumption takes effect and such bank shall be relieved of all future obligations to the Corporation, including the obligation to pay future assessments.

"(j) Upon the date of enactment of the Banking Act of 1933, the Corporation shall become a body corporate and as such shall have power—

"First. To adopt and use a corporate seal.

"Second. To have succession until dissolved by an act of Congress.

"Third. To make contracts.

"Fourth. To sue and be sued, complain and defend, in any court of law or equity, State or Federal. All suits of a civil nature at common law or in equity to which the Federal Deposit Insurance Corporation shall be a party shall be deemed to arise under the laws of the United States: *Provided*, That any such suit to which the Corporation is a party in its capacity as receiver of a State bank and which involves only the rights or obligations of depositors, creditors, stockholders and such State bank under State law shall not be deemed to arise under the laws of the United States. No attachment or execution shall be issued against the Corporation or its property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court. The board of directors shall designate an agent upon whom service of process may be made in any State, Territory, or jurisdiction in which any insured bank is located.

"Fifth. To appoint by its board of directors such officers and employees as are not otherwise provided for in this section, to define their duties, fix their compensation, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. Nothing in this or any other act shall be construed to prevent the appointment and compensation as an officer or employee of the Corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

"Sixth. To prescribe by its board of directors, bylaws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

"Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this section and such incidental powers as shall be necessary to carry out the powers so granted.

"Eighth. To make examinations of and to require information and reports from banks, as provided in this section.

"Ninth. To act as receiver.

"Tenth. To prescribe by its board of directors such rules and regulations as it may deem necessary to carry out the provisions of this section.

"(k) (1) The board of directors shall administer the affairs of the Corporation fairly and impartially and without discrimination. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this section.

"(2) The board of directors shall appoint examiners, who shall have power on behalf of the Corporation (except as to a District bank) to examine any insured State nonmember bank, State nonmember bank making application to become an insured bank, or closed insured bank, whenever considered necessary. Such examiners shall have like power to examine, with the written consent of the Comptroller of the Currency, any national bank, or District bank and, with the written consent of the Board of Governors of the Federal Reserve System, any State member bank. Each examiner shall have power to make a thorough examination of all of the affairs of the bank and in doing so he shall have power to administer oaths and to examine and take and preserve the testimony of any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of the bank to the Corporation. The board of directors in like manner shall appoint claim agents who shall have power to investigate and examine all claims for insured deposits and transferred deposits. Each claim agent shall have power to administer oaths and to examine under oath and take and preserve testimony of any persons relating to such claims. Any such examiner or claim agent in relation to any such examination, investigation, or taking of testimony may apply to any judge or clerk of any court of the United States to issue subpenas and to compel the appearance of witnesses and the production and taking of any such testimony and to punish disobedience in like manner as provided in sections 184 to 186 of the Revised Statutes (U. S. C., title 5, secs. 94 to 96).

"(3) Each insured State nonmember bank (except a District bank) shall make to the Corporation reports of condition in such form and at such times as the board of directors may require of such bank. The board of directors may require such reports to be published in such manner, not inconsistent with any applicable law, as it may direct. Every such bank which fails to make or publish any such report within such time, not less than 5 days, as the board of directors may require, shall be subject to a penalty of not more than $100 for each day of such failure recoverable by the Corporation for its use.

"(4) The Corporation shall have access to reports of examinations made by and reports of condition made to the Comptroller of the Currency or any Federal Reserve bank, and may accept any report made by or to any commission, board, or authority having supervision of a State nonmember bank (except a District bank), and may furnish to the Comptroller of the Currency, or any such Federal Reserve bank, commission, board, or authority reports of examinations made on behalf of and reports of condition made to the Corporation.

"(l) (1) The temporary Federal-deposit insurance fund and the fund for mutuals are hereby consolidated into the permanent insurance fund for deposits created by this section and the assets therein shall be held by the Corporation for the uses and purposes of the Corporation: *Provided*, That the obligations to and rights of the Corporation, depositors, banks, and other persons arising out of any event or transaction prior to the effective date shall remain unimpaired. From the effective date the Corporation shall insure the deposits of all insured banks as defined and provided in this section: *Provided*, That the insurance shall apply only to deposits of insured banks which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business: *Provided further*, That if any insured bank shall, without the consent of the Corporation, release or modify restrictions on or deferments of deposits which had not been made available for withdrawal in the usual course of the banking business by the effective date, such deposits shall not be insured. The maximum amount of the insured deposit of any depositor shall be $5,000. The Corporation, in the discretion of the board of directors, may open on its books solely for the benefit of mutual savings banks and depositors therein a separate fund for mutuals. If such a fund is opened, all assessments of each mutual savings bank shall be made part of such fund and the other permanent insurance funds of the Corporation shall cease to be liable for losses sustained in mutual savings banks: *Provided*, That the capital assets of the Corporation shall be so liable and all expenses of operation of the Corporation shall be allocated on an equitable basis.

"(2) An insured bank shall for the purposes of this section be deemed to have been closed on account of inability to meet the demands of its depositors in any case where it has been closed for the purpose of liquidation without adequate provision for payment of its depositors.

"(3) Notwithstanding any other provision of law, whenever any insured national bank or insured District bank shall have been closed by action of its board of directors or the Comptroller of the Currency, as the case may be, on account of inability to meet the demands of its depositors, the Comptroller of the Currency shall appoint the Corporation receiver for such closed bank and no other person shall be appointed as receiver of such closed bank.

"(4) It shall be the duty of the Corporation as such receiver to realize upon the assets of such closed bank, having due regard to the condition of credit in the locality; to enforce the individual liability of the stockholders and directors thereof; and to wind up the affairs of such closed bank in conformity with the provisions of law relating to the liquidation of closed national banks, except as herein otherwise provided, retaining for its own account such portion of the amount realized from such liquidation as it shall be entitled to receive on account of its subrogation to the claims of depositors and paying to depositors and other creditors the net amount available for distribution to them. With respect to such closed bank, the Corporation as such receiver shall have all the rights, powers, and privileges now possessed by or hereafter given a receiver of an insolvent national bank.

"(5) Whenever any insured State bank, except a District bank, shall have been closed by action of its board of directors or by the authority having supervision of such bank, as the case may be, on account of inability to meet the demands of its depositors, the Corporation shall accept appointment as receiver thereof, if such appointment be tendered by the authority having supervision of such bank and be authorized or permitted by State law. With respect to such insured State bank, the Corporation shall possess the powers and privileges given by State law to a receiver of such State bank.

"(6) When an insured bank shall have been closed on account of inability to meet the demands of its depositors, payment of the insured deposits shall be made by the Corporation as soon as possible, subject to the provisions of paragraph (7) of this subsection (l), either (a) by making available to each depositor a transferred deposit in a new bank in the same community or in another insured bank in an amount equal to the insured deposit of such depositor and subject to withdrawal on demand, or (b) in accordance with any other procedure adopted by the board of directors: *Provided*, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured deposits, and that in any case where the Corporation is not satisfied as to the validity of a claim for an insured deposit, it may require the final determination of a court of competent jurisdiction before paying such claim.

"(7) In the case of a closed national bank or District bank the Corporation, upon payment of any depositor as provided in paragraph (6) of this subsection (l), shall become and be subrogated to all rights of the depositor against the closed bank to the extent of such payment. In the case of any other closed insured bank, the Corporation shall not pay any depositor until the right of the Corporation to be subrogated to the rights of such depositor on the same basis as provided in the case of a closed national bank under this section shall have been recognized, by express provisions of State law, by allowance of claims by the authority having supervision of such bank, by assignment of claims by depositors, or by any other effective method. Such subrogation in the case of any closed bank shall include the right to receive the same dividends from the proceeds of the assets of such closed bank and recoveries on account of stockholders' liability as would have been payable to such depositor on a claim for the insured deposit, such depositor retaining his claim for any uninsured portion of his deposit: *Provided*, That the rights of depositors and other creditors of any State bank shall be determined in accordance with the applicable provisions of State law.

"(8) As soon as possible, the Corporation, if it finds that it is advisable and in the interest of the depositors of the closed bank or the public, shall organize a new bank to assume the insured deposits of such closed bank and otherwise to perform temporarily the functions provided for in this section. The new bank shall have its place of business in the same community as the closed bank.

"(9) The articles of association and the organization certificate of the new bank shall be executed by representatives designated by the Corporation. No capital stock need be paid in by the Corporation. The new bank shall not have a board of directors, but shall be managed by an executive officer appointed by the board of directors of the Corporation and who shall be subject to its directions. In other respects such bank shall be organized in accordance with the existing provisions of the law relating to the organization of national banking associations. The new bank may, with the approval of the Corporation, accept new deposits which shall be subject to withdrawal on demand and which, except where the new bank is the only bank in the community, shall not exceed $5,000 from any depositor. The new bank, without application or approval, shall be an insured bank and shall maintain on deposit with the Federal Reserve bank of its district the reserves required by law for member banks, but shall not be required to subscribe for stock of the Federal Reserve bank. Funds of the new bank shall be kept on hand in cash, invested in securities of the Government of the United States, or in securities guaranteed as to principal and interest by the Government of the United States, or deposited with the Corporation, or with a Federal Reserve bank, or, to the extent of the insurance coverage thereon, with an insured bank. The new bank, unless otherwise authorized by the Comptroller of the Currency, shall transact no business except that authorized by this section and such business as may be incidental to its organization. Notwithstanding any other provision of law it, its franchise, property, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

"(10) On the organization of a new bank, the Corporation shall promptly make available to the new bank an amount equal to the estimated insured deposit of such closed bank plus the amount of its estimated expenses of operation and shall determine as soon as possible the amount due each depositor for his insured deposit in the closed bank, and the total expenses of operation of the new bank. Upon determination thereof, the amounts so estimated and made available shall be adjusted to conform to the amounts so determined. Earnings of the new bank shall be paid over or credited to the Corporation in such adjustment. If any new bank, during the period it continues its status as such, sustains any losses with respect to which it is not effectively protected except by reason of being an insured bank, the Corporation shall furnish to it additional funds in the amount of such losses. The new bank shall assume as transferred deposits the payment of the insured deposits of such closed bank to each of its depositors. Of the amount so made available, the Corporation shall transfer to the new bank, in cash, such amount as is necessary to enable it to meet expenses and immediate cash demands on such transferred deposits and the remainder shall be subject to withdrawal by the new bank on demand.

"(11) When in the judgment of the board of directors it is desirable to do so, the Corporation shall cause capital stock of the new bank to be offered for sale on such terms and conditions as the board of directors shall deem advisable, in an amount sufficient, in the opinion of the board of directors, to make possible the conduct of the business of the new bank on a sound basis, but in no event less than that required by section 5138 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 51), for the organization of a national bank in the place where such new bank is located, giving the stockholders of the closed bank the first opportunity to purchase any shares of common stock so offered. Upon proof that an adequate amount of capital stock in the new bank has been subscribed and paid for in cash, the Comptroller of the Currency shall require the articles of association and the organization certificate to be amended to conform to the requirements for the organization of a national bank, and thereafter, when the requirements of law with respect to the organization of a national bank have been complied with, he shall issue to the bank a certificate of authority to commence business, which shall thereupon cease to have the status of a new bank and shall be managed by directors elected by its own shareholders and may exercise all the powers granted by law and shall be subject to all of the provisions of law relating to national banks. Such bank shall thereafter be an insured national bank, without certification to or approval by the Corporation.

"(12) If the capital stock of the new bank shall not be offered for sale, or if an adequate amount of capital for such new bank is not subscribed and paid in, the board of directors may offer to transfer its business to any insured bank in the same community which will take over its assets, assume its liabilities, and pay to the Corporation for such business such amount as the board of directors may deem adequate; or the board of directors in its discretion may change the location of the new bank to the office of the Corporation or to some other place or may at any time wind up its affairs as herein provided. Unless the capital stock of the new bank is sold or its assets acquired and its liabilities assumed by an insured bank, as provided above within 2 years from the date of its organization, the Corporation shall wind up its affairs, after giving such notice, if any, as the Comptroller of the Currency may require, and shall certify to the Comptroller of the Currency the termination of the new bank and thenceforth the Corporation shall be liable for its obligations and be the owner of its assets. The provisions of sections 5220 and 5221 of the Revised Statutes (U. S. C., title 12, secs. 181 and 182) shall not apply to such new banks.

"(m) (1) The Corporation as receiver of a closed national bank or District bank shall not be required to furnish bond and shall have the right to appoint an agent or agents to assist it in its duties as such receiver, and all fees, compensation, and expenses of liquidation and administration thereof shall be fixed by the Corporation, subject to the approval of the Comptroller of the Currency, and may be paid by it out of funds coming into its possession as such receiver. The Comptroller of the Currency is authorized and empowered to waive and relieve the Corporation from complying with any regulations of the Comptroller of the Currency with respect to receiverships where in his discretion such action is deemed advisable to simplify administration.

"(2) Payment of an insured deposit to any person by the Corporation shall discharge the Corporation, and payment of a transferred deposit to any person by the new bank or the other insured bank shall discharge the Corporation and such new bank or other insured bank, to the same extent that payment to such person by the closed bank would have discharged it from liability for the insured deposit.

"(3) Except as otherwise prescribed by the board of directors, neither the Corporation, such new bank, nor such other insured bank, shall be required to recognize as the owner of any portion of a deposit appearing on the records of the closed bank under a name other than that of the claimant, any person whose name or interest as such owner is not disclosed on the records of such closed bank as part owner of said account, where such recognition would increase the aggregate amount of the insured deposits in such closed bank.

"(4) The Corporation may withhold payment of such portion of the insured deposit of any depositor in a closed bank as may be required to provide for the payment of any liability of such depositor as a stockholder of the bank, or of any liability of such depositor to the bank or its receiver, not offset against a claim due from the bank, pending the determination and payment of such liability by such depositor or any other person liable therefor.

"(5) If, after the Corporation shall have given at least 3 months' notice to the depositor by mailing a copy thereof to his last known address appearing on the records of the closed bank, any depositor in a closed bank shall fail to claim his insured deposit from the Corporation within 18 months after the appointment of the receiver for the closed bank, or shall fail to claim or arrange to continue the transferred deposit with the new bank or other bank assuming liability therefor within such 18 months' period, all rights of the depositor against the Corporation in respect to the insured deposit or against the new bank and such other bank in respect to the transferred deposit shall be barred, and all rights of the depositor against the closed bank, its shareholders or the receivership estate to which the Corporation may have become subrogated shall thereupon revert to the depositor. The amount of any transferred deposits not claimed within such 18 months' period, shall be refunded to the Corporation.

"(n) (1) Money of the Corporation not otherwise employed shall be invested in securities of the Government of the United States or in securities guaranteed as to principal and interest by the Government of the United States, except that for temporary periods, in the discretion of the board of directors, funds of the Corporation may be deposited in any Federal Reserve bank or with the Treasurer of the United States. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depositary of public moneys, except receipts from customs, under such regulations as may be prescribed by the said Secretary, and may also be employed as a financial agent of the Government. It shall perform all such reasonable duties as depositary of public moneys and financial agent of the Government as may be required of it.

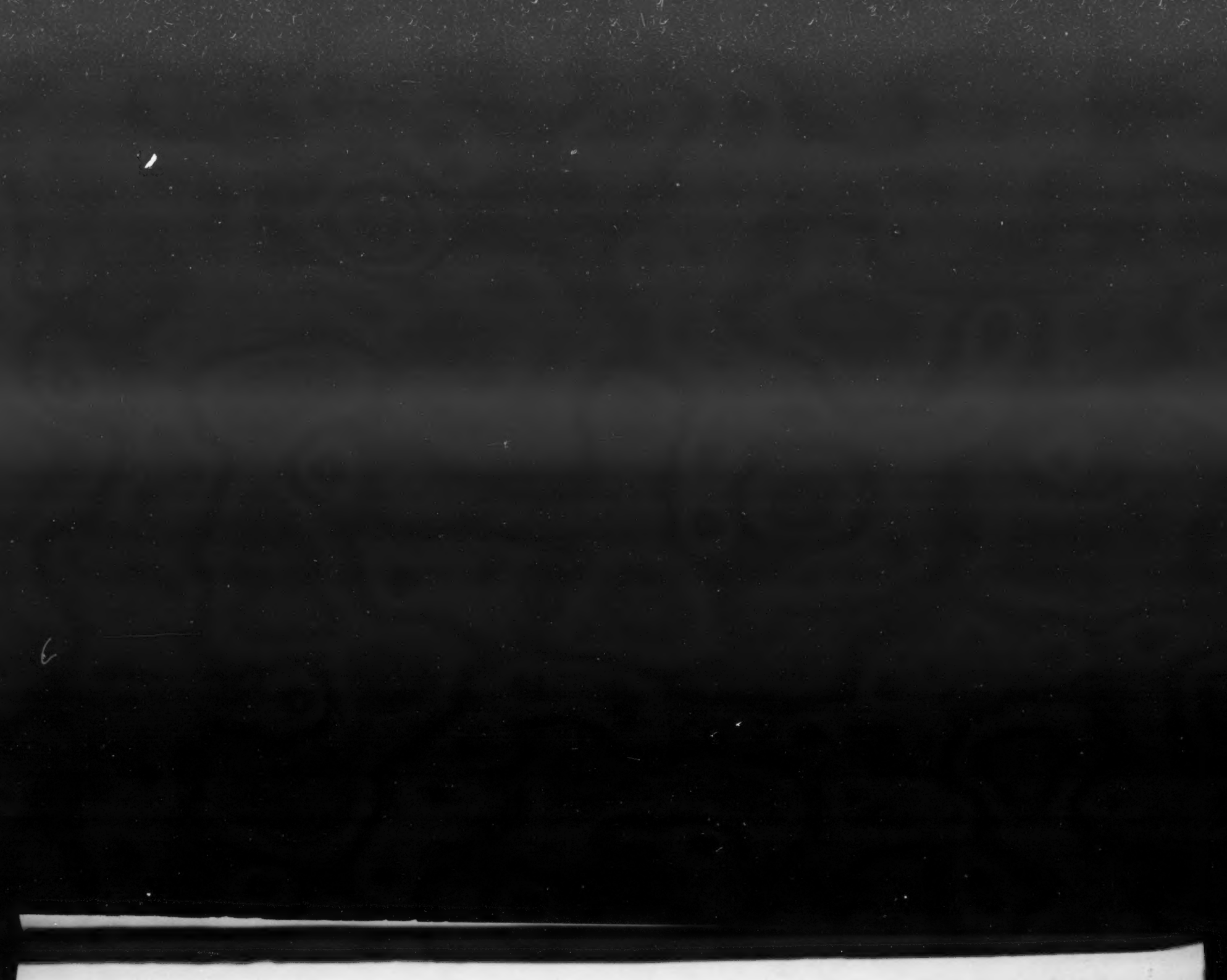
"(2) Nothing in this section contained shall be construed to prevent the Corporation from making loans to national banks closed by action of the Comptroller of the Currency, or by vote of their directors, or to State member banks closed by action of the appropriate State authorities, or by vote of their directors, or from entering into negotiations to secure the reopening of such banks.

"(3) Receivers or liquidators of insured banks closed on account of inability to meet the demands of depositors shall be entitled to offer the assets of such banks for sale to the Corporation or as security for loans from the Corporation, upon receiving permission from the appropriate State authority in accordance with express provisions of State law in the case of insured State banks, or from the Comptroller of the Currency in the case of national banks or District banks. The proceeds of every such sale or loan shall be utilized for the same purposes and in the same manner as other funds realized from the liquidation of the assets of such banks. The Comptroller of the Currency may, in his discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to section 5235 of the Revised Statutes (U. S. C., title 12, sec. 193), and no liability shall attach to the Comptroller of the Currency or to the receiver of any national bank by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment. The Corporation, in its discretion, may make loans on the security of or may purchase and liquidate or sell any part of the assets of an insured bank which is now or may hereafter be closed on account of inability to meet the demands of its depositors. In any case where the Corporation is acting as receiver of such insured bank such loan or purchase shall not be made without approval of a court of competent jurisdiction.

"(4) Until July 1, 1936, whenever in the judgment of the board of directors such action will reduce the risk or avert a threatened loss to the Corporation and will facilitate a merger or consolidation, or facilitate the sale of the assets of an open or closed insured bank to and assumption of its liabilities by another insured bank, the Corporation may, upon such terms and conditions as it may determine, make loans secured in whole or in part by assets of such open or closed insured bank, which loans may be in subordination to the rights of depositors and other creditors, or it may purchase such assets, or may guarantee any other insured bank against loss by reason of assuming the liabilities and purchasing the assets of such open or closed insured bank. Any insured national bank or District bank or, with the approval of the Comptroller of the Currency, any receiver thereof is authorized to contract for such sales or loans and to pledge any assets of the bank to secure such loans.

"(o) (1) The Corporation is authorized and empowered to issue and to have outstanding its notes, debentures, bonds, or other such obligations, in a par amount aggregating not more than three times the amount received by the Corporation in payment of its capital stock and of the first two semiannual assessments. Notes, debentures, bonds, or other such obligations issued under this subsection shall be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations, and shall bear such rate or rates of interest, and shall mature at such time or times as may be determined by the Corporation: *Provided*, That the Corporation may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other such obligations of the Corporation may be secured by assets of the Corporation in such manner as shall be prescribed by its board of directors. Such obligations may be offered for sale at such price or prices as the Corporation may determine.

"(2) The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of the



sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder: *Provided*, That if the Reconstruction Finance Corporation fails for any reason to purchase any of the obligations of the Corporation as provided in subsection (b) of section 5e of the Reconstruction Finance Corporation Act, as amended, the Secretary of the Treasury is authorized and directed to purchase such obligations in an amount equal to the amount of such obligations the Reconstruction Finance Corporation so fails to purchase. The Secretary of the Treasury may, at any time, sell any of the obligations of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Corporation shall be treated as public-debt transactions of the United States.

"(p) All notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"(q) In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held in the Treasury subject to delivery, upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other such obligations.

"(r) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

"(s) Whoever, for the purpose of obtaining any loan from the Corporation, or any extension or renewal thereof, or the acceptance, release, or substitution of security therefor, or for the purpose of inducing the Corporation to purchase any assets, or for the purpose of obtaining the payment of any insured deposit or transferred deposit or the allowance, approval, or payment of any claim, or for the purpose of influencing in any way the action of the Corporation under this section, makes any statement, knowing it to be false, or willfully overvalues any security, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

"(t) Whoever (1) falsely makes, forges, or counterfeits any obligation of coupon, in imitation of or purporting to be an obligation or coupon issued by the Corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation or coupon purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation or coupon issued or purporting to have been issued by the Corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(u) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged, or otherwise entrusted to it, or (2) with intent to defraud the Corporation or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(v) (1) No individual, association, partnership, or corporation shall use the words 'Federal Deposit Insurance Corporation', or a combination of any three of these four words, as the name or a part thereof under which he or it shall do business. No individual, association, partnership, or corporation shall advertise or otherwise represent falsely by any device whatsoever that his or its deposit liabilities are insured or in anywise guaranteed by the Federal Deposit Insurance Corporation, or by the Government of the United States, or by any instrumentality thereof; and no insured bank shall advertise or otherwise represent falsely by any device whatsoever the extent to which or the manner in which its deposit liabilities are insured by the Federal Deposit Insurance Corporation. Every individual, partnership, association, or corporation violating this subsection shall be punished by a fine of not exceeding $1,000, or by imprisonment not exceeding 1 year, or both.

"(2) Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include in advertisements relating to deposits a statement to the effect that its deposits are insured by the Corporation. The board of directors shall prescribe by regulation the forms of such signs and the manner of display and the substance of such statements and the manner of use. For each day an insured bank continues to violate any provision of this paragraph or any lawful provision of said regulations, it shall be subject to a penalty of not more than $100, recoverable by the Corporation for its use.

"(3) No insured bank shall pay any dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) while it remains in default in the payment of any assessment due to the Corporation; and any director or officer of any insured bank who participates in the declaration or payment of any such dividend shall, upon conviction, be fined not more than $1,000, or imprisoned not more than 1 year, or both: *Provided*, That if such default is due to a dispute between the insured bank and the Corporation over the amount of such assessment, this paragraph shall not apply, if such bank shall deposit security satisfactory to the Corporation for payment upon final determination of the issue.

"(4) Unless, in addition to compliance with other provisions of law, it shall have the prior written consent of the Corporation, no insured bank shall enter into any consolidation or merger with any noninsured bank, or assume liability to pay any deposits made in any noninsured bank, or transfer assets to any noninsured bank in consideration of the assumption of liability for any portion of the deposits made in such insured bank, and no insured State nonmember bank (except a District bank) without such consent shall reduce the amount or retire any part of its common or preferred capital stock, or retire any part of its capital notes or debentures.

"(5) No State nonmember insured bank shall establish and operate any new branch after 30 days after the effective date unless it shall have the prior written consent of the Corporation and no branch of any State nonmember insured bank shall be moved from one location to another after 30 days after the effective date without such consent. The factors to be considered in granting or withholding the consent of the Corporation under this paragraph shall be those enumerated in subsection (g) of this section. The term 'branch' as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State of the United States or in the District of Columbia, Hawaii, Alaska, Puerto Rico, or the Virgin Islands at which deposits are received or checks paid or money lent.

"(6) The Corporation may require any insured bank to provide protection and indemnity against burglary, defalcation, and other similar insurable losses. Whenever any insured bank refuses to comply with any such requirement the Corporation may contract for such protection and indemnity and add the cost thereof to the assessment otherwise payable by such bank.

"(7) Whenever an insured bank, except a national bank or District bank, for a period of 120 days after written notice of the recommendations of the Corporation, based on a report of examination of such bank by an examiner of the Corporation, shall fail to comply with such recommendations, the Corporation shall have the power, and is hereby authorized, to publish only such part of such report of examination as relates to any recommendation not complied with: *Provided*, That such notice of intention to make such publication shall be given at the time such recommendations are made, or at any time thereafter and at least 90 days before such publication.

"(8) Insured State nonmember banks (other than savings banks, mutual savings banks, Morris Plan banks and other incorporated banking institutions engaged only in a business similar to that transacted by Morris Plan banks) shall be subject to all the provisions of this act and regulations thereunder relating to the withdrawal and payment of deposits, and the payment of interest thereon, which are applicable to insured member banks. For each violation of any provision of this paragraph the offending bank shall be subject to a penalty of not more than $100, recoverable by the Corporation for its use.

"(w) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this section, which for the purposes hereof shall be held to include loans, advances, extensions, and renewals thereof, and acceptances, releases, and substitutions of security therefor, purchases or sales of assets, and all contract and agreements pertaining to the same.

"(x) The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

"(y) (1) No State bank organized after the effective date shall be an insured bank or continue to have any part of its deposits insured after July 1, 1937, unless such bank shall be a member of the Federal Reserve System. No State bank organized on or before the effective date which during the calendar year 1936 or any succeeding calendar year shall have average deposits of $1,000,000 or more shall be an insured bank or continue to have any part of its deposits insured after July 1 of the year following any such calendar year during which it shall have had such amount of average deposits, unless such bank shall be a member of the Federal Reserve System: *Provided*, That for the purposes of this paragraph the term 'State bank' shall not include a savings bank, a mutual savings bank, a

Morris Plan bank or other incorporated banking institution engaged only in a business similar to that transacted by Morris Plan banks, a State trust company doing no commercial banking business, or a bank located in Hawaii, Alaska, Puerto Rico, or the Virgin Islands.

"(2) It is not the purpose of this section to discriminate, in any manner, against State nonmember, and in favor of, national or member banks; but the purpose is to provide all banks with the same opportunity to obtain and enjoy the benefits of this section. No bank shall be discriminated against because its capital stock is less than the amount required for eligibility for admission into the Federal Reserve System.

"(z) The provisions of this section limiting the insurance of the deposits of any depositor to a maximum less than the full amount shall be independent and separable from each and all of the provisions of this section."

Mr. MURPHY. Mr. President, to title I, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to amend title I by striking out all of paragraph (1) in subsection (y) on page 143, lines 3 to 21, inclusive, and by striking out on page 143, line 22, "(2)" and inserting in lieu thereof "(1)."

Mr. MURPHY. Mr. President, this amendment is designed to eliminate the requirement that State banks having average deposits in excess of $1,000,000 and which have or desire membership in F. D. I. C. shall be members of the Federal Reserve System.

The amendment is offered at the instance of the bankers of my State, who object to the obligation put upon them in the committee amendment to join an organization which they heretofore have been free to join or to stay out of, at their own election.

The banking conditions in my State may be different from those in other States, due to the striking agricultural nature of Iowa. A few figures will serve to visualize the conditions.

The number of bank towns in Iowa with a population ranging from 1,001 to 1,500 is 60.

The number with a population below 1,500 is 411.

More than one-half of 542 Iowa banking towns have a population of less than 750.

Of the 682 Iowa banks in existence June 30, 1934, more than one-half were located in towns of less than 1,000 people.

Three hundred and nine Iowa banks were located in towns of less than 750 people.

So that slightly less than one-half the total number of banks in our State are located in towns with a population of 750 people or less.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. MURPHY. I do.

Mr. BULKLEY. Does the Senator know how many of those banks have deposits of more than a million dollars?

Mr. MURPHY. None of them have.

Mr. BULKLEY. Then, they would not be affected by the text of the bill as written.

Mr. MURPHY. That is true. The objection is to the principle of compulsion, and the condition the banks referred to may face.

Mr. GLASS. Mr. President, can the Senator conceive of any reason why a national bank should be compelled to belong to the system, if these banks are not compelled to belong to the system, in order to be insured?

Mr. MURPHY. I can conceive of this reason at the moment: One is organized under a national charter and the other is organized under a State charter.

Mr. GLASS. I cannot see that that makes any difference. Both of them are to be insured, and are to be insured largely at the expense of the national banks of the country.

Mr. MURPHY. Any small bank which is a member of the Federal Deposit Insurance Corporation pays relatively the same assessment the larger bank pays.

Mr. GLASS. Yes; but it has not paid anything to the capital fund, which now amounts to $296,000,000.

Mr. MURPHY. To impose on these State banks at any time an obligation to assume a burden which they say they cannot fairly assume—I understand that the limitation as to a million dollars makes a considerable difference—is something to which they object in principle.

Mr. GLASS. Does the Senator know exactly how many will be brought in under the million-dollar limitation?

Mr. MURPHY. In my State, I will say frankly to the Senator, every State bank which has deposits of over a million dollars is in the Federal Reserve System.

Mr. GLASS. Yes; I understood that the provision did not affect the banks of the Senator's State, and it does not affect the banks in many States. It will bring in only 981 State banks, and I venture to say that most of those State banks are already members of the System.

Mr. MURPHY. In my own State, of the total number of State banks, 537, there are only 25 which belong to the System. The objection stated by the Iowa Bankers' Association is to the principle. At its last State convention that association adopted resolutions in which they said:

We are still absolutely opposed to the principle of enforced Federal Reserve membership in any form.

Mr. GLASS. Then, if we should abolish the enforced membership of the State banks, the next step would be to eliminate the compulsory provision with reference to national banks, and the next thing would be the wreckage of the Federal Reserve banking system.

Mr. MURPHY. If the Senator please, as yet membership has not been enforced on the State banks. As I understand, this is the first attempt to force membership upon State banks, or am I mistaken in that?

Mr. BYRNES. Mr. President, the Senator is mistaken, because under the law as it now stands the State banks are required to be members. The purpose of this part of the House text is to eliminate that provision from the law and grant them exemption.

Mr. MURPHY. But has that provision of the law become operative as yet?

Mr. BYRNES. No; it was in the act of 1933.

Mr. MURPHY. It has not as yet become operative in that particular feature?

Mr. BYRNES. No.

Mr. MURPHY. That was my understanding.

Mr. BYRNES. I desire to say to the Senator, though, that my information is that $139,000,000 of the insurance fund has been obtained from the Federal Reserve banks; and the State banks which ask that they be allowed to participate in the insurance of deposits without joining the Federal Reserve System would have the benefit of insurance to be paid out of this fund, $139,000,000 of which, as I have stated, came from the Federal Reserve banks.

It is, I know, a controversial question. After considering it the committee did not believe they should exempt all State banks. They have fixed the amount so that it does not require the smaller banks in the smaller towns to come into the System—such banks as are in the State of the Senator from Iowa—and we were of the opinion that the limit should remain at a million dollars of deposits.

Mr. GLASS. Let me make a further statement to the Senator from Iowa, if he pleases, because, as I recall, I felt compelled to make it on the floor of the Senate at the time the Banking Act of 1933 was under consideration.

When it was first proposed to establish the insurance-of-deposits fund, the President of the United States and his then Secretary of the Treasury, Mr. Woodin, were very emphatically and bitterly opposed to it. They said they would not stand for it; but representations were made to both of them that this was certainly the most available, if not the only constitutional, way of bringing about approximately a desirable unified banking system in the country; that it would induce many State banks which had remained out of the System to come in; and it was upon that representation alone that the then Secretary of the Treasury and the President agreed to go along with the insurance-of-deposits proposal.

I have had some apprehensions that the President might interpose an effective disapproval of the bill we have presented, which, of the 9,660 State banks, brings in only 981. It seems to me that ought not to be objected to. They are

banks with deposits exceeding a million dollars, and exceeding in total $3,000,000,000—as the Senator from Oklahoma says, $3,224,000,000—and they ought not to be given advantage of the contribution of those banks which are in the Federal Reserve System.

Mr. BARKLEY. Mr. President, will the Senator from Iowa yield to me to ask the Senator from Virginia a question?

Mr. MURPHY. I yield.

Mr. BARKLEY. It seems to me that we have three propositions on this question. One is to leave all of the State banks out, if they want to stay out, or bring them all in, whether they want to come in or not, or draw some arbitrary distinction between the small and the large State banks.

Mr. GLASS. That is true.

Mr. BARKLEY. The committee has done this by fixing a million dollars as a minimum of deposits in any bank which can be forced into the Federal Reserve System, and is it not true that a bank with a million or more of deposits is more able to undergo whatever obligations are involved, not only in the insurance fund but in the Federal Reserve System itself, than banks having less than that amount of deposits?

Mr. GLASS. They are very much more able to endure the obligations than hundreds of small national banks which are compelled to be members of the System.

Mr. BARKLEY. And many of them are competitive bankers in the same community.

Mr. GLASS. Yes. I think it is a fair compromise, and I hope the Senate will feel so.

Mr. VANDENBERG. Mr. President, will the Senator from Iowa yield to me?

Mr. MURPHY. I yield.

Mr. VANDENBERG. I have some familiarity with this problem, and I have heartily sympathized with the basic viewpoint which the Senator from Iowa is presenting, but I wish to make a suggestion to the Senator.

I think he will find upon inquiry that the great bulk of protests against arbitrary requirement for State bank membership in the Federal Reserve System has come from that great group of small banks which feel that the Federal Reserve System has no facilities to offer to it in its particular field of banking; therefore that membership in the System would be not only unsatisfactory but unprofitable in their particular classification.

That situation, I think the Senator will find upon inquiry, totally ceases to exist when a bank reaches the point of a million dollars of deposits. At that point it is in a bracket where it not only can use the Federal Reserve facilities but, I must confess, probably ought to be a part of the System. I think, if the Senator from Iowa would ask the Iowa bankers whom he is now quoting whether the compromise submitted by the committee was not fair and palatable and acceptable, that he would find in ninety-nine cases out of one hundred that the answer would be in the affirmative. So, as one who has always agreed with his point of view, but as one who has a desperately vivid loyalty to the success of the Federal Deposit Insurance Corporation, I take the liberty of saying to the Senator that the compromise offered by the committee ought to be sustained.

Mr. MURPHY. I thank the Senator for his interpolation.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. MURPHY. I yield.

Mr. SHIPSTEAD. If these banks with deposits of over a million dollars can see any advantage in joining the Federal Reserve System, under the law they can join now; they do not have to be forced in.

Mr. MURPHY. I may say, with reference to what the Senator from Michigan has just said, that, while he has made a correct statement of the facts, yet the principle sought to be served by the committee amendment is the principle of compulsion upon all banks to join the Federal Reserve in order that the dual system of banking shall eventually disappear, and that we shall have a single, unified system of banking. These State banks, notwithstanding the fact that they are not affected by the provisions of the pending committee amendment, see in this million-dollar limitation an encroachment upon the principle of a dual system of banking, and they resent that, and that is the basis of the objection made.

The Senator from Virginia has said that the disposition of the President was to yield agreement only on condition that there should be service of the unified system of banking, and with that statement, of course, there can be no argument. Possibly the President took a correct position. Some have taken positions with respect to banking and guarantee of deposits which they found it necessary to yield.

Mr. VANDENBERG. Mr. President, will the Senator yield again?

Mr. MURPHY. I yield further to the Senator from Michigan.

Mr. VANDENBERG. I wish to offer a further observation on the subject of compulsion. Of course, the Senator understands there is no compulsion, even on the bank with deposits in excess of a million dollars, unless it wants to join the Federal Deposit Insurance Corporation, which is an exclusively Federal function and instrumentality. Therefore the old basic philosophy of abstractly compelling all banks to join the Federal Reserve System is not involved in this particular contemplation. This is to enable the banks to receive the benefit of a Federal instrumentality, and nothing else. There is no compulsion if they do not want to do it.

Mr. MURPHY. True; and the Federal instrumentality is used as a measure to induce, if not to coerce, State banks into membership in the Federal Reserve System.

Mr. VANDENBERG. The Senator must concede that the responsibility of the Federal Government for the Federal Deposit Insurance Corporation is of such a character and nature as that when a bank which does insure represents a risk in the million-dollar classification, the Government is entitled to have something more intimately to say about the way it is run.

Mr. MURPHY. It is to be said, in reply to that, if I understood the Senator's observation correctly, that the Federal Deposit Insurance Corporation, in the case of banks not members of the Federal Reserve System, conducts its own examination.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Iowa yield to the Senator from Florida?

Mr. MURPHY. I yield.

Mr. FLETCHER. Reference has been made to the National Bank Act of 1933. I think that was a very wise, helpful, wholesome, and a very efficacious piece of legislation. I do not know anything we have done that has been better than the act of 1933. One of the best provisions in that act is the Federal Deposit Insurance Corporation provision, for the organization of a corporation to protect the deposits in banks.

Mr. MURPHY. I share the view of the Senator in that regard.

Mr. FLETCHER. It has had a very beneficial effect all over the country, and the fact that deposits in banks have increased over $6,000,000,000 since that law went into effect shows that it had the effect of restoring the confidence of the people in the banks. People have taken their funds out of hoarding and other places and have gone to the banks with them. It has had a splendid effect everywhere.

Mr. MURPHY. Let me interrupt the Senator there to say that it is the very virtue created by the Federal Deposit Insurance Corporation, and not by the Federal Reserve System, which makes offensive the provision making it compulsory upon banks to join the Federal Reserve System. It is not the Federal Reserve System that has imparted the virtue to F. D. I. C.; it is the Federal Deposit Insurance Corporation itself which has done that.

Mr. FLETCHER. These small banks will want to enjoy the benefits of the insurance fund. They will need to get the advantage of it. They will be benefited by it, and therefore I do not think there will be any particular complaint about them being compelled to join the System. They will want to join it. They will want the benefit of this insurance. The

assessment on the small State banks will be one-twelfth of 1 percent, whereas some of the large banks in the cities will have to pay four or five hundred thousand dollars to the fund, and the contribution of the smaller banks will be very small. The depositors will be fully protected.

Mr. MURPHY. There is no objection to the Federal deposit insurance. The objection of my correspondents is to being compelled to join the Federal Reserve System.

Mr. GLASS. Mr. President, the Senator is greatly mistaken if he thinks the Federal Reserve System had nothing to do with the establishment of the Federal deposit insurance fund. As a matter of fact, the major part of the fund was taken from the Federal Reserve Banking System.

Mr. MURPHY. I possibly did not make my meaning clear to the Senator. What I meant to say was that the virtue which attaches to the Federal Deposit Insurance Corporation attaches from the act which we passed here, and is not related to the Federal Reserve System.

Mr. BULKLEY. Mr. President, I should like to ask the Senator from Iowa a question.

Mr. MURPHY. I yield.

Mr. BULKLEY. Does not the Senator think that he should modify somewhat his use of the word "compulsory", in view of the fact that any bank is free to leave the Federal Deposit Insurance System at any time it please?

Mr. MURPHY. No bank wants to yield its membership.

Mr. BULKLEY. There are a thousand banks in the country which are not members of the Federal Deposit Insurance Corporation, and there are less than a thousand that would be affected by the text of the bill we have before us.

Mr. MURPHY. I understand the facts of the situation, and I say again to the Senator that my discussion is primarily of the principle.

Mr. BULKLEY. Let me ask the Senator whether he is acquainted with Mr. L. A. Andrew, formerly superintendent of banks of the State of Iowa.

Mr. MURPHY. Yes; I am.

Mr. BULKLEY. Mr. Andrew suggested the very plan that is adopted in the bill before us.

Mr. MURPHY. Well, if the Senator please, there seems to be a conflict of testimony, because I have here a statement by Mr. L. A. Andrew addressed to the Iowa Bankers' Association——

Mr. VANDENBERG. What was the date of it?

Mr. MURPHY. He has reference to what the Senator speaks of. I do not have the date, immediately.

Mr. BULKLEY. I should like to hear what the Senator is going to read.

Mr. MURPHY. This is a mimeographed letter, sent me by the Secretary of the Iowa State Bankers' Association, and such a letter was sent to the members of the Iowa State Bankers' Association, being a purported reproduction of a letter written by Mr. Andrew, in which he said:

It is with regret, therefore, that I must take issue with that part of the above quotation (quotation no. 2)—

To wit—

"Likewise we were represented by Mr. L. A. Andrew. He presented figures showing that there are over 7,600 State banks having insured deposits of some $3,600,000,000, and uninsured deposits of $1,600,000,000 and depositors to the number of nearly 13,000,000 which are not members of the Federal Reserve System. Two thousand five hundred of these banks, he said, could not qualify for membership in the system, and he questioned the desirability from the point of view of the welfare of the public thus to force these banks to close. He offered the suggestion that the amendment to the bill provides only that banks having $1,000,000 in deposits be compelled to join the Federal Reserve System."

Mr. Andrew proceeds:

It is with regret, therefore, that I must take issue with that part of the above quotation (quotation no. 2) as underscored—

Crediting him with the authorship of this suggestion—

which purports to say that it was I who suggested to the subcommittee of the United States Senate Banking Committee that all State banks with $1,000,000 in deposit should be compelled to join the Federal Reserve System on and after July 1, 1937, or be denied F. D. I. C. membership. This is to kindly reiterate that whoever has inadvertently made me author of that recommendation is in error.

Mr. BULKLEY. Mr. President, if the Senator will permit me right there I should like to read into the RECORD Mr. Andrew's testimony given before the Senate Committee on Banking and Currency.

Mr. MURPHY. Will the Senator permit me to conclude this quotation and then, of course, I shall have no objection to the Senator placing the testimony in the RECORD. I continue reading:

As above stated you have a copy of my testimony before the United States Senate subcommittee of which the closing two paragraphs are hereinbefore quoted.

I still stand by that testimony. When I stated before the Senate subcommittee "Some people argue that banks with deposits of $1,000,000 or more should be members of the System", I was merely saying that it has been suggested that banks with deposits of less than $1,000,000 should be given the privilege of joining the F. D. I. C. without first joining the Federal after July 1, 1937. A Senator interrupted and said he would be in favor of such an amendment and asked me "What do you think of such an amendment?" I replied that "Of course, that would be less harmful than to attempt to enforce Federal membership on every bank regardless of its size." I want to make it clear to my Iowa friends and friends everywhere among the independent State banks that I have not forsaken them; that I am still absolutely opposed to the principle of enforced Federal Reserve membership upon them in any shape or manner. I stand foursquare with the present officers of the Iowa Bankers' Association and with the principles which I originally expressed, namely, that every bank ought to have the unfettered right to join the Federal Reserve if it desired or the F. D. I. C., or both, depending entirely upon the option and the wishes of a bank's own officers and directors.

I yield to the Senator from Ohio.

Mr. BULKLEY. Mr. President, the record does not quite bear out Mr. Andrew's recollection of what he said. I read from the RECORD:

Senator COUZENS. You said a while ago that all banks with deposits of a million dollars ought to be members of the Federal Reserve System. That is what you said, is it not?

Mr. ANDREW. Yes.

Senator COUZENS. Would you approve of an amendment to the act requiring that?

Mr. ANDREW. Yes, sir. I think it might be a very good solution of that question. As a suggestion only, a plan might be worked out whereby insured State banks each having more than $1,000,000 in deposits would be compelled to join the Federal Reserve System as a condition of continued insurance in the Federal Deposit Insurance Corporation.

Mr. MURPHY. I yield the floor.

Mr. FLETCHER. The motion was made by me to agree to the amendment of the committee to title I, as reported by the Senate Committee on Banking and Currency.

The PRESIDING OFFICER. The question is on the amendment to title I as reported by the committee.

Mr. FLETCHER. Of course a vote on that motion would also determine the proposal of the Senator from Iowa; but I have no objection to voting on his amendment first if it is so desired.

Mr. BAILEY. Mr. President, I am taking the floor with a great deal of hesitation and a very profound respect for the committee and the extraordinarily able men on it. I am sure we will all agree that the Committee on Banking and Currency of the United States Senate is one of the strongest, if not the very strongest committee in the Senate. I do not profess in the remotest degree to be an expert on banking or on currency. I have the profoundest regard for the chairman of the committee [Mr. FLETCHER], and I recognize in the senior Senator from Virginia, the chairman of the subcommittee, a public servant and officer who has devoted a long life to constructive legislation on banking and currency. No man would go further than I in paying tribute to him, and so far as I am concerned I realize that everything I say is subject to great deference to his judgment.

However, Mr. President, this bill has a rather unusual effect with reference to the State of North Carolina, and I think it is my duty to present the facts to the Senate. Probably it has an identical effect with reference to the State of Iowa. I have here before me, and I intend to put into the RECORD, the official statement of the number of insured State branch banks not members of the Federal Reserve System with deposits of over $1,000,000 on December 31, 1934, and with insufficient capital to qualify for membership in the Federal Reserve System.

It is a singular fact that the State of Iowa has 15 such banks and 23 branches, with deposits of $25,871,000, and the capital deficiency indicated is $5,540,000; and the State of North Carolina has, according to this table, 8 such banks, with 18 branches, and deposits of $16,129,000 and an indicated capital deficiency of $2,422,000. These two States stand out in the number of banks in the classification which I have been describing.

California has 2 such banks with 4 branches. Indiana has 7 such banks with 10 branches. Iowa has 15 such banks with 23 branches. Kentucky has 3 such banks with 4 branches. Louisiana has one such bank. Maine has 3 such banks with 12 branches. Massachusetts has 1 such bank with 3 branches. Mississippi has 2 such banks with 4 branches. North Carolina has 8 such banks with 18 branches. Ohio has 2 such banks with 3 branches. South Carolina has 1 such bank with 1 branch. Tennessee has 2 such banks with 2 branches. Virginia has 3 such banks with 5 branches. Washington has 1 such bank with 1 branch. Wisconsin has 3 such banks with 6 branches.

It appears, therefore, that North Carolina and Iowa are involved in this matter to a very much greater extent than are the other States. I think that fact is a sufficient explanation of the concern of the junior Senator from Iowa [Mr. MURPHY] and of myself in this matter.

I send forward at this time the table I read from and ask that it be printed in this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Insured State branch banks not members of the Federal Reserve System with deposits over $1,000,000 on Dec. 31, 1934, and with insufficient capital to qualify for membership in the Federal Reserve System

[Amounts in thousands of dollars]

State	Number of banks	Number of branches	Deposits	Capital deficiency
California	2	4	2,979	685
Indiana	7	10	10,789	2,355
Iowa	15	23	25,871	5,540
Kentucky	3	4	5,449	815
Louisiana	1	1	1,189	420
Maine	3	12	11,439	300
Massachusetts	1	3	3,899	100
Mississippi	2	4	2,547	800
North Carolina	8	18	16,129	2,422
Ohio	2	3	3,324	600
South Carolina	1	1	1,678	260
Tennessee	2	2	2,458	750
Virginia	3	5	4,759	875
Washington	1	1	2,159	300
Wisconsin	3	6	3,883	94
Total, all States	54	97	98,552	17,162

Capital qualifications for membership in the Federal Reserve System were compiled according to the following provisions of the Federal Reserve Act and the National Bank Act:

(a) Section 9, Federal Reserve Act: "Any such State bank which at the date of the approval of this act[1] has established and is operating a branch or branches in conformity with the State law may retain and operate the same while remaining or upon becoming a stockholder of such Federal Reserve bank; but no such State bank may retain or acquire stock in a Federal Reserve bank except upon relinquishment of any branch or branches established after the date of the approval of this act beyond the limits of the city, town, or village in which the parent bank is situated: *Provided, however,*[2] That nothing herein contained shall prevent any State member bank from establishing and operating branches in the United States or any dependency or insular possession thereof or in any foreign country on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks."[3]

(b) Section 5155, part (c), Revised Statutes, National Bank Act: "A national banking association may, with the approval of the Comptroller of the Currency, establish and operate new branches: (1) Within the limits of the city, town, or village in which said association is situated if such establishment and operation are at the time expressly authorized to State banks by the law of the State in question; (2) at any point within the State in which said association is situated if such establishment and operation are at the time authorized to State banks by the statute law of the State in question by language specifically granting such authority affirmatively and not merely by implication or recognition, and subject to the restrictions as to location imposed by the law of the State on State banks. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than $500,000: *Provided,* That in States with a population of less than 1,000,000, and which have no cities located therein with a population exceeding 100,000, the capital shall be not less than $250,000: *Provided,* That in States with a population of less than one-half million, and which have no cities located therein with a population exceeding 50,000, the capital shall not be less than $100,000."

[1] The act referred to above was approved Feb. 25, 1927.

[2] This proviso added by sec. 5 (b) of Banking Act of 1933, approved June 16, 1933.

[3] For provisions governing domestic branches of national banks see sec. 5155, Rev. Stat., as amended (appendix, p. 132); for provisions governing foreign branches see sec. 25, this act, p. 93.

Mr. BAILEY. I have a communication, Mr. President, from the Honorable Gurney P. Hood, the commissioner of banks of North Carolina, and, while I intend to ask to have it printed in the RECORD, as it is fairly brief, I believe it is worth while to read it at this time to the Senate. I read first the letter of transmittal, as follows:

JULY 20, 1935.

Hon. J. W. BAILEY,
United States Senator, Washington, D. C.

DEAR SIR: Attached is a statement of the reasons why I feel that compulsory membership in the Federal Reserve System as provided in the committee bill is dangerous and will have a very serious and damaging effect on banks in our State.

Sincerely yours,

GURNEY P. HOOD.
Commissioner of Banks for North Carolina.

I read the statement as follows:

The Senate committee bill in section "y" "1" and "2", on pages 143 and 144 of the printed bill, enforces Federal Reserve membership on those banks having average deposits of $1,000,000 or more during the year of 1936 or any year thereafter.

The effect of this provision on banks having average deposits of less than that amount is to discourage growth at any time and when the average approaches that figure to refuse all new business and drive away such portion of the old business as is necessary to keep the average under it.

That appears to be an inducement to banks to remain small in order that they may avoid the force and effect of this legislation.

The effect of the provision on banks having average deposits of $1,000,000 or more is:

a. To make such banks reduce their deposits below that figure by turning away a sufficient portion of their business and liquidating their loans and investments to that end.

b. To make such banks harden their loan and investment policy and liquidating a substantial portion of their assets (real-estate loans and certain other securities regarded unfavorably by the Federal Reserve authorities) in order to meet such standards for membership as may be set by the Federal Reserve Board under the law.

c. To make such banks having branches increase their capital where such capital is not now $500,000 or more. In such cases, if the deposits amount to $1,000,000, its capital must be at least $500,000. This is an unreasonable requirement which cannot be justified. The $500,000 minimum capital requirement for the operation of branches by Federal Reserve member banks is set out in section 9 of the Federal Reserve Act. If the requirement is insisted upon such banks must close their branches, depriving more than 33 North Carolina towns of the banking facilities which they now enjoy, and forcing 16 North Carolina banks to prepare to discontinue handling deposits of more than $10,000,000, or else withdraw from the Federal deposit insurance fund, thus depriving their depositors of its protection and that corporation of the support which these banks have given it heartily.

The remainder of this letter is in the nature of suggested solutions, one being the defeat of the section involved, and the other an amendment postponing the effective date with regard to compulsory membership until, the writer says, July 1, 1942. I shall come to that a little later.

The facts of the situation are pretty well set forth in the data here which I have submitted. While I am not an expert on banking, and never expect to be, and I do not intend to try to cope with the committee, who have given a great deal of study to this matter, and with whom I do not think I could cope, I am satisfied to call the attention of the Senate to the peculiar situation.

My State and the State of Iowa are affected in a more peculiar way than are any other States, but, fortunately for us, there are about 15 States that are, to some degree, affected as we are.

Further, I wish to submit to the Senate a statement by the committee for North Carolina nonmember banks, which

has been lodged with me, and, I think, with the expectation that I would present it to the Senate. I quote from the statement, as follows:

We oppose compulsory membership in the Federal Reserve System for the following reasons:

1. It violates the principle of State rights upon which this Government was founded and has experienced unprecedented prosperity.

I know, of course, that there never was a nobler or more powerful exponent of State rights in the Senate than is the senior Senator from Virginia, but I can say that, of course, a State has a right to have any sort of banking system it pleases, though it does not necessarily have the right to Federal deposit insurance. I will agree with the Senator from Virginia about that. I think I can make that distinction and save my distinguished friend from making it at my expense.

Mr. GLASS. Mr. President, I had no idea of making it, because I was quite sure the Senator himself realized that.

Mr. BAILEY. Yes; but I will digress here long enough to say that in this day and time, when the State rights question seems to go in and out of an eclipse, I am glad to see it coming out of the eclipse at this point, and I do not think the senior Senator from Virginia will object to that, either.

There is a question here, Mr. President, on that very point. Of course all the banks in the United States want the benefit of the Federal deposit insurance. It is a great advertisement; it is a great source of strength and of security in the minds of the depositors, and I testify very freely to its great value. The bank denied it is likely to suffer very seriously thereby, and, while it is not compulsory, if the Federal Government gives insurance to one class of banks and does not give it to another, the class that does not receive such insurance is very likely to suffer and perhaps to die. So, in that sense, there is a compulsory feature about it.

2. Federal Reserve membership as a matter of practice will restrict the loan policy of such State member banks to the extent permitted national banks, especially as regards loans on real estate.

I think there is some point there. I am not an advocate of a generous commercial bank lending policy with respect to real estate, because I know very well that real estate is not liquid. I think the building-and-loan associations and the trust departments and the savings banks may make real-estate loans, under proper safeguards, but the commercial banking system must be liquid. I will agree as to that.

There are now in operation in the United States over 10,000 State banks, as compared with something over 5,000 national banks. Of the 10,000 State banks, only 900 are members of the Federal Reserve System. The State banks serve largely the agricultural and smaller communities.

That is peculiarly true of North Carolina. North Carolina is an agricultural and industrial State, with probably more small towns to the population than any other State in the Union. Towns of 500 to 2,500 population dot the State in all sections; and it is the State banks, with a reasonable amount of capital and deposits, that serve the people of those communities.

The reason for the nonacceptance of Federal Reserve membership by the large majority of nonmember State banks is the impracticability of the operating conditions which such membership entails. It being impossible under the restricted policy of the Federal Reserve System for member banks to make loans secured by the types of collateral common to agricultural sections, thereby making it impossible for a Federal Reserve member bank to function in a manner to meet the credit needs of the average smaller community.

I think there is that real problem in this proposed legislation, and in the banking structure with which we are now dealing fundamentally.

In addition to the restrictions referred to, membership in the Federal Reserve System will eliminate a greater portion of the revenue now received by nonmember State banks from exchange.

Nothing has been said here so far on the subject of exchange. While I do not profess to know a great deal about it, I know that in the case of the smaller banks—and that includes some of them with more than a million dollars of deposits, and it includes branch banks which have from ten to twenty million dollars of deposits, with their agency branches scattered over a broad territory—the item of exchange is a great factor in their operations and in their profits.

It is a serious question whether such banks can make money in the present banking operations in this country by buying and selling the bonds and the securities of the United States. A bank with a very great volume of deposits may be able to get along with the discount now allowed on national securities, but the little bank cannot make its expenses on that basis, and under the peculiar circumstances of our present time they dare not loan very broadly on anything else. That is a lamentable phase of the depression at the present time, and I think it is the best evidence that we are not recovering. So long as the banks are not investing in anything except the paper of the United States, we may know there is nothing going on in this country to justify the statement that there is any considerable degree of recovery. Conditions are better, I will agree, but money is not moving.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. BAILEY. I yield to the Senator from Iowa.

Mr. MURPHY. A study conducted in the Chicago Federal Reserve District by a group of professors appointed by the Secretary of the Treasury discloses the conclusion of the investigators that recovery precedes by 6 months the loosening of bank credits.

Mr. BAILEY. I think that tends to corroborate my statement. I have a rather definite view about the situation, and I will not hesitate to express it here. What we need in our land at the present time is an assured public policy that will justify the lending of money on paper and capital assets in the hands of the American people. A great deal is said about the circulation of money and a great deal is said about inflation, but the moment the banks are in position, by reason of fundamental governmental assurance, that they can collect what they lend out, the moment the borrower is assured that he can make a profit on what he borrows, things will break loose, there will be no demand for inflation, and there will be no agitation by demagogues on the subject of turning loose money by way of throwing it out free-handedly, as if one were feeding chickens. We will be through with all that; but so long as the present situation exists and money does not flow in a normal way we cannot blame those who demand that abnormal means be undertaken, however fallacious and erroneous they may be.

However, I will read on:

This is especially true in those States in which the banks operate on a nonpar basis. On an average, this loss of revenue will run to an amount in each nonmember bank located in such States equal to from 3 to 5 percent annually on its capital stock.

The argument there is that local banks and branch banks, through their branches, notwithstanding their total deposits are more than a million dollars, need the income from a reasonable exchange in order to make a fair profit.

3. The amendment of the Senate Banking and Currency Committee proposes to enforce membership only on those banks whose deposits exceed $1,000,000, or which may exceed $1,000,000 after this date, and all State banks organized hereafter. This provision is unfair, discriminatory, and un-American.

I simply remind the Senate that these are phrases of the petitioners. I am not saying anything about this being "un-American." I do not think the Committee on Banking and Currency of the United States Senate is capable of doing anything "un-American." I wish to make that very clear.

A number of nonmember State banks are now serving more than one community where the deposits accumulated in one office or branch are less than $1,000,000, but where the total deposits aggregate above such an amount.

I am familiar with that condition in North Carolina with respect to three branches in the agricultural portion of the State. None of the little branches have as much as $1,000,000, but the central bank may have as much as $10,000,000.

It is our opinion that numerous communities would be left without banking facilities in the event that nonmember banks operating branches would be forced into the Federal Reserve System, because in the subsequent operation of these branch

offices under Federal Reserve membership the revenue now received from exchange by these branch offices and which constitutes the major portion of their income, would be eliminated.

That is precisely true. This strikes down the revenue of the branch banks from exchange.

There would be no inducement to charter a new bank at the location of these branch offices because of the conditions of the bill requiring all banks organized hereafter to become members of the Federal Reserve System regardless of the amount of their deposits.

4. While admittedly there has been a deplorable number of failures of State banks within the past 10 years, the losses involved in the failures of State banks has at least been in a favorable ratio to the losses sustained in national-bank failures.

The State bank has in the past been largely the means of furnishing credit facilities to the broad areas of this country, and is responsible for the rapid development of those areas.

I think we will all agree to that. The State banking system has always reached a far larger portion of the population, and the little banks have served more people than the big banks.

The State banking system is now better prepared under the supervision of the respective States to continue to provide credit for the smaller communities, on a more intelligent and a sounder basis than a unified system of banks, or a system controlled or supervised by the Federal Government.

In North Carolina there are now in operation some 300 banks. Of this number, 33 are national banks, 10 are State banks that have membership in the Federal Reserve System.

We have only 43 banks in North Carolina which are members of the Federal Reserve System.

This leaves approximately 260 nonmember banks. There are some 25 or 30 of these nonmember banks that operate branches and serve around 100 communities. In other words, the nonmember banks are really serving, to a very large degree, the people of North Carolina, and we believe that the recovery that has recently been made in our State is largely due to the banking facilities that are now being furnished our people by our nonmember banks.

5. The North Carolina Bankers Association, and most of the other State associations, have recently gone on record as being unanimously opposed to compulsory membership in any form and we assert that it would be most unfortunate and unwelcome on the part of North Carolina bankers if any compulsory membership should be required at this time.

Respectfully submitted.

M. E. HOGAN,
R. P. HOLDING,
F. P. SPRUILL,
JOHN F. MCNAIR,
Committee for North Carolina Nonmember Banks.

Mr. President, I have laid these considerations and expressions before the Senate as a matter of duty. I see in them a great deal of merit. They do not justify me in opposing the bill. I did not rise to oppose the bill.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. BAILEY. Certainly.

Mr. BULKLEY. The Senator does not insist upon the word "compulsory", does he?

Mr. BAILEY. I defined the meaning of "compulsory" at the outset of my remarks, and I think the Senator from Ohio agrees with me in that definition. There is nothing compulsory about it in a sense, of course. There is something compulsory about it in the sense of inducement.

Mr. BULKLEY. Yes; if the banks want to take advantage of the deposit-insurance system.

Mr. BAILEY. Yes. There is an element of compulsion in it in that discrimination leaves one class of banks with insurance and another class of banks without insurance, and the banks without insurance are under the duress of the competition and under the handicap of seeking deposits without the benefit of the Federal guaranty. I do not say that is compulsion. I understand the difference, but they use the term "compulsion" in the sense in which I defined it, and it comes down to the fact that they will be compelled to join in self-defense, and it is compulsion in that sense. They can choose not to come in; they can stay out and die or they can come in and get the insurance.

Mr. BULKLEY. But the Senator agrees that to the extent they are compelled to come in they are not being more than forced into doing the same things that other banks are doing and paying their own share of the expenses and getting the benefit of money from the Federal Reserve banks.

Mr. BAILEY. The Senator will agree with me about the definition. They are forced to come in in order to get the insurance.

Mr. BULKLEY. Unquestionably they are, and they are forced to carry their own share of the burden of carrying the insurance not only directly by assessments, but by their share of what the Federal Reserve banks have been compelled to put up. There is no doubt about the compulsion there. We did not ask the Federal Reserve banks whether they wanted to subscribe to the stock of the Federal Deposit Insurance Corporation for the purpose of doing a great thing in the interest of all the banks of the country. We compelled the Federal Reserve banks to put up the money.

Mr. BAILEY. That was compulsion by way of paying the percentage required.

Mr. BULKLEY. Undoubtedly; and those people are taking their fair share of that situation.

Mr. BAILEY. We have no difficulty about that. It is an inducement, and if the little banker does not take it, he is put on the defensive and takes the risk, and reasonably he can assume the risk will be a very precarious one. I am not using the word "compulsory" in the sense that the Federal Government says to the bank, "You must come in."

Mr. BULKLEY. I understand. I thank the Senator.

Mr. BAILEY. I am using the word as I think we all understand it.

Mr. President, I am going to make a suggestion. If the amendment offered by the Senator from Iowa is put before the Senate, in view of the considerations stated, I shall deem it my duty, with due deference, to vote for it. I am going to venture the suggestion that, if it should not prevail, the committee seriously consider whether it would not be a constructive and considerate thing to give a little time to the banks which are involved, and more especially the banks in the States of Iowa and North Carolina, because there are so many more of them in those two States relatively than in any other State. Will not the committee consider favorably postponing the date to July 1, 1942, and give us a chance to work this out and adjust ourselves to it? I think that is as far as they should hope to go, and I should very greatly appreciate a concession to that extent. I do not see how that could do anyone any harm.

Mr. GLASS. Mr. President, I may say to the Senator from North Carolina, if he will permit the bill to go to conference as it is, that question will undoubtedly come up in conference and I do not think there will be any insuperable objection to deferring the date.

Mr. BAILEY. I am content with having made the suggestion, but would the Senator object if I should offer that as an amendment and submit it to the Senate?

Mr. GLASS. I wish the Senator would not do so because we do not want to go into conference with it.

Mr. BAILEY. I may say to the Senator and all who hear me that it is my judgment—it is the part of wisdom—to cooperate with the senior Senator from Virginia on all occasions so far as one can. I shall adopt his suggestion.

Mr. FRAZIER. Mr. President, I merely wish to say that the State Banking Department of North Dakota and the Association of State banks have protested against the provisions of this broad section on page 143. They seem to agree with the Senator from Iowa [Mr. MURPHY] and the Senator from North Carolina [Mr. BAILEY] that it would be a hardship on the State banks, and practically would preclude the organization of any new State banks, unless, of course, they should come in under the Federal Reserve System.

In the drought-stricken States, especially, where so many banks have closed because of hard times during the past few years, some counties have been left without any banks at all. Undoubtedly, new banks will be established as soon as conditions right themselves a little. In those cases, as I understand, according to the first sentence of section (y), they would not be allowed to have the insurance unless they should come in as members of the Federal Reserve System.

Our officials object to that provision, and also to the million-dollar-deposit provision. They seem to think it is

another attempt to strengthen the control of the Federal Reserve System over the State banks, and to put the State banks out of business. That is my personal opinion of the section, also, and I shall vote for the amendment of the Senator from Iowa.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Iowa [Mr. MURPHY] to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment to title I.

Mr. NYE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pope
Ashurst	Coolidge	La Follette	Radcliffe
Austin	Copeland	Lewis	Reynolds
Bachman	Costigan	Logan	Russell
Bailey	Davis	Lonergan	Schall
Bankhead	Dickinson	McAdoo	Schwellenbach
Barbour	Donahey	McGill	Shipstead
Barkley	Duffy	McKellar	Smith
Black	Fletcher	McNary	Steiwer
Bone	Frazier	Maloney	Thomas, Okla.
Borah	George	Metcalf	Townsend
Brown	Gerry	Minton	Trammell
Bulkley	Gibson	Moore	Truman
Bulow	Glass	Murphy	Tydings
Burke	Gore	Murray	Vandenberg
Byrd	Guffey	Neely	Van Nuys
Byrnes	Hale	Norbeck	Wagner
Capper	Harrison	Norris	Walsh
Caraway	Hatch	Nye	Wheeler
Carey	Hayden	O'Mahoney	White
Chavez	Holt	Overton	
Clark	Johnson	Pittman	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present. The question is on agreeing to the committee amendment to title I.

Mr. GEORGE. Mr. President, I desire to inquire of the Senator in charge of this title of the bill with reference to a provision in the Senate amendment on line 2, page 96.

In classifying and defining what are chartered or stock savings banks, it is provided—

That such bank to be considered a savings bank must elect to become subject to regulations of the Corporation respecting the reposit of maturing deposits and prohibiting withdrawal of deposits by checking except in cases where such withdrawal is permitted by law on the effective date from specifically designated deposit accounts—

And so forth. The House provision on the same subject is substantially the same, except that the words "on the effective date" are not included in the House provision.

If I correctly understand the meaning of this provision, a savings bank of the character here designated may pay from specifically designated accounts not more than 15 percent of the bank's total deposits on ordinary daily or periodic withdrawals; but the Senate committee amendment has the effect of restricting withdrawals.

Mr. BULKLEY. We restrict them to those now authorized by law.

Mr. GEORGE. On the effective date of the act.

Mr. BULKLEY. "The effective date" means the date on which the act goes into effect.

Mr. GEORGE. Yes; I understand. That would mean that so far as any future deposit in a savings bank was concerned there could be no withdrawals, even within the narrow limitations contained in the bill.

Mr. BULKLEY. This permits future deposits, but under the law which exists on the effective date.

Mr. GEORGE. I perhaps do not make myself clear to the Senator.

In subsection (7), found on page 4 of the House text, the term "savings bank" is defined. As I understand, this definition certainly includes chartered or stock savings banks. Withdrawals are permitted, but only from designated accounts; and only to the extent of 15 percent of the bank's total deposits. The effect of the committee's amendment, by including the words "on the effective date", would seem to place the savings bank exactly in the position that, with respect to deposit accounts on the date of the passage and approval of the act, or the effective date of the act, withdrawals might be continued under the limitations imposed; but with respect to deposits made 2 days subsequent to the effective date of the act, or 1 day subsequent, there could be no withdrawal.

Mr. BULKLEY. I can assure the Senator that that is not the intent, nor do I think it is the fair meaning of the language. The intent is that the exceptions shall be confined to cases where such withdrawals are now permitted by law; that is, permitted by law on the effective date of the act. In line 1 page 96, it is made very clear, "where such withdrawal is permitted by law on the effective date."

Mr. GEORGE. If that is the correct interpretation of the language, it would seem to be wholly unobjectionable from the standpoint of those chartered savings banks, in my State, at least, which are responsible for my inquiry. But I ask the Senator to consider the language carefully; the entire subsection 7, of course, will be in conference; and if there is any question of the true meaning of the language, I ask that that be borne in mind when the conferees consider the bill.

Mr. BULKLEY. I am confident the conferees will be glad to consider it.

Mr. GEORGE subsequently said: Mr. President, while I am content, of course, with the explanation made by the Senator from Ohio [Mr. BULKLEY] of the feature of the banking bill to which I directed attention, and the assent which I understand the chairman of the committee to have made, I should like to read into the RECORD, so that the conferees may see the precise point, the following extract from a letter from a well-known savings bank official of my State. I read merely one paragraph:

I am in receipt of the report made by the Banking and Currency Committee of the Senate, Calendar No. 1053, Report No. 1007, to the United States Senate. I note that on pages 95 and 96 they have added to item (7), defining savings banks, the following clause: "In cases where such withdrawal is permitted by law on the effective date", and other slight changes in the wording. By the insertion of this clause they have changed the meaning of section (7) as reported by the Banking and Currency Committee of the House, Report No. 742, in a very vital respect. This change would confine any withdrawals by check to such accounts as were on the books of the capital-stock savings banks at the date of the passage of the new bill. That is, we could not grant the same privilege to any other future depositor not having it at the date of the passage of the bill.

I am merely reading this in order that the conferees may understand the exact question which I have raised.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee to title I.

The amendment was agreed to.

Mr. NYE. Mr. President, are amendments to title II now in order?

The PRESIDING OFFICER. They are.

The question is on agreeing to the committee amendment to title II.

The amendment of the committee to title II is in lieu of the House provision, to insert the following:

TITLE II—AMENDMENTS TO THE FEDERAL RESERVE ACT

SECTION 201. Paragraph "Fifth" of section 4 of the Federal Reserve Act, as amended, is amended to read as follows:

"Fifth. To appoint by its board of directors a president, a vice president, and such officers and employers as are not otherwise provided for in this act, to define their duties, require bonds for them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. The president shall be the chief executive officer of the bank and shall be appointed by the board of directors, with the approval of the Board of Governors of the Federal Reserve System, for a term of 5 years; and all other executive officers and all employees of the bank shall be directly responsible to him. The vice president of the bank shall be appointed in the same manner and for the same term as the president, and shall, in the absence or disability of the president or during a vacancy in the office of president, serve as chief executive officer of the bank. Whenever a vacancy shall occur in the office of the president or vice president, it shall be filled in the manner provided for original appointments; and the person so appointed shall hold office until the expiration of the term of his predecessor."

SEC. 202. (a) Hereafter the Federal Reserve Board shall be known as the "Board of Governors of the Federal Reserve System", and the Governor and the Vice Governor of the Federal Reserve Board shall be known as the "Chairman" and the "Vice Chairman", respectively, of the Board of Governors of the Federal Reserve System.

(b) The first two paragraphs of section 10 of the Federal Reserve Act, as amended, are amended to read as follows:

"SEC. 10. The Board of Governors of the Federal Reserve System (hereinafter referred to as the 'Board') shall be composed of seven members, to be appointed by the President, by and with the advice and consent of the Senate, after the date of enactment of the Banking Act of 1935, for terms of 14 years except as hereinafter provided, but each appointive member of the Federal Reserve Board in office on such date shall continue to serve as a member of the Board until his successor (as designated by the President at the time of nomination) takes office, but in no event for longer than 90 days after such date, and the Secretary of the Treasury and the Comptroller of the Currency shall continue to serve as members of the Board until the expiration of 90 days after such date. In selecting the members of the Board, not more than one of whom shall be selected from any one Federal Reserve district, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country, and at least two of such members shall be persons of tested banking experience. Not more than four of the members of the Board shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable. The members of the Board shall devote their entire time to the business of the Board and shall each receive an annual salary of $15,000, payable monthly, together with actual necessary traveling expenses.

"The members of the Board shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. Upon the expiration of the term of any appointive member of the Federal Reserve Board in office on the date of enactment of the Banking Act of 1935, the President shall fix the term of the successor to such member at not to exceed 14 years, as designated by the President at the time of nomination, but in such manner as to provide for the expiration of the term of not more than one member in any 2-year period, and thereafter each member shall hold office for a term of 14 years from the expiration of the term of his predecessor, unless sooner removed for cause by the President. Of the persons thus appointed, one shall be designated by the President as chairman and one as vice chairman of the Board, to serve as such for a term of 4 years. The chairman of the Board, subject to its supervision, shall be its active executive officer. Each member of the Board shall within 15 days after notice of appointment make and subscribe to the oath of office. Upon the expiration of their terms of office, members of the Board shall continue to serve until their successors are appointed and have qualified. Any person appointed as a member of the Board after the date of enactment of the Banking Act of 1935 shall not be eligible for reappointment as such member after he shall have served a full term of 14 years."

(c) The fourth paragraph of section 10 of the Federal Reserve Act, as amended, is amended by striking out the second, third, and fourth sentences thereof and inserting in lieu thereof the following: "At meetings of the Board the chairman shall preside, and, in his absence, the vice chairman shall preside. In the absence of the chairman and the vice chairman, the Board shall elect a member to act as chairman pro tempore."

(d) Section 10 of the Federal Reserve Act, as amended, is further amended by adding at the end thereof the following new paragraph:

"The Board of Governors of the Federal Reserve System shall keep a complete record of the action taken by the Board and by the Federal Open Market Committee upon all questions of policy relating to open-market operations and shall record therein the votes taken in connection with the determination of open-market policies and the reasons underlying the action of the Board and the Committee in each instance. The Board shall keep a similar record with respect to all questions of policy determined by the Board, and shall include in its annual report to the Congress a full account of the action so taken during the preceding year with respect to open-market policies and operations and with respect to the policies determined by it and shall include in such report a copy of the records required to be kept under the provisions of this paragraph."

SEC. 203. Section 10 (b) of the Federal Reserve Act, as amended, is amended to read as follows:

"SEC. 10 (b). Whenever any member bank has no eligible and acceptable assets available to enable it to obtain adequate credit accommodations through rediscounting at the Federal Reserve bank or any other method provided by this act other than that provided by section 10 (a), any Federal Reserve bank, under rules and regulations prescribed by the Board of Governors of the Federal Reserve System, may make advances to such member bank on its time or demand notes secured to the satisfaction of such Federal Reserve bank. Each such note shall bear interest at a rate not less than 1 percent per annum higher than the highest discount rate in effect at such Federal Reserve bank on the date of such note."

SEC. 204. Effective 90 days after the date of enactment of this act, section 12A of the Federal Reserve Act, as amended, is amended to read as follows:

"SEC. 12A. (a) There is hereby created a Federal Open Market Committee (hereinafter referred to as the 'Committee'), which shall consist of the members of the Board of Governors of the Federal Reserve System and five representatives of the Federal Reserve banks to be selected as hereinafter provided. Four of such representatives of the Federal Reserve banks shall be elected annually as follows: 1 by the boards of directors of the Federal Reserve Banks of Boston, New York, and Philadelphia, 1 by the boards of directors of the Federal Reserve Banks of Cleveland, Chicago, and Saint Louis, 1 by the boards of directors of the Federal Reserve Banks of Richmond, Atlanta, and Dallas, and 1 by the boards of directors of the Federal Reserve Banks of Minneapolis, Kansas City, and San Francisco. An alternate to serve in the absence of each such representative shall be elected annually in the same manner. The fifth representative of the Federal Reserve banks, who shall be from the country at large, and an alternate to serve in his absence, shall be elected annually by the presidents of the 12 Federal Reserve banks. The meetings of said Committee shall be held at Washington, D. C., at least four times each year upon the call of the chairman of the Board of Governors of the Federal Reserve System or at the request of any three members of the Committee.

"(b) No Federal Reserve bank shall engage or decline to engage in open-market operations under section 14 of this act except in accordance with regulations adopted by the Committee. The Committee shall consider, adopt, and transmit to the several Federal Reserve banks, regulations relating to the open-market transactions of such banks and the relations of the Federal Reserve System with foreign central or other foreign banks.

"(c) The time, character, and volume of all purchases and sales of paper described in section 14 of this act as eligible for open-market operations shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country."

SEC. 205. (a) Subsection (b) of section 14 of the Federal Reserve Act, as amended, is amended by inserting before the semicolon at the end thereof a colon and the following: "*Provided*, That any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities but only in the open market".

(b) Subsection (d) of section 14 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following: "but each such bank shall establish such rates every 14 days, or oftener if deemed necessary by the Board;".

SEC. 206. The sixth paragraph of section 19 of the Federal Reserve Act, as amended, is amended to read as follows:

"Notwithstanding the other provisions of this section, the Board of Governors of the Federal Reserve System, upon the affirmative vote of not less than five of its members, in order to prevent injurious credit expansion or contraction, may by regulation change the requirements as to reserves to be maintained against demand or time deposits or both by member banks in reserve and central reserve cities or by member banks not in reserve or central reserve cities or by all member banks; but the amount of the reserves required to be maintained by any such member bank as a result of any such change shall not be less than the amount of the reserves required by law to be maintained by such bank on the date of enactment of the Banking Act of 1935 nor more than twice such amount."

SEC. 207. The first paragraph of section 24 of the Federal Reserve Act, as amended, is amended to read as follows:

"SEC. 24. Any national banking association may make real-estate loans secured by first liens upon improved real estate, including improved farm land and improved business and residential properties, situated within its Federal Reserve district or within a radius of 100 miles of the place in which such association is located, irrespective of district lines. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument upon real estate when the entire amount of such obligation or obligations is made or is sold to such association. The amount of any such loan hereafter made shall not exceed 50 percent of the appraised value of the real estate offered as security and no such loan shall be made for a longer term than 5 years; except that (1) any such loan may be made in an amount not to exceed 60 percent of the appraised value of the real estate offered as security and for a term not longer than 10 years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize 50 percent or more of the principal of the loan within a period of not more than 10 years, and (2) the foregoing limitations and restrictions shall not prevent the renewal or extension of loans heretofore made and shall not apply to real-estate loans which are insured under the provisions of title II of the National Housing Act. No such association shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 60 percent of the amount of its time and savings deposits, whichever is the greater."

SEC. 208. Section 325 of the Revised Statutes is amended to read as follows:

"SEC. 325. The Comptroller of the Currency shall be appointed by the President, by and with the advice and consent of the Senate, and shall hold his office for a term of 5 years unless sooner removed by the President, upon reasons to be communicated by him to the Senate; and he shall receive a salary at the rate of $12,000 a year."

Mr. NYE. I send to the desk an amendment which I desire to propose.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 144, beginning with line 10, it is proposed to strike out all down to and including line 6, on page 154, and to insert in lieu thereof the following:

TITLE II.—TO ISSUE MONEY AND REGULATE THE VALUE THEREOF

It is the purpose of this title to restore to Congress its constitutional power to issue money and regulate the value thereof; to provide for the orderly distribution of the abundance with which a beneficent Creator has blessed us; to establish and maintain the purchasing power of money at a fixed and equitable level; to restore the values of property to just and equitable levels; to increase the prices of agricultural products to a point where they will yield the cost of production plus a fair profit to the farmer; to provide a living and just annual wage which will enable every citizen willing to work and capable of working to maintain and educate his family on an increasing level or standard of living; to repay debts with dollars of equal value; to lift in part the burden of taxation; and for other purposes.

The Constitution of the United States in article I, section 8, clause 5, provides that Congress shall have the power to coin money and regulate the value thereof and of foreign coins;

The present practice of issuing book credits by commercial banks, and transferring the title of said credits by check, provides a supplementary medium of exchange, abrogating the said constitutional provision and establishing a separate, private, and independent monetary system; and

The permanent welfare of the people and the protection of the economic life of the Nation are dependent on the establishment of a monetary system wholly subject to the control of Congress, which will promote the interests of agriculture and labor, of industry, trade, commerce, and finance for the economic well-being of all citizens by the maintenance of price levels, which will avoid excessive expansion or disastrous contraction and which will protect the national credit and currency at home and in the world's markets.

SECTION 1. There is hereby created a central bank, which shall be known as the "Bank of the United States of America", which may be abbreviated as the "Bank of the U. S. A."

SEC. 2. The Bank of the United States of America, so created, shall be the agency of the Congress of the United States to issue the money of the United States, to control the value thereof, and the value of foreign moneys, and it shall have sole jurisdiction over all monetary stocks and all moneys and shall be the custodian of the public credit of the United States. It shall be the central depository of all reserve funds of all banks, banking institutions, and banking firms under the jurisdiction of the United States. It shall be the sole fiscal agent of the United States Government. All acts of Congress providing for the issuance of circulating notes by national banks are hereby repealed.

SEC. 3. (a) There is hereby created a governing board of the Bank of the United States of America, which shall be known as the "Board of Directors of the Bank of the United States of America", which shall be the monetary authority and agent of Congress of the Government of the United States. The Board of Directors of the Bank of the United States of America shall be composed of one representative from each State, appointed by the President of the United States by and with the advice and consent of the Senate, for a period of 12 years. Immediately after they shall be assembled in consequence of the appointment and confirmation, they shall be divided by lot equally into six classes; the seats of the directors of the first class shall be vacated at the expiration of the second year; the seats of the second class at the expiration of the fourth year; the third class at the expiration of the sixth year; the fourth class at the expiration of the eighth year; the fifth class at the expiration of the tenth year; and the sixth class at the expiration of the twelfth year; so that one-sixth may be chosen every second year; and if vacancies happen by resignation or otherwise the President may make a temporary appointment subject to Senate confirmation to fill the vacancy. The Board of Directors shall choose from among their own number an executive board consisting of seven members and including a governor and a vice governor selected by a majority of the 48 directors. The salary of each director shall be the same as that of an Associate Justice of the Supreme Court of the United States, paid out of the funds of the United States Treasury not otherwise appropriated. The directors shall not during their term of office hold any direct or indirect financial interest in any bank, banking institution, banking firm, or financial institution, or any firm or corporation as stockholder, director, or officer either in the United States or in any foreign country. The Board of Directors shall assemble on the first Monday in December and remain in session at least 9 months during each year. A majority shall constitute a quorum. The Board may determine the rules for its proceedings. Congress may, by the process of impeachment, remove a director. No director shall be appointed to any civil office under the authority of the United States or of the States, Territories, or possessions, nor be a Member of either House of Congress. Any director shall be eligible for reappointment. Upon attaining the age of 70 years, each director shall retire, with an annual pension for the rest of his natural life equal to $1,000 per year for each year of service or major fraction thereof: *Provided*, That the maximum annual pension shall be $12,000, which shall be paid out of the funds of the United States Treasury not otherwise appropriated.

(b) The Secretary of the Treasury and the Comptroller of the Currency shall be ex-officio members of the Executive Board of the Bank of the United States of America.

(c) The members of the Federal Reserve Board at the time of the enactment of this act shall serve as members of the Executive Board of the Bank of the United States of America until their successors are appointed and confirmed, as herein specified.

SEC. 4. (a) The Board of Directors of the Bank of the United States of America is authorized to appoint and fix the compensation of a president and vice president and such other executive officers, examiners, economists, and other experts as may be necessary to carry out its functions under this act, without regard to provisions of other laws applicable to the employment and compensation of officers and employees of the United States; and, in addition thereto, the Board may, subject to the civil-service laws, appoint such further officers and employees as in their judgment may be necessary, and fix their salaries in accordance with the Classification Act of 1923, as amended.

(b) The Board of Directors of the Bank of the United States of America shall have its principal office in Washington, D. C. It shall establish branch offices in each State of the United States and in its Territories and possessions and may establish agencies to conduct a general business of banking and to provide banking facilities in any recognized trading center of the United States which is denied adequate banking facilities by private institutions, and shall formulate policies and regulations for the management of such branch offices and agencies. Branch offices shall be designated by States, as "Maine Branch, Bank of the United States of America"; "California Branch, Bank of the United States of America", etc.

SEC. 5. (a) After the passage of this act no currency shall be issued under the authority of the United States except the notes of the Bank of the United States of America of the same size as the present Federal Reserve notes and of such denominations as may be determined by the Executive Board of the Bank of the United States of America, which said bank notes shall be full legal tender at face value for all debts, public and private, within the United States or its Territories or possessions.

(b) Within 1 year from the passage of this act all present Federal Reserve notes, Federal Reserve bank notes, national bank notes, gold certificates, silver certificates, Treasury notes of 1890, and United States notes issued and outstanding shall be recalled for redemption, and those turned in for redemption shall be retired and destroyed, and notes of the Bank of the United States of America herein provided shall be issued to exchange, it being the purpose of this act to substitute the notes of the Bank of the United States of America herein provided for all other forms of paper currency of the United States.

SEC. 6. In the exercise of its jurisdiction as agent of the Congress of the United States to issue money and to control the value thereof, the Executive Board of the Bank of the United States of America may from time to time order and direct the Secretary of the Treasury of the United States to engrave or cause to be engraved, and to print or cause to be printed, United States Bank notes as provided in this act, in such quantities and denominations as the said Board may deem necessary, and to hold the said United States Bank notes subject to further order of the said Board.

SEC. 7. The Secretary of the Treasury of the United States shall, upon receipt of directions or instructions or orders from the Executive Board, duly authenticated in such manner as may be prescribed by the Board of Directors, execute the said directions, instructions, or orders, forthwith, by engraving, printing, and disposing of the said notes of the Bank of the United States of America as specified in said duly authenticated directions, instructions, or orders, and the said duly authenticated directions, instructions, or orders shall at all times be considered and construed to be the direct acts of the Congress of the United States, through its duly authorized agent, the Bank of the United States of America.

SEC. 8. (a) Immediately upon the passage of this act, the Bank of the United States of America is hereby authorized and directed as soon as possible to purchase the capital stock of the 12 Federal Reserve banks and branches, and agencies thereof, and to pay to the owners thereof in the notes of the Bank of the United States of America the paid-in value of said stock, with 6 percent per annum interest from the last dividend date.

(b) That all member banks of the Federal Reserve System are hereby required and directed to deliver forthwith to the Bank of the United States of America all the stock of the said Federal Reserve banks owned or controlled by them, together with any and all claims of any kind or nature in and to the capital assets of the said Federal Reserve banks, it being the intention of this act to vest in the Government of the United States the absolute and unconditional ownership of the said Federal Reserve banks.

SEC. 9. Upon the purchase of the stock of any Federal Reserve bank by the Bank of the United States of America as herein provided, the said Federal Reserve bank shall immediately become a branch of the Bank of the United States of America and subject in every respect to the jurisdiction of the Board of Directors of the Bank of the United States of America herein provided for, and the terms of the officers of the Board of Governors of the said Federal Reserve bank shall immediately cease and terminate: *Provided, however*, That the chairman of the Board of Governors of the said Federal Reserve bank and all the executive officers or employees thereof shall continue to perform their customary duties and obligations in the operation of said Federal Reserve bank until their successors shall be appointed by the Board of Directors of the Bank of the United States of America.

SEC. 10. (a) All individuals, firms, associations, or corporations engaged in the business of banking as defined by law and among other things receiving deposits of money or credit from the citizens or firms, corporations, or associations of any State and transferring or transporting said money or credit or the title thereto to other banks or individuals, firms, associations, or corporations of any other State or States, Territories, and possessions of the United States, are hereby declared to be engaged in interstate commerce, and as such are subject to Federal jurisdiction and to the jurisdiction of the Bank of the United States of America and all the provisions of this act.

(b) Within 1 year after the passage of this act, all banking institutions under the jurisdiction of the Bank of the United States of America shall be required to keep on deposit with the Bank of the United States of America, or in its vaults, United States bank notes herein provided for a full 100 percent of its deposits which are subject to check and payable on demand; and, in addition thereto, it shall keep within its vaults the further sum equal to 5 percent upon all savings or investment deposits commonly known as "time" deposits. All demand deposits shall be held in trust for the benefit of the depositors and shall not be merged with or become a part of the assets of the bank, nor shall such trust deposits be liable for any debt or obligation of the said bank.

(c) For the purpose of creating the lawful money reserve hereinabove required, the Bank of the United States of America shall purchase from banks and from individuals, firms, and corporations in the United States, bonds of the United States Government, or guaranteed by the United States Government, and may purchase obligations of States or municipalities of the United States whenever necessary to carry out the purposes of this act.

SEC. 11. The Bank of the United States of America is hereby authorized to purchase or sell gold, silver, and foreign exchange in the financial markets of the United States at such times and in such quantities as in its discretion is necessary to carry out the purposes of this act, namely, to regulate the value of money of the United States and of foreign countries.

SEC. 12. (a) The Bank of the United States of America shall have jurisdiction over and shall control and supervise all banking institutions whatsoever of the United States and Territories and possessions thereof, subject to law, and shall have the power to prescribe such rules and regulations not inconsistent with the law as it may deem desirable for the safe and proper conduct of the banks and banking institutions within its jurisdiction.

(b) The Comptroller of the Currency and all officers of the Government of the United States, exercising any supervisory powers or duties over the banks of the United States, or any of them, shall carry out and perform such rules and regulations for the conduct of banks and banking institutions in the United States or Territories or possessions thereof as may, from time to time, be prescribed by the Bank of the United States of America through its duly designated officers.

SEC. 13. Directly upon the passage of this act, the Bureau of Labor Statistics of the Department of Labor shall be transferred to the Bank of the United States of America, and such Bureau shall thereafter be under the supervision of the Board of Directors of the Bank of the United States of America. The statistical department of the present Federal Reserve Board, together with the statistical departments of the Comptroller of the Currency, the Secretary of the Treasury, and of the Treasurer of the United States, together with the Bureau of Foreign and Domestic Commerce and the Bureau of Agricultural Economics, shall all be consolidated with the Bureau of Labor Statistics, and the name of the consolidated bureaus and departments shall be the "Bureau of United States Statistics." The duties of said Bureau, in addition to all those now prescribed by law for the bureaus and departments consolidated therein, shall be to collect, assemble, and analyze authentic data, for the purpose of determining the true and correct relation of the total amount of money in actual circulation, including both currency and credit money commonly called "demand deposits", to prices, wages, industry and commerce, the standard of living, employment and unemployment, to the end that the Board of Directors of the Bank of the United States of America and the Executive Board thereof may scientifically and accurately determine the rate at which progressive additions to the stock or circulating money, including coin, currency, and credit, must be made in order to maintain an even and stable purchasing power, and to promote a constantly rising standard of living for the people of this Nation, unlimited except by the extent of natural resources and the willingness of the people to work.

SEC. 14. It is hereby made mandatory upon the Board of Directors of the Bank of the United States of America and the Executive Board thereof to provide such stable purchasing power of money and equitable price levels, first, by the progressive purchase of the bonds of the United States and the creation of the 100-percent reserves behind demand deposits, and, further, if necessary, by increasing the money in circulation by paying the extraordinary and then the ordinary expenses of government by currency issue until the average commodity prive level reaches the index of the Bureau of Labor Statistics for 1926. The Board of Directors of the Bank of the United States of America will determine a true and equitable commodity price level to succeed that of 1926, and it is made mandatory on the Board of Directors to provide issues of currency which will maintain this level.

SEC. 15. The Board of Directors of the Bank of the United States shall recommend to Congress the retirement through taxation of such excesses of currency as may be necessary to keep the price level from rising above the level prescribed by section 14 of this act.

SEC. 16. All laws or parts of laws in conflict with this act are hereby repealed.

SEC. 17. If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the remainder of this act or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

SEC. 18. This act shall take effect January 1, 1936, or sooner by proclamation of the President.

SEC. 19. This act may be cited as the "National Banking and Monetary Control Act of 1935."

Mr. NYE. Mr. President, first of all, I should like to move to perfect my amendment, which has just been stated.

The perfecting amendments are directed to obtaining one lone point. The amendment in its present form provides for the election of a board of directors or a governing body of the proposed central bank. I am desirous of changing that to provide for the appointment of that board by the President, subject to confirmation by the Senate. So I desire to modify the amendment as follows:

On page 4, line 1, to strike out the following language:

Elected by the people thereof at the same time and by the same method as Representatives in Congress—

And to insert in lieu thereof:

Appointed by the President of the United States by and with the advice and consent of the Senate.

In line 4, on the same page, to strike out the words "first election" and to insert in lieu thereof "appointment and confirmation."

In line 14, on the same page, to strike out the words "executive of the State affected" and to insert in lieu thereof "President."

In line 15, on the same page, to insert, after the word "appointment", the words "subject to Senate confirmation", and to strike out the language "until the next general election."

On page 5, in lines 8 and 9, to strike out the language "during the term for which he is elected."

In lines 12 and 13, on the same page, to strike out the word "reelection" and to insert in lieu thereof "reappointment."

On page 6, in line 2, to strike out the words "elected and qualify" and to insert in lieu thereof "appointed and confirmed."

Finally, on page 10, in line 3, to strike out the word "elected."

The PRESIDING OFFICER (Mr. BURKE in the chair). The Senator has a right to modify his amendment; and the amendment will be modified accordingly.

Mr. NYE. Mr. President, one hesitates, especially if he is lacking in position upon the Committee on Banking and Currency of this body to inject any thought that might be his concerning the banking subject in general, and I approach the task which I am making my own certainly without the spirit of one who feels that he cannot by any chance be mistaken in his conclusions, but I think day after day there comes increased evidence, certainly increased conviction, so far as I am concerned, that our present banking structure is not measuring up to the needs and is not affording that response which a people have the right to expect from a banking system.

After all is said and done, we may number our problems of the present day, and yet more or less directly those problems one and all trace back to the failure of the banking system to respond to the needs of the country.

The amendment which I am offering and which has been reported substitutes what, I dare to say, is a constitutional financial system for an unconstitutional financial system. The amendment takes the Government out of the banking business and takes the banking interests out of the governing business. It protects the public from being arbitrarily deprived of banking facilities in the event private banking interests should ignore their banking obligations to their respective communities. It will save the Government hundreds of millions of dollars in taxes and interest charges. It will

forever prevent prearranged periods of depression with the resulting destruction of billions of the people's assets.

The amendment I am offering provides for the stabilization of wages, of farm and other property values, by the application of the index number, and forever prevents an orgy of inflation, such as has been witnessed under the Federal Reserve System, in permitting the lending of bank credits in lieu of real money.

It provides for democratic administration of our financial system by the appointment by the President of a governing board, a board consisting of one member from each State, by and with the consent of the Senate. Its provisions have a universal application in that they apply to farming, to business, and to professional activities, without discrimination in favor of any special group. The amendment recognizes that the intrinsic value is in the things exchanged and not in the medium of exchange. It provides for billions of dollars for legitimate production, but not one dollar of public funds for criminal speculation.

Under the proposed system financial interests will be compelled to seek new activities for the investment of surplus funds instead of the perpetuation of their present financial scheme, which compels the American citizen to plead on bended knee for even the crumbs of financial relief that fall from the tables of their captains of industry.

While this measure may not make the failure of banks impossible in the future, it certainly will place it in the realm of the improbable. This measure does not deprive the American citizens of the convenience of the checking system, as now developed in this country. The difference between the present system of checking and that provided in the amendment which I am offering is that the Federal Reserve System permits checking against unreal money in the form of bank credit, while under the provisions of the measure I am proposing the check must be drawn against actual money and not any substitute for money.

The amendment if enacted will restore to the Congress of the United States its constitutional powers to coin money and regulate the value thereof. It will establish a monetary authority in the United States directly under the control of the President and the Congress, with every State in the Union represented on its board of directors. Every productive interest of the Nation, including labor, farming, mining, commerce, and manufacturing, will have a voice in its management, and the sovereignty of the function of money will be thus established under the control of the representatives of all the people.

In addition the bill provides that the volume of money and credit shall be at all times in correct relation to the demands of wages, industry, and commerce, so that an even standard of living may be maintained by all the people at all times, thus voiding the periods of inflation and deflation which have prevailed under the existing system. By removing the power from private hands, with the opportunity it affords for selfish gain in creating bank credit money, booms and panics may be prevented. Heretofore this power has been flagrantly abused by private Reserve bankers to the extent of billions of dollars, affecting over 90 percent of the Nation's commerce, so that at present the system of private ownership is dangerously threatened.

Only when the control of the volume of money is taken from interested selfish hands and placed in the National Board can business stability be attained.

This amendment does not provide for a government-owned banking system. Private banking is left and encouraged, but with a central bank, owned by the Government, over it all. The Federal Reserve banks would become part of the central bank.

In proposing to amend the pending banking bill by offering a substitute for the entire body of title II, I should like to call attention to the present status of the Federal Reserve law by comparison with its status upon enactment in 1913.

The original act has been dressed up in all manner of clothes since 1913. I have before me the Federal Reserve Act, as amended, and the laws relating to banking. It affords large evidence of the constant effort extended to make the act respond to America's needs. Amendatory legislation was enacted twice in 1914, the first birthday of the Federal Reserve. Then followed an amendment in 1915, 2 in 1916, 1 in 1917, 2 in 1918, 4 in 1919, 2 in 1920, 3 in 1921, 2 the next year, 2 in 1923, 1 in 1924, 1 in 1925, 4 in 1926, 1 in 1927, 3 in 1928, and 1 in 1929. Then came the crash, the panic that the Federal Reserve was going to avert, and with the crash came wholesale amending of the law, with 9 amendments in 1930, 7 in 1932, 15 in 1933, and 16 in 1934, not to speak of those proposed by the pending bill.

In all there have been, since 1913, 79 attempts to improve our monetary and financial system, and now there is brought before us a new patch, or patches, rather, for the quiltwork of finance.

In the 21 years that have followed the widely heralded Federal Reserve Act, no one has attempted to strike at the root foundations of our economic ills by giving money and banking objective consideration.

A beneficent Providence has endowed us with every form of wealth that man can use. In the bowels of the earth is unmeasured mineral wealth. In the soil is unmeasured agricultural wealth. In the rivers is unmeasured power. In the laboratories and the shops and the factories of America is unmeasured engineering and production genius. Nature has blessed us with enough for all, including the many who are yet to come. Yet, in spite of this, 12,000,000 Americans are unemployed; hundreds of thousands of factories are idle; the American agriculturist, for his toil, is receiving less than the cost of production; the transportation system has gone to the demnition bow-wows, if I may resort to that expression; and great wealth has sought out the security of the nonproductive Government bond to escape an overburdening taxation.

We owe, individually and as a nation, more than we can pay.

We have 900,000 students in our universities and colleges, and yet there seems not one in a thousand educated men in America willing to face the fact that we will fail, and fail miserably, until that day when we shall go back to the Constitution and start here in this body to exercise the power vested in the Congress by the fathers of this Nation—the power over money, set forth in article I, section 8, clause 5, of the Constitution. Education seems to dictate that we patch up the old order and ignore this constitutional duty, which is plainly ours.

We have taken our oaths of office and have solemnly sworn to defend the Constitution, yet we are not defending the Constitution, but are violating its letter and its spirit when we continue to permit the private bankers in America to issue the money of the Nation and to regulate the value of that money which they issue, incidentally with the aid of the printing press, to which they so violently object.

The Constitution clearly provides, among the delegated powers of Congress, that Congress shall "coin money, regulate the value thereof, and of foreign coin", and the Constitution also provides that no State shall "emit bills of credit."

It should be interesting, if not informative, to the Senate to have reviewed a little of the history of banking, lest we lose sight of the fact that down through all the generations mankind has been played with in the case of the banking system and the money subject as though it were not right for men and women to know what the game of banking and the function of money really are.

Ten centuries before Christ, in the ancient Greek confederacies, it was recognized that the power over money was so great that it belonged to the federated state and not to the component member thereof.

Down through the course of history, in every age, the power over money has been recognized as one of the inherent marks of sovereignty. Introduced into the testimony before the Subcommittee on Banking and Currency, which considered the bill before us today as well as the bill which I sponsored at this session, there was the historic truth recorded that 8 years before our Congress under the Constitution met

and 6 years before there was the definite attempt to assemble a constitutional convention which drafted our fundamental law, one Pelatiah Webster made the power over money through a central bank the very reason for recasting the Government under the Articles of Confederation and building that more perfect Union which has been our boast for one-hundred-and-forty-odd years.

Upon the establishment of our Government, Congress, though authorizing a central bank, permitted the ownership of that bank to remain 80 percent in private hands. I refer, of course, to the first Bank of the United States, established in 1791 and chartered for 20 years. The same mistake was made with the second Bank of the United States, chartered in 1816 for another 20 years. The owner and controller of its destiny was the private banker in each instance.

A century ago America witnessed the wildcat issues of currency from the wildcat banks of the several States, and it was 1862 before we taxed out of existence the State-bank currency issues, which were competitive to the sovereign power of the United States in its right to coin and issue the money of this Nation.

Since 1862 down to the present day there has been the growth of a new kind of currency. I refer, of course, to the check-book currency created the length and breadth of America by the private banking interest which, by the manufacture of demand deposits, by the acceptance of the security of the borrower, sees fit to grant the right of withdrawal of any sum borrowed, by the simple process of entering upon the ledgers of the banks a credit, and by passing through the wicket a check book which permits the owner to transfer nonexisting money at will so long as the demand deposit game continues.

This new kind of currency—this check-book currency—today does perhaps 95 percent of the commercial business of the Nation. It is competitive to real money and to representative money. It is a fiction, a figment, a fiat of a banker. It is the most baseless money this world ever knew, the greenback of Lincoln's time not excepted, the continental currency of Revolutionary days not excepted, the German marks and the Russian rubles not excepted.

There is no man in this Chamber who does not know that the history of American banking has been a history of tricks and tragedies, inflation and deflation, from 1818 to the panic of 1837, from the panic of '37 to that of '57, from '57 to that of '73, from '73 to that of '93, from '93 to that of 1907, and again to 1913, and again to 1921, and lastly to the present tragedy of 1929, which has already lasted for more than 5 years.

The history of American banking has been just that—a history of tricks and tragedies. In the 70 years that have elapsed between July 1864 and June 30, 1934, in commercial banks alone $8,778,000,000 represents the deposits in banks that suspended, and of that sum $3,113,000,000 represents the ultimate loss to the depositors; $1,700,000,000 represents the losses to stockholders; $7,900,000,000 represents the losses written off in active banks; and $1,300,000,000 represents, we are told, the losses still to be written off bank records.

A total of $14,200,000,000 has been the cost of our consent to trickery for the last 70 years. This represents an average annual loss of $200,000,000 because of the failure of Congress to do its plain constitutional duty with respect to banking legislation.

Mr. President, until the Congress of the United States realizes that money is not wealth, but merely a device which in the hands of the sovereign State may be used to divide wealth, to distribute wealth, to give the laborer his hire, to give the farmer his just reward for what he produces, until we distinguish between money and wealth, we can never carry out our plain constitutional duty with respect to either money or banking.

Let us go back a little in history, in the history of the empire that knew more about money than we seemingly will ever know. In the days of Henry the First, 800 years ago, the money of England was known as "tallies." These "tallies" were simply sticks of wood about 4 feet long and 1 inch square. This stick of wood was notched with a jackknife to express pounds, shillings, and pence. The exact value was printed with ink on the sides of the stick and then it was split lengthwise. It was the Government which did the splitting. Half the stick was given to the citizen in exchange for governmental service. The other half remained in the royal treasury.

Now, it was the business of the county sheriffs in England to collect for taxes these sticks which the citizens held. It was the business of the Government to match the collected half stick with the portion already in the royal treasury. When they tallied or matched then the sticks were destroyed.

When, 600 years later, in 1694, the Bank of England was founded $70,000,000 of these sticks were gathered together, and in their place the new bank issued paper money of a similar amount. Yet the old wooden tallies were legal tender in England until 1783, another 100 years. The accumulation of the centuries was not finally destroyed until the sticks were burned in the House of Parliament in the year 1830. England was not on the gold standard. She was on the wooden standard, and prospered.

Before the establishment of the Bank of England in 1694 there were banks in Europe where people could deposit for safekeeping their gold or their silver. Coins of all nations were brought by the sailors and the merchants to these bank vaults. It was the business of the bankers to place a proper value on these coins and then to credit the owner of the coins with his proper amount of wealth.

Of course, it was dangerous to carry gold and silver on one's person. It was better to keep it in the strong bank of deposit. When occasion demanded that one merchant transfer gold to another merchant it was the banker's business, at the request of the two parties concerned, to make the transfer without the gold ever leaving his bank.

Bear in mind, banks did not make loans originally. They did not create credit. They simply transferred the credit of others.

But with the founding of the Bank of England we begin to find this bank actually creating credit, instead of transferring it. The Bank of England received its charter to operate and to create credit—or, in other words, to coin money—when the merchants of London approached Parliament and told the members thereof that if they wanted the merchants to help them put down a revolution and loan them money with which to do it, Parliament would have to concede to these merchants the right to coin money. Thus the Bank of England began to loan what they did not possess. For every dollar, as it were, of gold the bank had it risked loaning $10 of credit. At least nine of these dollars did not exist. And more than that, for every dollar's worth of loan money that was extended to a merchant the Bank of England had the audacity to mark on its books that it was a dollar's deposit. Here is the mystery surrounding money:

How can a loan become a deposit?

How can something which you have not be something that you have in your possession?

How can 2 minus 2 equal plus 4?

Now, everybody knows that these credit notes, or bank notes, manufactured by the Bank of England were not backed 100 percent by gold. The bank notes were seldom if ever backed by 40 percent of gold. The credit money was seldom if ever backed by more than 10 percent of gold. But between the years 1797 and 1822 the Bank of England's paper money was nothing more than paper money and could not be redeemed by gold or silver or anything else. These were days when there was no gold backing. Yet business and government carried on. That is a good point to remember when the bankers with their tenor voices of terror shriek loudly of "crackpots" who disregard the bankers' declared sound money.

But let us continue this sketch of money and its history; it is interesting to say the least. In the year 1780 the private bankers of London were without the privilege of issuing bank notes or paper currency. The Bank of England still retained this monopoly. But these private bankers hit upon a scheme by which they could compete with the Bank of England. It was this: Instead of merely accepting gold

and silver for deposit from merchants and transferring this gold on the books of the banks at the will of the merchant they gave each depositor a checkbook and permitted the depositor to transfer his own money by writing a check on his own deposit. Here then is the origin of the checkbook.

This checkbook supplied a new currency. The governors of the Bank of England protested to Parliament that this was infringing upon their monopoly. But the Parliament answering said: "The day of monopoly has gone."

The system of the London bankers in creating this checkbook money, together with the system of the Bank of England in issuing bank notes, such as our 5- and 10-dollar bills of today, and also loans, were both adopted in America when in the year 1800 the United States chartered a great number of banks which were both banks of deposit like the private banks in England, and banks of discount like the Bank of England itself. I need not repeat that the Bank of England was a privately owned corporation with its charter almost forced from the Government at the point of a gun.

So there grew up in this country a new idea of a bank. It was a place to deposit your coin or your bullion or your currency which you could check out and transfer by using a checkbook. And it was also a place for borrowing money and having your loan marked down on the banker's books as a deposit.

This kind of money, Mr. President, I want to repeat, this credit money which the bank creates, is competitive to the currency issued by the sovereign power of the United States. It was never authorized by Congress so far as I know, and it places in private hands the power to issue money in direct contravention of the letter and the spirit of the Constitution.

How dangerous this power is is found in the cycles of inflation and deflation which have marked the course of American financial history, even after the Civil War, when the currencies of State-chartered banks were taxed out of existence.

Mr. President, let us go back for a few minutes to the beginning of the history of this Government, under the Constitution, and recall that for 40 years we had two so-called "central banks" chartered, the first and the second United States Banks. Let me say that the first and second banks of the United States were not central banks owned by the people through their Government, but were 80 percent privately owned.

In the year 1832, 4 years before the expiration of the charter of the second United States Bank, the incorporators succeeded in jamming through Congress a new charter for that bank, conferring new and extortionate privileges upon their institution. Bounties or dividends of over $7,000,000 were granted to the stockholders in a $10,000,000 bank—a bank in which over eight millions of the stock was held by foreigners.

It was Jackson who vetoed the renewal of the charter of the second United States Bank, a privately owned institution, as is our present Federal Reserve System.

Mr. President, I quote from Andrew Jackson's veto message:

> The present corporate body, denominated the president, directors, and company of the Bank of the United States, will have existed at the time this act is intended to take effect 22 years. It enjoys an exclusive privilege of banking under the authority of the general Government, a monopoly of its favor and support, and, as a necessary consequence, almost a monopoly of the foreign and domestic exchange. The powers, privileges, and favors bestowed upon it in its original charter, by increasing the value of the stock far above par value, operated as a gratuity of many millions to the stockholders.

May I quote, also, the opinion of Carl Schurz on this second Bank of the United States, a privately owned institution 20 percent of the stock of which was subscribed by the Treasury of the United States. I quote from his biography of Henry Clay:

> It would have been well for Clay and his party had they recognized the fact that not only this bank of the United States could not be saved, but that no other great central bank, as the fiscal agent of the Government, could be put in its place with benefit to the country.

He went on to say:

> An institution whose interests depend upon the favor of the Government is always apt to be driven into politics, be it by the exactions of its political friends or by the attacks of its political enemies. Its capacity for mischief will then be proportioned to the greatness of its power, and the power of a central bank, acting as the fiscal agent of the Government, disposing of a large capital, and controlling branch banks all over the country, must necessarily be very large. Being able to encourage or embarrass business by expanding or curtailing bank accommodations and to favor this and punish that locality by transferring its facilities, it may benefit or injure the interests of large masses of men and thereby exercise an influence upon their political conduct, not to speak of its opportunities for propitiating men in public position, as well as the press, by its substantial favors. So it was in the case of the bank of the United States. Although Jackson's denunciations of its corrupt practices went far beyond the truth—which is extremely doubtful, as even the great statesman, Daniel Webster, was on its secret pay roll—there can be no doubt that, when it last fought for the renewal of its charter and against the removal of the deposits, it did use its power for political effect.

So much for Carl Schurz.

It was John Fiske, the scientific historian, who saw the evils that must accompany the delegation to private interests of the power to issue money, which is an exclusive function of sovereignty; and Fiske writes:

> It was Jackson whose sound instincts prompted him to a course of action quite in harmony with the highest political philosophy. During the administration of John Quincy Adams, there was fast growing up a tendency toward the mollycoddling, old granny theory of government, according to which the ruling powers are to take care of the people, do their banking for them, rob Peter to pay Paul for carrying on a losing business—just as the pending bill proposes—and tinker and bemuddle things generally. It was, of course, beyond the power of any man to override a tendency of this sort, but Jackson did much to check it; and still more would have come from his initiative if the question of slavery and secession had not so soon come to absorb men's minds and divert attention from everything else. His destruction of the bank was brought about in a way that one cannot wish to see often repeated; but there can be little doubt that it has saved us from a great deal of trouble and danger. By this time the bank, if it had lasted, would probably have become a most formidable engine of corruption.

The private banking interests of America sought their revenge at the expiration of the charter of the second United States Bank by precipitating the panic of 1837. They did this by the same methods the bankers always used and are using today; namely, by refusing credit and by calling the loans to farmers, merchants, and business men, by foreclosing mortgages, by paralyzing industrial organization, by a general shakedown in values, and by the foreknowledge of what is taking place; so they sell short their own securities, they buy in at bankrupt prices, and then reverse the process, while their nation lies paralyzed and in economic ruin. It might be pointed out that even at a time when a great nation of 120,000,000 people were engaged in a struggle to "make the world safe for democracy", engaged in a "war to end war", American bankers engaged in games of kiting and deflating values to a point where they could shake down the American public and shake them loose of their possessions of Liberty bonds for 80 and 85 cents on the dollar; then, gaining large possession of them, kite the prices upward, and thereby enhance their own wealth and their own well-being.

Thus, following the panic of 1837, a general prosperity ensued. Commerce and trade made wonderful advances. For the 10 years following our tonnage actually exceeded that of England. Agriculture was exceedingly prosperous. Prices for agricultural products were high. The masses were permitted to accumulate a surplus until a preordained day when devaluation should again be the fate of the Nation. This occurred, true to form, in 1857.

Scarcely had the Nation recovered from the panic of 1857 when the opportunity came for the banking interests of the Nation to obtain a virtual dictatorship over the Nation's finances.

Mr. President, I have said before that the issues of the State-chartered banks were taxed out of existence in 1862. The control of the money of the Nation came under the power of Congress; but no sooner had Congress assumed its constitutional prerogative than the money interests of the Nation

induced Congress to create two kinds of money, one for the bondholder in the nature of an interest-bearing coupon bond issued at 6-percent interest and the other the legal tender of the people.

These legal-tender notes were challenged as to legality, and the constitutional right of Congress to issue the greenbacks was successfully challenged in the famous case of Hepburn against Griswold. Public sentiment was absolutely against the decision of the Supreme Court. The people knew that the great majority of their fellow citizens were honest men. They knew that the debtor wanted to pay his debts. They knew, in those days, their Constitution. They knew it was the intention of the fathers to endow the Federal Government with the sovereign power to coin money. They knew that the fathers had so expressed their intention in article I, section 8, clause 5, of the Constitution. They knew that the Congress had the power to regulate the value of money independent of any financial contract made between citizen and citizen; and they knew that the unjust and untenable position of the Supreme Court of the United States in Hepburn against Griswold could not stand in a free America.

The truth was that the financial structure and the prosperity of the Nation were both at stake. The personnel of the Supreme Court of the United States was changed. Thirteen years later, 13 years after Hepburn against Griswold, came Juilliard against Greenman, and I quote the language of the Supreme Court:

> Congress has the power to issue the obligations of the United States in the form of greenbacks and to impress upon them such qualities of currency for the purchase of merchandise and the payments of debts as accords with the usage of sovereign States.

The Civil War, therefore, was financed in two ways—by the interest-bearing bond and by the legal-tender note. The one was issued against the full faith and credit of the United States under the sovereign power to coin money and regulate the value thereof. The other was issued against the full faith and credit of the United States and its power to borrow money.

Superimposed upon the debt structure of the United States was the national banking system of 1863, where the stockholders of a bank were permitted to take their stock subscriptions in cash and with them trot down to the Treasury of the United States and buy interest-bearing bonds of the United States Government, and against those bonds issue currency, thus receiving not only the use of the capital stock subscribed to their banks but the return of the money at 6-percent interest.

I need not tell the Senate the result of this fiscal policy of the United States. When, for example, on July 17, 1861, an act was passed by Congress to authorize the Secretary of the Treasury to borrow $250,000,000 at 7 percent on 20-year bonds, the taxpayer of the Nation paid $250,000,000 in principal to the lenders, and precisely $350,000,000 in interest, or a total of $600,000,000.

I need not speak of the struggle between the people, on the one hand, who demanded that the Congress exercise its sovereign power in furnishing in a national emergency a sufficient and efficient medium of exchange, and the bankers, on the other hand, demanding their pound of flesh.

I need not refer to the bankers' lobby that appeared in Washington in July of 1861 and February of 1862, strong enough to take the Finance Committee of the Senate over to the office of the Secretary of the Treasury to sandbag the Government into issuing more bonds, while Government securities dropped to 60 and 75 cents on the dollar, absorbed only at a discount by the banking fraternity, while a subservient Congress wrote into the acts of July 17, 1861, and February 12, 1862, that the legal-tender properties of our national currency would not extend to the interest on the bonds and notes, which should be paid in coin, and that the duties on imported goods and the proceeds of the sale of public lands should be set apart to pay the coin interest on the debt of the United States.

May I quote Thaddeus Stevens, then chairman of the subcommittee of the Committee on Ways and Means of the House, on the bankers' control of even the legal-tender notes or greenbacks:

> It makes two classes of money, one for the bankers and brokers and another for the people. It discriminates between the rights of different classes of creditors, allowing the rich capitalist to demand gold and compelling the ordinary lender of money on individual security to receive notes which the Government had purposely discredited.

Consider the bankers' racket in the Civil War days. Here was the sovereign power of the United States to coin money and regulate its value. Here was the full faith and credit of the United States expressed both in bonds and in legal-tender notes. Here was the distinction made in the character of the legal-tender feature of the notes. These notes were not legal tender for all debts, public and private, but they had the exception that the interest on the debt of the United States must be paid in coin. Congress virtually depreciated its own currency when it distinguished between the class of creditor.

Let us assume that a man had $35,000 in gold in the year 1864. With it he could go out and buy $100,000 of these partial legal-tender notes. With these $100,000 partial legal-tender notes he could buy $150,000 worth of United States bonds, for the United States bond was selling at 65. He could deposit these United States bonds with the Treasury of the United States and by incorporating under the new National Bank Act of 1863 he could print or have printed for his new bank $135,000 in national-bank notes. He could loan out this $135,000 at an average rate of interest of 8 percent throughout the States, and this $135,000 in national-bank notes would yield in interest $10,800. He still had his $150,000 drawing 6-percent interest in coin, or $9,000 in gold coin. His $35,000 in gold, therefore, yielded $19,800 in interest, $9,000 of which was in gold coin. That was the banker's racket while the Union of States was being saved. It might be added that, in a more recent struggle, while Americans were bleeding and dying, these banker racketeers were again taking their pound of flesh for their patriotic rallying to the financial needs of their country.

The bankers' racket of those days was not confined to America; it was international. The English Bankers Association employed a solicitor, a Mr. Hazzard. Hazzard issued a circular in 1862, a copy of which came into the possession of one Isaac Sharp, a law student employed by Thaddeus Stevens, and who afterward became Acting Governor of Kansas. This circular was addressed to the American banks and it emanated from the English Bankers Association. I quote its historic language for the solemn reflection of every thinking Member in this body. Here is the London banker talking to his fellow banker across the Atlantic. Here is the authoritative note, with respect to the banking mind, which knows no national boundaries. Here is expressed not only the attitude on money but the attitude on labor and the whole philosophy of human rights. Here is likewise expressed the philosophy of greed and exploitation; and history records no answer or protest on this side of the Atlantic from any banker who received it.

I quote from the Hazzard letter sent to American bankers:

> DEAR SIR: It is advisable to do all in your power to sustain such prominent daily and weekly newspapers, especially the agricultural and religious press, as will oppose the issuing of greenback paper money, and that you also withhold patronage or favors from all applicants who are not willing to oppose the Government issue of money. Let the Government issue the coin and the banks issue the paper money of the country, for then we can better protect each other. To repeal the law creating national-bank notes, or to restore to circulation the Government issue of money, will be to provide the people with money, and will therefore seriously affect your individual profit as bankers and leaders. See your Congressman at once and engage him to support our interests that we may control legislation.

Mr. President, in these days we are mortified, we are staggered, by the knowledge of what modern interests do to accomplish the enactment of the kind of legislation they want or to prevent the enactment of legislation not to their liking; but after all, there is not much new about the modern method of lobbying against things that are being done

against the interests of the great corporations. Back in 1872 they knew how to proceed, and did proceed.

It might be noted that the panic of 1893 was a bankers' panic, and, in their interest, the ring of gambling bankers in New York sent out a circular to every bank in the United States, which I shall presently read.

Mr. President, I found the letters to which I have referred and which I am reading in the work entitled "Imperial Washington", by R. F. Pettigrew, a former Member of the United States Senate. This was the letter of 1873:

DEAR SIR: The interests of national bankers require immediately financial legislation by Congress. Silver, silver certificates, and Treasury notes must be retired and national bank notes upon a gold basis made the only money. This will require the authorization of from five hundred million to one billion of new bonds as a basis of circulation. You will at once retire one-third of your circulation and call in one-half of your loans. Be careful to make a money stringency felt among your patrons, especially among influential business men. Advocate an extra session of Congress for the repeal of the purchasing clause of the Sherman law, and act with the other banks of your city in securing a large petition to Congress for its unconditional repeal, per accompanying form. Use personal influence with Congressmen and particularly let your wishes be known to your Senators. The future life of national banks as fixed and safe investments depends upon immediate action as there is an increasing sentiment in favor of Government legal-tender notes and silver coinage.

Mr. President, I presume that had the Western Union and the Postal Telegraph been as extensively organized back in those years as they are now we should have found records of great hordes of telegrams flooding in upon Washington in those hours from people who did not know what it was all about, whom the bankers were frightening, pleading with Congress not to do a certain thing or pleading with Congress to do a certain thing, which in the end would react alone to the advantage and to the continued well-being of those favored interests.

The Senator from Wisconsin [Mr. LA FOLLETTE] in an aside suggests there might even have been telegrams from the cemeteries in those days.

Mr. President, I was referring to the Hazzard circular. I read from it:

Slavery is likely to be abolished by the war power, and chattel slavery destroyed. This I and my European friends are in favor of, for slavery is but the owning of labor and carries with it the care of the laborer, while the European plan, led on by England, is capital's control of labor by controlling wages. This can be done by controlling the money. The great debt that capitalists will see to, that is made out of the war, must be used as a measure to control the volume of money. To accomplish this, the bonds must be used as a banking basis. We are now waiting to get the Secretary of the Treasury to make this recommendation to Congress.

Mr. President, the Seventy-fourth Congress has to its credit the passage of the Wagner-Connery Labor Disputes Act, which passed both Houses with an overwhelming majority. But, I ask in all sincerity, of what avail is it to give labor the right of collective bargaining, of what avail is it to put ourselves squarely on record for a just and living annual wage to labor, when before our very eyes is evidence which reveals to us that behind the momentous battle for the manumission of the slave was the cold, calculating brain of the banker who figured out in dollars and cents that the real control lay in the control of the financial system; that modern capitalism would actually pay less for free labor by the control of wages than it did for slavery; that the burden of raising the slave child and building it to healthy maturity, and caring for it in its old age, was far more expensive than it was to hire in a free labor market the strong boy at 18, to dismiss him at 45, and to use those days only out of his 27 years of productive activity in a competitive labor market and pay for only the days when he is actually working.

The average annual wage of the industrial worker in America today is less than $1,100. If this wage continues for a full 27 years, without lay-off, without vacation, without recreation, the total earning power of labor is $29,700 for a lifetime. This is $424 per year for the 70 years of the expected span of life.

To the sponsors of labor legislation, old-age security bills, unemployment-insurance measures, farm refinancing, I say frankly I will vote with you, of course. But I vote with you with my tongue in my cheek, for I know that despite the goodness of your intentions and the seriousness of your legislation you are not touching the real problem, which is the money problem, which is the banking problem, which is the machinery that makes necessary so much suffering, so much destitution—that you are attacking merely the symptoms of a disease, unemployment, old-age destitution, low wages, low prices, insufficient return to the producers of this Nation. These are the symptoms, and the disease is a rotten monetary and banking system which concentrates wealth and power into the hands of a few exploiters of the people, and which is so rotten that it cannot stand on its own two feet in spite of the propping which we afford it by law every now and then.

It has cost the people of the United States, I repeat, $200,000,000 a year for 70 years, or $14,000,000,000, in direct and indirect losses in the banks chartered by the Government and the various States. The Hazzard circular is a singular document, which shows how the money power took a certain stand with regard to slavery, not because that stand was regarded as right but because it was considered expedient. The money power aided in the abolition of slavery because free labor was cheaper than slave labor.

Now, I shall continue into the panic of 1873. I wish to recall the words of Senator Morgan, of New York, respecting the demonetization of silver by an act of Congress which for treachery and deception had no precedent or parallel in the annals of representative government. I wish to recall to the Senate that President Grant himself, who signed the bill demonetizing silver, said he did not know that the act of 1873 did demonetize silver. I wish to recall Senator Morgan, of New York, who in the following words said:

It cannot even be fairly said that Congress did it. It was done at the instigation of the bondholders and the other money kings who now with upturned eyes deplore the wickedness we exhibit in asking the question even: Who did this great wrong against the toiling millions of our people?

Or I can recall Senator Beck, of Kentucky, who said:

The bill demonetizing silver was never understood by either house of Congress. Its object, of course, was to make the national debt and interest thereon payable in gold.

With all the historic information we have on the demonetization of silver in 1873, if we read the act ourselves today it must be with the closest scrutiny to recognize that hidden in an obscure sentence, hidden in endless pages of irrelevant material, is the language which restricted us to gold and debarred silver as money in our currency system.

Again in 1892 the same process of deflation was inaugurated which has marked every panic or depression this Nation ever experienced, and once again, in 1907. Then came the historic incident of 1920, an incident marking the blackest page in our modern American history.

I quote from the minutes of the conference of the Federal Reserve Board and the Federal Advisory Council with the class A directors of the Federal Reserve banks, held in Washington, D. C., on May 18, 1920. Following are some of the important statements which Governor Harding makes in his introductory address, to set the stage for the panic of 1921:

Of course, we all realize that the credit position is extended, and very considerably extended. After allowing for the normal credit expansion in a growing country, we find that since the 30th of June 1914 the expansion of bank credit in this country has amounted to about $11,000,000,000. At the same time the expansion in the volume of currency in circulation, deducting from our starting point the currency held in the Treasury, and deducting from the present figures the amount held in the Treasury and in the Federal Reserve banks, has been about $1,900,000,000.

Here is the Governor of the Federal Reserve System complaining that despite the fact that twenty-six billion in Government securities had been floated in the meantime, the credit and currency of this Nation had expanded less than $13,000,000,000 in 7 years.

The next complaint of Governor Harding is that between the 1st of April 1919 and the 1st of April 1920 the expansion of bank credit was 25 percent, despite the large reduction



of Government obligations outstanding, and that during this same time there has been an advance in commodity prices of 25 percent.

Then the Governor of the Federal Reserve Board assumes for the year 1918 an index number of 100 for grain, livestock, wool, copper, petroleum, and pig iron; and shows us that the year 1919 showed a drop to 89.07. Although his figures for 1918 are based upon production and distribution and consumption, and although his figures for 1919 are presumably based upon production and distribution and consumption, his conclusion is that to all practical purposes there was a decline in production. So the distinguished Governor of the Federal Reserve Board demands a contraction of the credit. In other words, the bankers are now going to call the loans because prosperity is at hand. I use the language of Governor Harding, which is found at page 4 of the minutes of the Federal Reserve Board conference of May 18, 1920:

He said, speaking of credit contraction:

That is a drastic remedy; it is unpleasant medicine, but it may be necessary at times to take medicine of that kind. The other and better method is to restore the proper equilibrium by building up production; in other words, letting the country catch up with itself.

I quote again from the second paragraph on page 4:

Now, there is undoubtedly, however, a spirit of extravagance in this country which must be curbed. There are some indications that the people are waking up to what the consequences will be if this wild orgy of extravagance and waste should be continued indefinitely. It may be that some real personal sacrifices must be made for the general economic good.

And again, on page 5:

But we have figures to show that the extravagant spirit has not yet been checked. * * * There should be a general spirit of cooperation on the part of the Federal Reserve banks, the member banks, the nonmember banks, and the public to work out a policy which will result in greater production, less unnecessary consumption, and greater economy; all unnecessary borrowings for the purpose of pleasure and luxury should be restricted as far as possible and the liquidation of long-standing, nonessential loans should proceed.

Here was a threat. Here was the program being laid out. Here the Governor was saying to those who were controlling the destinies of the Federal Reserve System, "We have got to squeeze the wealth out of the American people", and outlining to them in this private conference just how it was to be done. Governor Harding continued:

The Federal Reserve Board is a governmental body, sitting here in Washington. It does not come, except indirectly, in contact with the member banks, and it cannot be expected to have any intimate knowledge of the details of your business. And it ought not to attempt to interfere with the details of your business. The function of the Federal Reserve Board is to deal with general conditions and principles and to keep away from the mass of details which it is impossible for any board sitting here in Washington to digest.

Despite this apology and definition of function, on page 7, Mr. Harding tells the bankers face to face how they can carry out the policies for a new deflation and a new panic—

It is going to be a matter between the individual banker and his own customer, because the individual banker, particularly at times like the present, has a very close, confidential relationship with a borrowing customer. They can talk matters over with the utmost frankness.

The individual banker is in position to give advice. He can accustom his customer to come to him in advance of seeking a loan, or of making any commitment involved, to discuss the situation with him before the commitment is made. The individual banker in many cases—of course this may not be possible in the larger cities—but the great mass of banks all over the country that do mostly a local business can very largely anticipate the legitimate and necessary credit demands which are going to be made upon them; they can estimate the fluctuation in the volume of their deposits, and they are better qualified than anyone else to give advice to a borrowing customer. They can often restrict the amount of a loan before it is made and can persuade a customer in very many cases that he really does not need the money after all.

Mr. President, this is the way the individual bank is expected to deal with its customers. On page 8 Mr. Harding explains how the Federal Reserve banks deal with the member banks. I quote:

Thus the directors of Federal Reserve banks are clearly within their rights when they say to any member bank, "You have gone far enough; we are familiar with your condition; you have got more than your share, and we want you to reduce; we cannot let you have any more."

Then, on the psychology of control, Governor Harding contributes the following classic:

When a banker understands, just as he did in the old days before we had the Federal Reserve banks that there is a limit to his borrowing—and you will remember in the old days no national bank was permitted to become indebted for borrowed money in an amount exceeding its capital stock—when a banker realizes that if he wants to expand his business he must do it more and more out of his own resources and not lean so heavily upon the Federal Reserve bank, when he understands that limitations and penalties may be imposed upon his borrowings, then if I know anything about the psychology of banking I know that the banker may be depended upon to use a wiser discretion in the matter of granting credit.

On page 9 Governor Harding reaches the case of the merchant:

There are many cases where mercantile loans are too large and ought to be reduced. There are merchants everywhere who ought to be reasoned with and who ought to be encouraged to push their stocks out and get rid of the high-priced stuff, because some of these days it may be sooner rather than later, the reign of reason is going to be restored and the man in the street is no longer going to want to pay $25 to $30 for a silk shirt or $20 for a pair of shoes or $1 for 4 pounds of sugar, and lower prices will be demanded, and trade will fall off unless lower prices prevail. It seems to me, from the standpoint of good merchandizing and good banking that the merchants should be encouraged to reduce their stocks and not tempt the passer-by by extravagant display in the windows at high prices, which under the abnormal state of mind which has prevailed may themselves help to sell the goods, because you all know cases where a customer would pass by with contempt a $2 or $3 article and turn his attention to something at $25, although it may not be one whit better suited to his purpose.

Mr. President, I will not follow through the report of this Federal Reserve Board conference of May 18, 1920. I will, however, quote from the afternoon session, recorded on page 46. Dr. Miller, the Honorable Adolph C. Miller, member of the Federal Reserve Board, is speaking. He says:

Credit is the most delicate institution in the world—"opinion", as Alexander Hamilton put it in one of his great report, "is the soul of credit"; you can very easily injure it; on the other hand, by proper treatment, you can very easily support and maintain a good condition of mind.

And, on page 47, Dr. Miller has this to say:

After all, credit is given only as somebody wants credit, and to a certain extent our problem is to restrict the appetite for credit; and it is not the banker that borrows credit, or, if he borrows it from the Reserve banks, he borrows it only as the first step in the process of lending credit to somebody else. Eventually it is the user of credit that has got to be brought into a more or less responsive and acquiescent attitude in this policy of control. There is no use attempting to evade the fact that control, if it is anything more than a process of self-deception, means actual control; that somebody has got to go without the credit he thinks he is entitled to or the credit he would like to get.

On page 50 of this report, in closing the Reserve bank conference, Governor Harding is authority for a fact that should loom very large in nationalizing the Federal Reserve System. Governor Harding says:

* * * I wish to call attention of the members of the conference to the fact that the Federal Reserve note issues outstanding are nearly $3,100,000,000, and that in endeavoring to locate the whereabouts of those notes we failed to see where there can be more than about $1,750,000,000 of them held in the vaults of the banks of the country, so that leaves about $2,300,000,000 in the pockets of the people, or in circulation somewhere.

I realize that there is an error in the Governor's figures. I realize also that the error is in the amount in the banks of the country, which should have been quoted as $750,000,000 and not $1,750,000,000.

The circulating privilege of the Federal Reserve banks in 1920 left $2,300,000,000 in notes which could not be accounted for. This $2,300,000,000 was out in circulation theoretically. How much of it was lost, how much had been destroyed, no man can tell. The privilege of issuing the money of a nation is a quality of sovereignty. In America today that privilege is farmed out to a privately owned central banking system called the Federal Reserve System, and with it goes the hidden profit of money lost and destroyed.

I call the attention of Congress to this fact, for I do not believe that there is an honest man in America who can approve of this power to issue money, carrying with it the secret profit of money lost and destroyed going into the hands of private individuals.

I am informed that when France called in her currency and revalued the franc, out of some 80,000,000,000 francs in circulation, over 20,000,000,000 were never turned in to the treasury.

At the end of this discussion, on page 62, the work had been done for the panic of 1921; and with the injunction of secrecy, Governor Harding closed the meeting in the following words:

Governor HARDING. I would suggest, gentlemen, that you be careful not to give out anything about any discussion of discount rates. That is one thing there ought not to be any previous discussion about, because it disturbs everybody, and if people think rates are going to be advanced, there will be an immediate rush to get into the banks before the rates are put up, and the policy of the Reserve Board is that that is one thing we never discuss with the newspaperman. If he comes in and wants to know if the Board has considered any rates, or is likely to do anything about any rates, some remark is made about the weather or something else, and we tell him we cannot discuss rates at all, and I think we are all agreed it would be very ill-advised to give out any impression that any general overruling of rates was discussed at this conference.

We have discussed the general credit situation, and your committee, which has been appointed with plenary powers, will prepare a statement which will be given out to the press tomorrow morning, and we will all see what it is. You can go back to your banks and, of course, tell your fellow directors as frankly as you choose what happened here today, but caution them to avoid any premature discussion of rates as such.

Directors in banks had knowledge of what had been conceived in that meeting of the Federal Reserve Board on May 18; and such of those directors in private banks as had extensive holdings in industry throughout the land knew in those days what to do to protect themselves, but at the same time were cautioned, "Do not let the public know what is coming"—one of the most damnable consequences of this privately owned, privately dominated central-bank system which the Federal Reserve System is.

Governor Harding concluded his address to the conference in these words:

We have had an exceedingly interesting day, gentlemen. The suggestions which have been made have been valuable, and we have profited by your visit here. I wish to express, on behalf of the Board, our appreciation of your coming here and to thank you for the unselfish and loyal interest you have taken in the Federal Reserve bank situation throughout the country in giving this matter the careful thought and consideration that you have; and I am sure that the spirit which has manifested itself at this meeting here today will spread throughout all the country to the member and nonmember banks, and if it does, we can look the future in the face with courage and confidence.

The minutes of this meeting go on to say:

(Thereupon, at 5:03 p. m., the conference adjourned.)

And I should like to add, the conference adjourned, and millions of American people had the economic props knocked out from under them then and there.

Mr. President, we have a central bank today. It is known as the "R. F. C." That Government bank has already loaned over $5,000,000,000, and at present has some $3,800,000,000 outstanding. When the Federal Reserve System failed in this country, the individual banks went to the R. F. C. and were bailed out. When the railroads failed to arrange for the necessary financing with private banking in this country the railroads went to the R. F. C. and were bailed out. When the great corporations were denied banking privileges by the private banking system of this nation the corporations went to Jesse Jones and were bailed out.

There is approximately $3,300,000,000 invested as capital in the banks of this Nation, and today practically 30 percent of the capital in the private and individual banks of this Nation, including members of the Federal Reserve and nonmembers, including national banks and State-chartered banks, including even the Morris Plan Banks, is owned by the United States Government through its agency, the Reconstruction Finance Corporation.

We are in the banking business not only with the central bank limited to the function of loans, but we are doing a type of banking under which there is no recovery of the amount invested. There is, of course, a recovery of the loans secured by collateral with the R. F. C. But there is no recovery of the stock subscriptions, amounting to practically $900,000,000, and representing approximately 30 percent of the total capital stock of all the banks of the country. That is not even a debt due the United States. The United States cannot even sue to collect a penny of the nine hundred millions. The United States Government has not even a creditor's status.

I maintain, and I truly believe, there are many Members of the Seventy-fourth Congress who would maintain with me, that the Government of the United States, if interested to the extent of 30 percent in the capital structure of the private banking system of this country—an interest which is nonrecoverable from a creditor's standpoint, a stockholder's interest in which the money of the taxpayer is invested—has not only a right but it has a duty to perform in the ownership of the Federal Reserve Banking System of this country.

An analysis of the testimony before the subcommittee of the Committee on Banking and Currency of the Senate shows that banker after banker, and also Mr. Morgenthau, testified in relation to the ownership of the Federal Reserve System. The bankers had a clever answer; with one voice they said, "We do not think it a question of who owns the Federal Reserve System; it is the control that is important."

If it does not make any difference who owns the Federal Reserve Banking System, I, for my part, Mr. President, desire to have that ownership placed where it belongs—in the hands of the people of the United States.

There is approximately $140,000,000 invested in the Federal Reserve System. The Government used to take one-half the profits after 6-percent cumulative dividends had been allotted on the capital invested. We used to take this in lieu of a franchise tax for farming out the control over money and credit in America. Two years ago we gave up that interest, and permitted the Federal Reserve bank to take its 6 percent as a dividend, and then to take all the earnings to build up a surplus of the banker-owned Federal Reserve System.

There is an actual profit in the Federal Reserve System that is huge. There is a hidden profit in the Federal Reserve System which, away back in 1920, on May 18, was represented by the figures $3,100,000,000 of notes issued, $750,000,000 of Federal Reserve notes in the banks, and $2,300,000,000 unaccounted for, and probably in circulation, or in hoarding, or lost, or destroyed.

Mr. BONE. Mr. President——

Mr. NYE. I yield to the Senator from Washington.

Mr. BONE. The amendment tendered by the Senator from North Dakota provides, in section 8, that immediately upon the passage of the act the Bank of the United States which is created by the amendment is—

authorized and directed as soon as possible to purchase the capital stock of the 12 Federal Reserve banks, branches, and agencies thereof, and to pay to the owners thereof in the notes of the Bank of the United States the paid-in value of said stock, with 6 percent per annum interest from the last dividend date.

Mr. NYE. Yes.

Mr. BONE. I should like to ask the Senator what the assets of the 12 Federal Reserve banks are, of what they consist.

Mr. NYE. They consist of a very elaborate set of buildings in the Federal Reserve cities of the land, for much of their profit through the years has been thus invested; and I suppose their other assets are in forms not unlike those that accumulate in the general banking structure.

Mr. BONE. I understood the Senator to say that the Federal Reserve System had invested $140,000,000.

Mr. NYE. That is the actual capital investment.

Mr. BONE. Does that capital reflect the actual physical value of these assets, consisting of buildings and the like?

Mr. NYE. No; that is the actual money which has been paid in by the bankers in capitalizing their institution.

Mr. BONE. What is the Senator proposing to do—buy property, or buy buildings? The reason why I ask the question is that I wish to ascertain whether the United States under this amendment is merely going to buy some kind of an intangible asset which has no physical existence, or whether we shall be buying franchise rights or something else.

Mr. NYE. No; my understanding of section 8 is that we are buying only the capital which the private bankers have invested in the Federal Reserve System.

Mr. BONE. That is precisely the reason for my question. Of what does that capital now consist?

Mr. NYE. It remains at $140,000,000 or $150,000,000.

Mr. BONE. I know, but the capital must be reflected in buildings or physical assets, tangible assets of some sort. I should, of course, have a very great objection to the Government buying franchise rights, or some intangible or imponderable thing.

Mr. NYE. So should I.

Mr. BONE. If we are going to buy something, I wish to be certain that we get value received for our money. That is why I hope the Senator can make plain exactly what it is proposed to acquire under that section.

Mr. NYE. My understanding of section 8 is that the purchase is limited to the physical assets of the bank and the replacement of the actual investment in dollars that the private bankers have made in capitalizing the Federal Reserve System.

Mr. BONE. Does the Senator consider it necessary or highly desirable that the Government, in the event of the adoption of this amendment, should acquire these assets; or would it not be cheaper for the Government merely to take over such buildings as were found to be suitable for this purpose, and forget these so-called "assets" of the Federal Reserve System?

Mr. NYE. I doubt very much that there would be more accommodating buildings than those which the Federal Reserve System has constructed in its day. I am sure I gather clearly the point of view of the Senator from Washington. He objects, as do I, to any program which might entail the purchase by the Government of stocks and of interest and of values which actually do not exist.

Mr. BONE. Or which are unnecessary to a program such as is contemplated by this amendment.

Mr. NYE. Quite so.

Mr. President, now let me reveal the sworn testimony of J. F. T. O'Connor, Comptroller of the Currency, before the subcommittee of the Senate Committee on Banking and Currency, which conducted hearings on the bill which is pending before us.

Most of the Members of the Senate are acquainted with the fact that we passed the Federal deposit insurance law, and we distinguished between the Federal Reserve System and the nonmember banks that came under the Federal deposit insurance law. In reply to the question of the distinguished Senator from Virginia [Mr. GLASS], Mr. O'Connor, on page 146 of the printed testimony before the subcommittee, said:

My view is this: The ultimate aim of the legislation of 1933 was to establish one system in this country. The framers of the act had no objection to postponing the date of qualification to a future date when recovery was reached in the country, as well as giving an opportunity to banks to qualify for membership in the Federal Reserve System. That is a consummation devoutly to be wished. We cannot be unfair to these banks, and we must permit a reasonable time to elapse for the banks to be able to so rearrange their internal affairs, their capital structure, if they can, so as to qualify for membership in the Federal Reserve System. I believe we have made a step toward that, Senator, in title I, if it is adopted, permitting the Federal Insurance Corporation to purchase the assets of going banks, so that we can create mergers or bring about mergers all over the country, getting these banks in shape to qualify for membership in the Federal Reserve System. I think that was a wise provision of Congress, because I believe it would have been manifestly unfair on the part of Congress with respect to small banks to practically sign their death warrant because they could not qualify for membership in the Federal Reserve System; and in view of that, Congress wisely provided that it would give them an opportunity, a certain length of time in which to qualify for membership. It is the policy of the Federal Government, as expressed in that law, that at some future date all banks in the United States must become members of the Federal Reserve System.

Senator GLASS. As a matter of fact, in your capital fund there is $150,000,000 contributed by the Federal Government and also a fund contributed from the surplus funds of the Federal Reserve banks. Is there any reason why the Federal Reserve banks should contribute $150,000,000 toward insuring deposits of nonmember banks which refuse, after a period of 4 years, to become members of the Federal Reserve System?

Mr. O'CONNOR. My understanding is that the banks that are members of the insurance fund will all pay their proportionate share of the levy that is made by the Board.

Senator GLASS. But nonmember banks do not pay any part of the $150,000,000 taken from the surplus of the Reserve banks, do they?

Mr. O'CONNOR. No; but that is in lieu of their assessment, Senator. Is not that in lieu of their first assessment?

Senator TOWNSEND. You mean out of the $150,000,000?

Mr. O'CONNOR. Yes.

Senator TOWNSEND. I did not understand that.

Senator BULKLEY. They have to pay their assessment besides that, do they not?

Mr. O'CONNOR. But that was not out of the banks. That was taken out of the surplus of the Federal Reserve, was it not?

Senator GLASS. That is what I am saying. It was taken out of the surplus of the Federal Reserve, and it was put in the surplus of the Federal Reserve by member banks.

Mr. O'CONNOR. That is true.

Senator GLASS. That is what I am talking about.

Mr. O'CONNOR. I suggested some time ago that that be repaid.

Senator GLASS. I do not think it ought to be repaid. I do not think the $150,000,000 taken out of the Treasury, which never ought to have been in the Treasury, mulcted by law—there is such a thing as legal robbery, you know—ought to be repaid.

Mr. O'CONNOR. There is a very simple way to do it.

Senator GLASS. I just wanted to know what your opinion was of the proposition to relieve these banks, because I very distinctly recall—and I do not disclose any secret in saying so—that the President of the United States and the then Secretary of the Treasury, Mr. Woodin, brought acquiescence in the insurance provision of the bill only upon the ground that it would seem to bring about in what most people regarded as a constitutional way an approximately unified banking system.

Mr. O'CONNOR. The Federal Reserve System has been repaid that money. The money that they put in has been repaid them by the Treasury. The Treasury now owns the stock——

Senator GLASS. Owns what stock?

Mr. O'CONNOR. The money that the Federal Reserve Board put in.

Senator GLASS. The Federal Reserve Board has not been repaid.

Mr. O'CONNOR. The Treasury purchased that stock.

Senator GLASS. The Treasury put up $150,000,000 of its own.

Mr. O'CONNOR. And in addition to that it purchased the stock of the Federal Reserve banks.

Senator GLASS. They took $150,000,000 of the surplus of the Federal Reserve banks.

Mr. O'CONNOR. And they bought that stock and repaid it.

Senator BULKLEY. I did not know that. By what authority was it repaid?

Senator GLASS. It never was intended to be repaid.

Senator BULKLEY. But the Comptroller says it was. How was the authority given to repay that?

Mr. O'CONNOR. They bought that stock.

Senator BULKLEY. Out of what?

Mr. O'CONNOR. Treasury funds.

Senator BULKLEY. Under what authorization? Was that some of the relief money?

Mr. O'CONNOR. No; that is not relief money.

Mr. WOOD. I understand that under the industrial-loan bill last year it was provided that the Treasury would make an advance to the Federal Reserve banks in an amount equal to the amount that they had subscribed for stock in the Federal Deposit Insurance Corporation.

Senator GLASS. That was for a different purpose entirely.

Senator BULKLEY. It is very different from repurchasing the stock, too. If they made an advance of the same amount, it is only the amount that happens to be the same. It is not a repurchase of the stock.

Senator GLASS. It was to make direct loans to industry.

Senator BULKLEY. It does not constitute a purchase of the stock at all, as I understand it.

Mr. O'CONNOR. Let us read the section——

Senator GLASS. It was to make a contribution for direct loans to industry.

Mr. O'CONNOR. That is right.

Mr. BIRDZELL. The capital status of the Corporation has not been affected at all. We have $150,000,000 subscription; we have $139,000,000, in round numbers, from the surplus of the Federal Reserve banks for which stock has been issued, and it has not been altered a particle.

Senator GLASS. That was made the basis of the contribution of the Government to industry.

Senator BULKLEY. Was it not an advancement for another purpose than repayment of this amount?

Mr. WOOD. Yes. Our Corporation has not repaid any of that.

Mr. O'CONNOR. May I read the section? This is document no. 417, relating to direct loans for Federal Reserve banks [reading]:

"In order to enable the Federal Reserve banks to make loans, discounts, advances, purchases, and commitments provided for in this section, the Secretary of the Treasury, upon the date this section takes effect, is authorized, under such rules and regulations as he shall prescribe, to pay each Federal Reserve bank not to exceed such portion of the sum of $139,299,557 as may be represented by the par value of the holdings of each Federal Reserve bank, all Federal Deposit Insurance Corporation stock upon the execution by each Federal Reserve bank of its agreement to be endorsed on the certificate of such stock, to hold such stock unencumbered and to pay to the United States all dividends, all payments on liquidation, and all other proceeds of such stock for which dividend payments and proceeds the United States shall be secured by such stock itself up to the total amount paid to each Federal Reserve bank by the Secretary of the Treasury under this section. Each Federal Reserve bank shall agree that in the event such dividend payments and other proceeds in any calendar year do not aggregate 2 percent of the total payment made by the Secretary of the Treasury under this section, it will pay to the United States in such year such further amount, if any, up to 2 percent of the said total payment as thereby covered by the net earnings of the bank for that year derived from the use of the sum so paid by the Secretary of the Treasury, and that for such amount so due the United States shall have a first claim against such earnings, and, further, that it will continue such payments until final liquidation of said stock by the Federal Deposit Insurance Corporation. The sum so paid to each Federal Reserve bank by the Secretary of the Treasury shall become a part of the surplus fund of such Federal Reserve bank within the meaning of this section. All amounts required to be expended by the Secretary of the Treasury in order to carry out the provisions of this section shall be paid out of the miscellaneous receipts of the Treasury created by the increment resulting from the reduction of the weight of the gold dollar under the President's proclamation of January 31, 1934; and there is hereby appropriated out of such receipts such sum as shall be required for such purposes."

That is what I had in mind.

Senator GLASS. We are entirely familiar with that. That was simply the basis for an additional contribution by the Treasury.

Senator TOWNSEND. Has the Treasury paid the Federal Reserve banks this money?

Mr. O'CONNOR. My recollection is, Senator TOWNSEND, that they have. Whether it has been fully paid or not, I do not know. I can look it up and let you know.

Senator TOWNSEND. Your first assertion then was correct?

Mr. O'CONNOR. That is what I had in mind.

Senator BULKLEY. It is rather a peculiar transaction. It looks different to me, however, from a purchase of the stock.

Senator TOWNSEND. They have received the money from the Treasury.

Senator BULKLEY. Yes; but not by way of purchase of the stock.

Senator TOWNSEND. It may be or it may not be a purchase.

Senator BULKLEY. It is a most peculiar transaction.

Senator TOWNSEND. It certainly is.

Senator BYRNES. I think we should ask the Comptroller if he wants, after looking it up, to make a statement in the record as to what is the fact.

Senator BULKLEY. That would be very satisfactory; but I do not think it is very pertinent to what is before us.

Mr. President, if this testimony means anything, it means that the Federal Reserve System was not put on the percentage basis for the insurance of deposits; but in lieu of an assessment they were to pay $150,000,000 in to the Federal Deposit Insurance Corporation as a stock subscription; and this $150,000,000 was to come out of the surplus of the Federal Reserve System.

Then, as I understand, the last Congress passed a law, under the theory of industrial loans, to let the Federal Reserve System hock this stock with the Treasury of the United States, which issued against it $139,299,557 in Treasury notes to the members of the Federal Reserve System in precise proportion to their subscriptions to Federal Deposit Insurance stock.

If I read the act correctly, the actual expenses of the Treasury involved in loaning money to the Federal Reserve System are not to be charged against the members of that system or the system itself, but are rather to be charged against the miscellaneous receipts of the Treasury and the accretion due to the revaluation of the gold dollar.

Mr. President, here is a central bank privately owned, called the "Federal Reserve System." There has been invested in it approximately $140,000,000. It was required to subscribe $150,000,000 to the Federal Deposit Insurance fund. It actually subscribed $139,299,557. That is the closest approximation to the investment in its capital stock that any public accountant could make. It takes this $139,000,000, the equivalent of the capital stock, but in a form representing the stock in the Federal Deposit Insurance Corporation, and hocks it with the Treasury of the United States in exchange for currency to be loaned to industry. And there are men in this body who would protest the ownership of the Federal Reserve System by the people of this country.

The plain blunt truth is that the Treasury has the equivalent of the entire capital stock of the Federal Reserve System in its possession, and that the member banks of that system are involved with the Government of the United States through the Reconstruction Finance Corporation to practically 30 percent of their capital stock, and that practically every banker who came down to Washington to testify against title I of the so-called "Eccles bill", testified that one-half of 1 percent for Federal deposit insurance was too high, that one-fourth of 1 percent was too high, that one-eighth of 1 percent was too high, that one-sixteenth of 1 percent was the most the banks in their section of the country could pay; and that even a moratorium of 2 years ought to be granted the entire banking system of the country because there was no profit in banking.

Mr. President, I want to be perfectly clear on my position. I do not want the Government of the United States to go into the banking business, but I realize that we are going into the banking business so fast that within 5 years' time every metropolitan bank, every urban bank, and every rural bank at the crossroads of America will be owned by the Government of the United States. This situation I deplore. The one way to avoid it is for the people of the United States to own the stock in the Federal Reserve banks, and then set up an independent quasi-judicial supreme court on money and banking which will operate under the mandates of Congress, and get away from permissive legislation and the redelegation to agencies of the Executive of the powers that the fathers placed squarely in our hands.

I do not desire the administration to have control of the banking of this country and I do not wish the private banker to have control of the money of this Nation. Dr. Adolph Miller, with his wide experience with the Federal Reserve Board, testifies that in times of inflation the New York Federal Reserve Board dictates the monetary policy of this country and that in times of deflation the Treasury of the United States dictates the monetary policies of the Nation.

I wish to say here and now that there is one constitutional authority over money, and that is the Congress of the United States. We do not need the experts, for the experts in banking have brought us where we are today.

We cannot stand private banking under any fiction of regional organization, because New York dominates the private banking of America.

We cannot stand political banking, though I would prefer it to private banking.

Paul Warburg comes down to Washington to tell the Senate of the dangers of political banking, and tells us that no administration would ever dare prevent a boom. But by the same token of his logic, every Member of this body knows in his heart that no administration would have courage enough to decree a depression. However, there is no place in politics or in private hands for the banking control of this country.

We have had our Wigginses and our Mitchells, and the Pecora investigation unfolded the actual conditions in the great metropolitan cities of this country, while Congress slept unconscious of its duty to coin money and regulate the value thereof and of foreign coins.

It is time that we set up an independent tribunal to restore to Congress its constitutional power to issue money. It is time that we provide through the device of money for the orderly distribution of the real wealth of this Nation. It is time that we establish and maintain the purchasing power of money at a fixed and equitable level and cease to have a dollar worth 65 cents in one year and $1.65 a few months afterward. It is time to restore the values of property in this Nation to just and equitable levels and to increase the price of agricultural products to a point where they will yield the cost of production plus a fair profit to the American farmer. It is time that we follow up the Wagner-Connery Labor Disputes Act, which furnishes the machinery for a just and living annual wage, by an adequate currency which will make that wage an economic fact.

It is time that we reintroduce into this most blessed of the nations of the world an increased level in the standard of living. It is high time that the Government of the United States, through this Congress, squarely face the debt problem and permit America to pay its debts with dollars of equal value. And it is high time that we resolve, and enact our resolution into the law of the land, that we should cease having these periodic panics which are disguised under the name "depressions."

We need an agency of this Congress—and we can call it anything we wish to, but I prefer to call it "The Bank of the United States of America", as it is titled in the measure I am offering here—for the money power is our power, and we should want this agency under our direct mandate, to issue the money of the United States and to control its value. That is our bounden duty under article I, section 8, clause 5, of the Constitution; and until we face that duty, I repeat, Mr. President, we are violating our oaths.

This bank under Congress would be the fiscal agent of the United States Government, and would sweep out of existence the confusion of circulating notes of private banks, and gold certificates and silver certificates, Treasury notes and Federal reserve notes—and have a single currency, the currency of the United States of America, issued against the full faith and credit of the United States.

This bank of the United States of America, would be directed by a representative from each State; and, after deliberation I would change the language in the substitute I am offering and have the 48 directors appointed by the President by and with the advice and consent of the Senate.

The substitute would have these directors thrown into classes precisely as in the Membership of the Senate of the United States. The bill is drafted so that there would be six classes for the 48 directors, the first class holding office for 2 years and the sixth class for 12 years.

These directors would be paid and would be compelled to divorce their financial interests from any banking institution or banking firm, or industrial or commercial institution. They would be retired at 70 years with a pension equal to a thousand dollars for each year of service, with a maximum of $12,000. They would be empowered to hire their banking experts, and they would maintain branches in each State in the Union.

The capital stock of the 12 Federal reserve banks and agencies would be purchased by the Government of the United States at par, with 6 percent interest from the last dividend date. Every commercial bank in the Nation would be compelled to become a member and to be chartered under this national banking system.

The illegal, unconstitutional, and destructive power of demand deposits secured by 10 percent of currency would be wiped out. The bonds of the United States would be converted into currency and placed behind the demand deposits with the private bankers of the country. Thus may Congress reassume its constitutional power over money.

Directly under Congress and in this bank of the United States of America would be assembled all the governmental statistical departments, so that Congress may have a true statistical bureau which now exists partially with the Federal Reserve Board, partially with the Comptroller, partially with the Secretary of the Treasury, partially with the Department of Commerce and with the Bureau of Agricultural Economics, and partially with the Labor Department—so that we could have authentic data upon which we might scientifically and accurately determine the amount of money that would give us an adequate and sound currency—and so that we could have, likewise, some key to the credit necessities of this Nation.

Given this agency of the Congress of the United States, operating under the mandates of the Congress, we could supply stable purchasing power of money and equitable price levels; we could retire bonds of the United States and replace them with currency; and we could determine an equitable and true commodity price level, with all that that phrase infers.

And lest there be still those who under the threat of confiscation of property fear and brand as inflation any expansion of our currency, the mandate of Congress would permit the Bank of the United States to retire through taxation any excess of currency as may be necessary to keep the price level from rising above the level desired under this proposal. In this provision, which is section 15, I truly think there is set forth a principle worthy of the most serious study of Congress.

The business literature of the day proves a wide-spread fear of inflation, and an even wider spread fear in the new tax measures which are interpreted as merely the confiscation of wealth.

No sane man in America can expect prosperity to ensue unless the money question is faced, and faced intelligently, courageously, and independently of the old shibboleths.

The pæons of praise for the gold standard are limited to the weakened voice of a little group of reactionaries whose only thought is the old order of things. The refusal to accept silver and permit it to do its work is likewise largely limited to the little group who love the gold standard because it has profited them most.

On the part of the great masses of our fellow citizens, there is the wide-spread disposition to recognize that the gold standard failed, and failed miserably, in any depression or panic. In fact, there is coming to the length and breadth of the land the common opinion that the bankers throughout the world are extremely satisfied with a standard which keeps the volume of money decidedly limited, so that the volume of credit may be expanded or contracted at the will of the bankers and a control exercised through credit over the destinies of the Nation. That is why there is built into the Nye-Sweeney bill, which I have offered as an amendment in the nature of a substitute, the radical reform with respect to credit money or bank-created money or checkbook money or demand-deposit money, as it is variously named.

The people know that side by side with the money of the sovereign authority of the Government there is another kind of money that does perhaps 95 percent of the actual business of the Nation. It is the pure fiat of the private banker. It is the irredeemable paper money of the present day. It is the private coinage which usurps the power of the Congress. It is the issue of money by permitting the individual and the corporation to go to a bank and to have that bank create a so-called "loan" by entering upon its ledgers a fiction of a thousand, or ten thousand, or a million dollars to the credit of the borrower. It is the practice which permits that borrower to transfer that credit by use of the check book. What the bank lends is nothing more than the right to withdraw, or the promise to furnish money on demand.

The banks of the country have little money. There is less than $700,000,000 in actual currency in all the banks of America today. There is only $3,300,000,000 in capital in all the banks of this country today, including the subscriptions of the R. F. C. of a little less than a billion dollars. So the banks do not lend their money, nor do they lend the depositors' money; for there is only five and a quarter billions of United States money of all forms issued today. This money, I repeat, this real money, is not found in the banks of the country except to the extent of approximately $700,000,000.

If the banks do not loan their capital, and do not loan their depositors' money, the question arises, "What do they loan?" Certainly they do not loan their credit, for their credit is nonexistent, or they would not be running to the Public Treasury to repair their capital structures.

What the banks do loan is a pure fiat, a pure fiction. They loan a blank check, and today they even sell their blank check books. They issue this fiat money, not against gold and silver hoarded in the Treasury of the United States but against the securities of the borrower, against the home and the farm, against the stocks and the bonds, against warehouse receipts. They loan this money to any predetermined volume—sixty billion in 1929, forty billion in 1934. They expand credit when they privately assemble and decide to lower the discount rate, to encourage an expansion, to create a boom; and by the same token they contract credit when they privately meet, as on May 18, 1920, to decree a depression.

Governor Harding, of the Federal Reserve Board, saw a silk shirt in the window of some retail merchandiser, and it was priced at $25. I know not the color of the shirt, but to the eyes of Mr. Harding it was red. Predicated upon one man's interpretation of one silk shirt, he decreed a depression. He assembled here in the city of Washington the governors of the Federal Reserve Board and its members and leading bankers all over the Nation. The orders were given to contract credit, to fail to renew loans, to talk the industrialist out of borrowing money, to deprive the farmer of the necessary credit facilities, to ruin the small industrialist, and to write down values the length and breadth of America; that caused innumerable insolvencies, dire distress, suicide, and willful murder. He threw hundreds of thousands of his fellow citizens out of employment, for it was decided that day that it was good for this Nation to suffer; that we were really too prosperous; that prosperity was reaching the masses of the people, which was bad—bad for the masses, but good for the little group that knew enough to sell short their securities, only to buy back and remain long in the market when the opinion of the Hardings of this Nation would change, and there would be decreed another credit inflation and another expansion.

All that is done by the substitute I have offered is to make certain that in a legal, constitutional, orderly, and sane method we shall cope with the problem of inflation and deflation of credit, which represents the underlying causes of booms and depressions. All that this legislative proposal does in this respect is to make sure that the purchasing power of the community is unaffected by either the creation or the withdrawal of bank credit. The device by which this is done is making demand deposits 100 percent liquid. I say "demand deposits", Mr. President. This has nothing to do with time deposits, nothing to do with money deposited in a bank to remain there 30, 60, or 90 days, or to be placed in long-term investments.

In the banks of the Nation are approximately $18,000,000,000 of bonds of the United States Government, and other billions of State, municipal, and local government bonds.

I would not interfere with the checking privilege and the right to transfer funds at will by the draft or check on the bank of deposit. The amendment merely provides, if a bank is going to create demand deposits, that it have behind those deposits 100 percent of the currency of the United States. The bond is issued on the full faith and credit of the United States. The money or currency is issued likewise on the full faith and credit of the United States, though there may be behind it the metallic gold and silver of the Treasury.

The bond carries a rate of interest anywhere between 7 percent of the Civil War days to an average of 2.7 percent on our present $30,000,000,000 of indebtedness. If the private banker of this Nation cares to expand credit by issuing his own fiat money, in the form of checks on demand deposits, then instead of the dishonest present 10 percent of currency behind these demand deposits the bill would simply necessitate an honest 100 percent in currency. To secure this 100 percent the banker would take his Government bonds now yielding him 2.7 percent and cash them in at the Treasury of the United States; and against the bond cashed for currency he could issue dollar for dollar in demand deposits.

In 1929 there were approximately twenty-two billion in these demand deposits, this fiction money, created by the banks of the country. Against this there was approximately $2,200,000,000 in actual currency. The twenty billion was purely fiat money. In 1929, when the bankers decreed the present deflation, approximately seven billion of this fiat money was withdrawn from circulation, and there remained but fifteen billion of demand deposits. This marks the depression.

We can save the interest on upwards of $18,000,000,000 worth of our debt by cashing these obligations of the central Government and compelling the banker to stop his issue of paper money and of purely fiat money, and secure his demand deposits by 100-percent currency in the vaults of his bank. If he wants to lend to industry and commerce, all he has to do then is to redeem the bonds he holds, and which net him 2.7 percent on the average, and put the cash in his vaults, and then lend against the security of his borrower all he wants to, provided the demand deposit or the loan has behind it 100 cents of every dollar in currency.

Lending and discounting will continue to be the functions of the bank's loan department, but the money needed for loans and discounts would have to come out of the bank's own resources, with this simple, honest system in operation. There would be no runs on banks; there would be few bank failures; and the Government of the United States would save at least $750,000,000 a year in the interest on its indebtedness.

Mr. President, I firmly believe that such a reform as this is the one means of perpetuating private banking in the United States. Without it, it seems to me, every factor in the present situation indicates that, as the bonded indebtedness of the United States continues to expand, we must some day expect the depreciation of the United States bond.

I call the attention of the Senate to the fact that when the bonded debt of the United States was less than $26,000,000,000 the bonds depreciated down to 85. The bonded indebtedness of the United States is now over $29,000,000,000. It is on its way to a known $33,000,000,000. We have permitted it by resolution to go as high as $45,000,000,000.

I repeat, the banks now own $18,000,000,000 of our national debt, and if we can be sane enough to assume only a five-point drop in the market value of the United States bond, $900,000,000 of the assets of our banks are automatically wiped out. There is only one way nowadays to replace the depreciated assets, and that is to run to the R. F. C. for loans or capital-stock subscriptions.

Assuming a five-point drop in the market value of the United States bonds, and assuming that the banks have only borrowed to the limit of their assets, we have the bright prospect of the R. F. C. asked to loan another $900,000,000 to keep private banking operating in this country. When this day comes the Government of the United States will own not only the 30 percent presently owned by the R. F. C. but close to 60 percent of the capital stock of all the banks of America.

I am speaking for the protection of private banking, though this is not recognized by the majority of the bankers. I am speaking against the day when some administration will have to set up the actual ownership of all the banks of this country unless the banking and money problem is approached intelligently and courageously.

We are in the banking business now. Let me call the roll:

First. The emergency funds available for the triple A for the years 1934 and 1935 amount to $641,950,185, exclusive of $100,000,000, which was made available for protection of title to cotton acquired, if needed.

Second. We are in the banking business today with the Commodity Credit Corporation, essentially a lending institution, with power to buy, hold, sell, lend, or otherwise deal in such commodities as may be designated by the President. For marketing loans on cotton this Corporation obtained a commitment of $250,000,000 from the R. F. C. and on corn $150,000,000. The Corporation has agreed to carry the loans on these two commodities, cotton and corn, until the market reaches pre-war parity prices of 15 cents a pound and 75 cents per bushel, respectively.

Third. We are in the central banking business with the Farm Credit Administration, with its new Central Bank of Cooperatives and its 12 regional banks for cooperatives under the supervision of a Farm Credit Administration Commissioner. The Commissioner is responsible for the supervision and regulation of the 12 Federal land banks, the joint-stock land banks, and the National Farm Association, for the liquidation of joint-stock banks and receiverships, and for the administration of a fund of $200,000,000 made available to him for the purpose of loans to farmers.

Fourth. The Farm Credit Administration has an intermediate-credit commissioner responsible for the supervision and regulation of the 12 Federal intermediate-credit banks. The Farm Credit Administration Production Credit Commissioner is responsible for the supervision of the 12 production-

credit corporations and the production-credit associations provided for under the Farm Credit Act of 1933.

Fifth. The United States is divided into 12 Federal land-bank districts. In each of these there is a Federal land bank, a Federal intermediate-credit bank, a production-credit corporation, and a bank for cooperatives—all four serving a district being located in the same city and having the same directors, but each has its own set of officers. The director is to coordinate the activities and the directors are to meet as a council of the Farm Credit Administration.

Sixth. This Farm Credit Administration has also supervision of 12 regional agricultural-credit corporations, established by the R. F. C., as well as the feed and seed loans of the Department of Agriculture.

Seventh. This Farm Credit Administration also supervises the establishment of the Federal credit unions, authorized by an act of Congress approved June 26, 1934. These are the cooperative thrift and loan organizations chartered by the Governor of the Farm Credit Administration. In this, of course, the Government does not subscribe any capital stock, nor does it provide the loanable funds. But the Federal land banks have loaned as of September 30, 1934, $1,792,410,000. The Land Bank Commissioner has loaned $516,276,000. The joint-stock land banks have loaned $285,085,000. The Regional Agricultural Credit Corporation and the Production Credit Corporation have loaned $118,402,000. And the other institutions under the Federal intermediate-credit bank have loaned $72,989,000.

Eighth. The regional agricultural credit corporations have loaned $106,724,000; the Production Credit Association, $60,887,000; the emergency crop loans—1921 to 1934—$90,551,000; the loans to cooperatives under the Agricultural Marketing Act, $54,870,000; and the banks for the cooperatives, including their central bank, $23,057,000.

Ninth. We have central banking in America today. The Federal Farm Mortgage Corporation was created by an act of Congress approved January 31, 1934, to aid in financing the leading operations of the Federal land banks and the Land Bank Commissioner. It was capitalized at $200,000,000. It was authorized to issue a total of not more than two billion of bonds, guaranteed both as to principal and interest by the Government of the United States.

Tenth. Again I say we have a central bank. There is the Public Works Emergency Housing Corporation, organized as an arm of the Housing Division of the P. W. A., with a hundred million of P. W. A. funds allocated to it, and its function, of course, is to supply the necessary capital to individuals who care to repair their homes.

Eleventh. We are in the central banking business. We have the R. F. C., the greatest bank in the world, with loan agencies in 1932 of the principal cities of the country, and special agents in San Juan and Honolulu. The privately owned Federal Reserve banks are authorized to act as the depositaries, the custodians, and the fiscal agents, and these custodians hold the primary obligations of the borrowers and the collateral. The Treasury of the United States, of course, holds the funds. This is the bank of banks, with particular authority to subscribe for the preferred stock of any national bank, State bank, or trust company, to make loans secured by the stock of private banks, to purchase the capital notes or debentures of State banks and trust companies, to subscribe in like manner for preferred stock and to purchase capital notes of any insurance company and to make loans secured by them, and to allocate, as authorized by law, funds to other Federal governmental agencies.

The language of the proposed act is certainly descriptive of a central bank, when it provides that it may make loans, which shall be fully and adequately secured, to any bank, trust company, building-and-loan association, insurance company, mortgage bank company, credit union, Federal land bank, joint-stock land bank, Federal intermediate-credit bank, regional agricultural-credit corporation, or livestock-credit corporation; also to certain financial institutions closed after December 31, 1929, and prior to January 1, 1934; also to railroads and receivers thereof; also to industrial or commercial institutions direct; also to State insurance funds to insure payment of compensation to injured workmen; also to nonprofit organizations to repair damages caused by floods or other catastrophes; also to receivers appointed by the Federal farm-land bank; also to financing certain activities under the triple A; also to drainage districts and the like; also to finance certain mineral and fishery agencies; also to pay public school teachers' salaries.

Twelfth. We are in the central banking business with the Federal Home Loan Bank System, a central reserve system for member home-finance institutions, with 12 regional Federal home-loan banks, operating under the supervision of a Federal Home Loan Bank Board in Washington. The function of this Federal Home Loan Bank System is to serve as a credit reserve for savings banks, insurance companies, building-and-loan associations, savings-and-loan associations, cooperative banks, Federal savings-and-loan associations, homestead associations, and other home-financing institutions.

Thirteenth. Then there is the Home Owners' Loan Corporation, owned by the Federal Home Loan Bank System, to do for the urban home owners what the Federal Farm Credit Administration was created to do for the farmers.

Fourteenth. So again we went into central banking by the Federal Government. In addition to these central banks there is the Federal Savings and Loan Insurance Corporation, created under title 4 of the National Housing Act approved June 27, 1934. Its purpose is to insure the safety of the accounts of investors and depositors in thrift and home-financing institutions.

Fifteenth. Again there are the export-import banks, with power to aid in the financing and to facilitate the exports and the imports and the exchange of commodities between the United States and other nations or agencies or nationals thereof.

Every one of these institutions marks and weighs the degree of decay and the failure of private banking in America. But we do not stop there. The Federal Deposit Insurance Corporation was set up to guarantee the deposits in the private banks of America.

Now, let us look, finally, at the condition of the banks of this Nation. There were 30,000, outside the mutuals, in 1920, and there are 13,896 in the Federal Deposit Insurance Corporation report as of June 30, 1934—and Chairman Crowley reports approximately 1,100 outside the system. So one-half of our banks are gone. There are 5,417 national banks permitted to issue the actual money of the United States—the check-book money—without one iota of control, and there are 958 State banks in the Federal Reserve System that likewise are permitted to coin the real money of the United States and to create this money which is check-book money.

There are 7,459 State banks not in the Federal Reserve system, and then there are 19 Morris Plan and industrial banks in a separate category. The capital stock of these 13,896 banks amounts to $3,319,216,000. Of this, $773,000,344 has been supplied, exclusive of any loans, and merely as capital investment by the R. F. C. This means that 22.6 percent of the capital of all our national banks is furnished by the R. F. C.

Of the State bank members of the Federal Reserve System, 22 percent have their capital stock owned by the R. F. C.

Over 28 percent of the capital of all State banks not members of the Federal Reserve System has been already furnished by the R. F. C. Twenty-two percent of the Morris Plan and industrial banks' capital has been supplied by the R. F. C.

So, the United States Government is directly interested as an owner of the capital stock of all types and classes of banks in the country. But the one stock that we should own and the one bank that we should own is the Federal Reserve bank which never had over $143,000,000 of invested capital in it; and all its assets and all its increments and accruals were created by the United States of America.

Inclusive of loans against the assets of the banks, we have today invested over a billion dollars in the private-banking system of the United States, and billions more in our own Federal banking projects. We need to follow our investment

with the purchase of the Federal Reserve banks and all their assets, for by this means and by this means alone will we return to the Constitution and assume control over the money of the Nation, fulfilling the broken promise of the President of the United States. In his inaugural address he promised to drive the money changers from the temple. In his cable to the London Economic Conference he said:

Let me be frank in saying that the United States seeks the kind of dollar which a generation hence will have the same purchasing- and debt-paying power as the dollar value we hope to obtain in the near future.

In his address to the American people October 22, 1933, he said:

When we have restored the price level we shall seek to establish and maintain a dollar which will not change its purchasing- and debt-paying power during the succeeding generation. I have said that in my message to the American delegation last July, and I say it now once more.

Then he added:

Some people are putting the cart before the horse. They want a permanent revaluation of the dollar first. It is the Government's policy to restore the price level first.

The only way that America can restore the dollar of permanent purchasing power and a dollar of debt-paying ability is to take from the hands of the private bankers of this country the power to create money by merely expanding credit in the form of demand bank deposits, and the power to destroy money by contracting credit in the form of calling loans. I would place this power over money not in the hands of the selfish private banking interests of America who are responsible for every depression, nor in the hands of an administration whether it be Democratic or Republican.

The legislatures of 48 States control the destinies of the 7,459 State banks not in the Federal Reserve System. There are at least 2,000 of these men in the State legislatures legislating on a power granted to this Congress under the Constitution—the same Constitution which prohibits a State from emitting a bill of credit—and the check-book currency against demand deposits is money and must be construed as money. In the Federal Reserve System Congress has merely turned the power over to the control of the private bankers. The administration does not desire this. It desires, through the Eccles bill, the power over money to be under the control of the private banker and partisan politics.

I ask that in lieu of the 2,000 State legislators, and the 531 Members of Congress, and the 108 directors of the present Federal Reserve System, and the 12 governors, and the 8 members of the present Federal Reserve Board there be set up a central monetary and banking authority in this country of 48 men, appointed by the President, by and with the advice and consent of the Senate, one from each State, agents of the Congress of the United States.

We cannot afford to listen to the larger bankers on this subject, because obviously they want the old system of exploitation to continue; and they have proved to us that their system of private banking has cost the people of the United States directly $200,000,000 a year for the last 70 years, since the national banking system was inaugurated on January 1, 1864.

Nor can we look, I am sorry to say, to the Executive to lead us out of our troubles. The responsibility was placed by the fathers of this country directly with us as representatives of the people, and we are answerable to them and to our oaths of office for that responsibility.

We need no Federal Deposit Insurance Corporation. We need no R. F. C., no Home Owners' Loan Corporation, no Federal Housing, no Agricultural Credit, no Federal farm land banks, no intermediate credit banks, no triple A, no N. R. A., if we have the courage and the intellect to reassert our constitutional duty and to take this money power out of the hands of those few individuals who, by reason of the power which is theirs, have so completely crushed and stifled American industry in the past.

I think it fair to commend to every liberal, on whichever side of the aisle of this Chamber he may place himself, and I say to every conservative, that the question of controlling our banking structure deserves serious consideration. It is altogether probable that progressive thought on the money question, and courageous action on it, is the only way in which the institution of private property in America is going to be saved.

At the same time, while we might be undertaking to save that institution, we ought to be doubly interested, in the light of our present financial load as a Government, in getting away from a system which finds our Government paying toll to private bankers for the privilege of borrowing money based upon the credit of nothing other than our own Government.

The PRESIDING OFFICER (Mr. MOORE in the chair). The question is on the amendment, in the nature of a substitute for title II, offered by the Senator from North Dakota [Mr. NYE].

Mr. NYE. Mr. President, I hope there is not going to be a test of strength on this question tonight.

Mr. BARKLEY. I will say to the Senator that we had hoped to dispose of the amendment today.

Mr. NYE. Then, Mr. President, I shall be obliged to suggest the absence of a quorum.

Mr. BARKLEY. Will the Senator withhold his request for a moment? If the Senator does not wish to demand a roll call, we shall not insist upon the amendment being disposed of at this time. We do not wish to bring Members here at this late hour.

Mr. NYE. Very well.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. MOORE in the chair) laid before the Senate a message from the President of the United States nominating Charles West, of Ohio, to be Under Secretary of the Interior, which was referred to the Committee on Public Lands and Surveys.

EXECUTIVE REPORTS OF COMMITTEES

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of James H. S. Morison, of Tennessee, to be district judge, division no. 2, district of Alaska.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of Parker W. Buhrman, of Virginia, now a Foreign Service officer of class 4 and a consul, to be a consul general.

He also, from the same committee, reported favorably, without reservation, the following convention and treaty and submitted reports thereon:

Executive Q, Seventy-fourth Congress, first session, a supplementary extradition convention between the United States and Belgium, signed at Washington on June 20, 1935 (Exec. Rept. No. 14); and

Executive R, Seventy-fourth Congress, first session, a treaty between the United States and the United Mexican States, signed at the City of Mexico on June 13, 1935, to facilitate assistance to and salvage of vessels, public or private, of either country, in danger or shipwrecked on the coast or within the territorial waters of the other country, within specified radii (Exec. Rept. No. 15).

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

JAMES H. S. MORISON

Mr. BARKLEY. Mr. President, the Committee on the Judiciary today reported favorably the nomination of James H. S. Morison, of Tennessee, to be Federal district judge in Alaska. The nomination has been pending for several weeks, and the Department of Justice is anxious that it be confirmed.

I ask unanimous consent for the present consideration of the nomination.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

Mr. McNARY. Mr. President, may I inquire if the committee report was unanimous?

Mr. BARKLEY. It was.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. The nomination will be stated.

The legislative clerk read the nomination of James H. S. Morison, of Tennessee, to be district judge, division no. 2, district of Alaska.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. McKELLAR. I ask unanimous consent that the President be notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 22 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Friday, July 26, 1935, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate July 25 (legislative day of May 13), 1935

UNDER SECRETARY OF THE INTERIOR

Charles West, of Ohio, to be Under Secretary of the Interior.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 25 (legislative day of May 13), 1935

DISTRICT JUDGE, DISTRICT OF ALASKA

James H. S. Morison, district judge, division no. 2, district of Alaska.

POSTMASTERS

ALABAMA

Lynn Sanderson Bruner, Fort Deposit.
Ernest W. Thompson, Tuskegee.
James B. Washington, Tuskegee Institute.

CONNECTICUT

Francis A. Gagnon, Danielson.
Thomas S. White, New Milford.
Joseph H. Fahey, Springdale.
George H. Tetreault, Jr., Versailles.
John P. Bridgett, Wallingford.
Samuel Berkman, Yantic.

HAWAII

Julia Smythe, Haiku.
Takeo Takashita, Hanapepe.
Daniel A. Devine, Hilo.
John H. Wilson, Honolulu.
Lemon W. Holt, Kahului.
Dick C. Pang, Kamuela.
Kenichi Masunaga, Kealia.
Hung Luke, Kohala.
Martin D. Dreier, Lihue.
Lee Loon, Pahala.
Margaret C. White, Wahiawa.
Kenichi Oumi, Waialua.
Masaru Yokotake, Waimea.

IOWA

William W. Sullivan, Algona.
Julia E. Dean, Blanchard.
George L. Lorton, Bonaparte.
George A. Crane, Dexter.
John O. Bussard, Essex.
Carl O. Roe, Garner.
Anna C. Lundvick, Gowrie.
Alice F. Fogarty, Irwin.
James A. Phelan, Larchwood.
Avis Monette Fox, Little Sioux.
Cleveland J. Long, Stanwood.

MARYLAND

James Causten Shriver, Cumberland.
Herbert C. Estep, Glen Burnie.
Cecil E. Trinkaus, Oella.
Millard H. Weer, Sykesville.
Edward F. Cavey, Woodstock.

MONTANA

Joseph W. Campbell, Absarokee.
Franklin B. Lee, Big Sandy.
Charles C. Nicholson, Bigtimber.
Howard H. Harrison, Bridger.
Margaret Huppe, Roundup.
Peter P. Brandenthaler, Terry.

NORTH DAKOTA

Nils H. Koppang, Adams.
Charles E. Fleck, Arnegard.

WEST VIRGINIA

Lillie R. Frazier, Buffalo.
Claude Anderson, East Rainelle.
Usher A. Cobb, Kimberly.
Gertie Post Rector, Lost Creek.
Hugh Dunn, Richwood.

WISCONSIN

Harley L. Newman, Bagley.
Fred Krier, Belgium.
Frank A. Buettner, Bowler.
Louis F. Reuschlein, Burlington.
William F. Dahmen, Cross Plains.
Arthur C. Smith, Durand.
Joseph M. Keuper, Genoa City.
Harris Gilbert Hanson, Iola.
William A. Christians, Jr., Johnson Creek.
Mary E. Lazers, Marshall.
Charles J. McAfee, Montello.
Arthur F. Boles, Nekoosa.
Roy C. Graham, Owen.
Frank E. O'Rourke, Reeseville.
Otto J. Petraske, Verona.
John Michels, Waunakee.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 25, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Rose of Sharon and flower of our eternal hope, help us to find in the hour of our sacrifice the thing that belongs to our peace and rest. Our times are in Thine hands and Thou wilt never fail us. Hear us for our Speaker and the entire Congress. Give every tired heart and weary body the balm of Thy strength; let all who are carrying burdens feel the divine might. Enable them to bear the oppressiveness of the passing days. Strengthen our faith in truth, heroism, fidelity, and in the presence on earth of our Father in Heaven. Temper our souls to communion with Thee and with one another. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 8492. An act to amend the Agricultural Adjustment Act, and for other purposes; and

H. R. 8554. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes.

ADJOURNMENT OVER

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. KNUTE HILL. Mr. Speaker, reserving the right to object, several of us, time and again, have asked for 4 or 5 or 10 minutes to address the House, and it seems to me if we can adjourn over 2 days every week-end we ought to be given a chance to make a few remarks here once in a while, and unless the floor leader permits some of us to have a little time once in a while, I shall have to object.

Mr. TAYLOR of Colorado. I understood the gentleman wanted to speak for 30 minutes. I have been objecting to long speeches. I have no objection to the gentleman making a short speech almost any time.

Mr. KNUTE HILL. But the gentleman has objected in the past.

Mr. TAYLOR of Colorado. Yes; but that was when we had important matters before the House, when committees are waiting to take up or finish important bills.

Mr. KNUTE HILL. The gentleman, then, will not object?

Mr. TAYLOR of Colorado. I think the gentleman can get an opportunity to address the House.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

THE "DEATH CLAUSE" LOBBY

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. STUBBS. Mr. Speaker, I have attended several of the hearings which have been conducted lately by committees investigating the alleged lobbying activities of Government officials and public-utility agents and I am constrained to remark that it appears I am one of the few Members of the House who were not approached, either pro or con, prior to the vote on this important legislation.

My votes on what is known as the now famous "death clause" and other ballots taken during consideration of the measure were prompted by the dictates of my own conscience and what I believed was the will of the majority of the people whom I have the pleasure of representing in Congress.

Three record votes were taken during the consideration of the bill and there was the teller's count which caused so much commotion. During the teller's vote, of course, no official check was made on how Members of the House voted on the "death clause." I personally would have been pleased to go on record on my vote on the "death clause." For the information of anyone interested in the subject, I voted in favor of the "death clause" in the teller's count, believing that by doing so I was supporting my conscientious belief that the clause was proper and necessary, in keeping with the will of my people, and in compliance with an administration program which has been inaugurated in an effort to rescue a long-suffering populace from the grip of unscrupulous public-utility magnates whose topheavy and economically inefficient structures have sucked the lifeblood of our body politic for far too long.

My votes on two motions, one to adopt a House committee bill substitute for the Senate bill, which would have killed the "death clause", and another which would have sent the bill back to committee with instructions to kill the "death clause", were "nay." These nay votes were consistent with my aye vote in favor of the "death clause." The two roll calls in question are nos. 114 and 115, respectively, and may be found on pages 10637 and 10638 of the CONGRESSIONAL RECORD for Tuesday, July 2, 1935. I voted for final passage of the bill, roll call no. 116, page 10639 of the CONGRESSIONAL RECORD for Tuesday, July 2, 1935.

I make the above statements so that, in the future, no one will be able to say that I acted in anything but an open and aboveboard fashion.

It is my personal opinion, and that of many others who have studied this question, that the title "death clause" attached to section 2 of the Senate bill is a misnomer. Actually this clause provides for the orderly dissolution of unnecessary holding companies. Enemies of the legislation, however, coined the phrase in an effort to scare holders of stock. Many persons communicated with me on the subject, but none has ever given me any facts, figures, names of companies in which they hold stock, or other data which would permit me to determine whether or not the company in which they held stock would be adversely affected by the acceptance of the so-called "death clause."

As stated before, no lobbyists attempted to influence me, but I did receive a number of letters on the subject from my people back home. They have a perfect right to express their views to me any time they so wish and I will always welcome the sentiments of my people on any subject which comes within my congressional jurisdiction. But these fine people, I am afraid, were prompted to complain, without complete knowledge of the subject, by others who used them as a medium to influence me.

They do not realize that, while there are many holding companies in California, practically all of them are exempt from the application of the dissolution clause. Most of these concerns are firms operating as intrastate companies and specifically are exempted from the application of the dissolution clause. Then there are many operating companies which are not even remotely affected by the dissolution clause. Unscrupulous men, however, apparently told stockholders in the intrastate companies and the operating companies that their stock would depreciate in value if the dissolution clause were enacted into law. On the contrary, I believe the value of stock in the intrastate firms and the operating companies would increase in value if unnecessary holding companies were dissolved, because the actual working concerns then would be rid of the superstructural holding firms which have manipulated their operations in a manner which has given them the cream of the dividends while the stockholder in the operating company and the intrastate company has been forced to take skimmed milk.

There may be one or two holding companies in California which might be affected by a dissolution clause. They are holding companies with national ramifications. They could easily escape dissolution, however, by divorcing themselves from their national affiliation and operating as an intrastate organization. After all, why should a firm operating in California be subject to the dictates of a few moneyed men in Wall Street, and pay these Wall Street operators the greater part of their earnings, and leave only the crumbs for the Californians who use the power from these concerns or hold stock in them. Such absentee directorship is unnecessary, unfair, and economically unsound.

The holding companies which would be affected by a dissolution clause do not exist by reason of any law. They exist, on the contrary, because of loopholes and technicalities in the law. This situation must be corrected sooner or later. They remind me of the time that J. P. Morgan admitted he did not pay any income tax in the United States for a couple of years. He was not legally guilty of any crime or evasion of a law, but he was able to evade the pay-

ment of an income tax because of loopholes and technicalities in the then existing law.

I personally resent the statements that those of us who voted for the "death clause" have been rubber stamps or tools in the hands of executive officials. It is equally unfair to claim that those who voted against the "death clause" were dominated by outside interests. I much prefer to believe that each of us cast his vote on this subject in a manner representative of the will of those who have delegated us to attend Congress.

State regulation of holding companies has proved very effective. I have yet to see anyone effectively challenge the statement that holding companies national in scope and operating in an interstate fashion should be regulated by Federal statutes.

NEUTRALITY LEGISLATION

Mr. SISSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address I made on the radio on Tuesday evening of this week.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SISSON. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address which I made over the radio on Tuesday evening of this week:

We have heard a great deal during the present session of Congress about legislation that is desirable to be passed at this session and legislation that is so vital to the welfare of our people that it is termed "must" legislation.

There is no legislation that is so vital to the welfare of the American people to be passed at this session as legislation which I shall term generally as "neutrality legislation." I mean by that, legislation passed now in time of peace declaring the policy of this country toward nations engaged in war when war comes, for it is only by the passage of such legislation that we shall be able to prevent this country from being sucked into the whirlpool of another European war if and when a conflict of any considerable magnitude breaks out across the water.

All competent observers agree that the same causes which brought about the World War in 1914 now exist in Europe. While the more enlightened and humane statesmen of such countries as England are doing their best to avert it, there is the gravest danger that they will not be able to do so and that at any time a spark may start a general conflagration. The same causes and the same policies, so far as the United States is concerned, which brought us into the World War are in full force and existence in this country now. Despite the fact that the imminence of this danger to our own peace has been in plain sight for several years and that unless we change and clearly state in time of peace, before the outbreak of war, our neutrality policy, we shall be sucked into the next war just as we were in the last war.

Not one constructive thing has been done during the present administration toward this end. Our present policy in this respect is exactly the same as it was during 1914 to 1917, when President Wilson tried in vain to keep us out of war.

What is this policy?

International law, among other things, forbids a neutral government, as such, to supply munitions to belligerents.

Recognizing the requirements of international law, the neutrality policy of the United States is aimed to do two things:

First. It is aimed to prevent this country from being thrown into foreign wars by treating all belligerents impartially.

Second. It has sought to prevent any interference with the foreign trade of American citizens by insisting upon the freedom of the seas.

It was the insistence upon the latter of these two aims, namely, the right of our citizens to carry on foreign trade without interference and the insistence upon the freedom of the seas that brought us into three wars:

The undeclared war with France in the very beginning of our national existence;

The war with Great Britain in 1812–14, through our insistence on neutral rights during the Napoleonic Wars; and

The World War, through our insistence on neutral rights during the period from 1914 to 1917.

This policy has remained unchanged, and it is officially our policy today. It will be too late to change it after another war breaks out, wherein the question of neutral rights, freedom of our citizens to trade, and the freedom of the seas are involved.

Since the close of the World War there have been two courses open to us, either of which, if followed consistently and positively, and if enforced, would have constituted the most effective insurance against our involvement in another great war.

The first of these courses was the one advocated by President Wilson and others, who believed that we should add the great moral force and influence of the United States to the other nations of the world in efforts to preserve the peace of the world by joining the League of Nations and such other institutions for securing institutional justice as might be organized for that purpose, such as the World Court. We could have joined the League of Nations without involving ourselves in any entangling alliance through the stipulation, to which the other members of the League were willing to agree, that we should not be obligated to use our military or naval force in enforcing peace, or in any dispute between other nations. We could have joined the World Court and strengthened that institution for settling disputes by law rather than by force, without the slightest harm or danger to ourselves.

It is now too late to talk about this first course. It is water over the dam now. We have turned our backs on it.

We permitted a small minority of the Congress, a little more than one-third of the membership of the United States Senate, to block our entry into the World Court and thereby to that extent to formulate our foreign and international policy. While the Congress, by a majority vote of each of the two bodies thereof, with the approval of the President, has the undoubted power to provide for the entry of this country into the World Court, apparently no such action can or will be taken at this session; and even if it could, it would be too late to save our people from the great peril in which they are placed of being engaged in another war if one breaks out in the near future.

The other course or policy, which was clearly indicated to us, if we would save our people from another war, if we would avoid sending our boys over to fight the battles of Europe, if we would avoid the consequent suffering, poverty, and loss which was attendant upon the last war—a policy which is the logical corollary of the isolationists—of those who would have us keep out of all entangling foreign alliances, is to formulate and enforce a neutrality policy with regard to foreign trade in time of war, sale of munitions to belligerents, the right of our citizens to use the seas and bring themselves thereby into war zones and into other countries in time of war; in other words, to eliminate the causes which brought us into the World War. Such a policy will, it is true, involve some loss of trade in time of war. It will involve some loss of profits to the manufacturers of munitions and of supplies going to warring countries. It is, however, the logical consequence of the choice made by this country at the instance of those who would not permit us to join in an effort to preserve the peace of other countries. I submit that loss of profit is not so great a loss as we incurred in the loss of lives; in the suffering caused by our involvement in the last war. It is not even so great a loss, measured in dollars, as we suffered by our involvement in the last war. This policy would, of course, in addition to those that I have mentioned, forbid us from making loans to countries engaged in war. Despite our experience in making loans which were not repaid in the World War, there are many interests who are willing to do the same thing again.

Such neutrality legislation as I have indicated was advocated by President Hoover, by Secretary of State Stimson, and by many others of our leading statesmen and diplomats. Various futile efforts have been made to pass this neutrality legislation—absolutely necessary to save us from the enormous loss of participation in another world war. At the first session of the Seventy-third Congress an embargo act was passed by the House of Representatives giving the President discretion to embargo arms to the aggressor nation. This bill was open to the objection of the difficulty of determining or defining which was the aggressor nation. It did not pass the Senate.

A bill which met the objections urged against the embargo resolution of 1933 passed the Senate last year. This bill was mandatory. It not only authorized but directed the President to embargo all arms and munitions to all nations engaged in war. It was allowed to die in the House Foreign Affairs Committee last year, as was admitted a few days ago by Mr. MCREYNOLDS, chairman of that committee. Why was it allowed to die? Neutrality legislation has always been opposed by the Army and Navy crowd and the Army and Navy lobby.

There is now pending in Congress, but languishing in the Senate Foreign Relations Committee and in the House Foreign Affairs Committee, several bills and resolutions clearly stating such a neutrality policy as I have set forth as necessary to keep us out of another war. I am not here to argue tonight in favor of the League of Nations or the World Court. It is too late, so far as the immediate present and the near future is concerned, for us to do anything effective to save Europe from another war. The only thing that we can do now is to save our own selfish skins. And I say that any Member of Congress or anyone in authority in the Government who fails to do now all that is necessary to save us from being sucked into another world war, any citizen who fails to do his or her part in exerting whatever pressure is necessary to secure action during this session of Congress to pass this necessary neutrality legislation, will be to that extent guilty of doing what might be done to prevent what we suffered during the last world war. Unless we do this our policy is the silliest of any nation in the world. It may be that after another war we shall learn that a policy of selfish isolation does not pay. It may be that we shall learn that we should at least help to implement the Kellogg Pact and make it effective by joining in an agreement for an economic boycott against warring nations. But if we fail to act now in securing neutrality legislation we are doing this at the instance, I say, of the Army and Navy lobby and of those who wish to profit by trade in munitions and who will not forego a little profit in foreign trade in order to save the lives of our sons. We shall be doing it at the instance of the crowd who again want to make loans to foreign countries and again leave us holding the bag. We thought we went to war in 1917 to save democracy. We actually went to war to save the bankers.

Admiral Sims, one of the few admirals with whom I find that I can agree; one of the few who is big enough so that he has some right to stick his nose into our foreign relations, recently pointed

out the choice with which the United States is now faced. He said, "It boils down to this: In case of another major war, are we going to fight for freedom of the seas, or are we going to curb the desire of certain citizens to make money out of other people's wars?"

While there are several bills and resolutions now pending in the committees of Congress, all of which have merit, such as the Kloeb resolution and the Fish resolution in the House Foreign Affairs Committee, and the Nye, Clark, and Pope resolutions in the Senate Foreign Relations Committee, there is one resolution in the House Foreign Affairs Committee which, in my opinion, most completely embodies all that is necessary as a declaration of our neutrality policy to keep us out of war. That is the resolution introduced by Representative MAVERICK, which is House Joint Resolution 259.

It is true that a resolution introduced by Representative MCREYNOLDS, Chairman of the Foreign Affairs Committee, has been reported out of that committee and is likely to be passed. This resolution is all right so far as it goes, but is merely a licensing bill to enable the Government to keep a check on the sale and exportation of munitions. It is one of the things that we were bound to do as a result of a treaty which we signed 10 years ago. It contains no declaration of policy and unless accompanied by the passage of the Maverick resolution would amount to practically nothing. The Maverick resolution is being stifled in the House Foreign Affairs Committee. It should be reported out by that committee and brought upon the floor of the House and upon the floor of the Senate. If that is done there is nothing that can stop its passage. An overwhelming majority of the Members of both bodies of Congress are in favor of it. It is being stifled at the instance of the Department of State. The President controls, as he should, the Department of State. This session of Congress has already lasted nearly 7 months and there is no excuse now, after this long delay, for a failure to report out and pass the Maverick resolution.

If you wish to keep this country from being involved in another world war, write to your United States Senators and your Member of Congress at once, asking for a copy of the Maverick resolution; urge your Representatives in Congress to exert every possible effort toward the passage of the Maverick resolution at this session of Congress. Write to the President and tell him of your wishes and urge him to see to it that the Department of State lift the ban off from the Maverick resolution or else formulate some other neutrality policy which will effect the same purpose. No valid objection has yet been urged to the Maverick resolution, and I know of no way in which it could be improved.

This is not a party question. It is not a question on which men and women should divide along party lines. I have full confidence in Secretary of State Hull and I have full confidence in President Roosevelt, but you must make your wishes known to them. I have been a consistent and earnest supporter of the leadership of President Roosevelt and of the policies of the present administration, but I put the welfare of my country ahead of any party consideration.

If this session of Congress is allowed to adjourn without passing this necessary neutrality legislation, I for one shall feel a bitter disappointment in the record made by my party.

THE CONSTITUTION OF THE UNITED STATES—DEMOCRATS HOLD IT AS A SACRED DOCUMENT

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNYDER. Mr. Speaker, in checking up the activities of the United States Congress we are impressed with the fact that it has been the most efficient, the most all-comprehensive, as well as the most powerful lawmaking body that ever operated in any one of the civilized nations on the earth.

The records show that since George Washington took his oath of office, some 24,000 acts of Congress have been placed upon the statute books of our Nation. Of these 24,000 acts of Congress, only 58 different acts have been declared unconstitutional by the Supreme Court of the United States, thus proving that this small percent of unconstitutional acts stamps the United States Congress as a superior body in efficiency and accuracy.

It is well to keep in mind at this point that we are informed that most of the 58 acts of Congress that have been declared unconstitutional by the Supreme Court were put on the Nation's statute books when the Democratic Party was the minority party and not the majority party in Congress. Therefore, it behooves all parties to look around and see if their house is built of glass before they throw stones.

When Washington took his oath of office, of course, there were just 10 amendments to the Constitution. On May 5, 1794, Congress submitted to the States the eleventh amendment, and on January 8, 1798, President Adams reported to Congress that a sufficient number of States had ratified the amendment, and thus it was added, making a total of 11.

From time to time since the days of John Adams, as the social and economic needs of the country demanded, new amendments were added to the Constitution—10 in number—making a total of 21 amendments. Of course, the eighteenth amendment was repealed—the wise provision of the framers of the Constitution making it possible to add amendments to take care of the social and economic needs of the people as the Nation expands in science, invention, and discovery.

I, for one, do not believe in changing the Constitution of the United States. There is no need of changing any part of the Constitution as it now exists. Our forefathers in framing it set it up so that we do not have to change it. The Democratic Party principles always held to the fundamental interpretation, that is, if the Nation's needs demand a wider interpretation of our social and economic procedures, we should not change the Constitution, but leave it up to the people to add an amendment that would take care of the conditions as the people think they should be taken care of.

The Democratic Party has always been the party of the common people. The farmers, the laborers, and the little business men always have looked to the Democratic Party as their friend. The Democratic procedure has always been to create and keep a set-up in the business activities of the Nation that will give the laboring man an opportunity to earn a livelihood, the farmer an equal opportunity to produce and market his crops at a profit, and the little business man an opportunity to carry on his business in a way that he is not hampered by big financial powers above him.

Our Republican colleagues have been commenting quite a bit, since the Supreme Court decision on the N. R. A., about the Constitution. Every bill or measure that is about to be brought up for consideration is liable to be styled by them as unconstitutional in this respect or in that respect. They point back to different acts of Congress in the last 2 years and say that they are unconstitutional or will be so interpreted if they have a Supreme Court test.

However, this is nothing new. The records show, as well as the filed-away newspapers of the last 100 years, that the same wave of beware! beware! follows every reverse decision of the Supreme Court. The newspapers, the orators, the would-be orators, the demagogues, and all of the rest of the groups seize upon the setting following such decisions of the Supreme Court as a basis for appealing to the people's emotions and sentiments.

The records show that during the 146 years of the Nation's congressional life, in which 58 acts of Congress were declared unconstitutional by the Supreme Court—that the real builders of the Nation, the men and the women who were really interested in handing down to their children a better form of government under which to live, looked upon these decisions as steps in progress of the Nation's social and economic life. These decisions always bring out the fact that the gap between the social fabric of the people and the economic fabric of the people has widened to such an extent that adjustments should be made.

For instance, there has not been a single new sentence uttered by the opponents of the N. R. A. concerning the constitutionality of the act that was not uttered 40 years ago, 50 years ago, or 60 years ago by the opponents of the acts of Congress that were then declared unconstitutional by the Supreme Court. There has not been a single sentence or paragraph uttered on the floor of this House this session of Congress by the opponents or the proponents of the N. R. A. as to its constitutionality that was not uttered 40, 60, 80 years ago by Members of Congress when similar acts were declared unconstitutional.

Therefore, Mr. Speaker, there is nothing to be excited about, there is nothing to be worried about. Every procedure of this administration indicates that we are on the right road to stabilization and prosperity. The fact that we have ups and downs during this administration in preserving what was left of the Nation's social, economic, and finan-

cial fabric, when we took over the reins of government on March 4, 1933, is evidence that we are on the right road.

The most destructive period in our Nation's history—the most disastrous period in our Nation's history—the period in which the most dynamite was stored up to later drive millions of men from their jobs, make millions of unhappy homes, and burden other millions of farmers and little business men with unjust taxes, was the period from 1922 to 1932, when the Nation was keeping cool under Coolidge, and happy under Hoover. It was during this period when money was cheap because the administration as well as the wealth groups were lending money to the foreign powers to buy our products, with the result that in the end they never paid for their products and never paid back to our Nation the bulk of the money they borrowed. It was this period of bad management on the part of the administrations then in power and the Nation's leaders that brought about the hardships and panic of 1929, 1930, 1931, and 1933.

In conclusion, I wish to say that we think the Constitution broad enough and flexible enough at present to be interpreted to take care of all of the needs of all of the people. However, if the Supreme Court of the United States thinks that the Constitution cannot be interpreted in terms that will take care of the people of the Nation and the Nation's business, then we have the privilege of doing what Congress and the people of the Nation have done on 11 other occasions, add an amendment that can be interpreted in terms that will take care of all of the needs of all of the people all of the time.

Mr. HOEPPEL. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. There is a special order pending.

Mr. HOEPPEL. I withhold the point of order, Mr. Speaker.

The SPEAKER. Under the special order of the House, the gentleman from New York is recognized for 10 minutes.

Mr. DICKSTEIN. Mr. Speaker, the public press within the past week has carried information that the Secretary of State, Hon. Cordell Hull, and the technical experts of the Government are now engaged in the negotiation of reciprocal trade agreements with several European governments. These are called "reciprocal agreements", on the theory that as a result of these agreements the people of the United States will receive some benefits of material value.

I have noticed that negotiations are now under way for one of these reciprocal trade agreements with the Government of Germany, and it is this proposed treaty that I wish to discuss with you this morning.

I want to call the attention of the House to the fact that the present dictator of the Reich, Adolph Hitler, is not making any agreement to which Germany is to be a party unless his country gets the lion's share of the proposed benefits of such treaty.

You are dealing with a country that today is bankrupt. You are dealing with a country that today is irresponsible. You are dealing with a country that has a dictator of dictators among the European countries today. You are dealing with a group of men in Germany today who are not responsible for any agreements or compacts that may be entered into between the United States Government and Germany. As a matter of fact, I have reliable information that the present German Government has almost raped the treasury of their pension funds and all other resources and, in substitution, has placed therein a lot of worthless bonds.

We are now negotiating a treaty with this country, a country that is controlled by a one-man organization, and I want to call the attention of the House to the fact that this one-man government of Dictator Hitler must be checked and rechecked in all negotiations relating to trade treaties.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. DICKSTEIN. I yield for a very brief question.

Mr. TABER. Is this a treaty under the reciprocal trade agreement act?

Mr. DICKSTEIN. Yes.

Mr. TABER. I hope the gentleman did not vote for the bill authorizing such things.

Mr. DICKSTEIN. We will get to that later.

This "madman of Germany", who temporarily is in control there, is running things in Germany in such a manner as to deprive native-born citizens of Germany of their rights. He has disfranchised all persons in Germany who do not blindly adhere to his insane, Nazi theory of government. He has waged internal warfare against the German people who dare to adhere to any religion other than the one religion that he has created and in which he appointed his own god; and his own god is now dictating to all of the people in Germany how to worship this god in a Hitler way.

I am simply mentioning these things, briefly, as a Member of this House, to advise the Secretary of State and the people of the United States that this bigoted dictator of the Reich has given ample evidence that he is not to be trusted in affairs which involve human rights, and we may properly assume he is not to be trusted in trade agreements that are about to be entered into between this Government and the Government of Germany.

The Special Committee on Un-American Activities recently uncovered startling facts to show that, by direction of high officials in the Hitler regime and undoubtedly with the personal approval of Adolph Hitler himself, persons who were of German ancestry but citizens of the United States, were approached and it was established beyond question that Hitler tried with money and every other scheme of a spy system to disturb American citizens of German birth in this country and made every effort in this country through this form of propaganda to have the 20,000,000 honest-to-goodness American Germans subscribe to his philosophy that "once a German always a German", irrespective of the fact that these men and women have taken an oath of allegiance to the United States. It was his philosophy of government that these American citizens must bear allegiance to this "madman in Germany."

Are we to enter into a contract with this man because he is the only one—he is the government?

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield for a brief question.

Mr. RICH. When we consider that Hitler is a dictator that rules Germany with an iron hand, does the gentleman think we ought to continue to give support to the President of the United States where he rules in the same manner, and in the same manner tries to make reciprocal agreements of this kind? It is ridiculous.

Mr. DICKSTEIN. In the first place, I did not yield for that kind of question, but since the gentleman has asked it, do you know that if you said "boo" about Hitler you would have to make your last will and testament in Germany today.

Mr. RICH. If you do not be careful you will have to do the same thing in this country.

Mr. DICKSTEIN. Mr. Speaker, I do not want to be further interrupted.

The SPEAKER. The gentleman declines to yield.

Mr. DICKSTEIN. Do you know that if you do not subscribe to his god—religion which he has created—you will be forced into a concentration camp?

Do you know that he has confiscated property of the Jews, the Catholics, the Protestants, and all labor organizations; that he has punished decent men and women, sent them to jail for no offense whatever? I hope the gentleman from Pennsylvania would not insult the intelligence of this House by asking questions of that kind for comparisons.

Mr. RICH. Will the gentleman yield? I have an answer to that.

Mr. DICKSTEIN. I decline to yield further. I simply mention these things briefly to introduce what I want to impress upon the Members of this House, upon our Secretary of State, and upon the people of the United States. This bigoted dictator of the Reich has given ample evidence that he is not to be trusted in affairs which involve human rights,

and we may properly assume that he is not to be trusted in trade agreements which directly or indirectly involve those actions which are dependent upon fairness in human relationships.

Hitler and his agents have not been satisfied to confine their idiotic tyranny to residents of Germany, of which country he, himself, is an alien, but their hands have stretched across the sea to unlawfully meddle with internal business transactions among citizens of the United States in this country, which appears to be an effort to make these transactions here conform to his bigoted and intolerant Nazi ideas as imposed upon the people of Germany.

More than that, the recent investigation by a committee of the House disclosed that the Nazi tactics went so far as to get well-known American citizens to advise industrial firms in Germany upon the attitude of the American mind toward internal practices in Germany, and that information came back to the United States in the form of rabid anti-Semitic propaganda and very open propaganda attacking the United States part in the World War peace settlements and reparations imposed on Germany by the Versailles Treaty. These facts brought out under oath are conclusive evidence that the Hitler regime does not confine its efforts to legitimate transactions but reaches out in extralegal ways to impose its own way upon affairs in foreign countries.

How could such an official dictatorship be trusted to keep promises made in any so-called "reciprocal-trade agreement" if any of the terms happened to prove unfavorable to the Nazi philosophy of government in the Reich?

There are one or two provisions that our Secretary of State should insist upon drafting into any proposed trade agreement with Germany, and then rejecting the agreement unless Hitler agreed to these provisions. First. We should require an iron-bound provision which would insure to citizens of the United States, regardless of the religious professions or their racial origin, the identical rights and privileges while in Germany that is accorded by the Government to the most favored foreign-born persons in Germany engaged in trade, commerce, business, exercise of religious rites and worship, and travel. Second. We should insist that the Government of Germany officially undertake to prevent the sending of all kinds of Nazi propaganda to the United States designed to arouse any kind of discord in the United States based on the Nazi philosophy of government or racial or religious animosity.

Current press dispatches indicate that one of Hitler's chief lieutenants in his barbarous activity has decided upon a law to deprive all adherents of the Jewish religion of all rights in Germany—he proposes writing anti-Semitism into the national law of the Reich.

The inability of adherents of the Catholic religion to accept the Nazi decreed sterilization law has aroused the Pope to an open break with the Reich Government, as it rightly should.

The enlightened people of the present civilization of the world cannot accept the dictation of the "madman of the Reich" in personal religious matters, and a recognition of this personal freedom of religious practice and worship by American citizens in Germany should be an essential provision of any reciprocal-trade agreement which our Secretary of State negotiates with the Reich Government.

The latest news from Germany is to the effect that a German-born citizen of the United States who is a priest of the Catholic Church and who is by that church assigned to duty in Germany must leave Germany before August 1 and go to Poland by the direct order of the Nazi minister of the interior simply because this Catholic priest opposed the new Nazi paganism as decreed by Hitler or his Reich bishop.

How can we honestly believe Government officials imbued with such barbarous bigotry would honorably fulfill the provisions of a reciprocal-trade agreement unless those provisions were overwhelmingly favorable to Germany and therefore not very favorable to the people or Government of the United States? How would the United States profit from such a one-sided agreement?

I believe the United States Government has a most unusual opportunity during the course of negotiation on this proposed reciprocal-trade agreement, to take to itself the leadership among the governments of the world, and compel Adolph Hitler to recognize the principle of individual and religious and racial freedom of citizens of other nations who may be in Germany for the transaction of business, trade, study, pleasure, or travel and also the principle of nondiscrimination of German-born people residing in Germany regardless of religion or racial origin. This should be a cardinal reciprocal agreement on the part of Hitler in any trade agreement now with the United States. I trust the Secretary of State will reach this same conclusion before concluding any agreements.

This is one way this country can accomplish a most humanitarian objective through reciprocal measures in the interest of international trade from which our Government hopes to bring large benefits to the American people.

Now, Mr. Speaker, the Special Committee on un-American Activities of the last Congress developed facts under oath which showed conclusively that agents and spies of German organizations, more or less officially connected with the German Government, were coming into this country with utter disregard of our immigration and naturalization laws and smuggling on their German-controlled ships the most disgusting propaganda designed to create discord in this country among our citizens of German ancestry and their sympathizers here. When that special committee made its report to this House in February of this year, we who were members of that committee felt that our exposures of these unfriendly activities had put a stop to them.

However, there has just come to my personal attention very conclusive evidence that notwithstanding our very wide-open exposures they are still sending this Nazi propaganda from Germany to the United States, and are now using the international mail service to get it all here.

Taking advantage of the liberal laws of our country and the fact that a constitutional government guarantees to our citizens freedom of speech, thought, and word, the agents of the Hitler government of Germany are utilizing our soil for pernicious propaganda destructive of our national liberties, and which may in due course put an end to liberal government everywhere.

There has been an influx of printed matter from Germany circulated very freely throughout the Yorkville section of New York and other localities where people of German birth live, and distributing nefarious propaganda coming from Germany as well as inciting religious hatred and bigotry.

In the city of Nuremberg, Germany, one Julius Streicher, Hitler's governor of Franconia, the editor of a magazine entitled "Der Sturmer", which publishes on its pages caricatures of Jews and articles about vile doings "of all the Jewish race throughout the world", showing how Jewish men ravish gentile girls, and how the Jewish religion incites to this kind of activity. Statements are also made that Jews kill Christian children for ritualistic purposes, and an appeal is made to German people in the United States to band themselves together against this Jewish menace, and to fight the encroachment of the Jewish race on German life.

Not satisfied with this propaganda Streicher urges his followers in this country to kill, exterminate, and destroy Jews everywhere; he calls them the world's parasites, and in one of the issues which recently came to my attention, he even seeks to show how Americans should protect themselves against Jews because if they do not "the Jews will get them."

These publications come from Germany by mail and are freely distributed at news stands and to private subscribers. Anyone receiving a publication of this kind cannot fail to be impressed with its authoritative character, and the dangerous manner in which all is arranged to excite public interest, and call for measures of defense.

The gullible people will swallow these irresponsible statements without rime or reason, and if permitted to go unchecked will result in grave danger.

The joint resolution (H. J. Res. 363) which I have introduced will make matters of this type unmailable, will prevent

access to the mails to any publications which directly or indirectly incites to racial and religious bigotry, and I hope that the House will see its way clear to give this matter the attention it deserves.

It is important that something of this character be early enacted into law in the interest of international peace and international trade.

Under our Constitution and laws, every kind of religion may be freely followed by its adherents in the United States. This means Catholics, Jews, Mohammedans, sun worshipers, Mormons, Christians, Protestants, atheists, and every other religion or religious sect.

Now if the Government at present in control of the Reich really wants to enter into a reciprocal-trade agreement with this Government, those in control of their policies should recognize that trade with the people of the United States is necessarily trade with American citizens and residents of every kind of religion and of almost every known race or ancestry. Hence, they could not enter whole-heartedly into the purpose of trade agreements here unless they completely stopped sending into this country newspapers, magazines, books, and other kinds of written or photographed propaganda which can only cause discord and dissention among our people on grounds of racial hatred, bigotry, and intolerance.

The public press quotes a recent issue of Reichfuerer Hitler's own official paper, the Voelkischer Beobachter, as having said, "Political Catholicism is public enemy no. 1."

The German Government cannot consistently send by mail copies of official publications containing such statements as that into the United States and really expect that the spread of that kind of propaganda among our religious-free citizens would extend the sale of German goods sent here pursuant to a reciprocal-trade agreement. Such propaganda against a religion or on racial lines is absolutely inconsistent with the spirit of reciprocal-trade activities.

So much new information is coming into my offices every day that I have been urged by many persons and organizations to seek further investigation into un-American activities, and to that end I have introduced another simple House resolution which would authorize a special committee to search into the sources of un-American propaganda and other activities designed to overthrow this Government by force and violence. This is House Resolution No. 293.

The two resolutions above referred to and which I have introduced would tend to cure the evil now rampant in this country, namely, abuse of the mail service to get into this country papers and other printed and written matter which spreads religious and racial hatred, bigotry, and intolerance and un-American theories of government, advocating force of violence being used to overthrow this United States Government; and a further investigation of these things in an effort to find out definitely the source of all this destructive foreign propaganda and this un-American domestic propaganda.

In closing I cannot too forcibly impress upon you, and to forcibly call attention of the Secretary of State, the paramount necessity that these things I have spoken about should be taken into serious consideration before any reciprocal-trade agreement is finally concluded with the present German Government.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent to address the House for 5 minutes. Is there objection?

Mr. RICH. Reserving the right to object, it depends altogether upon whether the gentleman from Texas is going to approve of the speech delivered by the gentleman from New York, and we should try to follow that——

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BLANTON. Mr. Speaker, I will say to my friend from Pennsylvania [Mr. RICH] that I make my own speeches in my own way and in my own language. I do not read words that are written by somebody else, as my friend attempted to do the other day.

Mr. RICH. Will the gentleman yield?

Mr. BLANTON. I am sorry, but I cannot yield. I have only 5 minutes.

Mr. Speaker, we have a State Department to handle our business with foreign governments. That is the only authority under the provision of the Constitution, that has any right to deal with foreign governments. Such dealings must be through the Secretary of State. No Member of the House of Representatives has any voice whatever, in passing on treaties or any kind of agreements with foreign countries. Hence it does not behoove Members of the House to criticize or attack foreign countries. It might result in serious consequences.

As one Member of this House I want the foreign governments throughout the world to understand that the gentleman from New York [Mr. DICKSTEIN] speaks without authority in this forum when he attacks foreign governments. No one has given him any authority to call Hitler the "madman of Germany", whatever may be our personal feelings about the matter.

The gentleman from New York [Mr. DICKSTEIN] has no right to castigate the ruler of any foreign country. We may not like what is going on in Germany, but what goes on there is their business and not ours. We may not like what is going on in Italy, but what goes on there is their business and not ours.

We may not like what is going on in Russia. That is Mr. Stalin's business, not ours.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I am sorry; I cannot yield. What we are concerned with is what is going on in the United States.

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield for a question?

Mr. BLANTON. I did not interrupt the gentleman. Having only 5 minutes, I cannot yield, as I want those few minutes myself. So long as these countries let us alone, and keep their undesirable nationals out of our country and let us run our business, we will be satisfied. I cannot yield, I will say again to the gentleman from New York. There is plenty for the gentleman from New York to do if he does his duty. He has known for years that the Communists here from Russia have been secretly trying to undermine the institutions of the United States. It should be his work to stop it.

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Not yet.

Mr. DICKSTEIN. Why can you not yield for a question on this matter?

Mr. BLANTON. Because I have not the time. He knows there is bill after bill before his committee—and he is the high chief generalissimo of it—which would stop all of this communistic activity here, which would deport every Communist in the United States, if he saw fit to report and bring the bill in here and pass it, and he could do it if he wanted to do it. He could call his committee together this very evening and report a bill that would stop it. Why does he not do it?

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. No; I am sorry; I have not the time. I am going to make my own speech.

Mr. DICKSTEIN. For one question.

Mr. BLANTON. Why does not the gentleman from New York [Mr. DICKSTEIN] bring in a bill here to regulate alien conditions in the United States, to put these foreigners and the unlawful aliens here out of our country, and let the jobs that they hold be given to American citizens who are without jobs?

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. No; I have not the time. He insists on bringing in bills here that he calls the "Kerr bill", to give all authority of Congress into the hands of a Labor Department, whose head has not been enforcing the law against Communists or against unlawful aliens in regard to deportations.

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. No. I am sorry, I cannot yield. I wish you gentlemen would get the official statistics and see how the deportations have been decreasing every month since the present head of the Labor Department has been in power. Why is it that they have been decreasing? Why is it and why is it necessary to put more power into the head of a department that keeps aliens here who are here unlawfully?

Oh, there is plenty for the gentleman to do if the gentleman would only do it. There is plenty here at home for him to look after, if he would protect our home folks and would attend to his own business, and let foreign governments attend to their own business.

Mr. DICKSTEIN (from his seat). Why do you not attend to your own business?

Mr. BLANTON. I am attending to mine and am performing a good job.

The SPEAKER. The gentleman from Texas will suspend. It is distinctly against the rules for a gentleman in his seat to interrupt a Member who is speaking.

Mr. BLANTON. He "can't take it", Mr. Speaker.

The SPEAKER. The rules provide that a Member must rise and address the Chair.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I am not going to yield. I want to use my time myself.

The SPEAKER. The gentleman from Texas declines to yield.

Mr. DICKSTEIN. Mr. Speaker, a parliamentary inquiry.

Mr. BLANTON. Mr. Speaker, I do not yield for a parliamentary inquiry.

The SPEAKER. The gentleman from New York cannot take the gentleman from Texas off his feet by a parliamentary inquiry without his consent.

Mr. BLANTON. Let us Representatives in Congress here see that the United States is run properly; let us see that we Representatives let our State Department attend to its own business and perform its own functions. We have one of the finest men in the Nation at the head of the State Department. [Applause.] He once served here with us in this House, and he served with distinction and honor, and he has the confidence of the people of the United States. He is performing his duties under the direction of the great President of the United States, who likewise has the confidence of the people. Let us back them and quit backbiting the foreign rulers of foreign governments. Let us let them alone.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. BLANTON. Let us attend to our business and let other countries attend to theirs. [Applause.]

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. The gentleman from California asks unanimous consent to proceed for 5 minutes. Is there objection?

Mr. TAYLOR of Colorado. Mr. Speaker, if the members of the Committee on Agriculture, who have the bill under discussion in charge, do not desire to object, I feel that I should, because I feel we should get on with the business before the House.

The SPEAKER. Objection is heard.

Mr. HOEPPEL. Mr. Speaker, I renew my point of order that there is no quorum present.

The SPEAKER. The gentleman from California makes the point of order that there is no quorum present. Evidently there is not a quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 143]

Adair	DeRouen	Hennings	Rogers, Okla.
Andrew, Mass.	Dietrich	Higgins, Conn.	Rudd
Andrews, N. Y.	Disney	Higgins, Mass.	Russell
Bacon	Doutrich	Hoffman	Sanders, La.
Bankhead	Dunn, Miss.	Holmes	Sandlin
Bell	Eicher	Hook	Schuetz
Binderup	Engel	Kee	Shannon
Bolton	Farley	Keller	Smith, W. Va.
Brennan	Fenerty	Kelly	Snell
Brooks	Ferguson	Kimball	Somers, N. Y.
Brown, Mich.	Fernandez	Kleberg	Sullivan
Buckley, N. Y.	Fitzpatrick	Kniffin	Sumners, Tex.
Bulwinkle	Gambrill	Knutson	Sweeney
Burnham	Gasque	Lamneck	Thomas
Cannon, Wis.	Gassaway	Lewis, Md.	Thurston
Carter	Gavagan	Lucas	Underwood
Casey	Gifford	Lundeen	Vinson, Ga.
Cavicchia	Goldsborough	McGroarty	Walter
Christianson	Goodwin	McLeod	White
Claiborne	Granfield	Marshall	Wigglesworth
Clark, Idaho	Green	Miller	Wilcox
Cochran	Gregory	Montague	Withrow
Collins	Haines	Montet	Zimmerman
Corning	Hancock, N. Y.	Oliver	
Crosby	Harter	Peyser	
Dear	Hartley	Reed, N. Y.	

The SPEAKER. Three hundred and twenty-eight Members are present, a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

LAKE B. MORRISON—VETO MESSAGE (H. DOC. NO. 252)

The SPEAKER laid before the House the following message from the President of the United States, which was read:

To the House of Representatives:

I am returning herewith, without approval, H. R. 617, entitled "An act for the relief of Lake B. Morrison."

This bill provides that, in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Lake B. Morrison, late of Captain Horner's company, Third Regiment Potomac Home Brigade, Maryland Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 29th day of September 1862.

The official records show that the soldier in question deserted September 29, 1862, and that he failed to return to his regiment, which remained in service until September 9, 1864, and did not report his whereabouts or the cause of his absence to the military authorities. He failed to substantiate his claim under the provisions of the act of Congress approved March 2, 1889 (25 Stat. L. 869), for the relief of soldiers of the Civil War against whose record there was entered a charge of desertion.

Enactment of H. R. 617 into law would, in effect, constitute a legislative pardon for a man whose status is now that of a deserter and place him on a par with those who rendered service of a character which earned for them honorable discharges.

The Secretary of War strongly recommends that this bill be not favorably considered, and I find nothing in the facts in the case which would justify different action on my part.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 24, 1935.*

The SPEAKER. The objection of the President will be spread at large upon the Journal.

Mr. McSWAIN. Mr. Speaker, I move that the message, together with the bill, be referred to the Committee on Military Affairs and printed.

The motion was agreed to.

JACK PAGE—VETO MESSAGE (H. DOC. NO. 251)

The SPEAKER laid before the House the following message from the President of the United States, which was read:



To the House of Representatives:

I return herewith, without my approval, H. R. 298, entitled "An act for the relief of Jack Page."

This bill provides that in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Jack Page shall hereafter be held and considered to have enlisted in Company M, First Regiment Alabama Volunteer Infantry, on May 1, 1898, and to have served until honorably discharged as a member of that organization on November 1, 1898.

The undisputed facts in this case show that Jack Page was never a member of the military forces of the United States and the enactment of this bill into law would, in effect, be a discrimination against many others who have claimed similar service and who have been denied Federal recognition. It would establish a dangerous precedent, to which I cannot subscribe.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 25, 1935.*

The SPEAKER. The objection of the President will be spread at large upon the Journal.

Mr. McSWAIN. Mr. Speaker, I move that the message and the accompanying bill be referred to the Committee on Military Affairs and printed.

The motion was agreed to.

AGRICULTURAL ADJUSTMENT ADMINISTRATION ACT

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 8492, an act to amend the Agricultural Adjustment Act, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MARTIN of Massachusetts. Reserving the right to object, what is this bill?

Mr. JONES. This is the Agricultural Adjustment Act.

Mr. MARTIN of Massachusetts. That is a very bad bill, Mr. Speaker. I have not had a chance to look over the many alterations made by the Senate, so I think for the present I will object.

CLASSIFICATION AND INSPECTION OF TOBACCO

Mr. FULMER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8026) to establish and promote the use of standards of classification for tobacco, to provide and maintain an official inspection service, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8026, the tobacco inspection and classification bill, with Mr. LEWIS of Colorado in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Chairman, I desire to use the 5 minutes allotted to me in addressing myself particularly to my Republican friends, and I feel that I have a right to be heard. I have never sought to take any undue advantage, nor have I ever indulged in any unkind criticism of them. While I am a strict party man, I have not closed my eyes to their fine patriotism and their desire to do good to all the people. If the pending bill is defeated, it will be because the membership of this House does not understand the issue that is involved.

There is no group of people in all the country that is so victimized as the tobacco grower. He markets his crop under a system that is designed to keep him at the complete and absolute mercy of the agricultural trader. I never go upon an auction floor but what I experience a feeling of outrage at the wholesale robbery that I see committed against a helpless people. Something in me that is better than myself always cries out against the exploitation of the poor that I am compelled to witness; the taking of the product of the labor of women and children, particularly in the South, to the extent of the enrichment of the tobacco magnates by hundreds of millions of dollars, enabling the larger companies each to spend annually in excess of $50,000,000 in advertising, to capitalize their trade marks in excess of more than half a hundred million dollars and the selling of their output at a price that yields a handsome income upon this fictitious value.

The purpose of this legislation is simply to advise the grower of tobacco as to the quality that he has to sell. It will work toward the stripping of the tobacco buyers of a kind of lordship that they have exercised over the grower for many years. If you knew how tobacco was marketed you would understand how impossible it is for the grower, under the present system, to have any bargaining power. The people bring their tobacco to the markets; it is put in baskets upon the floors and the warehouseman, who is supposed to be his agent and to protect him, but who is of little value and in some instances of positive hurt, opens the bid which is little regarded by the company buyers, these buyers paying what they please. There is no competition as between buyers. The crops on markets are largely divided between them and at their own price. I have not the time for a detailed discussion of the measure, but it would be a crying shame to defeat this bill, thereby refusing to give this particular class of farmers the benefit of the services of his Government which the bill is intended to do. The passage of the bill will improve the situation of the grower, and I hope the House accepts it.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, there is a good deal of tobacco raised in the State of Wisconsin, but there does not happen to be any tobacco produced in my own particular district. We market our tobacco through an entirely different method from that used in some of the Southern States, where they sell their tobacco at auction. That is unknown in the State of Wisconsin.

I happen to have had the privilege of serving on the subcommittee of the gentleman from South Carolina [Mr. FULMER] last year, at which time we had extensive hearings on a bill similar to the one before us. At that time a large number of farmers from the South, tobacco producers, came before our committee and explained thoroughly the manner in which their tobacco is sold. It was a revelation to me to think that the producers of any important agricultural commodity should be so at the mercy of those to whom they sell their product.

It was brought out in the testimony at that time that these farmers would bring their tobacco to a warehouse, and it would be placed in a long row together with other tobacco. The buyers would then go along in front of those piles or baskets of tobacco and at the rate of one basket or one pile every 10 seconds they would decide what the tobacco was worth; and the farmer then had his privilege either to sell or to keep his tobacco. It was brought out in the testimony at that time that on innumerable occasions, when a farmer would feel that he was not being offered a sufficiently high price for his tobacco and would not sell it at the first offer, that the next day, or sometimes even an hour later on the same day, some other agent or commission man would come along and offer him twice as much as he was originally offered.

It was brought out, and to my mind proved conclusively, that the farmers selling on auction markets are selling their tobacco entirely at the mercy of the buyers, and that they are on many occasions being paid prices which are far below the actual value of the tobacco.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. ANDRESEN. I am sympathetic with this proposition, I may say to the gentleman from Wisconsin; but can he explain to us how this bill will help the farmer receive a higher price because it has a Government grade on it when there are only a few buyers in the market?

Mr. BOILEAU. I shall come to that.

I want to point out, Mr. Chairman, that there are between 60 and 100 types of tobacco within each grade, and there are several grades. It is humanly impossible for the average small grower of tobacco to be familiar with all these types and grades; this is the work of an expert, work that requires many years of study and experience for one to familiarize himself with all these various grades and types of tobacco. It is impossible for many of the small producers, the share-croppers, the tenant farmers, and the small farmers generally to become familiar with these various types and grades.

In each of these markets the buyers have their representatives, they have their experts, they have men who have made a lifelong study of the grading of tobacco, men who know at a glance the grade or type of a particular pile of tobacco and how much it is worth. They keep abreast of the daily prices on the market; they know exactly what the tobacco is worth. The average small farmer does not have this information; he is not able to compete in the transaction or to make a satisfactory bargain with the experts, because the cards are stacked against him.

It was brought out in the testimony before the committee that many of these growers are the greatest experts in the tobacco sections. This may be true of those men who have vast investments in tobacco, those men who grow tobacco on a large scale, those men who have had the advantage of higher education or who have taken special courses in tobacco culture, who have had special training, or in some other way gained this special information. Usually those big fellows or large growers are able to drive a pretty good bargain, because they have certain contacts with the buyers and commission men and they are sometimes given a better price. Then, in order to equalize the price on the market, the poor fellow who does not know what it is all about is exploited and given a price far below the actual value of his tobacco.

Mr. CHAPMAN. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CHAPMAN. Will not the gentleman explain in what way the placing of figures and numbers on baskets of tobacco by representatives of the Government will influence the price offered by the buyers, or how it would affect the price received by the farmers?

Mr. BOILEAU. It would do just this much. It would give the poor tobacco farmer the advantage of expert information. His tobacco will be properly graded, and he will know what the grade of his tobacco is, and he will also have the advantage of the service that will give him the information as to the market price of the various types and grades of tobacco. It will give him some assistance. It may not eradicate all of the evils, but he will know what his crop is actually worth, and I am satisfied from the testimony of the tobacco farmers who appeared before our subcommittee that under existing circumstances many of them do not know the value of the tobacco crop they are selling.

Mr. WOODRUFF. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Michigan.

Mr. WOODRUFF. The gentleman, I know, believes in this bill or he would not be speaking for it; but I have been a member of a subcommittee investigating conditions in the tobacco country and during those investigations we learned that there was one outstanding truth that always stood in the front ranks and that was that the so-called "Big Four" absolutely dominated the market. The gentleman knows to whom I refer, of course.

Mr. BOILEAU. Yes.

Mr. WOODRUFF. The Big Four absolutely dominate the market. They set the price that the farmer shall receive for his product. Now, what is there in this bill that will take away that power from them?

Mr. BOILEAU. I do not know that there is anything in this bill that would take the power from them of setting the price for certain grades and types of tobacco, but this bill provides that the Government experts shall properly grade the tobacco and the farmer will know whether it is a type of tobacco of a high value or a type of tobacco of a low value. It will give him an opportunity at least to know the value of the various types and grades of his tobacco before he sells it to the expert commission men or agents of the Big Four or the warehousemen or speculator, or whoever else it might be.

Mr. WOODRUFF. The gentleman has already stated that many of these tobacco growers are experts.

Mr. BOILEAU. A few of them are.

Mr. WOODRUFF. They know the quality of their tobacco.

Mr. BOILEAU. A few of the big fellows know that; the men who have had the opportunity to know.

Mr. WOODRUFF. But what particular value is there in having this information going out to the tobacco grower if it does not result in a better price for the tobacco?

Mr. BOILEAU. It will result in a better price, because this bill also provides for the publication of the market price of the various types and grades of tobacco. When the farmer grows tobacco of a certain type and grade and has it graded by the expert, he will find out what the market price is for his particular tobacco. He cannot have this information under present conditions. He is absolutely at the mercy of the buyer and he has nothing to say about the price he gets for his product.

Mr. WOODRUFF. Just one further question. As a matter of fact, who sets the price of tobacco now and who will set the price of tobacco after this bill is passed?

Mr. BOILEAU. I presume the gentleman is right in his belief that the Big Four will set the price for the tobacco. They will continue to say that a certain type and grade is worth so much. But this bill will let the tobacco grower known the type and grade of his tobacco, whereas at the present time he does not know, and then he will know what the price should be and he will have a fighting chance.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. KERR].

Mr. HOPE. Mr. Chairman, I yield 5 additional minutes to the gentleman from North Carolina [Mr. KERR].

Mr. KERR. Mr. Chairman, this bill as it was originally introduced had for its purpose the compelling of all farmers who sold their tobacco on a warehouse market to have it graded. It was not only compulsory in this respect, but as I interpreted the bill, and as it was interpreted by others, it gave the Secretary of Agriculture the power to designate what markets the tobacco should be graded and sold upon in the various marketing areas of the country and the further power to designate what warehouse should handle the tobacco. It gave the Agriculture Department absolute authority to destroy a great and legitimate business which had found a useful place in our industrial life for a hundred years—a business which has been directed by as high-toned honorable men as ever graced the industrial life of this Nation.

Mr. Chairman, I observe that the original bill has been amended and it is no longer contended that the Secretary of Agriculture shall have the power to close the markets wherever he desires or the power to close a particular warehouse in any market he wished to do so. But I observe further that the gentlemen who supported this measure when it had the absolute power vested in the Secretary of Agriculture are now supporting it, and some of them are insisting that the matter has now been turned over to the farmers themselves, and the farmers themselves have a right to determine whether they shall have compulsory grading. I hope that the proponents now of this measure will get some satisfaction out of this contention, but I know and assert

that most of them were perfectly willing when this bill was first introduced that the farmer would have no voice whatsoever in this matter.

Mr. Chairman, this bill has for its purpose, in my opinion, and I say this candidly, the breaking up of the warehouse system of marketing tobacco. If the farmers of this country, who have engaged in this manner of selling tobacco for more than 100 years, want that done, I am content to go along with them. I want to reflect, however, their attitude in this matter today before the House, and I want to tell you that this bill ought not to pass this Congress. I will try to give you in a short time my reasons for this statement.

In the first place, if there is any industry in this country that wants to be left alone and does not want to be interfered with by legislation, it is the farmers who grow tobacco. They are the ones who have profited most by the emergency laws we have passed to take care of several industries in this country. I am not going to repeat to you how successful this legislation has been in regard to their interests. Every Member of this House knows full well what the administration of the A. A. A. and the Kerr-Smith supplemental act has accomplished for the tobacco growers of this Nation. The tobacco legislation and its success is, and should be, the pride of this administration. It has cost this Government not a dollar, the consumers of tobacco products not a dollar, and it has put millions of dollars into the pockets of the manufacturers and dealers and millions into the pockets of the producers and farmers. It has wiped away the gloom of despair and brought sweet contemplation of pride and prosperity to the tobacco farmers of this Nation.

The statements I shall make, I want it understood, shall refer to the bright flue-cured area of the country; this is the area I know much about and the area in which I am particularly interested. This is the area I am discussing with you, and the benefits which this area received have been reflected as much in the other areas as in the flue-cured areas.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. KERR. Not now. If I can get the time, I will be pleased to talk with the gentleman as long as the House will permit.

Mr. VINSON of Kentucky. The gentleman has made a statement which I think he ought to check.

Mr. KERR. Then ask me about it later.

Mr. VINSON of Kentucky. Yes; after the gentleman's time has expired.

Mr. KERR. Listen to what this has done for the tobacco growers. In 1932 the crop in the flue-cured area brought the farmers $43,000,000. When the A. A. A. Act was invoked and put into operation in 1933 it increased the price to $112,000,000. It increased the income of the flue-cured tobacco growers $70,000,000. This was done through the fixing of a parity price and the administration of the A. A. A. under the able and unselfish direction of Chester C. Davis and J. B. Hutson; the fidelity and intelligence of these two public officials stands forth preeminently and is deeply appreciated by a grateful people.

In 1934 there was a further increase over the 1932 crop, and with a crop of 200,000,000 pounds less than we made in 1933 the price to the tobacco growers in the flue-cured bright area brought $150,000,000. In 2 years, by the operation of these acts and through the administration of the A. A. A. and other supplemental acts, the income of these farmers was increased more than $175,000,000. This puts them on their feet again. It brought prosperity to their homes and they have been benefited more than any other industry in this country by reason of this legislation.

The farmers want to be left alone. They have not asked for this measure. Two hundred and fifty of as fine farmers as ever came out of any State came from North Carolina and equally as many came from the State of Kentucky, and asked the committee not to favorably report this bill. They told the committee that this law had been tried out in these States and that the farmers did not want it, and I will give you some of the record as to what it has meant in North Carolina. Almost every section of the tobacco area in North Carolina has had set up upon the markets a Government grading system.

Mr. FLANNAGAN. Mr. Chairman, will the gentleman yield?

Mr. KERR. No; not now. Wait until I get through, and then I shall yield.

This question of grading tobacco is not a new matter. Do not think this is anything new that is being undertaken or proposed. Do not think this for a minute. For 5 years in North Carolina we have had upon our markets the Government grading system, and in the 5 years not more than 10 or 15 percent of the farmers on any market in North Carolina have ever availed themselves of the privilege of having their tobacco graded according to Government standards. And I want to resent right here any statement or insinuation that the tobacco grower is a fool and that he is not competent to attend to his business. If grading his tobacco by Government standards had been worth one penny to him he would have gladly welcomed this method.

Where tobacco has been graded I want this Committee to understand it has not increased the price of the farmers' product.

In 1933 all the tobacco was Government graded on the markets of Oxford and Henderson, N. C. This is a compact area and within 20 miles of each town there are many warehouses and four or five big tobacco sales markets. The average price for the tobacco, all of it graded, on the market where my distinguished young friend, HANCOCK, lives—Oxford, N. C.—in 1933 was $17.26 a hundred. The average price on the Henderson market, which area is represented in this Congress by my distinguished young friend, COOLEY, brought $17.84; and on the Durham market, where they had no grading and which is within 25 miles of the Oxford market and 35 miles of the Henderson market, and in the same area, growing the same type of tobacco, the Durham market brought $18.67 per hundred, or more than $1 a hundred more for the tobacco that was sold on the market that had no grading than the tobacco sold on the markets where the tobacco was graded by Government regulations and rules. Yet they come here and tell you that the grading of tobacco under the supervision of the Government and under the direction of the Department of Agriculture will help the farmer when here is the record that nobody will dare to deny in this House or anywhere else.

In 1933 grading was tried in three other markets in North Carolina. On the Washington market, which area is represented by the gentleman from North Carolina [Mr. WARREN]——

[Here the gavel fell.]

Mr. KERR. On the Farmville market, which is also in my distinguished friend WARREN'S district, and the average prices, respectively, on these markets was $14.30 per hundred for Washington and $16.54 for Farmville; and within the same area, growing the same type of tobacco, where there was no Government grading, tobacco sold for an average of $16.82 per hundred on the Wilson market and at an average of $16.82 on the Greenville market.

And also on the Smithfield (N. C.) market—this market is also in Mr. COOLEY'S district—the average price paid the farmer per hundred on this market was $14.86. This was the lowest price the farmer received for his tobacco in the bright belt of this State, with the exception of one market, in an area in which there were 9 large markets and about 50 warehouses operating.

In the Tennessee burley markets in 1934 there was one market—Knoxville, Tenn.—at which all tobacco was graded according to Government standards; in this area there were 13 markets, no grading on any save the one at Knoxville, and in 11 of these markets tobacco brought the farmers a higher average than that made on the Knoxville market; one market was lower than the Government-graded market at Knoxville.

Several years ago the State of Maryland passed a compulsory tobacco-grading law; it was tested and had the sym-

pathetic support of farmers and dealers; it proved a failure; and this law was repealed by the last Legislature of Maryland.

I have personally observed the grading method and followed the sale of Government-graded tobacco; my observation is that the buyer pays no attention whatsoever to it, and it is a matter of utter indifference to him whether it is graded by the Government expert or the farmer himself.

To enforce the method of grading and sampling and weighing tobacco as provided in this bill will, in my opinion, cost the Government $2,000,000; it is no time to spend money unnecessarily and uselessly; and I repeat, this bill should not be enacted into law; it will not help the farmer, he does not want it, and, in my opinion, as evidence that it is intended to destroy the present marketing system, it only compels tobacco which is sold on these markets to be graded; the pinhooker, the dealer, and anyone else who wishes to deal in the farmer's tobacco can buy it directly from the farmer and outside of the warehouse, and not one leaf or pound of it has to be graded by a Government expert or novice.

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, I regret sincerely that I cannot see eye to eye with some of my colleagues about this bill. By way of preliminary remarks let me say that I cannot agree with my friend Judge KERR or my friend Judge CLARK or any other member of the North Carolina delegation who is opposing this bill or advocating the so-called "Umstead amendment."

I am supporting this bill in its present form as reported by the committee without reservations or any weakening amendment, because I am satisfied it is designed to aid the welfare of the growers of tobacco, and particularly the tenant growers. No one can deny that such is its true purpose. I plan to discuss the merits of the bill later at considerable length.

Judge KERR has stated that we have had in North Carolina compulsory grading of tobacco. He is mistaken. We have never had anything but optional grading and usually at the grower's expense and with many of the buyers' condemnation.

Judge KERR has further stated here in this well that the primary purpose of this bill is to do away with the auction system. I know that is not a correct statement. This bill will strengthen the loose-leaf warehouse auction system by eliminating its greatest evils and thus perpetuate it for generations to come. The record is clear and convincing on this important point.

Judge KERR has undertaken to show that where tobacco was not graded it brought a higher price than where it was graded. Actual authentic figures of the Bureau of Agricultural Economics prove conclusively the contrary result. However, if this comparison is fair, to my mind this is an additional reason why we need this legislation, and need it badly, especially if we are to protect the grower who sells on the smaller markets, which all of us, I am certain, want to do.

I think I can qualify as an expert on this question, but I do not mean to infer that I know it all. I recognize that this bill will not remedy all the defects of the present system. Mr. Chairman, I represent thousands of tobacco growers and two of the largest manufacturers in the United States. I was born within five blocks of a tobacco warehouse. I well know the way they are operated. I watched the process from my boyhood days up to the present period. I have visited sales hundreds of times. I have sold thousands of pounds myself. I am intimately acquainted with many warehousemen and many buyers, and I like to count them all as my friends. I cannot, however, conscientiously agree with any of them who do not feel that this is a sound, meritorious, and constructive measure. I predict, though, that in the near future they will be glad that this bill became a law. [Applause.]

Remember this bill comes to you supported by the tobacco growers' advisory committee, every member's views having been polled by my distinguished colleague, Hon. HAROLD COOLEY, during their last meeting here to discuss the 1935 tobacco program. Also remember a similar bill was approved by the tobacco warehouse associations of all the tobacco States during the last session of Congress, which was much more drastic than this bill. Why their sudden desertion will always remain somewhat of an enigma.

Again, remember this bill had practically a unanimous report by the great Committee on Agriculture, which has handled so admirably the A. A. A. program. Before proceeding with my argument I want to call your attention to a dangerous proposal in the offing.

My good colleague from North Carolina, Judge CLARK, referred on yesterday to the so-called "Umstead amendment." I know what it is, and I tell you that if you want to slaughter this bill you will vote for that amendment. I hope to have the opportunity of proving to you my reasons for making this positive assertion later on in the debate, after it has been offered and when we proceed under the 5-minute rule.

Mr. Chairman, no group of farmers in the United States has a better claim upon the Congress for assistance in solving its marketing problems than the tobacco growers. They are the producers of the only agricultural commodity which provides a basis for revenue to the Government. It is an astounding fact that the Federal Government derives more money in the form of an excise tax on manufactured tobacco products than the growers receive for the raw tobacco itself. Eighty to eighty-five percent of the tobacco produced in this country is sold by what is known as the "loose-leaf auction", which had its first development over a hundred years ago and in which there has been no fundamental change in all that time.

The auction system, as now operated, Mr. Chairman, represents a marketing method wherein the buyers must make snap judgment on the price they will pay for the tobacco and the grower is almost completely unprotected. It is a system by which a basket lot of tobacco on which the grower has labored throughout a year is auctioned off in the incredibly short space of 10 seconds. The conditions surrounding this somewhat archaic system of selling tobacco are such that the farmers are practically at the mercy of buyers and speculators, and it is to remedy this situation that H. R. 8026, the tobacco inspection bill, was introduced and is now before the House for consideration. A bill of similar import was introduced in the House last session by the distinguished Speaker, the Honorable JOE BYRNS, who is whole-heartedly supporting this bill and wants to see it enacted into law in its present form. My purpose today is to discuss in some detail the actual procedure on a market of this kind, the specific faults of the system, and show how this bill would tend to eliminate the existing faults and defects and thus operate to protect the grower.

Tobacco sales are conducted in auction warehouses, one-story buildings with large floor space, low roofs studded with skylights, and drive-ins so the farmer can run his wagon or truck into the building for unloading. The tobacco, tied in hands or bundles, is unloaded and arranged neatly in square shallow trays, or "baskets", as they are known, weighed, and placed in long rows extending the full length of the warehouse. On each basket is placed a ticket on which is recorded the serial number of the basket, the grower's name, and the weight of the tobacco. Spaces are provided to record later the selling price, the name of the buyer, and the buyer's private grade mark. The farmer sorts the tobacco into lots according to his judgment of quality, allowing one or more baskets to each grade. In my district a basket of tobacco will weigh around a hundred pounds net on the average, although many baskets, especially the better grades, weigh much less. A basket of particularly fine wrappers, by which we mean certain choice grades such as may be used on the outside of plug tobacco, for instance, may weigh as little as 25 pounds and may sell for as high as 60 cents to a dollar a pound.

Tobacco is judged according to certain well-defined characteristics, among which are the following: Body, quality, color, maturity, elasticity or stretch, injury, ripeness, and so forth. All buyers are trained judges of tobacco according

to these characteristics. The body, which in general means the thickness, is one of the most important elements of grade and largely determines the class of products into which the tobacco will ultimately go. It is the key factor in determining the grade. The bottom leaves of a stalk of flue-cured tobacco and the first to be removed during harvesting are known as "lugs." Being heavily shaded by the upper leaves and very thin, lugs are lacking in the oil, finish, and elasticity of the leaves higher up on the stalk. Also, the tips of the leaves through frequent contact with the ground are rough and somewhat ragged in appearance.

Next above the lugs come the thin-leaf grades, often referred to as "cigarette cutters." Above the cutters are the leaf grades, which are thicker and have more body. This grouping is used as a basis for the Government standards of grade. Each group is subdivided into five or more qualities, and these are further subdivided according to color. All in all, there are about 75 grades of tobacco, and their differentiation involves a technical knowledge far beyond the capacity of the grower or, for that matter, anyone not long trained in judging tobacco.

Flue-cured tobacco, which comprises 50 to 60 percent of all the tobacco produced in the United States, is used for a wide range of purposes. Besides entering into exports to the extent of three hundred to four hundred million pounds a year, it is used in the domestic manufacture of cigarettes, smoking and chewing tobacco. Its most important use in this country is in cigarettes. More than half of the American-grown tobacco used for this purpose is flue-cured tobacco produced mainly in North Carolina, but also in Virginia, South Carolina, Georgia, and Florida. The loose-leaf auction system by which it is sold, however, prevails as to all American types except cigar tobacco and Maryland air-cured tobacco.

The defects of the auction system center around the rapidity with which sales are conducted and the fact that the growers have only their own imperfect knowledge of values to guide them in accepting or rejecting a sale.

The buyers at an auction sale are expert judges of tobacco. They comprise buyers for the large cigarette manufacturers, the large foreign and domestic companies who purchase for export, dealers who have both domestic and foreign customers, and small speculators who have no established place of business, but derive a profit, sometimes a handsome profit, from picking up tobacco which the farmer in his ignorance has let go too cheaply and reselling it almost immediately to the other buyers as farmer-owned tobacco. In the aggregate, speculators draw down each year many hundred thousand dollars in profits that should have gone to the producers.

The buying of tobacco is a highly organized business, and is highly competitive only in the sense that leaf costs must be kept at a minimum to safeguard their competitive position as manufacturers and to build up profits as dealers. It is true of the buyers for the large cigarette manufacturers that each restricts his daily purchases to a fixed percentage of the offerings, and it has been stated that the companies vary their respective percentages from year to year. It is an open question, therefore, whether this does not represent a covert form of price manipulation and control; whether the practice does not constitute a restriction on competition.

Buyers are not sent out on a market with unlimited authority as to price. On the contrary, each buyer is instructed as to the grades he shall buy and the average price he shall pay each day. This is an exceedingly important point, and I call particular attention to it, for it is a fruitful source of discrimination and inequality in the treatment accorded different growers. We will say that a buyer has instructions to buy a certain grade of tobacco at an average of 20 cents per pound. It makes no difference to his company if he pays 40 cents for some lots, provided he bids in enough other lots at a price low enough to maintain his average at 20 cents. For example, here are a few bona fide illustrations:

On a single day, in the same market, the prices paid by one buyer showed the following variations:

For one of his own company grades he varied the price all the way from 20 cents to 32 cents per pound; for a second grade, 16½ cents to 26 cents; for a third grade, 28 cents to 45 cents; a fourth grade, 23 cents to 45 cents; a fifth grade, 37 cents to 47 cents; and a sixth grade, 48 cents to 65 cents.

On the same day and same market another buyer, representing a different company, was paying all the way from 27 cents to 40 cents for one grade according to his own company's standards. Later in the same week he paid as low as 25 cents and as high as 42 cents for the same identical grade; for another grade he varied his prices on the first day from 26 cents to 33 cents, and the next day from 22 cents to 30 cents; for a third grade he ranged from 32 cents to 44 cents; and for his best grade on one marketing day he varied his price all the way from 41 cents to 75 cents a pound.

On the same market, during the same period, a buyer for still a third company varied his prices on individual company grades as follows, 25 cents to 32 cents on one; 32 cents to 44 cents on a second; 17 cents to 25 cents on a third; 48 cents to 56 cents on another, and so on.

One farmer had two baskets of tobacco in the same row, bought by the same buyer and put in the same company grade. One of them brought 15 cents, the other 28 cents. Another farmer sold two baskets to one buyer of another company who placed them both in his grade F. For one basket he paid 30 cents a pound, for the other 40 cents a pound.

Instances like these are not exceptional, they are common on auction markets, and one can easily understand why a farmer, looking over the sales, should be at a loss to know what his tobacco is worth.

This situation paves the way for paying fancy prices to influential growers—the well-known "market pets." All that is necessary is to take it out of some poor tenant farmer or any farmer who does not happen to bask in the sunshine of the buyer's solicitude. I can present actual warehouse tickets to prove this statement.

Not all of the wide variations can be traced to the evils of favoritism. Many of them relate to the uncertainties of bona fide competition for individual lots of tobacco. But competition of this sort is not as full and complete as might be inferred from the number of buyers present. Each buyer is looking for certain specific grades of tobacco, and the actual competition depends upon the extent to which these grades coincide, restrained, I repeat, by the thoughtful provision that no company buyer may purchase more than his prescribed share of the market. Rarely does any buyer cover the market; that is, purchase or bid on tobacco of any and all grades.

The rapidity of sales produces many errors in judgment on the part of buyers and, combined with the conditions just described, enormously increases the frequency of inequality of prices by which growers may lose in this great game of selling tobacco. The rate of selling allowed by the warehouse code is 360 baskets per hour. This means that every 10 seconds a basket of tobacco has been knocked down to the highest bidder and the sale has moved on to the next basket. The buyers form their judgment by drawing a generous sample of tobacco and making a hasty inspection, provided they are close enough to do so. They are ranged single file on one side of the row being sold, and only those close to the basket can make this kind of an inspection. The others scan it from a distance of several feet.

The best that can be said is that the inspection is too hasty to be thorough and errors of judgment are very numerous. Perhaps some growers are the beneficiaries, but many more are tragic losers. The buyers are protected by their averages. And in case all the company buyers are mistaken and underestimate the real value of the tobacco, the speculator, the pinhooker, as he is known on all tobacco markets, is there to buy up the bargain and resell it at the price the grower should have gotten in the first place.

Of course, the farmer always has the privilege of rejecting the sale and of reoffering the tobacco, and the privilege is frequently exercised, sometimes wisely, sometimes unwisely. The rejection of a sale is filled with uncertainties. To begin with the only prices published by a tobacco market are the averages of all sales with all grades lumped together. In

the second place few farmers know the company grades. Knowing no grades and having no means of sifting out the prices paid for different qualities of tobacco, he has no definite criterion of values. He may be justified in his conviction that the price he received was too low. But on the other hand, since a farmer's own tobacco usually looks better to him than it does to anyone else, he may be mistaken. Therefore, in order to improve his returns by reselling he must incur the possibility of a direct loss. In this dilemma one might think the grower could seek the advice of the warehouseman, who stands in the relationship to him of a commission merchant; but such is not the case. The buyers and warehousemen on every market must be members of the local tobacco board of trade and they are governed by rigid rules. Under these rules no member may make a seller dissatisfied with a sale.

This very questionable rule estops the warehouseman from telling the grower what he may know, that he did not receive a fair price. If the grower is too dissatisfied and there is danger he may remove his tobacco and his patronage to another house, the warehouseman may buy the tobacco himself at a price above that bid in the sale. The cost will be charged to the warehouseman's leaf account, and the tobacco will be sold later as farmer-owned, possibly at a profit, possibly at a loss. As a rule, warehouseman's leaf accounts are operated at a loss and are considered a necessary part of the cost of retaining patronage. Occasionally, however, unscrupulous warehousemen operate in conjunction with speculators and share in the profits, at the expense of their farmer customers.

When a warehouseman gets that low, and I want to say the vast majority of them do not, there are ways they can skin the farmer without his knowing it. For example, he can do it by making the opening bid too low. The warehouseman always makes the first bid, and the way a bid is started has a great deal to do with the final price. If he thinks a certain basket of tobacco is worth 40 cents a pound all he has to do is start it at about 10 cents. The buyers may think there is something wrong with it and the bidding may never get above 20 cents. Then the speculator buys it in for the warehouseman and they can put it up later, starting the bid at 20 or 25 cents and run it up to 40 or more.

The practice of rejecting a sale is frowned upon by warehousemen and buyers alike. Sometimes when a farmer has several lots of tobacco on the floor, and he rejects the sale of one of these because of the unsatisfactory price, the buyer may refuse to take any of the tobacco. This has the effect of clubbing the grower into accepting the low sale in order not to lose the entire sale. In formulating the warehouse code a rule was incorporated to stop this malodorous practice. Warehousemen do not like rejections because it means they must render additional service without extra compensation. Therefore many of them oppose tobacco inspection service because it promotes an intelligent use of the rejection privilege, and since they stand in a peculiarly close and influential position with growers, a few of the more selfish and less broad-minded warehousemen have been active in opposing tobacco inspection service.

I have tried in this brief outline of the auction market, Mr. Chairman, to show the conditions under which the tobacco growers have been selling their tobacco for generations, and some of the reasons why they need the assistance of government to lift them out of the rut. They are in the hands of a system operated under rules in which they have no voice and which affords them very little protection against certain vicious practices which are possible on an auction market. The governing body on a tobacco market is the tobacco board of trade, and farmers are not eligible to membership and are not represented.

House bill No. 8026, the tobacco inspection bill, is designed to ameliorate some of the adverse conditions I have just described and give some measure of protection to growers in the sale of their tobacco. The most important features of the bill are that it would provide, first, an inspection service by which all the tobacco offered for sale on a market would be inspected by competent judges of tobacco in Government employ and graded according to United States standards of quality; second, a market news service which would analyze sales daily and issue price reports to show the current average market price for each grade of tobacco. This statement perhaps sounds simple, and yet a moment's reflection will show that these two services, inspection and market news, penetrate to the very heart of the deficiencies of the auction marketing system. For whereas under existing conditions the grower is without criteria as to either the quality or the value of his tobacco, these services furnish him impartial, disinterested information on both grade and value.

The operation, briefly, is as follows: Government inspectors go out on the floor before the sale is scheduled to begin and examine each basket of tobacco. By the use of an adequate number of inspectors they are able to make a more leisurely and thorough examination of the tobacco than is possible to buyers during the rapid sales. The inspectors mark on each ticket the symbol of the Federal grade of the tobacco. Later when the tobacco has been sold the farmer must decide whether to accept or reject the sale. Whereas, under the old conditions, he had no grade or price information to guide him and no one to whom he could turn for advice, he now has specific information. The grade mark on his ticket tells him the quality of his tobacco. Let us say the grade is C2L, in other words, a second quality cutter, lemon color. On consulting the Government price report in his hand he finds that the average price on C2L the previous day was 45 cents. Perhaps he received only 20 cents, or even less, for his tobacco. Here is a clear cut, definite indication that the buyers underestimated the value of his tobacco. The chances are better than even that this grower would get a higher price by reoffering the lot. Experience shows that almost invariably when the bid price on a lot of tobacco is materially below the published average for the grade, an improved price is obtained by rejecting the sale and reoffering.

Here is a different situation. The farmer's tobacco has been sold and he feels that the price was too low. However, the price report shows that his bid price was equal to or greater than the published average for the grade. If the farmer is wise, therefore, he will accept the sale. Experience shows that the chances are better than even that in such cases the second sale will be less than the first. The effect of the service in this case is to counsel the grower to accept the sale instead of incurring the risk of loss by resale.

Inspection service operates in a further way to benefit not only the growers but the buyers. At the time the auction on a basket of tobacco is in progress the official grade is announced to the buyers. It is true that the official grades do not coincide with company grades, and there is no expectation that the companies will adopt Government grades in preference to their own. As a matter of fact, the company grades more nearly represent the particular quality each is interested in than could the Government grades, and if all company grades were alike there might be no need for an official standard. However, it has been found that the buyers quickly familiarize themselves with the Government grades and are able to correlate them with their own. Therefore when the Government grade on a lot of tobacco is announced they are able to interpret it in terms of their own system of grading.

It is not anticipated that the announcement of a Government grade will obviate the need of personal inspection of tobacco by the buyer or that it will supplant in any way the auction system. The grade is announced merely for the information of the buyer and for such use of it as he may wish to make. It affords him the benefit of the grader's judgment of the tobacco to supplement the result of his own examination. This may operate in several different ways. The buyer may find that the Government grade confirms his own opinion of the tobacco, either that the tobacco is suitable for his use or that it is not suitable for his use. In the former case it serves to strengthen his determination to buy the tobacco. In the other case the result is just the opposite.

In still a different situation the buyer may find that his judgment is in conflict with the grader's judgment. For example, the buyer may have reached the conclusion that the tobacco is not suitable for his use, whereas if the Government grade is correct, it would appear to be in line with the tobacco he wishes to buy. In this case it must be assumed that the buyer would make a further examination of the tobacco either to confirm his first opinion or to revise it. The result might be that he would bid on the tobacco, whereas he had not intended to do so.

In the opposite situation the Government grade may indicate that the tobacco is not suitable for his use, whereas the first conclusion was that it was suitable for his use. Again he would normally make a further examination. He might remain of the same opinion after a second examination, although, on the other hand, he might conclude that the Government grade was correct and that he could not use this tobacco. In this case the buyer would have been saved a mistake and the loss involved in a bad purchase. It is not to be argued from this that, because in some instances the Government grade may have restricted bidding on individual lots, the system has operated to the detriment of the growers. As a matter of fact what I am endeavoring to point out is that the grading, if intelligently used, performs a constructive service to the buyers on the market and thereby promotes a better market.

The tobacco-inspection service has been in operation on a very restricted basis during the past 8 years. Only during the past 6 years has the Department of Agriculture had an appropriation for the work and this appropriation has been grossly inadequate. Nevertheless the Department of Agriculture, operating in conjunction with State agencies, has increased the amount of tobacco inspected from a half million pounds to more than 100,000,000 pounds per annum. Most of the work has been done on the basis of a fee charged to the growers. On some markets, however, the warehousemen or other agencies have contributed to the cost of the service. The purpose of the present bill is to place the grading service on a sound financial basis and through its wider application endeavor to promote greater uniformity of prices for tobacco of equivalent quality and value. It has been designed to render constructive service to the auction marketing system. The Federal Trade Commission has characterized the inspection service as the most important development in auction marketing during the past 50 years.

The Department of Agriculture has conducted careful studies to determine the effect of inspection service on the price of tobacco. Accordingly the sales of several million pounds of tobacco on three fairly large markets in the flue-cured district, one of them in my home town, were analyzed during the past marketing season to arrive at an accurate comparison of prices paid for tobacco of the same grade, that sold under Government grade, and that not sold under Government grade. I am giving you below the actual comparison, grade by grade, of the tobacco sold in my own market.

Statement showing grade price comparisons for officially and unofficially graded tobacco on the Oxford, N. C., market, as compiled by the Tobacco Section, United States Department of Agriculture, at the Tobacco Market News Office, Raleigh, N. C. Season through Dec. 15, 1934

TYPE 11 (B)—CROP OF 1934

(NOTE.—Prices shown as "official" represent sales of tobacco officially graded, the grades being plainly marked on the basket tickets and announced to the buyers during the sale.)

Prices shown as "unofficial" represent sales of tobacco graded in code, the grades not being announced to the buyers. Each price shown is the average of not less than 20 lots.

The object of the study was to determine the effect of the tobacco-grading service on prices paid to growers.

Grade	Official	Unofficial
Leaf:		
B1F	$43.20	$43.40
B2L	43.70	41.00
B2F	43.60	41.30
B2R	41.90	38.90
B3L	34.20	32.50
B3F	34.70	31.60
Leaf—Continued.		
B3R	$32.60	$27.70
B4L	26.50	24.30
B4F	24.70	23.70
B4R	23.20	18.80
B4D	22.20	16.30
B4G	21.90	21.10
B5F	17.20	14.30
B5R	14.80	12.70
B5D	13.40	11.50
B5G	15.70	14.30
B6F	11.10	10.00
B6R	9.90	8.60
B6D	8.80	8.00
B6G	9.80	9.40
Smoking leaf:		
H2F	41.90	39.90
H2R	29.60	31.30
H3F	35.80	31.70
H3R	32.80	25.80
H4F	27.70	22.80
H4R	23.00	20.20
H5F	17.60	14.20
H5R	14.80	13.30
H6F	12.50	10.70
H6R	10.80	10.00
Cutters:		
C2L	45.70	45.50
C2F	46.50	44.90
C3L	44.30	43.00
C3F	45.00	41.10
C4L	42.20	40.20
C4F	43.00	41.20
C5L	39.60	38.20
C5F	40.40	40.40
Lugs:		
X1L	39.50	37.00
X1F	39.60	35.40
X2L	34.40	30.10
X2F	33.40	29.60
X3L	25.60	20.00
X3F	25.10	20.90
X4L	17.20	13.50
X4F	16.70	14.80
X5F	12.40	10.60
Priming lugs:		
P1L	35.40	35.40
P1F	36.30	33.40
P2L	29.60	31.30
P2F	29.60	24.40
P3L	23.00	21.60
P3F	24.00	21.20
P4L	14.10	15.00
P4F	14.80	14.20
P5L	11.00	10.90
P5F	9.80	9.80
Nondescript:		
Non	6.10	4.80
Total	1,578.00	1,436.50
Average	27.20	24.70

Mr. Chairman, this bill is not without opposition, most of which on the part of the growers is due to a lack of knowledge of its true purposes. Many ridiculously misleading and false statements have been made about it. A highly organized campaign was put on in my State by some of the warehousemen in an effort to thwart the passage of this wholesome and constructive measure. It has been my personal experience, however, that with few exceptions whenever and wherever a grower thoroughly understood this measure he has enthusiastically advocated its enactment into law. It is extremely difficult for me to understand how any fair-minded person could oppose this bill, especially since it has been amended to provide for a referendum and arrangements have been made whereby the entire cost of this service to the growers will be borne by the Government. From the beginning I advocated these two amendments, for I could not believe that the bill could be effectively administered unless it had the affirmative approval of those whose interests it aimed to serve. I also felt that no additional burden should be put on the buyers. Of course, we all recognize that it will take considerable time within which to perfect this improved system; but the sooner it can be inaugurated the sooner we may hope to bring about the reforms in the present system which are so greatly needed for the protection of the tobacco grower. With the whole-hearted cooperation of the warehousemen, who are supposed to stand between the grower and the buyer and secure for the grower the true market worth of his tobacco, the success of the measure will soon be realized.

If, on the other hand, some of the warehousemen and buyers should continue to deprecate and assault the purposes of the measure, there can be no doubt but that its

effectiveness will be frustrated and long delayed. It is also highly important that those in charge of the administration of this act will take every precaution and apply every safeguard to the end that the smaller markets may not be discriminated against in favor of the larger markets. I would not advocate this measure if I felt for a minute that the smallest markets in the tobacco districts would not be adequately protected, for nothing could be more calamitous to the smaller communities than to see these markets injured. Under the section of the bill providing for the referendum, the possibility of injuring the smaller markets would seem to have been fully removed.

As may be readily inferred from conditions which prevail on an auction market as already described, a system by which the farmer can be reasonably assured of a fair price for his tobacco may not coincide with the plans and wishes of some of the tobacco buyers. While it is true that many of the buyers have the best of motives and a real sympathetic attitude toward the tobacco farmers, it is also true that to many of them a tobacco market is a sort of happy hunting ground, and any measures for the protection of the growers will meet with their disapproval. It is not surprising therefore that intensive propaganda has been started by some of the tobacco trade to defeat this bill, or that growers were influenced to come up here and oppose it. Many such farmers belong to the class known as "market pets", who are usually well taken care of by their buyer friends and who do not need the protection of the tobacco inspection bill. Many others who have had no experience with it or have not learned to make an intelligent use of the facilities which the inspection service and market-news service afford are being persuaded that the tobacco inspection bill is not meritorious and would really operate to their detriment.

Many of the Members of this body will recall that when the Cotton Warehouse Act providing for Government inspection of cotton was before the Congress a similar situation arose, and the opposition to the bill was intense. That opposition, as most of the opposition to this bill, was based on misunderstanding and on the propaganda of those who for reasons of their own opposed this measure. I fully appreciate the fact that some honest warehousemen have conscientiously raised objections to the original bill, believing that it was impractical and would operate against the welfare of the grower and adversely affect their own businesses. Since the bill has been amended, however, to meet practically all of their objections, I have not personally received a word of opposition.

One of the most important sections of the bill would authorize the Secretary of Agriculture to designate markets for tobacco-inspection purposes, the constitutional authority being related to the interstate commerce character of trade in tobacco and tobacco products. When a market has been so designated by the Secretary and after a lapse of 30 days, it would be unlawful to sell tobacco at auction on that market until it had been officially inspected and certified as to grade by the Department; except, however, that the Secretary is authorized to suspend the requirement of grading if due to the exigencies of the service insufficient graders are available. The purpose of this exception is to insure that the requirement of grading will not operate to suspend or delay sales.

The present bill includes a committee amendment which clarifies the original language and provides that nothing contained in the act shall be construed to effect transactions in tobacco at markets not designated by the Secretary or at designated markets where the Secretary has suspended the requirement of inspection, or to authorize the Secretary to close any market. This amendment would seem to meet a very serious and perhaps justified objection under present conditions which was raised to the bill by many warehousemen.

Mr. Chairman and members of the Committee, without impugning the motives of anyone who may differ with me about this measure, I give it as my sincere conviction that there can hardly be any well-founded opposition to the bill in its present form except from those who do not want the farmer to have accurate and reliable information as to the quality and value of his product, which he does not have under the present system, and which would unquestionably place him in a better bargaining position for the product of his labor.

No one can deny that under the present system there is an element of guess and gambling in the marketing of tobacco which affords an opportunity for great loss to the growers. Of course, this measure will not entirely eliminate these elements, but it will greatly reduce them. All of us who have studied this important question know that tobacco has too long been a crop sold in confusion, out of which a few have grown very rich and many have been left struggling for the barest existence. Therefore, any sound plan which is made toward the elimination of this confusion and which will aid in an equitable distribution of the wealth which has flowed to the few from this crop would be a blessing to a large majority of the hundreds of thousands of families dependent upon this crop for their economic welfare. With great benefits to themselves they have trusted their Government in a program of control of production, and I therefore feel that they should welcome the assistance of Government which this bill affords in the problem of marketing their tobacco. I invite all of you to read carefully the able and intelligently prepared letter in support of this measure addressed to the Honorable MARVIN JONES, chairman of the committee, by the Honorable Henry A. Wallace, Secretary of Agriculture.

Mr. Chairman, as the able, fair, and comprehensive report filed with this bill so clearly shows, this measure has been carefully considered, and in the opinion of a majority of unbiased students it is one of the most constructive measures ever introduced in this House for the benefit of growers. Though its primary purpose is to aid the grower, it is my considered judgment that if properly administered it will be helpful to the entire industry. As a matter of justice to the grower and as a matter of sound economic policy it deserves the hearty approval of every Member of this House, and it would make me very happy if not a single vote were cast against it. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, this bill, if it becomes law substantially in the form here presented, will, in my opinion, be one of the most direct steps taken by this House at any time within the past 15 years, to place the farmers growing tobacco in a position to maintain their self-respect, provide for their families, and maintain that degree of decency, self-reliance, and independence the raw food producers of this country are entitled to enjoy under the American form of government.

What is the American farmers' problem? Is it one of production? Most emphatically I say that it is not. Is it one of marketing—just as emphatically I say that it is a marketing problem. Problem for marketing what? Why, bless your soul, it is a problem of marketing his labor in the form of the products which he grows on his farm and takes to the organized market.

When the grower of tobacco, cotton, wheat, wool, beef, corn and hogs, sugarcane and sugar beets, and all the other growers, whether of fruits, vegetables, or some other crop, arrive at the place of market, he butts up against an organized technically trained army of commission men, warehousemen, brokers, and buyers of every kind and description. This organization has for years been bleeding the very life out of the farm folk of this Nation, and the information I have secured in connection with this proposal to deal with the tobacco crop leads me to believe these growers should be classed as "exhibit A", who are being deliberately and maliciously scalped by the organized machine through which they must sell their labor.

These tobacco growers go into the field and toil and sweat and produce this weed which so much appeals to the teeming millions of our people—men and women, young and old, the rich, the middle class, and the poor alike. An unfortunate, hungry, shiftless, shambling, wasted form of a man, walking the streets in the wee hours of the morning, picking from the gutter his cigar stubs and cigarette butts, has the same kind

of a longing for the satisfaction which comes from the weed as does the millionaire who smokes his $1 cigars, or the lady in pink who takes from her solid-gold cigarette case her daintily initialed and perfumed cigaretts and smokes them in her boudoir or in the salon of the glittering hotel.

When this tobacco is brought to the warehouse by the grower who has so toiled and gathered, he places it in the care of the great warehouseman who is supposed to act as the representative of the tobacco grower. This grower places his labor—and that of his wife and children—all in the form of tobacco, into the hands of the warehouseman and leaves it to his trusteeship to sell and make returns on, less the "de-ducts" the warehouseman trustee may see opportune to make under the customs and practices which prevail. This farmer tobacco grower, trained to subserviency from childhood and taught down through the years to respect the rights and power of capital and organized business, with a simple trust and faith of a child, places his lifeblood and that of his loved ones in the hands of the warehouseman trustee. He knows no other way in which to dispose of his tobacco labor. There is no other plan through which he can convert his tobacco labor into consumer goods which he and his family so badly need under our standard of living. He must conform to the organized scheme of things and do business with the crowd or go into some other line of work to eke out an existence under the marketing scheme which governs in that field.

Here we are discussing the marketing problems involved in a protected crop. When this Congress votes protection against the importation of tobaccos from other parts of the world, the votes cast in favor of protection are justified on the grounds that the American tobacco grower is to receive the benefits of the protection. How can he receive that protection, or any part of it, if he must dispose of his tobacco labor in a manner and under a scheme which is so organized and operated that all the benefits of protection go to the processors, the warehousemen, the speculating pinhookers, and other breeds of scalpers who have organized themselves in a manner as to perfectly skin the life out of the farmers who grow this most popular weed. During the past 15 years, this House has gathered information which has so enlightened those who desire to be informed, that we can no longer square ourselves with the farm folk of this Nation simply by voting "protection" and then never taking any steps to see where the benefits of that protection ultimately go. If in the passing of all of these bills supposedly in favor of the agricultural workers, we continually ignore the fundamental problem—I say to you Members of this House, our sins will eventually be found out by the farmers of this Nation, and others will occupy the space which we now fill. If I may be critical for a moment, I shall direct my criticism against those leaders engaged in our different protected industries first, and, secondly, I shall criticize every man or woman, a Member here, who boasts that he or she is a high protectionist and at the same time is never in favor of going the necessary length to see that the benefits of protection go to those in whose name the prayer has been prayed. No Member of this House can successfully deny the thoroughness of the enslavement of the American farm folk. To every student of agriculture, transportation, and the organized machine through which farm products are bought, processed, and distributed this fact is self-evident. It needs no proof. Certainly the process has been slow in development.

Beginning at the time all of our people were living on a piece of land and with practically everyone producing what he consumed, and coming on down to this highly technicalized age where farm operators must sell their labor under the disadvantage which prevails and operates against them in the market places of this country, we find the development has been sure in its results and operation. On this floor we listen to many speeches with reference to protecting the funds which have been accumulated by the tax gatherer. No valid objection can be found against this. However, Mr. Chairman, I wish to point out that it is more necessary to protect the source from which tax funds flow than it is to protect the fund itself. Certainly we should protect the fund, but the point I make is the source is the most important of the two. How can organized business be maintained if there is to be imposed upon the agricultural class such capitalistic burdens as to take away everything this class has in the way of purchasing power. That is exactly what is going on now, yesterday, last year, and the past 15 years. You do not have to be smart to discover this. It is simply a question of admitting the facts which are self-evident. The farmer has no marketing machinery through which he can sell his labor for what it is worth. If he is deprived of purchasing power, where shall the industrialist sell his goods and how shall the city dweller live, except through the exploitation of the farm worker?

Mr. Chairman, it is only necessary for one to study the operating statements and the balance sheets and capital structure of the tobacco industry to see what has been going on with reference to the marketing of this crop. Such a study will convince any fair-minded man that the processors and others linked up with them have not been satisfied with the wages of necessary and efficiently executed service in the tobacco-exchange machine, but that the organized exchange machine has gone further and has not stopped short of sheer looting. That is a fact statement which I now challenge any man to refute. The economic and social conditions surrounding the average tobacco grower is the other side of the proof sheet and there is a perfect balance.

Mr. Chairman, business should be conducted on a plane and as something more than an opportunity to make people—tobacco, corn, hog, wheat, cotton, sugar-beet and sugar-cane, vegetable, potato, and rice growers—poorer, for and on behalf of the business man. By experience I for one know that it is unsound to conduct business on a sheer loot basis. Some day, Mr. Chairman, the business men of this country are going to be forced to accept the responsibility of conducting business on a basis which leads to making people happier and more prosperous—and profits will flow as a reward for the accomplishment of that purpose.

For years business has enjoyed certain rights. Now and then, and mostly now, we hear great complaint from business against any invasion of those rights by Government edict. Where there is much smoke we can often find fire.

I am one who appreciates the necessity of an exchange machine to be used by this highly technicalized age and people we have about us today. I understand how to use transportation, warehouses, manufacturing plants, selling forces, and financial machinery. In no way do I contend these agencies are unnecessary or that they should be done away with. Appreciating the value of all of this, I do not agree with the demand too often made that there shall be unbridled power given to the organized machine which, having obtained that power, uses it only for their own enrichment, without regard to law, Government, the primary producer, and the final consumer. It is very difficult for business to appreciate its duties and responsibilities. Upon the honesty and efficiency and fitness for his place in the business machine, the business man will have much to do with the prosperity of the entire populace.

Why is it necessary for this House to be forced to deliberate on steps necessary to take, to see that tobacco growers receive a just share of the total price paid by the consumer? Only because the leaders in the tobacco industry, the processors, warehousemen, buyers, pinhookers, and others, deliberately plan and scheme how to bleed white the man who grows the tobacco. That is the only reason. This is a highly concentrated industry. There are only a few tobacco concerns. Perhaps some five or six large companies control directly or indirectly 75 percent to 85 percent of the total crop. Should it be necessary for us to take steps to make that small group tote fair with the tobacco growers of this Nation? Should this protected industry have at its head leaders who have no wider vision than this? Should this monopolized industry which, through its billboard advertising, radio broadcasting, and full-page advertisements, reaches into every home in the Nation which has enough

ready cash to purchase chewing, or cigarettes, or cigars, or roll your own be forced to have a little consideration for the tobacco grower?

If it is necessary to use force, then if a way can be found under the Constitution, let us proceed to find that way. Then having found a way of correction in this field, let us spread that remedy until we have covered every farm crop grown in this great country and through helping these farmers find a way to market their labor, bring to them the economic independence to which they are so justly entitled. [Applause.]

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, in the final analysis, I do not believe that the gentlemen who have spoken in opposition to the bill today hope to defeat directly the passage of this bill. I think the speeches that have been made in opposition to it are smoke screens thrown out to assist in the passage of an amendment which if adopted, in my judgment, would practically defeat the purpose of the bill.

No one acquainted in the tobacco country and with the methods used in the auction sales of tobacco, who believes that the farmer is entitled to get the full worth of his product, can vote against this bill. Because when the farmer brings to the auction floor his crop of tobacco, which took him 13 months to raise, he does not sell his tobacco—he takes it on the auction floor where the tobacco is sold in a jargon that is liken to unknown tongues. He actually does not sell his tobacco—the buyers pay him what they want to pay him for it. Ofttimes the tobacco farmer has no information relative to the price he has received for his tobacco until he receives his check in payment thereof.

Who buys the tobacco? In the main it is a representative of the tobacco manufacturer or at times a speculator who buys it for the purpose of resale at a profit.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. FOCHT. What is this interference with the open competition in competing for the tobacco? That question is suggested by the fact that in Pennsylvania the competition in purchasing tobacco is so keen that they give a down payment on tobacco that is only half matured.

Mr. VINSON of Kentucky. My understanding is that the auction system is not used in Pennsylvania. I cannot speak for Pennsylvania, but I know about Kentucky. Eighteen of my 20 counties grow tobacco. I know that when the farmer takes his tobacco into the warehouse and they buy it at the rate of one basket in each 10 seconds, that they take his crop away from him at the price they want to pay.

Let me say to you in the few seconds I have left that the buyer of the tobacco represents the manufacturers of the tobacco. He is their paid employee. If he is not, he should be loyal to them. He will resolve every doubt as to the worth of the tobacco in favor of his employer, and he does that. The more cheaply he buys the farmer's tobacco, the more money he makes for his employer and the better grace he stands with them. Tell me that a man who is paid by the tobacco manufacturer to buy tobacco will give the farmer a break? Never. The farmer does not sell his tobacco; they take it away from him. It is the most natural thing on earth for the buyer to resolve every doubt in favor of his employer.

Gentlemen ask how this bill will help. If Federal grades are written on the ticket it is bound to have an effect. The farmer will know what his tobacco is bringing, not only on that market but on the markets in the surrounding country. Then he can either accept or reject the offer made.

There is only one side to this question. The man or woman who believes that the farmer ought to get the full value of his tobacco should support this bill. If you believe that somebody else ought to get a part of the value of that tobacco, whether he be a speculator or a dealer, then oppose the bill.

I grant there may be large markets who oppose this bill, that would like to centralize the sales in the large markets and destroy the smaller markets. If you believe in that centralization, if you believe the farmer ought to carry his tobacco 50, 75, and 100 miles away from the smaller markets, you should be against this bill.

The man on the small market is entitled to get as much for the same grade of tobacco as one who sells on the larger market. It may cost the manufacturer who buys the tobacco a little more to go around to the several markets, but the man who sells his tobacco on the small market ought to get just as much per pound for the same grade as the man who sells it on the larger market.

We have inspection of grain, inspection of cotton, inspection of wheat, and many other things. Give the tobacco farmer, who is instrumental in bringing $500,000,000 annually into the Treasury of the United States, a fair deal. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. CHAPMAN].

Mr. CHAPMAN. Mr. Chairman and ladies——

Mr. MICHENER. Will the gentleman yield for a question?

Mr. CHAPMAN. Briefly.

Mr. MICHENER. Does this bill attempt to require compulsory grading before the farmer attempts to sell at the auction?

Mr. CHAPMAN. This bill does require that, provided that in the referendum a majority of the growers on a given market so vote. It makes it compulsory on every other grower, unless the amendment that will be offered by the gentleman from North Carolina [Mr. UMSTEAD] is adopted. I shall support that amendment, and with that amendment in the bill removing the compulsory features, there should be no serious objections to the bill.

Mr. MICHENER. The gentleman then feels, as a matter of fact, that the bill is unconstitutional?

Mr. CHAPMAN. I am sure of that, and I will discuss that in a minute.

Mr. Chairman, this bill to some of the members from non-tobacco-producing sections of the country may appear to be a trivial matter but to some of us who represent important tobacco-producing districts it is one of the most important bills that has come before this House. I am a rather small producer and extensive consumer of the aromatic weed which gives solace and comfort to countless millions. I represent one of the largest tobacco districts in the world; in fact, the largest burley-producing district in the world. Burley is the body of the popular brands of cigarettes which manufactured by the blending of the burley and the flue-cured leaf of North Carolina pay nearly half a billion dollars of revenue anually into the Federal Treasury. My own county produces more tobacco than the entire district of the author of this bill, the gentleman from Virginia [Mr. FLANNAGAN]. The market in my home town sells more tobacco than is sold in the gentleman's entire district. There is one market in my district where 10 times as much tobacco is sold annually as is sold in the district represented by the gentleman from Virginia [Mr. FLANNAGAN]. There is only one Member of this body today, the gentleman who has just spoken, Mr. VINSON, whose district produces even half as much burley tobacco as the district which I have the honor to represent.

Although in that district tens of millions of dollars are invested in thoroughbred breeding establishments; although a farm income of millions is derived from the sale of lambs, grass seed, and other farm products, yet burley is the principal money crop, and its production and sale constitute our basic industry. The banker, the merchant, the lawyer, the butcher, the baker, the candlestick maker all are largely dependent for their prosperity upon the prosperity of tobacco growers. The amount received for our tobacco crop determines in large measure the buying power of our people.

I have been in the thick of every fight since reaching maturity for the welfare of tobacco growers. Fourteen years ago when the burley growers undertook to form a cooperative association for the marketing of tobacco, I traveled more miles and made more speeches in their behalf than

any other man, living or dead. The gentleman from Kentucky [Mr. VINSON] and I spent weeks here in the fall of 1933, when the Congress was not in session, helping to work out a plan whereby the Agricultural Adjustment Administration would benefit the burley growers.

Before that, when the Agricultural Adjustment Act was pending, it would not have been operative on burley at all except for the amendment changing the base period on tobacco from a 5-year pre-war period to a 10-year post-war period, which the gentleman from Kentucky [Mr. VINSON] and I sponsored and which, with the generous support of the distinguished Chairman of the Committee on Agriculture [Mr. JONES] and other members, was written into the law. Without that amendment there would have been no A. A. A. tobacco program in Kentucky. That program has already added millions to the income of burley growers.

I received from Dr. Hutson, chief of the A. A. A. tobacco section, one of the first contracts that came from the printing press, and upon the invitation of the Kentucky growers I opened and led the speaking campaign for the signing by more than 90 percent of the growers of the agricultural-adjustment agreements for the reduction of tobacco acreage. So I think I can qualify to speak for tobacco growers as well as some of the other gentlemen.

We appreciate the solicitude of the venerable gentleman from Chicago [Mr. SABATH] for our tobacco growers, as his soul seems to be wrung with anguish in contemplation of their pitiful plight and he proposes to amend the Constitution to make such a bill constitutional. Also our hearts are touched by the plaintive tones of the distinguished gentleman from Georgia [Mr. COX], where tobacco is grown in small quantities and is still in the experimental stage.

My friends, the auction system is not perfect by any means, but no substitute has been offered, and until a substitute that is better is offered, then and not till then will I follow the leadership of these gentlemen. They use the word "warehouseman" as if it were a term of reproach, opprobrium, and disgrace. Who are those men? In my country 90 percent of them are bona fide tobacco growers, forward-looking, public-spirited citizens.

The gentleman from Virginia would convince you, if he could, that this bill would eliminate the speculator. Why, Mr. Chairman, speculation will cease whenever the time comes that there is no commodity to sell or purchaser to buy. Human nature does not change. You cannot change it by legislation. There seems to be a prevailing obsession that if there is an ill that needs a cure, all that is necessary is a legislative panacea; that the way to remedy the evil is by enacting a law upon the subject, and we proceed to resolve ourselves into a sort of legislative cure-all.

We have had enough laws affecting the marketing of tobacco. Let the A. A. A. continue its good work. That is not compulsory. It is a voluntary agreement entered into by the growers with their Government. That is enough. Do not force this grading on them, do not rock the boat, let the present law work, and do not legislate any more on marketing methods.

Mr. Chairman, it requires 5 years for tobacco companies to train a man so they will let him buy tobacco for them. How can the Government by holding a grading school for a few weeks put out men competent to grade tobacco? The best tobacco graders in Kentucky are the men who have grown tobacco from boyhood, who learned from their fathers how to grow and grade tobacco. They know best how to meet the market. I resent the charge that they are ignorant and incapable of grading their own crops and preparing them for market. I say they know more about it than these agents who would be sent out by the Government to tear up a basket of tobacco before it is sold.

How do the Government graders grade it? They use numbers and letters. Imagine some farmers meeting and one asking the other, "George, what did you get for your AIF, or for your B3R?" They sell tobacco and they buy tobacco according to color and quality and not according to a conglomeration of A B C's and figures. They mean nothing. These men do not contend that the buyers would be governed by the grades put on it. It would have no effect on the price. The good tobacco grower in Kentucky knows his tobacco. He prepares that basket with the same meticulous care with which he or his neighbor prepares a thoroughbred yearling when he ships it to Saratoga Springs, N. Y., for the August sales. He does not want a Government inspector coming along before he sells it and tearing that basket to pieces and writing numbers and letters on it. That is like kicking his dog, it is almost like striking his child. He takes pride in his tobacco and he does not want this Government grading forced upon him. There is nothing compulsory about wheat grading or cotton grading. Why make this compulsory?

With this amendment, which Mr. UMSTEAD will offer, the bill will provide that when a sufficient number of growers who sold on a given market during the preceding season vote for Government grading at that market the graders will be provided by the Government for those who desire to avail themselves of such a system for whatever benefit they may receive or hope to receive. That is all right, but for God's sake do not force this thing on every other man who does not want this done to his tobacco.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. CHAPMAN. I am sorry, I cannot yield.

Mr. Chairman, this bill flouts the recent unanimous decision of the Supreme Court in the Schechter case. It is based on the commerce clause of the Constitution. Placing numbers and figures on tobacco is no more interstate commerce than killing and picking chickens. The Schechter chickens had ceased to be in interstate commerce. This tobacco never has been in interstate commerce and much of it never will be. There is no method of determining when any of it will be, because they redry it and store it in hogsheads and warehouses before it is shipped, even if it goes later to North Carolina to be manufactured. It is clearly unconstitutional. Mr. Chairman, I am one Member who believes that my oath to support and uphold the Constitution is just as solemn and sacred as the oath of any occupant of a judicial tribunal in this land. [Applause.] We cannot, in good conscience, abdicate this responsibility because men would pass a law for the sake of saying they had passed it even with a decision of the Supreme Court staring them in the face, saying: "This far and no farther shall you go."

My friends, you will never receive any benefit, if there is any in it, by passing it in this form. By adopting the Umstead amendment eliminating the compulsory features you remove the threat of fines and prison sentences to farmers who decline to submit to the meddling of autocratic bureaucrats, and thereby obviate the likelihood of a court decision knocking it into a cocked hat. Then those who want it can have it. If it is a good thing, their neighbors will soon find it out and want it too, but it will leave it to the option of the growers. It will prevent bad feeling among farmers now satisfied, but who are outraged by the suggestion that Government agents will come and grade their tobacco without their consent and against their will. Let the A. A. A. program continue for the prosperity of tobacco growers, but protect the rights of a minority, the rights of every individual, by removing the vicious despotic compulsion from this bill. Do not make it a force bill. [Applause.]

Mr. CHAPMAN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein some excerpts from editorials in the Lexington Herald of Lexington, Ky., which, for many years has been the principal editorial champion of the tobacco growers of Kentucky.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. RICH. Mr. Chairman, reserving the right to object, I would like to inquire from the gentleman——

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. RICH. Under reservation of objection.

The CHAIRMAN. Objection was not made.

Mr. RICH. I tried to interrogate the speaker, but there was so much applause I had to wait until it subsided.

The CHAIRMAN. The objection comes too late.

Mr. RICH. If the Membership of the House wants these editorials placed in the RECORD, I am perfectly satisfied.

Mr. FULMER. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I am one of the few Members of this House actually engaged in farming. I believe on account of this I ought to be in a position to speak for farmers.

During the Sixty-seventh Congress I introduced a bill to bring about the grading of cotton. Prior to that time, as a general merchant, I bought thousands and thousands of bales of cotton from farmers, and I knew at the time of buying the cotton that these farmers were not receiving proper grading for the reason I had to buy so as to deliver to the large buyers, who had the last word on the grading of my cotton.

At the time I introduced the cotton-grading bill we had practically every handler of cotton, the large cotton merchants and importers, fighting the cotton-grading bill, yet they stated that they were speaking in behalf of cotton farmers.

Most of the people appearing before our committee speaking against this bill were deeply interested in farmers. Many gentlemen on the floor of the House speaking against this bill claim that they represent the views of tobacco farmers, telling us just what this bill will do to the farmers. This is always the case in trying to pass real farm legislation. My State, South Carolina, is a very large tobacco-growing State. I have had the privilege of visting a number of tobacco markets and observing the auctioneer going along from pile to pile of tobacco using language that the farmer did not understand, and after the price had been made the farmer had to ask somebody, "What did I receive for my tobacco?" Tobacco farmers have not any chance on the face of the earth to bargain with the buyer. I visited Haiti on one occasion and observed the transactions between the natives selling and trading their products and wares. They had an opportunity to talk to each other and bargain with each other with the hope of securing fair values. Not so with tobacco farmers.

I want to tell you that the farmers of North Carolina, South Carolina, and Kentucky selling on an auction market at the time of the sale of their tobacco might just as well be on the chain gang as far as being of any service to themselves in seeing to it that they get a fair price for their tobacco. They have on these markets what are called "pinhookers." These pinhookers will go along and pick up tobacco and resell to buyers and make a large sum during the tobacco season, while the farmer who has been working for 13 months growing his tobacco is unable to secure a price for his tobacco that will enable him to pay his taxes and buy the real necessities of life.

Now, Mr. Chairman, something was said here about petitions signed by farmers against this bill. I want to tell you that the tobacco warehousemen and the tobacco buyers and the association represented by Mr. Kerrigan, who speaks for the Big Four, are largely responsible for circulating and securing those signatures. Mr. Kerrigan stated his association received contributions from large manufacturers for no other purpose than to fight legislation that would be against the interest of manufacturers.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, the warehousemen or the buyers did not testify before our committee and protest against this bill. We tried to get them to testify, but they refused. They had a few picked farmers, who were among the favored class, appear before our committee, claiming to speak for farmers, stating that the farmers were against the bill. These favored few wanted to continue without grading at the expense of many farmers who do not get proper grading, small farmers and tenant farmers. It is very interesting to look these petitions over. Here are some of the petitions and they were all written, as I understand, in the office of the board of trade at Winston-Salem, N. C., and carried out by representatives of the warehousemen, tobacco buyers, and manufacturers to secure the signatures of the farmers. They told the farmers that it would cost them 5 cents a pound to grade their tobacco, and this statement was carried in the North Carolina press.

Mr. CRAWFORD. Will the gentleman yield?

Mr. FULMER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Can the gentleman, with his experience in the committee, tell us why the farmers are always put to the front in connection with these presentations, while the processor always stays in the background and never gives the committee a chance to get at him and ask him questions why?

Mr. FULMER. I have always wondered myself. Of course, the farmers are unorganized. Many are unable to keep posted in reference to these matters and cannot speak for themselves. The processor is always able to secure certain favored farmers to speak for them. I want to say to the Members who represent tobacco States and tobacco farmers in this country that you know these farmers have been robbed out of their graves; and that it is up to you to represent this great unorganized class of citizens who are unable to do for themselves that which other well-organized groups are able to do without legislation. Someone said tobacco farmers were perfectly satisfied with what is going on now under the present tobacco program. How long are you going to continue to deny to those farmers that which they are entitled to in line with what the well-organized groups are now receiving; that is, proper grading and proper prices for their tobacco?

Mr. Chairman, I hope the Members will give this bill their hearty support and that we will have no trouble in passing this bill, which gives to the tobacco farmers that which they are clearly entitled to; that is, protection from the wholesale undergrading of their tobacco.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Chairman, this is one piece of legislation against which I did not think constitutional objections would be raised. For over 2 years we have fought for this legislation, and the only reason it did not go through last session was on account of lack of time. We have held hearing after hearing and not a single constitutional objection has been raised until this late hour. The gentleman from Kentucky who raises the constitutional objection admits that he voted for the A. A. A. He tells you he was one of the leading spirits behind the Smith-Kerr Tobacco Act. Both of those acts were compulsory. They did not provide for a referendum until a year after they went into effect. Yet he could find no constitutional objection to those acts. This act cannot go into effect until after a referendum has been held and the majority of the growers of that particular market vote in favor of putting it into operation.

Mr. MICHENER. Will the gentleman yield?

Mr. FLANNAGAN. I decline to yield right now.

Mr. MICHENER. The Schechter case had not been decided at that time.

Mr. FLANNAGAN. Mr. Chairman, may I say to the Membership of the House that there is just as much sense forcing the farmer to sell his cattle without knowing whether they are poor or fat, without knowing how much they weight, whether they are light or heavy, and without knowing whether they are thoroughbreds or "pennyriles", as there is in forcing a tobacco grower to put his tobacco on the market without knowing what quality of tobacco he has and without knowing what that particular quality of tobacco is bringing upon other markets.

I want to ask the opposition just one question. What objection can be raised to letting the farmer know before he offers his tobacco for sale the type and grade of tobacco which he has to offer for sale and furnishing him with information showing what that particular type and grade is bringing on the other warehouse floors of the country? Deny him that right and you deny him the opportunity to make an honest and a fair trade.

We had here tobacco men, and I am talking about real tobacco growers, who are interested to the point of using their own money to come here to testify in favor of this bill.

They came from practically every tobacco State. The New England Tobacco Growers Association, organized throughout Massachusetts and Connecticut, got together and passed resolutions approving this bill, and sent their own representatives here at their own expense. They stayed here for 5 or 6 days in behalf of this bill. The tobacco growers from Tennessee, from Kentucky, from North and South Carolina, and from Georgia and from Virginia were here; and who has been here in opposition? Let me tell you the opposition. The opposition originated with the manufacturers' associations, led by Mr. Carrington, of Richmond. Why, they had growers from my district here against this bill when I did not know a single grower in my district against it; and what did they admit? They admitted they had been lied to by agents of the tobacco representatives and induced to come here, and stated that their expenses were paid by the tobacco interests fighting this bill.

Now, that is what has been going on.

Mr. VINSON of Kentucky. And were they not informed that it was going to cost the tobacco grower as much as 8 cents a pound?

Mr. FLANNAGAN. From 5 to 8 cents a pound; and when they heard the truth about it every one of them walked into my office and signed a petition in favor of this bill.

[Here the gavel fell.]

The CHAIRMAN. The Clerk read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That when used in this act—

(a) "Person" includes partnerships, associations, and corporations, as well as individuals.

(b) "Secretary" means the Secretary of Agriculture of the United States.

(c) "Inspector" means any person employed, licensed, or authorized by the Secretary to determine and certify the type, grade, condition, or other characteristics of tobacco.

(d) "Sampler" means any person employed, licensed, or authorized by the Secretary to select, tag, and seal official samples of tobacco.

(e) "Weigher" means any person employed, licensed, or authorized by the Secretary to weigh and certify the weight of tobacco.

(f) "Tobacco" means tobacco in its unmanufactured form.

(g) "Auction market" means a market or place to which tobacco is delivered by the producers thereof, or their agents, for sale at auction through a warehouseman or commission merchant.

(h) Words in the singular form shall be deemed to import the plural form when necessary.

(i) "Commerce" means commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof; or between points within the same State, Territory, or possession, or the District of Columbia, but through any place outside thereof; or within any Territory or possession, or the District of Columbia. For the purposes of this act (but not in any wise limiting the foregoing definition) a transaction in respect to tobacco shall be considered to be in commerce if such tobacco is part of that current of commerce usual in the tobacco industry whereby tobacco or products manufactured therefrom are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State or for manufacture within the State and the shipment outside the State of the products resulting from such manufacture. Tobacco normally in such current of commerce shall not be considered out of such current through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this act. For the purpose of this paragraph the word "State" includes Territory, the District of Columbia, possession of the United States, and foreign nations.

Mr. MITCHELL of Tennessee. Mr. Chairman, I move to strike out the last word.

I am interested in this legislation. Originally I was opposed to the bill. I live in the adjoining district to our distinguished Speaker. There is not a very great deal of tobacco grown in my district. There are some three or four counties out of the 18, that grow and sell tobacco, and in Smith County, in my district, a great quantity of very fine burley tobacco is grown.

I may say to the membership of the House that the messages I have had from my people have been in opposition to the bill, but I know my people and I think I know conditions in my district and in my State, and let me say to the Membership of the House that, ordinarily, I do not believe in Government interference in business and I do not believe in the Federal Government interfering with State sovereignty or State rights, but in considering this legislation I know you want to vote for the best interests of all America. What are the unusual conditions surrounding the tobacco industry?

To begin with, Mr. Chairman, it is the only crop grown out of the ground that is sold at public auction. This is proposition no. 1. Secondarily, it is the only commodity grown out of the ground by the farmer that brings a greater tax to the Government than any other commodity and the revenue turned into the Federal Treasury brings more in taxes to the Government than the farmer gets for the tobacco after he grows it.

This is an unusual situation that confronts us, and on analyzing the bill let us see if we ought not to be for it.

Gentlemen came here and told me they did not think this legislation was needed and thought it would disturb conditions, and I would be pleased to reflect their preference if I could conscientiously do so, but what is the situation when you have the warehouse doors thrown open and hundreds of tobacco growers have brought their baskets and set them alongside of each other.

Mr. KERR. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Tennessee. In just a moment I will be delighted to answer your question, Judge.

Let us picture the scene. I do not want you to vote for this bill if you do not think it is right. If you do not think it will help the forgotten men in this country, do not support it. You have standing by at the warehouse the representatives of the Big Four tobacco manufacturers in America and what type of man is it that is going to do the buying? He is an expert, trained and skilled in the art of buying tobacco, and here is the farmer who has brought his alms and laid them down at the mercy of the corporate interest who will bid at the lowest possible price. They will buy in one county today and journey across to a neighboring county the next day, and I am telling you gentlemen just what occurs in my section. They will buy so many thousand pounds of tobacco today on the market at one county seat and then he will agree that his colleague may buy a certain number of thousands of pounds on the next market the next day, and they will parcel it out in this way and also fix the price in private and secret.

Let us see what we want to do here by this proposed legislation. We are trying to help the man who has grown this crop.

This bill applies to tobacco sold on what is known as auction markets. It has for its object, the grading of the grower's tobacco by Government graders before sale so they will know what grades they are offering on the market. It is to be graded without cost to the farmer. The bill further provides for furnishing the growers or farmers with daily and weekly market news service so they will know what the different grades of tobacco are bringing on other markets and thus put them in position to intelligently accept or reject bids on their crop. Under the auction system of selling tobacco, it is sold in baskets. These baskets are placed in the warehouse in long rows and the tobacco is sold to the highest bidder at auction by the warehouseman or auctioneer, who sells on a commission basis and who is supposed to represent the growers. The sales are made without the grades of the different baskets being determined and without the grower knowing what the same grades are bringing. The sales are conducted rapidly on the floor, at the rate of one basket every 10 seconds. The buyers are the representatives of the tobacco companies and speculators, commonly referred to as "pinhookers", who are experts in the grades of tobacco. It is said there are between 60 and 100 grades in a single type of tobacco and of course it is not practical for a farmer to familiarize himself with the technical factors on which their grades are based, or to be informed as to market prices, unless he can be afforded a Government system of grading or have some standard.

Without any particular guide, our farmers assort their tobacco for market as best they can into lots of like quality, color, and length, which they refer to as grading. The grower has no definite system of grades of his own, and the

private-grading systems used by the buyers are kept confidential by them so that without Government standards the farmer is handicapped and largely at the mercy of the buyer. Without any definite standard of grading tobacco farmers are necessarily unable to classify their tobacco correctly so as to meet the trade's demands.

Buyers sometimes refuse to bid on the farmers' tobacco due to the fact that it is not properly graded or because it is improperly assorted. Tobacco which is uniform in size and color commands a better price than that which is not uniform and poorly arranged in the baskets. Much of the tobacco which is bought is resorted by the buyer into some two or three different grades.

The possession of grade and price information by the buyers, and the lack of it on the part of the growers, places the growers under a severe handicap in the marketing of their crop and opens the door to abuses and practices by which our farmers are victimized. He is ofttimes forced to sell his crop at less than the cost of production and frequently at less than one-half its value. He is faced by an expert on the floor who is in possession of all available information with respect to quality and price, and he is left in the dark to speculate as to whether to accept the offer made or reject the sale. If there was a standard established by a grader and the farmer knew of the real worth of his product it would aid him very materially in knowing whether to sell or refuse to sell.

I do not favor compulsory grading and would not support this bill if the farmer was required to have his tobacco graded by the Federal Government, but the bill is optional on the part of the growers as to whether their crops shall be graded or not until two-thirds of the farmers vote in favor of having Government graders and inspectors to classify their tobacco. It involves no expense on the part of the farmer, but this bill provides that the Government will pay the expense of the graders and thus the growers are, for the first time, about to receive the free advice of experts to be of assistance to them in knowing the value of their crops, which produces more revenue than any other crop grown.

The revenue alone turned in to the Federal Treasury by the growers of tobacco produces $500,000,000 annually. This is more than the farmer actually sells the crop for, although he spends about 13 months of his time in producing it. This bill will not interfere with the sale of tobacco in any market where the growers do not desire it. It will not interfere in any way with any warehouse or warehouseman whose growers do not favor, by a two-thirds vote, coming under the provisions of this law. There is too great a variation in the prices paid on the same day, on the same market, and for the same grade of tobacco by the same buyers. This would be largely cured if the tobacco was graded before the sales and the grower was advised of just what value his crop has, so far as classification goes. If the price offered him was not in line with the current average for the grade, then he would reject the sale. Under the present system speculators and "pinhookers" often deprive the farmer of legitimate profit to which he is entitled. They take advantage of opportunity to buy tobacco at less than its real value. They then resell in the same warehouse the same tobacco at a later date for a handsome profit. This is done because the grower does not know the grades. The profit made by the speculators and ofttimes by the warehouseman rightfully belongs to the farmer. In my judgment, the grading of the grower's crop will practically eliminate this class of speculators.

There are ofttimes large growers of tobacco and men of influence on every market who receive favored treatment at the expense of the less fortunate farmer and the tenant grower. That is, these pets stand in with the buyers and usually receive prices for their tobacco in excess of the prevailing price level and higher than their neighbors can sell for. Then, when the small grower or tenant farmer's tobacco is offered for sale the price is hammered down and the small grower receives a lesser price, all because he is required to pay the pet or large grower's profit so as to maintain the average level.

These evils will be stopped, or largely so, if this bill is passed.

The benefits to be derived from this bill are apparent. Tobacco inspection will bring about a more uniform class for tobacco of like quality and classification. It will cut out the possibility of speculators making large profits by buying tobacco in the auction and reselling it to the buyers later at a profit.

Buyers are not so likely to overlook a basket of good tobacco in the auction sale if the standard grade is announced at the time of the sale. The daily and weekly price reports would furnish the farmers a guide by which they could go in determining whether or not to accept bids. The farmer is not likely to accept a bid which is below the market price. The auctioneer or warehouseman, by having the standard grade and market quotations before him, would be better able to name an opening bid, which would result in a better and a more uniform price to the farmer.

Standard grades would serve as a guide to farmers in classifying their tobacco for market. They would be instructed from year to year in the foundation principles of classifying their tobacco and would know with more accuracy the price that they should receive for their product. Education in any industry, and information, is always helpful. If the farmer knows he is selling a pedigreed animal, he expects a better price than when he sells a mixed breed. It has been well said that "in a multitude of counsel there is wisdom." Then, if the farmer is paying one-half billion dollars per year into the Treasury, why seek to keep him uninformed longer of the value of the crop that he is producing by his own sweat and toil. He is the man who should have the profit made out of tobacco, instead of the manufacturers, who made over a hundred million dollars per year even during the depression on manufacturing the farmers' tobacco crops in this country.

Another reason for grading tobacco is that there will be less likelihood of any damaged tobacco appearing during a sale, which causes apprehension that other baskets are similarly affected, and this has a tendency to keep down the price. If there was damaged tobacco, it would be so officially graded and made known to the buyer. This is only fair to all concerned. The fact that the grade was fixed by a disinterested Government official should not harm anyone. It should help both the buyer and the seller. When a standard grade would be announced at auction, the buyer would have some accurate information upon which to base a bid. He would be safe in placing his bid regardless of the speed of the auctioneer, and certainly the seller would be better off than he now is. The graders would have time and opportunity to more accurately grade and classify tobacco under proper lighting conditions than do the buyers when the baskets are sold hurriedly on the market in crowded conditions.

The farmers, by virtue of statistics and reports which this bill proposes to furnish them, would know better when to haul his tobacco to the warehouse than now and whether or not he was willing to sell at the current prices being paid on other markets during any particular season.

The Secretary of Agriculture, who has no interest in this bill in his report to our committee, made the following statement:

> The inspection of tobacco by disinterested official inspectors on the basis of uniform standards at the time it is offered for sale is a service which the tobacco grower has long needed. As your committee is aware, specific legislation has been in effect for many years, providing for the establishment by this Department, of standards for grain and cotton, and the inspection and classification of those commodities. The Bureau of Agricultural Economics has also been conducting for many years an extensive inspection and grading service for fruits and vegetables, meats, butter, cheese, poultry, eggs, beans, hay, and several other farm products. Although one of our important farm products, it was not until the fiscal year beginning July 1, 1929, that the Agriculture Appropriation Act was amended and a small appropriation made for that Bureau to inaugurate a similar grading service for tobacco. Like all such services, it has had to pass through a trial period during which technical and administrative problems could be worked out and during which time its usefuleness could be determined. Satisfactory progress has been made and the positive value of the service to the growers has been demonstrated.

In view of this statement and in view of the abuses which have long existed that have worked a hardship on the farmers in my State and district, and throughout the Nation, I hope this bill will be passed. I do not doubt that the Members of this House want to help the men in this country who have been so long neglected and whose profit has been cut short by the manufacturers and the big interests, who have all too long controlled the price and the grade of the farmer's products. Let us pass this bill and thus bring much needed relief to the tobacco growers who toil so long and work so hard to produce this crop. They are subject to droughts and to the uncertainties of climatic conditions, which they have to bear from year to year. They are truly the forgotten men in this country and should have the benefit of this legislation. It will be helpful. It will cost them nothing. It will enable the farmer to know more as to the value of his crop and what he should receive for it. There ought to be no objection to this bill from either side of the House. Certainly none should come from the ranks of the Democratic Party, for we have boasted, and let us now prove, that we are friends to the farmer and expect to pass this beneficial piece of legislation to give him the relief to which he has been entitled for the past quarter of a century.

I thank you for your time.

[Here the gavel fell.]

Mr. MITCHELL of Tennessee. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein a portion of the report that has been filed by the committee on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. HANCOCK of North Carolina. Mr. Chairman and members of the Committee, when this bill was under consideration by the Committee on Agriculture three serious objections were raised to it by the organized opposition. One was that it would place an additional burden on the buyer and ultimately the growers; another was that it would require compulsory grading, and still another was that under one section the warehouses might be closed by order of the Secretary of Agriculture.

Each one of these objections has been completely eliminated. Practically all of us entrusted in the bill favored amendments ridding the bill of these objectionable features.

As I said awhile ago, the Byrns bill, of similar import and requiring compulsory inspection without a referendum, was unanimously endorsed by the warehousemen's associations in the various States affected.

It so happens today that we are able to trace the continued fountain source of opposition to this bill. It confirms suspicious which some of us have long held about where the powerful opposition was coming from.

A Member of the House showed me a telegram a few moments ago which he received today from a man who has in his official capacity as representative of the warehousemen done more to try and defeat this constructive legislation than perhaps any man in the South. Vigorously protesting the passage of this bill without the Umstead amendment or Clark amendment. I refer to Mr. J. C. Lanier, of Greenville, N. C., who, not many weeks ago, was tobacco specialist under Mr. Hutson, chief of the tobacco section of the A. A. A., the agency which has done more for the tobacco growers in 2 years than any other governmental agency has done in 25 years all put together.

Not long ago I discussed the bill with Mr. Lanier, who was then code administrator of the warehousemen's association under the N. R. A. on a salary, I am told, of $7,500 per annum.

If my memory serves me correctly he stated to me that with the elimination of the compulsory sections and with a provision providing for a referendum and another putting the cost on the Government, the warehouseman would not object to the passage of this bill.

Now, he, Mr. Lanier, who represents certain warehouse interests, wires today asking that Members oppose the bill, saying that it is a bad bill and that the farmers in his area do not want it. Everybody knows that Mr. Lanier is mistaken so far as the farmers attitude toward this measure in its present amended form is concerned. I doubt whether a single farmer has expressed to any Member a single word of opposition to the bill we are now considering. Lanier is a friend of mine and of course I recognize he has a right to express his honest opinion as he sees fit, but all of you realize that he is voicing also his master's views.

Thousands of farmers came here when the hearings were held, and I want to say that I do not believe that 10 percent of those who came thoroughly understood the bill or that they came of their own free will. Some of us understand how some of these trips are worked up. So much for that. Take it for what it may be worth.

My friend from North Carolina, Judge CLARK, who is an able and astute lawyer, inadvertently, I am sure, said yesterday that under the terms of this bill that any farmer who refused to grade his tobacco was liable to be put in jail. I give it as my opinion that a correct interpretation of the language of the bill carries no such liability as to the grower. The grower takes his tobacco to the warehouseman, and the warehouseman sells the tobacco, and if anybody is liable under that provision it is the warehouseman and not the grower. The warehouseman is, of course, the seller under section 5. For violations under section 10 the grower would be liable, which is now existing law in many of the States.

My good friend, Judge CLARK, also refers to the fact that the bill is the most unconstitutional of any that we have considered. The Solicitor of the Department says that it is constitutional. I assume that he has studied it more carefully than any of us have had time to do. I call the attention of the House to this fact—and I am no constitutional lawyer—that under the facts before the Court in the Schechter case everybody knows that the poultry had landed in New York and its further use would be intrastate. Under the provisions of this bill, however, when the farmer delivers his tobacco to the warehouseman for sale, it is the first step into the stream of interstate commerce, which presents an entirely different question in every respect, so far as constitutionality is concerned.

Mr. CHAPMAN. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. Yes.

Mr. CHAPMAN. Is the gentleman familiar with the line of decisions holding in effect that there is no difference between an article that has never entered into interstate commerce and one that has come to a standstill and ceased to be in interstate commerce?

Mr. HANCOCK of North Carolina. I am reasonably familiar with the general principle in the cases to which the gentleman refers. To refresh your recollection I am also familiar with the fact that in the gentleman's own State there is a statute passed by the Legislature of Kentucky requiring the commissioner of agriculture to see that every pound of tobacco is graded before it is sold.

Mr. PIERCE. Mr. Chairman, I rise in opposition to the pro forma amendment. It is almost 20 years since I introduced in the Oregon Legislature the grain-grading law. A few years after that I became Governor and it was my pleasure to put that law into effect. The arguments made here by the brilliant men from North Carolina and Kentucky are very familiar to me. We heard those arguments in Oregon years ago. The constitutionality of this pending act on tobacco grading is already settled. I cannot give you the citation, but in the cases that have been carried to the Supreme Court testing the grain-grading act and the grain-futures act the question of constitutionality was fully presented, and the Supreme Court has held that the Federal Government may establish grades made on grain and that said grades may be enforced. The decisions settle the constitutionality of tobacco grading.

I was much surprised yesterday when my colleague and associate on the Agricultural Committee said that there was great opposition to the grain-grading law in the States of the Middle West. I was surprised at that, because I cannot understand how in any farming community there can be any opposition or great discontent over that law. The grading

of grain is largely a mathematical calculation. The graders weigh the grain, they take the moisture, they ascertain the amount of protein, and after the decision is made it is all subject to appeal. I cannot conceive how, if the people get anything like reasonable administration of the law, there can be any opposition to the grain-grading act in any of the West.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. Yes.

Mr. ANDRESEN. The opposition comes from the fact that after the State inspectors have established the grade, on an appeal to the Federal inspectors, the Federal inspectors invariably lower the grade, acting contrary to the best interest of the farmer.

Mr. PIERCE. I cannot believe it.

Mr. ANDRESEN. That is the fact.

Mr. PIERCE. I cannot believe that on appeal that is true. I am very well acquainted with Mr. Nelson who now has charge of the big Chicago district. He was formerly a grain grader in Portland, Oreg. I cannot understand how anything materially wrong gets by the Board of Appeals.

Mr. ANDRESEN. That is correct.

Mr. PIERCE. And while there may be complaint, I think it is unjustifiable. I cannot conceive how there can be any real opposition to this bill. I do not live in a tobacco country, no one raises any in my district, but I am for this bill. I am for the bill because it means something for the farmer. Where can the opposition come from? Only the manufacturers, only the warehousemen. It cannot come from the farmer. He is getting all the advantage of it. Someone has said here that they cannot find experts enough to grade the tobacco. That is foolishness. They said the same thing about grain. They came from everywhere, we had them in no time, and the Government can get the expert graders for grading tobacco. It may be more a matter of judgment in tobacco, because, as I understand it, there are many different grades and shades. It will require a keener eye perhaps and more experience to grade tobacco than to grade grain, but it can be done, and it should be done. This is just one of the entering wedges to control the Big Four, so much talked about. I sympathize fully with the men who press this legislation. I am asking my colleagues on the floor to give it a good strong vote. Do not vote to amend by making it optional, because that will kill the bill absolutely.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. TREADWAY. Mr. Chairman, I move to strike out the last two words. I am very much interested in any legislation having to do with the subject matter of the sale or grading of tobacco. I represent a tobacco-growing section extending up through the Connecticut Valley into the section of the State of Massachusetts which I represent. I realize that tobacco conditions in Massachusetts and Connecticut are probably very different from those in the Southern States, and that this bill is aimed to care for conditions of growth, inspection, and sale in the Southern States, where much more tobacco, of course, is grown than in our area.

But it seems to me that the measure is based very largely on the fact of it being assumed that tobacco is sold at auction. The section which I represent does not have that kind of sales. Therefore, I am particularly anxious to know from the gentleman from Virginia [Mr. FLANNAGAN] as to whether or not the provisions of this bill will apply to tobacco raised in the Connecticut Valley; and, further, whether we will be subject to an inspection. Then this is the particular question I wish to address to the gentleman: What information has the gentleman from the Tobacco Association of New England, either the growers themselves or the officials, as to their attitude toward this bill? My position upon the bill, of course, will depend upon the attitude of my constituents. While as a rule they communicate with me very freely, it happens that on this particular measure I have received no word from the tobacco growers of my district. Therefore I should be glad if the gentleman from Virginia [Mr. FLANNAGAN], having some information from them and a representative from that association having testified before his subcommittee, would be good enough to place in the RECORD such communications as he may have along that line for my information and government.

Mr. FLANNAGAN. I had the pleasure year before last of addressing the New England Tobacco Association at its annual meeting at Hartford, Conn. They were particularly interested in the Agricultural Adjustment Act at that time as it applied to tobacco. When the grading bill came up the Tobacco Association of New England, which is composed of Connecticut and Massachusetts growers, endorsed this bill. I will attempt to find that endorsement and place it in the RECORD. They sent their representatives to Washington when the hearings were being held and at least one of them, Mr. Griffin, of Hartford, testified in favor of the bill. I think he made an excellent statement.

Mr. TREADWAY. May I ask if it would be agreeable to the gentleman to extend his remarks by inserting Mr. Griffin's testimony before the committee?

Mr. FLANNAGAN. I shall be glad to do that with the permission of the House.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. TREADWAY] has expired.

Mr. FLANNAGAN. I will insert at this point the testimony of Mr. Griffin and a telegram received from Mr. King, commissioner of agriculture of Connecticut.

STATEMENT OF FRED B. GRIFFIN, PRESIDENT OF THE CONNECTICUT VALLEY SHADE GROWERS ASSOCIATION

Mr. FULMER. Give your full name and address.

Mr. GRIFFIN. My name is Fred B. Griffin. I am president of the Connecticut Valley Shade Growers Association.

Mr. Chairman and gentlemen, I feel about like a flea when I hear about these numbers of acres; and, of course, I know all of the gentlemen grow around 1,700,000 acres, when this country was at the height of its prosperity, and with 40,000 of that I am not much of a toad in this puddle.

However, I can say a little bit about grading. A year ago, in the 1933 crop, we fellows who grow this shade tobacco, which is grown under cloth, which costs to produce and pack and get ready to sell just $1,000 an acre, so that it is a kind of expensive job, especially if you have a bad storm. We got organized under the A. A. A. like the rest of you, had a few fellows who wanted to do to us the same thing as they did to all cooperative marketing. I was in an old association up home—I did not organize it, but I worked in it—and the fellow on the outside made life miserable for us because the buyers helped him, telling him he was a good enough grower, so that he did not need any association, and he kicked us in the slats, the same as the fellow down south got kicked.

If we had a Kerr-Smith bill to control acreage, that is all right. That is at the bottom of the thing.

We went to Secretary Wallace and got them to slap a license on the thing, and the boys who were out had to comply anyhow, and we have a control board in a case of that kind, and the ones who are outside the association can be recognized on the control board if they have acres enough and pounds enough.

As it turned out, those who had to be trained a little bit are in the association and at the moment we are all in one nest.

We, of course, do not get in this grading proposition. I do not think it has been made clear by Mr. Gage how he selects graders. In our country they send up somebody who knows something about tobacco, but not shade tobacco. Shade tobacco has many more grades than your tobacco. It has a very fine wrapper, and that is the higher priced and the highest quality tobacco grown anywhere in this country. It is a wrapper tobacco, and many of you, we hope, smoke our cigars.

The graders came there and they conducted examination. We took tobacco, and we gave notice we wanted to hire graders. We had a great many fellows, some of whom had worked in warehouses and some who thought they knew all about the tobacco business, and some who had been dealers and some brokers, and about 20 showed up to select a number from. We had four when we finished. We had a lot of tobacco there and they graded it and filled out their papers like a school test. We filled out the grades as to it and classified everything, and the same tobacco was given the next day and that proceeded for 4 days, and the tobacco was all mixed up and started over again. The more consistent you were, the better judge of tobacco you were.

I have been in the tobacco business a long time. I do not look, maybe, as old as I am, but I started in 1896 in the tobacco business, and I have been right there in it every day since. I have grown plenty and I have packed plenty, and I have done plenty of things, and I know a little bit about tobacco. You cannot learn shade tobacco in a minute but must learn slowly. All these boys had worked in tobacco, and one of them had worked in my house as an inspector and another had worked in another house, and that is where our men come from.



It is not necessarily the buyer who is a good grader of tobacco. He has to be conversant with it, and especially so on your auction floor. He cannot tell much about grading a pile of tobacco, no more than you can anything. If you see a pile of tobacco which looks good, you buy and you guess at it. I have a very good friend of mine who served on the Danville floor, Mr. Phil Israel, who was a buyer of the American Tobacco Co. I understand something about grading in a big way and I have been interested in it a long time. In fact, we adopted some of these grades as long ago as 1922, when we had the broadleaf and Habana tobacco. Our broadleaf is somewhat like burley, but is all yellow and does not bring as much money sometimes as a cigarette tobacco, but it is a high-quality tobacco used in cigars.

We adopted this grading system and went ahead with grading. We had advice from everybody. The buyers said, "There will be a common use and we will buy more of the tobacco. You have got to take this or take nothing. We will show your tobacco on any grade mark you want, and can have the Government grade mark, but we are going to sell the tobacco." We worked out last year pretty good. This year we are working 100 percent. Our men are better trained, and, as I told Mr. Gage today, we have had hardly any complaints, even from the buyers. We sell our dealers a good deal of tobacco, and a number of the buyers have said to us this year, one fellow particularly said to me: "I will take a certain grade of your tobacco and I will take it at the Government gradings and at your prices you have against the Government marks."

The buyers up there are forgetting about the tag price.

Grading tobacco is a guidepost to anybody, I do not care how efficient he is. I have bought plenty of tobacco. I have to have something to lean against, to have something for comparison. The buyer before me says, "You have high and low sides, and you have high and low sides of any grade of tobacco", and everyone sees the high side and takes the high side, and that will pay more, and if you take the low side it will pay less.

We fellows got this bill up there and we thought this a pretty good thing, so much so that we have taken it up with the New England Tobacco Growers' Association, which takes in a lot of fellows, and that is one thing I was up here to talk about, to get fellows to grade more tobacco, to give the farmer some idea of what he had to sell.

A farmer like me who grows tobacco and packs it, does not need any guidepost about what he should get. You fellows spoke about dirt farmers. If a farmer followed a mule and got manure on his feet, that fellow does not get the chance for education like us fellows who stand there and watch our man, and we do not need any guidepost, possibly. But we can standardize with Government grades, and our shade has been standardized, and it is the most difficult tobacco in the United States to grade.

They also grade a lot of Florida shade-grown tobacco, which is not as difficult as ours, but it is difficult, and has many grades. It has been very satisfactory, and they have made markets against the other packages. Anything that is graded by the Government, people have confidence in to aid them, whether they are a buyer or a seller. I think, myself—and I am rather surprised that there would be opposition from farmers to having them set up a guidepost.

There is just as much sense in saying you could take all the signs off of the streets in Washington and take all the marks off your streets in North Carolina and South Carolina, and all the road signs, wherever you are going, and say that you will get there anyhow because you know the general direction of the place.

Anything which helps you will be an aid to you. I think this would be an aid to those fellows, but still it is a good deal for me to say about that, being a flea from Connecticut.

Mr. COOLEY. How much did you say it cost to produce an acre in Connecticut?

Mr. GRIFFIN. $1,000, and it will cost more this year. We take cotton from 11 acres for tobacco.

Mr. FLANNAGAN. How much does it involve?

Mr. GRIFFIN. We sell it from 75 cents a pound to $5.

We do not have much $5 tobacco, and if we had much, we could not sell it. The limitation is the 5-cent and 2-for-5 cents cigars. Eighty percent of the cigars manufactured are 5-cent, and we have about 40 percent in 5-cent stuff and 42 or 43 percent in 2 for 5, and the 10-cent business is out of the window, and 15 percent only for the other.

We must sell it for 5-cent and 2-for-5 cents cigars, and, therefore, it makes the skyline limit for your shade tobacco.

Mr. COOLEY. Is it all Government inspected?

Mr. GRIFFIN. Every pound.

Mr. COOLEY. It is not sold at auction?

Mr. GRIFFIN. We sell at private sales. We do not have auction sales. Another thing about our tobacco which is hard to explain is this, gentlemen, and you and I may be on the floor and we see that pile of tobacco. That half-leaf texture suits him, and we do not want it. He buys it. I see another pile he does not want, and which is a little thinner, and we want it.

I grew 100 acres of cigarette tobacco in Quincy, Fla., and got into the cigarette business. We grew it in Florida and sold it on an auction floor. It was a show place in that country, so much so that a dealer offered us as much as it cost us for a half interest in it. We were dumb enough to sell it to him, and the whole of it never brought more than what he paid for half of it. So that I got out with my whole skin from the cigarette business.

Mr. COOLEY. You come from New England?

Mr. GRIFFIN. I am a Yankee, half Scotch.

HARTFORD, CONN.

Mr. J. H. MEEK,
House Agricultural Committee Room:
Can't' be present; say for us New England growers favor bill.
OLCOTT F. KING,
Commissioner of Agriculture.

Mr. TREADWAY. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes in order that the gentleman from Virginia [Mr. FLANNAGAN] may complete his answer to my inquiry.

The CHAIRMAN. Without objection, the gentleman is recognized for three additional minutes.

There was no objection.

Mr. TREADWAY. I yield to the gentleman from Virginia.

Mr. FLANNAGAN. They have been using the Federal grading system in Connecticut and Massachusetts for something over a year. It is a voluntary arrangement. They have been calling upon the Secretary of Agriculture to furnish them graders. They pay the expense at this time. The New England tobacco growers are selling a lot of their tobacco now on Government grades. They are getting the Government graders to go there and inspect their tobacco and grade it and put the Government stamp upon it, and they are selling according to grade. I think Mr. Griffin so testified before the committee, and that those grades were being accepted by the buyers.

Mr. TREADWAY. Then the gentleman feels very confident that the bill, while really intended for the tobacco growers of the South, is acceptable in its terms to those whom the gentleman knows I am interested in?

Mr. FLANNAGAN. Yes; I know that and I shall be glad to put this testimony in the RECORD.

Mr. HAINES. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. HAINES. This bill applies only to tobacco sold at auction.

Mr. TREADWAY. I think there is some confusion about that and I suggest that it be cleared up. If it is solely on auctioned tobacco, I do not think the language quite shows it. I would suggest to the gentleman to consider section 6, for instance. That seems to have nothing whatever to do with auction sales.

Mr. FLANNAGAN. May I say to the gentleman that section 6 does not cover sales upon auction floors. It covers just such inspection as the New England tobacco grower is demanding.

Mr. TREADWAY. It is a voluntary inspection, is it not, and asked for by the growers themselves?

Mr. FLANNAGAN. It is a voluntary inspection that the grower can call upon the Secretary of Agriculture to furnish.

Mr. TREADWAY. I thank the gentlemen for his courtesy.

Mr. HARLAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I feel that, regardless of the constitutionality of this bill, the bill without the Umstead amendment is undesirable purely as a matter of governmental philosophy in this country for this reason: It is an unnecessary interference by the Federal Government in questions of government that are purely local. With the Umstead amendment included that objection would be removed, because it would not be an interference. It would be a voluntary offer of assistance by the Federal Government to the individual and the locality.

Now, it has been said here that this is voluntary. The gentleman from North Carolina [Mr. CLARK], I think, made the converse of that very clear. After a referendum has been taken and a district is set out after a majority of those growers have voted in favor of the inspection, then it is forced on the rest of the growers in that district, and to that extent it is not voluntary to the minority of the growers.

Mr. FLANNAGAN. Will the gentleman yield?

Mr. HARLAN. I wish I could, but I cannot.

If we make this voluntary as to the individual, if it is a good thing, if it helps the farmers—they are human beings, they know their own good, these men who you say do not know their own crops, do not know how to grade their crops,

yet they can see that it is helping their neighbors and then can go in and take the benefit of Federal assistance. If it is not a good thing, they will not have to take that service, and they will not be subject to any penalty if they do not.

Why is this a local question? It is purely a local question because the growth of tobacco in this country is spotty. Shade is grown one place, perique in another, Spanish in another, broad leaf in another, and each particular type of tobacco is indigenous to that particular section, and these sections are almost all included in a small area in one State or in a few border counties of States that are very close together. Those different types of tobacco have little in common. They are no more alike than cabbage and cauliflower. There is no similarity in the grading problems. There is no need of a national grading system. It is purely a local problem. It is unlike grading wheat or cotton, which are uniform crops. Now, if it is advisable to make this grading compulsory, then it ought to be done by the States and not by the Federal Government. Entirely aside from the Constitution, if we had no Constitution, it ought not to be done by this great Federal Government for the Federal Government is not designed to be interested from a governmental viewpoint in that local problem if it is compulsory. Now, if we want to make it voluntary, as we do the cotton grading, then it is a proposition of helping the citizen, of protecting the citizen. I think we would all agree that it would probably be a beneficial law. But if we are going to compel these people to come under this law we are violating every principle on which our Government has been formed, even if we throw out of consideration the Constitution, because we as a people believe in having local problems solved by local authority to the greatest extent possible. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 2. That transactions in tobacco involving the sale thereof at auction as commonly conducted at auction markets are affected with a public interest; that such transactions are carried on by tobacco producers generally and by persons engaged in the business of buying and selling tobacco in commerce; that the classification of tobacco according to type, grade, and other characteristics affects the prices received therefor by producers; that without uniform standards of classification and inspection the evaluation of tobacco is susceptible to speculation, manipulation, and control, and unreasonable fluctuations in prices and quality determinations occur which are detrimental to producers and persons handling tobacco in commerce; that such fluctuations constitute a burden upon commerce and make the use of uniform standards of classification and inspection imperative for the protection of producers and others engaged in commerce and the public interest therein.

Mr. DEEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, during the Seventy-third Congress, in June of 1933, I introduced an amendment to the Kerr-Smith bill, which was under consideration at that time. This amendment appears on page 10660 of the RECORD of June 6, 1933. I notice that nearly a page and three-quarters of discussion took place on the point of order made against the amendment. I want to call the attention of the committee to two or three statements that were made while the point of order was under discussion. The gentleman from Tennessee [Mr. BYRNS], at that time floor leader, said:

I am in favor of the idea of the gentleman from Georgia [Mr. DEEN] with reference to the grading of tobacco.

I want to call attention to these words of the chairman of the committee, the gentleman from Virginia [Mr. FLANNAGAN], who said:

I agree with the statement made by the gentleman from Kentucky—

Who was Mr. BROWN; and, by the way, he was for my amendment.

Continuing, Mr. FLANNAGAN said:

I am in sympathy with it, but there is now pending what is known as the "Byrns bill", a bill which has been carefully prepared, and which provides for the grading of tobacco. I believe we could deal with this question by passing that bill, for it has been considered by experts and those who know something about the tobacco question.

It is interesting to read the various statements made in the discussion on the point of order, but time will not permit further quotation.

Now, Mr. Chairman, I should like to say two or three things about the bill we are now considering, for a number of reasons: First, more than half the tobacco grown in Georgia is grown in my congressional district. We usually grow around 50,000,000 pounds. Last year we grew a little more than 33,000,000 pounds. The average price was 18.75 cents per pound. I called on the Internal Revenue Bureau the other day for figures showing the amount of revenue received annually from taxes on tobacco, including cigarettes, smoking tobacco, cigars, and so forth. They answered me by saying that it amounted to $452,366,438.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. DEEN. Mr. Chairman, since tobacco produces this great amount of revenue, I think it fair that the Federal Government should provide a satisfactory grading system of tobaccos. There are three outstanding benefits in this bill. First, it will relieve the present unfair and unsatisfactory system of marketing tobacco. Time and again, year after year, I have been on the floor of tobacco warehouses with my relatives and friends who were selling tobacco and have seen a pile of tobacco sell in the morning in one warehouse for 8 cents a pound and in the afternoon of the same day in another warehouse, under the auction system, the same pile of tobacco brought 17 cents a pound. There was either something wrong with the buyers, the manufacturers, or there was a deliberate attempt on the part of tobacco companies to take the tobacco away from the farmers.

The second benefit, in my opinion, is that it will remove what we call in Georgia the "pinhookers." The pinhooker is a person who goes through the warehouses and buys tobacco from a few unsuspecting farmers who do not understand grading and then in turn resell the tobacco the same day for a large and enormous profit.

The third benefit will be derived by every tobacco-growing farmer receiving the same consideration when his tobacco is placed on the floor of a warehouse. Special consideration is frequently given the big grower. The grading system will eliminate favoritism.

Mr. MITCHELL of Tennessee. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I endorse fully what has been said by my colleague from Georgia, and further supplementing the statement I made a few moments ago, may I call the attention of the Members of the House, and stress the fact, that the growing of tobacco is perhaps, so far as labor is concerned, the hardest work that the farmer is called upon to do in the South. He is compelled to grow this crop during the hottest season of the year. The average man who grows the tobacco is the tenant farmer. Those of you who are not familiar with tobacco-growing conditions will not appreciate what I am about to state.

The landowner or the landlord frequently subleases or rents his land or plantation to the tenant—who cultivates the crop, and he is the kind of farmer that needs the help of the Government in getting an adequate and a decent price for this commodity.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. MITCHELL of Tennessee. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. May I ask the gentleman if during the hearings on this legislation there was evidence of favoritism shown by the buyers to certain preferred producers; those who were able to take the buyers out and entertain them sumptuously were granted special consideration in the sale of their tobacco?

Mr. MITCHELL of Tennessee. Absolutely. The record is full of favoritism, where men with influence around the warehouse, and perhaps the bigger growers, can so manipulate and ingratiate themselves with the buyer as to get sometimes 33⅓ to 50 percent more for their crop of tobacco than their neighbor across the road is able to sell his particular crop for.

Mr. Chairman, let us see if we are not all interested in this matter. This is the greatest revenue-producing crop grown. Congress is interested in doing what? Trying to foster this crop, trying to produce it, and have it properly classified, and to have the man who sweats and toils to produce it get a proper and legitimate price for his work. It is not fair to say about this proposition that you do not want to educate the producers in this country. How can this man know the value of his tobacco if he is untrained and unskilled? Here is the buyer, who has had years of experience in buying this tobacco. If the farmer does not accept what he is offered in 10 seconds, and it is rejected, then the pinhooker standing back in the rear is prepared to rob him. He gets the grower off to one side and buys the basket or two baskets of tobacco, then transfers it to another part of the warehouse, and in the afternoon of the same day the pinhooker will resell it at a profit of $25 to $50 more than the producer was offered in the morning.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 3. That the Secretary is authorized to investigate the sorting, handling, conditioning, inspection, and marketing of tobacco from time to time, and to establish standards for tobacco by which its type, grade, size, condition, or other characteristics may be determined, which standards shall be the official standards of the United States, and shall become effective immediately or upon a date specified by the Secretary: *Provided*, That the Secretary may issue tentative standards for tobacco prior to the establishment of official standards therefor, and he may modify any standards established under authority of this act whenever, in his judgment, such action is advisable.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I come from New York, and, of course, no tobacco is grown in that State. I am a user of tobacco, and most of the people in my district use tobacco. As far as I can gather from a reading of the bill, and from the report filed in connection therewith, as well as from what I have heard on the floor today, I believe this is a good bill. Even if the bill will go so far as to increase slightly the cost of cigarettes in my district, I willingly subscribe to that and will vote for it; if it will at the same time aid the farmers in all these tobacco States—the tobacco growers in the States of North Carolina, South Carolina, Georgia, Florida, West Virginia, Maryland, Tennessee, Kentucky, Ohio, Indiana, Missouri, and the tobacco growers in the Connecticut Valley, I am in favor of it. It will be a small price to pay for its great benefits.

Mr. Chairman, certainly we in the city would be making a very, very small, minimum sacrifice, if we vote for this bill, and it will have that great beneficent result indicated to the many, many thousands of tobacco growers in the various States just enumerated. We of New York willingly come forward and will give you every ounce of support on this bill, and particularly do we say that if it will give the farmers greater protection against speculators or pinhookers, as they have been called this morning. Certainly grading of tobacco and the giving of necessary technical information to farmers should commend themselves to all of us. Of course, it may be that those who manufacture cigars and cigarettes, the so-called "Big Four", headed by the Dukes and the Reynolds, might object, but they do so for very, very selfish reasons. I want to say that I shall willingly vote for this bill and will induce as many of my colleagues from New York as I can to follow my lead.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. In connection with the reference which my colleague made to two of the big buyers of tobacco, may I say for his benefit and for the benefit of the Membership of the House that two of the big buyers, the American Tobacco Co. and the Reynolds Tobacco Co. are located in my district, and, up to this good hour, I have never received one word of opposition from any official connected with either of those two companies to this bill. They evidently take the position that this is strictly a growers' problem.

Mr. CELLER. I am very happy to receive that information. I did not intend to cast any aspersion on anyone in the gentleman's district.

Mr. HANCOCK of North Carolina. I know you did not.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, on tobacco legislation I usually follow the lead of those men who represent tobacco districts. I am one of the few men in the House who does not use tobacco in any form. I am not in the Tobacco Belt. The territory I represent is not in the Tobacco Belt and was not in the original Tobacco Belt. The use of tobacco seems to have been unknown to the Indians of that section of the country at the time of the advent of the white man.

In 1539, when De Soto made his famous expedition through the Southern States, he landed in Florida and came up through Georgia, South Carolina, southern Tennessee, back down through Alabama, across Mississippi, and across the Mississippi River, into the interior of Arkansas and possibly as far west as Texas.

There were three reports of that expedition written by men who were members of it. One of them was written by a man named Biedma, who was called the King's Factor. Another one was a man by the name of Rangel, who was De Soto's secretary, and the third one was written by a highly educated man who called himself the Gentleman from Elvas. They went into details in describing the life of the Indian from the time they landed in Florida until they got back to Mexico, and to my surprise, not a single one of them mentioned ever having seen tobacco or having seen a single Indian smoking. Yet we have been taught in American history, or at least I have been led to believe, that all the Indians in this country were users of tobacco.

So tobacco evidently originated, so far as this country is concerned, in Virginia. I was never more surprised in all my study of the history of the early expeditions into this country and its early settlements than I was when I found that the men who wrote the reports of the De Soto expedition mentioned everything else of importance and many, many things of unimportance, and never a single time mentioned having seen a single Indian smoking or having seen tobacco in any form.

So I say I am outside the original Tobacco Belt. My constituents, of course, use tobacco—a great many of them—but I am willing to go along with these gentlemen who do represent tobacco farmers if I know what they want.

I have always supported legislation since I have been in the House which I thought was for the best interests of the men who produce the raw materials in all the agricultural sections of this country. I have supported legislation to raise the price of wheat, to raise the price of corn and of cattle and of hogs, as well as cotton, and if this legislation will do your people who produce tobacco any good, I shall be pleased to go along and support it. [Applause.]

Mr. HOPE. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am not directly interested in this bill. I do not represent a tobacco-producing district, and my knowledge and information concerning the measure and the situation which it attempts to correct are derived principally from hearings which were held by the committee.

I do not believe anyone can read these hearings without being convinced that there is something radically wrong with the system under which the tobacco farmer sells his products. I do not believe there is any agricultural commodity today

in the disposal of which the seller is more at the mercy of the buyer than in the case of tobacco; and I feel convinced, if this legislation is passed, it will at least give the seller an opportunity to compete on more nearly even terms with the man who buys his product.

This is not an innovation so far as legislation is concerned, because we already have what amounts to compulsory inspection and grading of wheat and cotton and we have provisions for voluntary grading of many other agricultural commodities. It is true that the method which is used in the grading of wheat and cotton is not exactly the same as is provided in this bill, for the reason that the methods by which the commodities are handled in the course of their sale and distribution are different. The principle is the same.

I am sure the wheat producers of this country would not for 1 minute consider going back to a system of selling their product without Federal grading and inspection. I do not think the cotton producer would think of doing this for a single instant, and if they did do it there would be chaos so far as the marketing of either of these commodities is concerned.

This bill was very carefully considered by the committee. There were numerous objections made to it in the beginning and the committee made a sincere effort to meet every sound objection.

One of the objections was that many producers of tobacco did not want to have their tobacco graded; that the producers on certain markets were entirely satisfied with the system which is in effect and it would be an imposition on them to force them to have their tobacco graded. I cannot conceive how it would hurt any producer of tobacco to know the grade and character of his tobacco any more than it could hurt any producer of wheat to know whether his wheat is No. 1 or No. 2 or what its protein content may be; but assuming that some producers do not want this information they have the opportunity under the terms of this bill, by a majority vote of the producers in any marketing area to decide they do not want it. This is a democratic method of deciding the matter. It gives the producer a chance to decide whether or not he wants to come within the plan, and if he does not, it is not going to affect him in any way. My own judgment is that if this plan goes into effect there will ultimately be very, very few markets which will not have this grading system in operation. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 4. That the Secretary is authorized to demonstrate the official standards; to prepare and distribute, upon request, samples, illustrations, or sets thereof; and to make reasonable charges therefor.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the committee, following a hasty perusal of this bill, H. R. 8026, last night, I concluded that I should oppose the bill. The bill will establish and promote the use of standards of classification for tobacco, to provide and maintain an official tobacco-inspection service, and for other purposes. After reading the bill carefully, and carefully reading the report, I want to say to you that I have changed my mind somewhat. [Applause.] I say this to you after 6 years' experience in directing, under a cooperative arrangement with the Federal Government of the grading of apples and other fruit, and the grading of onions and other vegetables in Ohio.

My only regret is that this measure does not make provision for a cooperative working arrangement between the Federal Government and the State departments, for the reason that practically all other projects of a similar nature are administered in that manner.

For instance, the eradication of bovine tuberculosis.

Back in 1926 we started in Ohio, under what is known as the "area method" and proceeded for some time, when we discovered that to carry the work to a successful conclusion we must have needed legislation. That needed legislation was obtained.

In the first 2 years we had one-half of the counties of the State accredited, and now they are all accredited, which means that all of Ohio has less than 3 percent of infection of that sort.

I say that this should be cooperative, because I do not believe in centralizing such work in Washington, far removed from the scene of activities. Bureaucrats in Washington know far less than those in the field of the tobacco-growing States.

We have in the southwestern part of Ohio 10 or 11 tobacco-growing counties. I understand this bill will have no effect on those growers. In the southern fields it will eliminate a large part of the abuses in the auction market. It will enable the grower to have an accurate daily market information which he does not have under existing conditions.

Tobacco growers today are living in the same age that the cattle and hog growers were living in in the horse and buggy days, in the days of the old mud roads, when they did not have a market once a week and were entirely at the mercy of the buyer who had them completely in his power.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. TRUAX. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TRUAX. So this bill will, to a great extent, eliminate these great disadvantages that now exist. I do not believe that the enactment of the bill will raise the price of tobacco products to the consumer a single penny. I believe in the end it will lower them, because it will educate the large consuming public to the enormous profits made by the Tobacco Trust and the tobacco barons. We had testimony before our Committee on Labor that the Big Four, the Cigarette Trust, had a labor cost on a thousand cigarettes of only 2 cents. That is how they accumulated a net profit of $759,000,000 over a 10-year period.

Mr. Chairman, it has been said many times on the floor of this House during the discussion of this bill that the Tobacco Trust has repeatedly and persistently plundered and robbed tobacco growers. That is true. For a long period, which only ended about a year ago, growers were receiving an average of 8 cents a pound for tobacco—a figure considerably lower than the cost of production. This Tobacco Trust, composed of the Dukes, Reynolds, and others, exploited both growers and workers by unfair buying methods and by brutal monopoly that squeezed out the last drop of blood from the tobacco farmers. By starvation wages, by ruthless opposition to labor unions, they stifled cooperative effort among their workers to a point that resulted in more than half of their employees receiving a meager average weekly wage of $12. Many employees, known as the "common-labor group", received even less than that, with the inevitable result that these workers were forced on Federal relief doles to eke out a mere existence.

During the 10-year period before mentioned, during which these tobacco barons and modern bluebeards crushed growers, employees, and consumers to the tune of $759,000,000, they reduced their working personnel from 40,000 to 20,000 employees.

I am not idealist enough to fondly hope that the enactment of this bill into law will accomplish the millenium and restore economic balance between the tobacco grower and the Tobacco Trust. I feel sure that the only remedy for these superracketeers and these blue-blooded and rich oppressors of the poor is the adoption of a drastic tax-the-rich program commonly known as "share the wealth."

Therefore I heartily commend the courage and initiative of President Franklin D. Roosevelt in urging the Congress to enact such a program into law before this session adjourns. I know full well that this contemplated program meets with displeasure from some Members and arouses the ire of many who complain about being sick, who complain about the terrific heat now prevailing in Washington, and who pray that Congress should adjourn so that they may go home.

Personally I do not subscribe to this doctrine. I think we should heed the call of duty, and that duty bids us not only to "soak the rich", but to scale down the immense

fortunes by a capital-tax levy and to make it impossible for the accumulation of huge fortunes in the future.

I read in the daily newspapers that the tentative plan agreed upon by the Committee on Ways and Means would grant a $50,000 exemption for blood kin with a tax starting at 4 percent on the next $10,000. It would run up to "almost confiscatory figures" at $10,000,000 or more, so the paper states. That proposed plan is entirely too liberal for me. For the past 8 years I have advocated a capital-tax levy that would scale down every swollen fortune to $1,000,000. If any man or woman in this country cannot live comfortably, decently, and respectably upon a million dollars, then they should leave this country and go where they can live in that manner on that amount.

I urge an inheritance-tax plan that would tax 100 percent of all inheritances in excess of $1,000,000; I would limit all annual incomes to $50,000 per year, and I believe that that is $40,000 too much.

It is understood that the administration wants the new tax plan to become effective as of September 1, 1935. If this report is true, and I hope it is, then I say more power to the President. May we all doff our hats to him in admiration for his courage to tax the rich properly and adequately and for his humanitarian motives.

I believe that this bill should be made uniform along with our other agricultural control bills. I understand that the gentleman from North Carolina [Mr. WARREN] will offer an amendment that will require a voluntary agreement of 66⅔ percent of the growers participating to make it effective upon them. That is exactly the plan under which we operate for the eradication of bovine tuberculosis in cattle. We must secure the signatures of 75 percent of our cattle owners. Then, when their herds have been tested, it is compulsory for the remaining 25 percent to have their herds tested also, so that the freedom from disease must be uniform in all of our herds. I think that the amendment about to be offered by the gentleman from North Carolina is a salutary amendment, one that will not impose any hardship upon a great majority of the tobacco growers, and I think with such an amendment to this bill it is one bill that we can all support whole-heartedly, freely, without any restraint upon our consciences, secure in the knowledge that we are rendering real service to one great class of agrarians in this country. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. CRAWFORD. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Page 4, line 21, after the word "therefore", strike out the period, insert a colon, and add: "*Provided*, That in no event shall charges be in excess of the cost of said samples, illustrations, and services so rendered."

Mr. FULMER. Mr. Chairman, the amendment is perfectly satisfactory to the committee. The committee will accept the amendment.

Mr. CRAWFORD. I thank the gentleman. While I have the floor may I ask the gentleman from North Carolina, Judge KERR, a question? In the event that the triple A, which, I understand, includes the Kerr-Smith Tobacco Act, is held unconstitutional, where, then, would the tobacco people be insofar as their satisfactory situation is at the present time? In other words, assume that the law you referred to a while ago is entirely wiped out by the Supreme Court.

Mr. KERR. Then the tobacco interests would be left alone to work out their own method of cooperation and reduction.

Mr. CRAWFORD. Is it not a fact that while working out their own method of operation these people will starve to death?

Mr. KERR. What people?

Mr. CRAWFORD. The people who are growing tobacco.

Mr. KERR. If there is proper cooperation among them, which would bring about the very condition brought about by this legislation, then they would be in a finer status than they ever were.

Mr. CRAWFORD. If proper cooperation were brought about between the growers and the buyers? In other words, if the buyers would hand the proper price over to the growers, it would be satisfactory?

Mr. KERR. I think proper cooperation among the growers in respect to the amount of tobacco they make would bring them satisfactory prices.

Mr. FULMER. And I would state to the gentleman that prior to the passage of the Kerr-Smith Act, for years and years these tobacco growers had tried to cooperate. They never have been able to do so, and never will, if the matter is left to farmers. When the Smith-Kerr bill was offered they objected to it, but after it was put into operation and real benefits came along they were tickled to death, and as the gentleman states, if this program is wiped out by the courts, tobacco farmers will have to go back to poverty bases.

Mr. CRAWFORD. Is it not true that they are staking the claim that they are now entirely satisfied solely on the benefits brought about by previous legislation?

Mr. FULMER. The gentleman is correct.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. Yes.

Mr. FIESINGER. I heard during the debate that in these warehouses where they have the auction, a certain grade of tobacco may sell in the morning for 5 cents and in the afternoon for as much as 17 cents—that is, the same grade.

Mr. CRAWFORD. That is in accordance with the testimony.

Mr. FIESINGER. Is not that due somewhat to the law of supply and demand? In that particular instance was there not a shortage of tobacco, and you could not blame the thing altogether on the grading proposition?

Mr. CRAWFORD. I do not think the law of supply and demand has any more to do with it than I did or than some fellow in South Africa had to do with it. It is a case of where the exchange machinery as between the primary producer and you, the consumer, is so organized that the primary producer is being required every day to contribute loot to the highly organized exchange machine.

Mr. FIESINGER. Another question: I am trying to clear up these points in my own mind. It was said in debate that the farmer may offer his tobacco and it would not be sold and then the pinhookers, so called, come along and buy that tobacco and sell it for $25 or $50 more in the same afternoon.

Mr. CRAWFORD. Yes. If the farmer rejects the bid.

Mr. FIESINGER. Why could he not hold it until the afternoon and sell it himself?

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FIESINGER. Why could not the farmer hold the tobacco and sell it as well as the pinhooker?

Mr. CRAWFORD. Because of that highly organized machine to which I referred. The farmer has no chance. There is absolutely no chance for him to operate.

Mr. FIESINGER. Then the gentleman says that the law of supply and demand does not operate under the peculiar conditions of this bill?

Mr. CRAWFORD. That is correct.

Now, may I ask the Chairman of the Committee on Agriculture a question? Assuming the grower of tobacco desires to take his tobacco to another place for sale, other than to the warehouse auction sale, does he come within the provisions of this act?

Mr. FULMER. He is at liberty to take it to any market for sale.

Mr. CRAWFORD. In other words, it is a case of conforming to the warehouse rules and the general procedure, as set forth in this law and in the warehouse rules, if he takes his tobacco to the warehouse auction sale?

Mr. FULMER. That is right.

Mr. CRAWFORD. I thank the gentleman.

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The amendment was agreed to.

The Clerk read as follows:

SEC. 5. That the Secretary is authorized to designate those auction markets where tobacco bought and sold thereon at auction, or the products customarily manufactured therefrom, moves in commerce. Before any market is designated by the Secretary under this section he shall determine by referendum the desire of tobacco growers who sold tobacco at auction on such market during the preceding marketing season. The Secretary may at his discretion hold one referendum for two or more markets or for all markets in a type area. No market or group of markets shall be designated by the Secretary unless a majority of the growers voting favor it. The Secretary shall have access to the tobacco records of the collector of internal revenue and of the several collectors of internal revenue for the purpose of obtaining the names and addresses of growers who sold tobacco on any auction market, and the Secretary shall determine from said records the eligibility of such grower to vote in such referendum, and no grower shall be eligible to vote in more than one referendum. After public notice of not less than 30 days that any auction market has been so designated by the Secretary, no tobacco shall be offered for sale at auction on such market until it shall have been inspected and certified by an authorized representative of the Secretary according to the standards established under this act, except that the Secretary may temporarily suspend the requirement of inspection and certification at any designated market whenever he finds it impracticable to provide for such inspection and certification because competent inspectors are not obtainable or because the quantity of tobacco available for inspection is insufficient to justify the cost of such service: *Provided*, That, in the event competent inspectors are not available, or for other reasons, the Secretary is unable to provide for such inspection and certification at all auction markets within a type area, he shall first designate those auction markets where the greatest number of growers may be served with the facilities available to him. No fee or charge shall be imposed or collected for inspection or certification under this section at any designated auction market. Nothing contained in this act shall be construed to prevent transactions in tobacco at markets not designated by the Secretary or at designated markets where the Secretary has suspended the requirement of inspection or to authorize the Secretary to close any market.

Mr. WARREN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WARREN: On page 5, line 7, strike out the words "a majority" and insert in lieu thereof the word "two-thirds."

Mr. WARREN. Mr. Chairman, there seems to be great confusion of opinion on this bill among the brethren from North Carolina and other tobacco-growing States. My very close friend and colleague, Mr. HANCOCK of North Carolina, referred in a speech made a short while ago to Mr. J. C. Lanier, of Greenville, N. C. I was unable to hear all the gentleman said, and I hope that he cast no reflections on Mr. Lanier, and knowing the gentleman from North Carolina [Mr. HANCOCK] as I do, I am sure that he did not. I know nothing of any conversations that he might have had with Mr. Lanier, who is well within his rights in opposing this measure if he sees fit.

Immediately after the Kerr-Smith bill became law, and upon my recommendation and, indeed, upon the recommendation of many from the tobacco-growing sections, Mr. Lanier was made Assistant Tobacco Administrator under Mr. Hutson. In my opinion, he knows more on the subject than any other man today in the United States. To him is due outstanding credit for the success of the tobacco program. He was given the high honor of being furloughed from the Department to become administrator of the tobacco warehouse code under the N. R. A., and after the death of the N. R. A. he then voluntarily organized all of the warehousemen to carry on the high standards that were formerly imposed upon them under the code. I regard him as one of the ablest and finest and squarest men I have ever known, and he is a man of the highest character and integrity.

The amendment that I have offered merely brings this proposed bill in conformity with all other control programs. In fact, it sets a lower standard of conformity than does the referendum on the Kerr-Smith bill. On the Bankhead bill, as you will recall, before it becomes effective it requires the vote of two-thirds of the participating growers. On the Kerr-Smith bill it requires a vote of three-fourths of the participating growers before the program can be continued for another year. In a third program that has been proposed to the Congress, to wit, the potato-control bill, which has already passed the Senate, a two-thirds vote of all growers is required. This bill, as now presented, only requires a majority. It would force the will of 51 percent upon 49 percent who may not wish to come in. This amendment therefore brings this act in conformity with other programs.

When this bill was first introduced it had my most unalterable opposition. I know that I am conservative when I state that I received approximately 10,000 letters and petitions in opposition to the measure, with approximately 100 letters in favor of same. It was understood and argued at the time the opposition arose that the farmers desired to express themselves on it before it became effective. Since the committee has incorporated a referendum provision, and if the committee will accept this amendment that I am offering to make it conform with other control programs, then I am willing to go along with the bill.

I wish I could share the enthusiasm of some of the proponents of this bill in thinking that this measure will really accomplish something worthwhile. It has been my observation that farmers cared nothing about Government grading which at times has been offered them absolutely free. Only a very small percentage of them have availed themselves of this opportunity. Since I understand that the gentleman from South Carolina [Mr. FULMER] is willing to accept my amendment which provides that two-thirds of the growers must first vote in favor of grading, then I see no objection to giving them this right. Unless there should be a great change in sentiment in eastern Carolina, I doubt if there will be a favorable vote.

Mr. HANCOCK of North Carolina. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will be brief. I see no serious objection to the amendment offered by my distinguished friend from North Carolina, Mr. WARREN, but we all realize that when you raise the percentage of votes required it makes it somewhat more difficult for the growers to organize and thereby get the benefit of this service. A majority has always been the basis of our system of control and regulation in this country. If we do not adhere to the majority rule, I do not know to what rule we can adhere for future guidance in determining questions of this kind. Of course there may be justified exceptions.

In a few moments the gentleman from North Carolina [Mr. UMSTEAD] will probably come forward with his amendment. Under that amendment, even after a majority of the growers in a particular area have voted for Federal grading and inspection, my understanding of the amendment is that it would still not bind those who did not vote for it.

I am wondering which of the Members of this House would like to invoke that rule with respect to their election as Members? In other words, if 51 percent of your constituents favored you and 49 percent did not favor you, do you think the 49 percent ought to have somebody else up here to represent them? Of course, some of us may, before this session is over, need a substitute.

Seriously speaking, however, those who understand the problem involved in this legislation must admit that the odds are all against the growers when it comes to the referendum. I know intimately the buyers and warehousemen on many markets. I give them and the warehousemen, too, a word of praise. Nearly everyone of them is an honorable man. I am not criticizing or attacking any individual, but merely the system in which they operate. I know, however, that all of them are afflicted with human weaknesses, I know they are naturally primarily interested in the prosperity and welfare of their business. They see their side of this problem and that quite frequently is different from the growers' problem. Listen to me, please. Here is farmer John Smith who comes into a warehouse with his tobacco.

A big, influential buyer happens to be around and sees him. This buyer, who is bent upon breaking up Federal grading, says to John: "Look here, old fellow, don't fool with that damned grading business; haven't I been buying

your tobacco and looking after you? If you fool with that mess don't look to me to help you." They are the boys who hold the purse strings, and that is the most powerful coercive influence the average grower faces. How long could any system last in the face of that kind of intimidation and opposition? When the day of the referendum comes it is going to be extremely difficult for 51 percent to have a free, uninfluenced will at the polls. You do not know the powerful influence of the tobacco combination in North Carolina composed of buyers, warehousemen, and the market pets. You have no idea how hard it is going to be for the growers in a particular area to get by ballot this splendid and constructive service which their Government is offering them free. Finally, do not forget this: The tobacco growers have trusted their Government with great benefits to control their production. Shall they now turn their backs on that same Government which is willing to give them free of charge a service that will better enable them to market the product of their months of labor? If left to their own will, I have no fear but that they will throughout every belt continue their loyal cooperation with an administration that has and will continue to be their defender and protector and see to the limits of its power that they shall receive a fair price for the fruit of their labor.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I appreciate the remarks of the gentleman from North Carolina, my friend, Mr. HANCOCK; but the amendment offered by the gentleman from North Carolina [Mr. WARREN] is in line with certain clauses carried in other pieces of legislation in connection with the agricultural program and apparently is very fair. The committee is inclined to accept the gentleman's amendment.

Mr. BARDEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, if this bill will do 30 percent of the good that is claimed for it, then the man ought to be shot who would vote against it. I come from a tobacco section, and when I say tobacco section I do not mean that they grow 2 or 3 acres of tobacco. In 1934 my district raised 63,119,000 pounds of tobacco. From this tobacco the Government realized approximately $63,000,000 in revenue. So I say that the people of my district are entitled to have something to say when legislation of this type is being passed on.

As for the amendment of the gentleman from North Carolina [Mr. WARREN] I cannot see one reason on earth for any opposition to it. I am for it and expect to support it.

I do not like to see statements broadcast that seem to refer to the farmers as being poor, ignorant farmers or referring to the warehousemen as being crooks, thugs, and thieves; I do not like such statements. I think they are unfair. The farmers in my district are intelligent, law-abiding, hard-working men, and they have had a hard row to weed. The warehousemen in North Carolina, when the Governor of that State called for the warehouses to close, closed them 100 percent for the triple A movement to get under way.

My farmers are for the triple A. They are delighted with the tobacco movement, and I expect to stand with them in supporting the program, and may I add that I sincerely hope this bill will not have the effect on the North Carolina farmers and the farmers of my district that it has had on the North Carolina delegation. I am serious in this, and it makes me a little leery about the bill. My farmers are satisfied with the situation as it exists under the tobacco program, and I sincerely hope that this will not disturb their peace of mind.

I know that the present method of selling tobacco is bad. It has been bad, and I know where most of the scalpers live in North Carolina. I think their headquarters are in the district of the gentleman from Winston-Salem who referred to them as "scalpers."

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield there?

Mr. BARDEN. I yield.

Mr. HANCOCK of North Carolina. I do not think that is a fair statement for the gentleman to make. I have made no such reference to them.

Mr. BARDEN. I am not making that as an accusation against the gentleman from Winston-Salem, N. C., but I say that if the gentleman refers to the tobacco companies and the tobacco buyers as "scalpers", their headquarters are in the gentleman's district.

Mr. HANCOCK of North Carolina. The gentleman is mindful of the fact that there are a number of large companies whose buyers operate in North Carolina. Why the gentleman should direct his remarks on Winston-Salem I do not know. I would really like to know what the gentleman means. May I also say again I have not referred to them as "scalpers" or any other such names.

Mr. BARDEN. I thought that was mild.

Mr. HANCOCK of North Carolina. It may be for the gentleman, but I have not used any such terms toward anyone connected with the tobacco industry, for I do not think they deserve such characterizations.

Mr. BARDEN. Then I must be wrong. I heard so many complimentary things said with reverse English on them that I am a little confused perhaps. I have no personal fight to pick with them. I say that they have built up a monopoly that is beyond the control of the farmer. I say that the Government, and we as representatives of the people, should step in and help control this monopoly. I am delighted to see this love for the farmer. It tickles me very much. I hope it is not a temporary thing, but will be permanent.

[Here the gavel fell.]

Mr. BARDEN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BARDEN. Mr. Chairman, may I say in this connection that there is a lot of talk at this time about the tobacco program being declared unconstitutional. If it is, then may I say it would be a fine time for us to begin to go to work and see if we cannot devise a method whereby at least a part of this $1.08 per pound extracted by the Federal Government on a pound of tobacco can in some equitable way be distributed among the tobacco growers. The idea of a tobacco grower getting from 9 to 17 cents a pound for a product that the Federal Government gets $1.08 tax on is ridiculous. I sincerely hope that all of these demonstrations of love and affection for the farmer will not be temporary. I want to see the attitude prevail permanently if the tobacco growers are hampered in any way.

Mr. FIESINGER. Will the gentleman yield?

Mr. BARDEN. I yield to the gentleman from Ohio.

Mr. FIESINGER. There is no tobacco raised in my district and I think very little in the State of Ohio. We are one of the parts of the country that pays the freight. I want to ask the gentleman a question. His State is one of the great tobacco-producing States of the country as well as one in which a great deal of the tobacco is manufactured. Why has not the State of North Carolina passed a law which would protect those people down there if the hardship does exist as it has been portrayed in this debate?

Mr. BARDEN. May I say to the gentleman from Ohio that I think the legislature down there has tried to deal with these problems as presented. I served in that body and the legislature has been somewhat confused as to how to meet the situation. In the last year or so the tobacco business in North Carolina from the farmers' standpoint has been very satisfactory.

Mr. Chairman, with the Warren amendment adopted, I think I shall vote for this bill. I am going to vote for it because when two-thirds of the farmers in my district say they want this program, then I believe they should have it, and I am going to vote for the bill for the reasons indicated. The tobacco farmers are entitled to every possible aid and service that can be rendered by the Federal Government, and as long as I am here I shall not hesitate to fight for their cause.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. WARREN].

The amendment was agreed to.

Mr. UMSTEAD. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. UMSTEAD: On page 5, line 15, after the word "referendum", strike out the period and the language thereafter down to and including the word "service", in line 2, on page 6.

Mr. UMSTEAD. Mr. Chairman, I ask unanimous consent to proceed for seven additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. FULMER. Mr. Chairman, reserving the right to object, may I see if we cannot arrange the time to be devoted to this amendment. I should like to make a unanimous-consent request that all debate on this section and all amendments thereto close in 20 minutes.

Mr. BOILEAU. Is this the amendment referred to known as the "Umstead amendment"?

Mr. FULMER. Yes.

Mr. BOILEAU. I should like to have 5 minutes to discuss that amendment.

Mr. FULMER. Mr. Chairman, I shall amend the request by adding 5 minutes for the gentleman from Wisconsin, making it 25 minutes in all.

Mr. KERR. Mr. Chairman, reserving the right to object, may I ask the chairman of the committee who is in charge of this matter a question. I desire to offer an amendment on this section. Does he limit debate to the pending amendment?

Mr. FULMER. No; to the section. The gentleman may offer his amendment within that time.

Mr. UMSTEAD. Mr. Chairman, I should like to know if my unanimous-consent request is granted? I have not had any time to speak on this bill, and, coming from the section of North Carolina that I do, I felt compelled to ask for the additional time, and I hope it may be granted.

Mr. FULMER. Mr. Chairman, I will modify my request, and make it 30 minutes, and give the gentleman from North Carolina [Mr. UMSTEAD] 15 minutes of that time.

Mr. WADSWORTH. Mr. Chairman, in view of the understanding that the gentleman from North Carolina is to have 15 of the 30 minutes, which would make it possible for only three other members of the committee to speak on the amendment, and it being a very important one, I am constrained to object.

Mr. FULMER. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 30 minutes.

Mr. WOODRUM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOODRUM. The gentleman from North Carolina [Mr. UMSTEAD] obtained recognition from the Chair and propounded a unanimous-consent request. He has the floor and is entitled to have action taken on his request.

Mr. FULMER. Mr. Chairman, I withdraw my motion for the moment.

Mr. UMSTEAD. Mr. Chairman, I asked unanimous consent that I may be permitted to proceed for 7 additional minutes. I modify the request and ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. UMSTEAD. Mr. Chairman, there has been much said during the consideration of this bill on the questions of the production and the sale of tobacco. Some have qualified as experts by study, some have qualified as experts by listening to witnesses, and others have qualified as experts by reading the record. Mr. Chairman, I have no hesitancy in saying that although I do not claim to know all there is about tobacco, I am one man on the floor of this House who has engaged in growing tobacco and grading it with my hands. I feel therefore that having engaged in the production of this commodity until I was 21 years old, and having paid most of my school expenses with the money I made out of it, perhaps I ought to be entitled at least to make a few observations in regard to tobacco.

Let no man understand that I am against anything which is calculated or intended to help the producer of tobacco. Since becoming a Member of Congress I have at all times and in connection with every matter which has been presented to this Congress endeavored to aid in every way I could the producers of tobacco. I expect to vote for this bill, but I am asking this committee to hear me a moment on this amendment which I have offered, in good faith, for your consideration.

I defy any man in this Congress, although it has been stated here, to take 10 minutes of your time and prove to you that any law which has been heretofore enacted in connection with the tobacco program is a compulsory law. I am not questioning the motives of any man who has discussed this bill. I would not do that. I am thankful that so much has been said in behalf of the tobacco growers. If this bill accomplishes no other purpose, Mr. Chairman, it will have brought to the Members of the Congress more information about tobacco than they have ever had before in their lives, although I cannot subscribe to all that has been said here. I do not believe that any man on the floor of this House would have any selfish motive about this bill. I do not subscribe to the doctrine of jumping on the warehousemen, of criticizing the farmers or anyone else who has opposed this bill. I live in a country that makes tobacco, manufactures tobacco, and uses tobacco. Not a single soul connected with a manufacturing company has ever spoken to me about this measure. Only three of the many men engaged in the warehouse auction business in my district have ever mentioned this bill to me, so far as I now recall. I have received very few letters about the bill. I am speaking to you about something that I know, not from anybody or anything except my own experience.

North Carolina has a big stake in the tobacco production industry. In 1934, 1,000,000,000 pounds of tobacco were produced in the United States and North Carolina produced 420,000,000 pounds of it. The whole 1,000,000,000 pounds brought about $240,000,000 and North Carolina received about $120,000,000 for her share. Sections of our State have been changed from places of despair to places of hope and joy by what has been done in the tobacco-adjustment program. But, Mr. Chairman, there is an element in this bill that I do not like.

In my home county of Durham there is a large tobacco market. We sell on that market about 25,000,000 pounds, five times or more as much tobacco as is produced in that county. There are men and women in that county who have sold tobacco on the Durham market all their lives, and their fathers before them sold tobacco on that market. It is not a large-farm area; it is a small-farm area of one-horse and two-horse farms. I was reared on a small tobacco farm.

Someone has stated here that these little growers do not know how to grade tobacco. I deny that. Someone has put into the report the statement that the growers of tobacco have no system of grading. I deny that this is true in my section. There is the skill and science that has been passed from generation to generation in the veins of tobacco growers in Piedmont, N. C. Many men and women are experts, and grade tobacco with the accuracy that is acquired only by experience.

Now, this bill, if it is passed without this amendment, says, in effect, to the man who does not want his tobacco graded by a Government grader, "You cannot sell where your forefathers sold. You cannot sell where you have sold all your life. If you do, you have got to pay a fine or go to jail."

I cannot agree with my distinguished colleague, my next-door neighbor, Mr. HANCOCK, about this. Every pile of tobacco sold on the warehouse floor bears the name of the owner. The check is written to him. The warehouse furnishes a place to sell it. The check and the proceeds go to the man who owns the tobacco. I have sold tobacco, Mr. Chairman, and I know.

If Government grading is good, the tobacco farmers will use it. The proponents of this measure are basing their advocacy of this bill on the experience of Government grading. Do they stand by it? If they do, then why are they not

willing to leave it to those who will voluntarily use the services furnished free by the Government, and not ram it down the throat of a grower who is an expert himself, whose wife and children with their hands prepare tobacco with the care that would be used in nursing a baby, and who places it on the market in the finest condition, expertly graded, straight, orderly, and well arranged in the basket?

Many of such growers will not want to be compelled to subject their tobacco to the action of any Government grader anywhere. I am for the bill; I am going to vote for it whether you adopt my amendment or not, but let us not deprive any grower of the right to sell his tobacco on any market without having it Government graded.

That is all that is involved in this amendment. It will not emasculate the bill. If it is a good bill, there is no need for compulsion, and if it is a bad bill, there ought not to be any compulsion. I hope you will support the amendment. [Applause.]

Mr. VINSON of Kentucky. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman and members of the Committee, I was happy to hear my distinguished friend from North Carolina, Mr. UMSTEAD, tell this House that he was going to support this measure whether his amendment was adopted or not. He realizes that this measure will do much good to the tobacco growers of his section and the country. The tobacco sections of this country are the brightest spots in the A. A. A. program. North Carolina is the brightest spot of the entire area in part because of its export situation. Their average last year was 27 or 28 cents a pound. Burley tobacco and dark-fired and other grades of tobacco are not so fortunate. But while that is true, I would state that the tobacco growers generally have received many added millions of dollars because of the A. A. A. program.

I am speaking for the tobacco growers who need protection, tobacco growers who in 1931 only received an average of 8⅗ cents a pound for burley. In that year the Federal Government secured to the Treasury more than three times what the entire tobacco crop brought the farmers of the United States.

I could not help smiling when my friend talked about compulsion. I should like to know what he thinks of the Kerr-Smith bill passed by Congress, in which those out of the program pay 25-percent tax on the tobacco sold by them. Nobody knows better than the gentleman from North Carolina that a 25-percent tax or a 33⅓-percent tax called for this year is as compelling to the tobacco grower as any provision here contemplated.

I would not be misunderstood. I fought here for the Kerr-Smith bill. It has been of great benefit to tobacco growers, but it would be difficult to prove to a farmer that there is no compulsion in his reduction of acreage.

Why, my friends, if you adopt the amendment of the gentleman from North Carolina [Mr. UMSTEAD] you are sticking a dagger into the heart of this measure. This is a splendid measure, admitted to be so by him. No one knows more than he that it is for the welfare of the tobacco grower.

I am asking you in the name of the tobacco grower who may not be as fortunate as the gentleman from North Carolina, who is skilled in grading tobacco, who may not be as fortunate as the neighbors of the gentleman from North Carolina who have graded their tobacco—I am asking you in the name of the small tobacco grower, the man who is not the pet of the warehouseman, the man who is not in a position to favor the buyer so that he may get an increased price for his tobacco—to protect him from the buyer on the auction floor grading his tobacco, for that is what it amounts to. The buyer of the tobacco of the farmers of this country is the man who actually grades it. He grades it when he tells him the price that he will give, and he gives him the price that he wants to give him.

I repeat that in my opinion this bill without the Umstead amendment will mean added millions of dollars for the tobacco growers of this country. They are entitled to get what their tobacco is worth. No speculator, no pinhooker, no manufacturer of tobacco products is entitled under the law and in the name of justice to get any portion of the value of the tobacco growers' product. The grower is entitled to it all. [Applause.]

Mr. FLANNAGAN. Mr. Chairman, I move to strike out the last word. In my opinion, this amendment, if adopted, will absolutely destroy the bill. We may just as well quit trying to help the small grower of tobacco in this country if we pass this amendment. Let me give you a little of the history of this legislation. I know that the tobacco interests have been trying to defeat this legislation. I know that they have spent thousands upon thousands of dollars bringing people here to Washington, sending their representatives through the tobacco districts, spreading false propaganda, and what was it? Five cents a pound to grade their tobacco, and this, that, and the other, and then they told the farmers we were using compulsion; that we were going to force it on them. The farmers were not making that argument. It was being made by the tobacco interests for the farmer. Let us see what has happened. We adopted the referendum. We said, "All right; we will give it to you", and we have gone farther and said that we will provide for a two-thirds vote in the referendum. What does this amendment do? It says that although two-thirds of the tobacco growers on a particular market want Federal grading, they cannot have it, but that grading shall be optional. You could, under the amendment, have Federal grading on the floor or you need not have it. Adopt this amendment and what will happen? You know and I know that the tobacco buyers of this country, in order to discredit the system, would pay more for the tobacco that had not been graded than they would for the tobacco that had been graded, in order to discredit grading and get rid of the whole grading system. That is what they are trying to do. They are trying to destroy the whole grading system. If you give them an opportunity, they will do it; and if you vote for this amendment, that is what you are doing; you are placing the farmer, the tobacco grower of this country, at the mercy of the "Big Four" tobacco companies in America. Are you going to do it?

I never heard of this amendment until 3 days ago, when a representative of the tobacco interests was here. That is the first time I heard of it.

Mr. UMSTEAD. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. UMSTEAD. Does not the gentleman recall that I appeared before the Committee on Agriculture at a hearing in the New House Office Building and stated to you and to all members of that committee that I was not opposed to the Government grading, that there never had been any in my district, and that I wanted to ask the committee not to ram it down the throats of those who never tried it and did not know whether they favored it or not?

Mr. FLANNAGAN. I am sorry that I do not recall the statement.

Mr. VINSON of Kentucky. And does not this bill protect his interest?

Mr. FLANNAGAN. If your growers do not want Federal grading in your district, they need not have it, because two-thirds of them have to vote in favor of it before you get it. I know that the gentleman will be satisfied if two-thirds of the growers in his district speak on this subject and say they want Federal grading.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. How can Federal grading hurt any tobacco grower; how can any tobacco grower be hurt or his crop injured by a Federal expert in tobacco grading his tobacco? I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. Is not the serious danger connected with the Umstead amendment this, and nothing else, that if a portion of them are out of the system and a portion of them in, the companies will pay more for the tobacco of those not in the system than for those in the system, thereby breaking it up?

Mr. FLANNAGAN. In order to discredit the system. I made that statement, and that is what this amendment will

result in. If we adopt this amendment, we may just as well kill the bill. [Applause.]

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last two words. It is with a good deal of hesitation that I ask the indulgence of the committee for a few moments to discuss a feature of this so-called "tobacco-grading bill." I confess, at the outset, that I know nothing whatsoever about the tobacco business and I announce, at the outset, that I shall not endeavor to teach the members of the committee anything about it. But the gentleman who has offered the pending amendment has, in my judgment, hit upon something that deserves very, very careful thought on the part of the Members of the Congress. He has referred to the introduction of the element of compulsion—compulsion to be exercised by a stated proportion of persons engaged in a business, and imposed upon a smaller proportion of persons engaged in the same business.

I note, Mr. Chairman, that this thing is making its appearance in many of the bills that are passing this Congress or that are being urged for our favorable consideration. We find, for example, in the proposed marketing agreements in the Agricultural Adjustment Act amendment bill, according to which a majority of persons or two-thirds of the number of persons engaged in the raising of a certain crop, upon agreeing to the marketing agreement, thereupon are put in the position of compelling the minority of persons who may not agree to the provisions of the agreement, to conduct their business in accordance with the will of the majority. We find the same thing in the so-called "Wagner labor-disputes bill." Its provisions provide that a minority of workmen in a plant, if outvoted by a majority in the matter of organization, may, from that time on, have no representation with the employer in their negotiations. This theory of majority rule or two-thirds rule in the conduct of business is a new theory; but it is working its way into our legislation.

Mr. FULMER. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. FULMER. Is it not a fact that industry, in all well-organized groups of business in this country, have even gone to the extent of making trade-practice rules and securing the endorsement of the Federal Commission in order to bring about uniformity in price?

Mr. WADSWORTH. True; but the force of law is not behind them. There is the difference. We are now putting the force of law behind the will of a majority of persons engaged in a business as against the will of a minority of persons engaged in the same business. There is no analogy in that situation and the election of a Congressman by a majority of the voters. That has to do with the conduct of government and, of course, we must, in the last analysis, conduct government in accordance with the will of the majority. The Declaration of Independence says something about every individual being entitled to life, liberty, and the pursuit of happiness.

[Here the gavel fell.]

Mr. WADSWORTH. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WADSWORTH. Pursuit of happiness is nothing more nor less than the earning of one's living. We now propose in bill after bill to restrict the pursuit of happiness; take away the right to pursue happiness on the part of an individual, and subject him to the will of the majority. Where is liberty when that theory prevails?

Mr. UMSTEAD. Will the gentleman yield?

Mr. WADSWORTH. I yield briefly.

Mr. UMSTEAD. I should like to call attention in the RECORD to the statement that on the Oxford market last year, where they had Government grading voluntarily, the part graded by Government graders brought $2 more than that which was not graded.

Mr. WADSWORTH. I do not yield further. I am not talking about the marketing of tobacco. I am not talking about the tobacco business. I am trying to reach a fundamental question here. Are we going to establish it as an accepted doctrine in America that a majority of persons engaged in a business may tell a minority of persons engaged in the same business how they shall earn their living? [Applause.]

[Here the gavel fell.]

Mr. GEHRMANN. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I had no intention of entering into this fight, but since this amendment was offered, and due to experience I have had as an actual farmer in the first place, and being connected all my life with farm organizations and the fight with big business for the farmer, I know that this amendment will absolutely kill the intent and purpose of this bill. [Applause.]

I have for years been connected with, I believe, the best organized tobacco group in the State of Wisconsin, the North Wisconsin Tobacco Pool, and I know the history of the fight that brought about the organization, until they are now at a point where they can practically control their own grading.

Within the last few years I was appointed by our Governor as a member of the board of so-called "fair price committee" in the grading or establishing a fair price on cheese. That is the major product of Wisconsin, but it is identical with the fight that the tobacco farmers here are waging for a bare living or a bare existence. In Wisconsin we tried in every conceivable way to get justice for the farmer, until we finally passed a law which established a grading system. We thought then that we had something. The trouble was that we had a voluntary grading system, and we found that after a year or two those dealers, through the manipulation of the cheese-factory operator—in this case it will be the tobacco grader and the tobacco warehouse manager—would say, "Now here is a good-sized farmer and he refused to come under this compulsory provision." He is a good fellow and either by raising the grade or giving him a better price he will soon be found opposed to the grading system.

It will not be long until they go through the country and tell the farmers "You are a fool to enter this grading system, because you are on the outside and can get a better price and better grade than you will if you join the grading system." Finally, but not until 1931, our State installed a compulsory grading system, and we had the biggest fight of our lives, but not directly from the dealers. They were always in the background. They did not appear before the committee. I was chairman of the committee on agriculture of the lower house of our legislature. They never appeared, but they were always able to get some farmers who would sell their birthrights for a mess of pottage to appear before the committee. While they spoke as farmers they were in reality nothing but cat's-paws and tools of these big buyers. That is exactly what happened.

Mr. KERR. Mr. Chairman, will the gentleman yield for a question?

Mr. GEHRMANN. I yield.

Mr. KERR. Is there a warehouse system in the gentleman's State for the selling of tobacco?

Mr. GEHRMANN. No; they have a tobacco pool.

Mr. KERR. Does the gentleman understand the pending bill applies only to warehouse sales?

Mr. GEHRMANN. I do.

Mr. KERR. And that every pound of tobacco in North Carolina, South Carolina, Virginia, and Georgia could be sold at the farmers' barns without anybody having to grade it?

Mr. GEHRMANN. They can do it if they want to, certainly; there is no compulsion.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. FULMER. Mr. Chairman, will the gentleman yield that I may submit a unanimous-consent request?

Mr. GEHRMANN. I yield.

Mr. FULMER. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. CRAWFORD. I am very anxious to have this point cleared up in my mind. If, as the gentleman has just said, a person does not have to conform to this law unless he sells his tobacco through a warehouse auction, where is there anything in this bill to prevent a man's selling tobacco to anyone he pleases at any price he pleases and without its being graded?

Mr. GEHRMANN. That is exactly the way I interpret this bill.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. BOILEAU. I understood the gentleman to say that before we had compulsory grading of cheese there was all this confusion, but now that we have compulsory grading of cheese, it is approved by all the farmers and they are perfectly satisfied; there is no objection.

Mr. GEHRMANN. Everyone approves it.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. HANCOCK of North Carolina. Can anyone find anything in this bill compulsory except in respect to receiving expert disinterested information? And then after a grower has received such information, is it not true that he is not obliged to sell his tobacco according to that grade, and the buyer does not have to buy the tobacco according to the Government gradation? It serves merely as a helpful guide to the grower.

Mr. GEHRMANN. The same thing is true of cheese in Wisconsin. The State graders have three grades. The farmer knows what grade his cheese is, and when he produces a no. 1 cheese a dealer cannot "gyp" him by calling it a no. 2 or no. 3. It is up to him then, of course, to take the price offered or leave it.

It must be remembered that Wisconsin produced 92 percent of all the Swiss and foreign cheeses and that the foreign element refused to come under the compulsory law; but this last year they appeared before the legislature and begged to come under it. So now the entire industry is under the compulsory law—not 75 percent or 51 percent. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. KERR) there were—ayes 55, noes 70.

So the amendment was rejected.

Mr. KERR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KERR: Page 4, after the period in line 25, insert the following:

"No market shall be designated under this section—

"(1) In case of any area not included in paragraph (2), unless the Secretary of Agriculture finds that two-thirds of the tobacco growers who sold tobacco at auction on such market during the preceding marketing season favor the designation of such market under this act. Such finding, in the discretion of the Secretary, may include two or more or all undesignated markets in a type area. In arriving at any such finding, the Secretary shall not consider the opinion or vote of any person who is not such a grower, and shall not consider the opinion or vote of the same grower in more than one such finding.

"(2) In case of the flue-cured tobacco area embraced within the Second Congressional District in the State of North Carolina, unless the Secretary of Agriculture finds that two-thirds of the votes cast by the bona fide growers in the said tobacco area who cultivated tobacco in such area during the year 1935 or in the year during which the Secretary makes his finding, favor the designation of such markets in such area under this act."

Mr. FULMER. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. KERR. Mr. Chairman, this amendment, though it appears to be a long one is simple and easy to understand.

My congressional district is by far the largest producer of bright flue-cured tobacco in the United States. We not only raise in the eight counties that constitute my congressional district almost one-fifth of the bright flue-cured tobacco of the earth, but we sell in that district almost one-fourth of it that is raised in the world. The farmers in my district that raise this quantity of tobacco, which contributes so much to the welfare and the revenues of this country, are opposed to this bill. I am one Congressman who is bold enough to assert that I am opposed to this bill from the first letter in it to the last one, for the simple reason I do not think it will mean anything whatever for the interest of the American tobacco growers. I feel that what the farmers of my district think about this bill ought to be seriously considered by the Congress. I am sent here to represent them and reflect their feelings about this matter. I am here to represent their viewpoint. I know that 22,000 farmers from my district, who raise almost one-fifth of the tobacco raised of this type on this earth, sent messages and petitions to the committee urging against the passage of the bill. I know that 250 of as fine farmers that ever lived anywhere came here and protested against the passage of this bill because they have time after time tested the validity and the value of having tobacco graded by Government graders or State officials.

Mr. Chairman, I have recited here, and it has not been denied upon the floor, that where these graders have operated and graded the tobacco that was sold on certain markets in North Carolina, it had nothing to do with raising the price; in fact, it tended to lower the average price received by the farmer; that time and again markets 30 miles away where the same type of tobacco was sold, the tobacco graded and handled by the farmer himself, brought a better price. The farmers of my section protest against this because they do not want anybody to interfere with their tobacco after they have put it in shape and made it ready for the market. They are so jealous about it that if you walk upon the warehouse floor and put your foot on their pile of tobacco they will reprimand you.

Mr. Chairman, I have all my life been familiar with the growth and sale of tobacco; no man ever sat in this Congress who has had a more intimate knowledge of this industry than I have; I know the sentiment which sourrounds a farmer when he cultivates and grows and cures the tobacco plant. I assert here today that the farmer himself is more competent to grade and class his product than anyone else; there is an expert grader or two on every farm which produces tobacco; he will not stand for the Government sending some "brain trust" expert who has had probably 15 days' training to the warehouse and having him tousle his tobacco which has been prepared for the market; certainly in view of the fact that he knows from experience that Government grading will not add one penny to the sales price.

The tobacco buyer is not asking that the Government undertake to grade tobacco; he has to grade the tobacco when it is passed into his product and the Government does not undertake to grade it in accordance to the method he wishes; and the statement that the manufacturer is opposed to this bill has no foundation whatsoever and is not correct, in my opinion. Why should he be interested in it?

Mr. Chairman, I introduced this amendment for the purpose of giving the tobacco growers of my district and those within the area embraced in my district an opportunity as a separate unit to pass upon the matter of having their tobacco sold within said district upon markets where Government grading is compulsory; I think they are entitled to this, rather than have the Secretary of Agriculture designate a voting area; no one can tell under the provisions of this bill who will be allowed to vote or how the referendum will be conducted. It is left to the discretion of the Secretary

of Agriculture. This is not right and is in contravention to every principle of representative government. If this is allowed, my constituents as well as myself will be satisfied.

A few years ago 85 percent of the miscellaneous taxes of this country were raised through the tobacco tax. I represent a large percent of the men who raise this tobacco, and I have a right to come here and insist that you adopt my amendment and let the people of my district pass on this matter as a unit and not leave it to the Secretary of Agriculture to say what area shall constitute a voting area and who shall be entitled to vote therein.

And right here I want to resent the imputation which has been cast about in the discussion of this bill, that the tobacco farmer is ignorant and incompetent to grade and sell his tobacco. It is not true; he is as high type of the American farmer as exists and is ever alert to his interests and cannot be fooled or cheated by anyone; he needs no guardian, and the less you fool with his business the better it suits him. And I want to also resent any imputations that the warehousemen and tobacco dealers and buyers are crooks, thieves, and tricksters; on the contrary, they constitute as fine element in our life as there is—they are with very few exceptions upright gentlemen and would not do a dishonest or unjust thing for any earthly prize or motive; men who think to the contrary are densely ignorant and know but little about the tobacco industry and the men who have made it possible for the American farmer to sell his product throughout the four corners of this earth.

[Here the gavel fell.]

Mr. FLANNAGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment that the gentleman from North Carolina [Mr. KERR] has offered to the committee was presented to the Agricultural Committee and thoroughly considered. I think it was unanimously voted down. He is trying to make an exception as to his congressional district.

Mr. Chairman, in the first place, we have to have a uniform system. In addition, I think the amendment offered by the gentleman would probably be declared unconstitutional. It would be making an exception in the case of his particular district which cannot be done.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. FLANNAGAN. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. Do I understand that the amendment offered by the gentleman from North Carolina [Mr. KERR] seeks to exempt his congressional district from the operation of the law?

Mr. FLANNAGAN. No; it seeks to make his congressional district a marketing district.

Mr. KERR. And a voting area.

Mr. VINSON of Kentucky. As a lawyer, does the gentleman from North Carolina think that can be done?

Mr. KERR. Does the gentleman ask me to answer that question?

Mr. VINSON of Kentucky. Yes.

Mr. KERR. I will tell you that, as a lawyer, I think it can be done.

Mr. FLANNAGAN. Leaving out the legal aspect, it is not practical and not fair. The gentleman has in his district several tobacco markets. Suppose the growers in one of the markets or in two of the markets want Federal grading and inspection. Would it be right to let the voters in the other part of the district deny them the right to have Federal grading and inspection? That is what the gentleman's amendment provides for. This brings up the question again of whether the growers of a particular market have the right to say how their market shall be operated. It is not right, for example, for growers in the far end of a congressional district, where they have a market, to say what the growers at the other end of the district, where they also have a market, shall do and whether they shall have Federal grading or not.

Mr. Chairman, I wanted to help the gentleman from North Carolina [Mr. KERR] with his amendment. I went so far as to submit his amendment to the Agricultural Department, because I wanted to cooperate with him. They turned it down because they said they could not operate under his amendment. The gentleman says he wants his growers to say whether they shall have Federal grading or not.

Under the bill, two-thirds of the growers on each market will have to vote in favor of grading before Federal grading on any market in his district can be had. Is not this fair, and is this not all that he can ask for?

Mr. KERR. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. I cannot yield, as I do not have the time.

Now, we leave this to the marketing areas. If you have a market, Mr. HAINES, in your district, is it not right and is it not fair that those who patronize that market shall have a say-so as to how some other market is conducted?

Mr. HAINES. You are asking me, Mr. FLANNAGAN?

Mr. FLANNAGAN. I beg the gentleman's pardon. I remember now that you do not have the warehouse system in your district.

Mr. HAINES. No; we do not have it in our district.

Mr. FLANNAGAN. Although I know you have tobacco in your district.

The bill, as drafted, leaves the question to each particular marketing area, and two-thirds of the growers in that particular marketing area have to vote in favor of it before it is adopted.

Mr. Chairman, I ask that the amendment be voted down.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. KERR].

The question was taken; and on a division (demanded by Mr. KERR) there were—ayes 15, noes 47.

So the amendment was rejected.

The Clerk read as follows:

SEC. 6. That the Secretary, independently or in cooperation with other branches of the Government, State agencies, or persons, whether operating in one or more jurisdictions, is authorized to employ and/or license competent persons as samplers to take official samples of tobacco, or as weighers to weigh and certify the weight of tobacco, or as inspectors of tobacco to determine and certify, upon the request of the owner or other financially interested person, the type, grade, weight, condition, and/or such other facts as the Secretary may deem necessary.

The Secretary is authorized to fix and collect such fees or charges in the administration of this section as he may deem reasonable, and the moneys collected, except as provided in this section, shall be deposited in the Treasury of the United States to the credit of miscellaneous receipts. Fees or charges collected under an agreement with a State, municipality, or person, or by an individual licensed to inspect or weigh or sample tobacco under this act, may be disposed of in accordance with the terms of such agreement or license. Charges for expenses for travel and subsistence incurred by inspectors or weighers or samplers employed by the Secretary, when required to be paid by the applicant for service, may be credited to the appropriation, or any other funds authorized in this act from which they were paid.

This section is intended merely to provide for the furnishing of services upon request of the owner or other person financially interested in tobacco to be sampled, inspected, or weighed, and shall not be construed otherwise.

Mr. RICH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 7, line 2, after the word "as", strike out the words "he may deem reasonable" and insert in lieu thereof, "Congress may approve."

Mr. RICH. Mr. Chairman, I offer this amendment because I believe the Congress should approve all tax measures. Under the Constitution, all measures levying taxes should originate in the House of Representatives; and when we, as Members of the Congress, delegate such authority, as we have in the past, to the Secretary of Agriculture, we are enacting an unconstitutional act.

I have just picked up the evening paper, and I read this news item from Florida:

CIGARMAKERS WIN STAY ON A. A. A. TAX

JACKSONVILLE, FLA., July 25.—Twelve Florida cigar manufacturers have obtained a temporary restraining order against collection of the A. A. A. processing taxes on leaf tobacco. Plaintiff's attorneys argued before Federal Judge Louie Strum that the tax was unconstitutional because the A. A. A. act unlawfully delegated power to the Secretary of Agriculture.

We have notice this very day of a restraining order issued in the courts of Florida prohibiting the Congress of the United States from granting power to the Secretary of Agriculture to regulate or collect taxes on any commodity.

The Members of the House know that they have taken an oath and an obligation to support the Constitution, and every man who is elected to any public office of trust in Washington also must realize this fact, and yet we have restraining orders being issued at the very moment we are endeavoring to give such additional power to the Secretary of Agriculture. I think we should realize the responsibility of the obligation we have taken to support the Constitution.

When we first initiated the policy of the A. A. A. program, it was figured that we would have a processing tax on tobacco, cotton, wheat, and hogs. It was not very long until we included various other farm commodities and authorized the Secretary of Agriculture to levy taxes upon them. We are now giving the Secretary of Agriculture additional power to levy such taxes, although it has been only a few weeks since the Supreme Court rendered its decision on a very similar proposal involved in the N. R. A.

In view of the decisions that have been handed down by the Supreme Court, I cannot understand why we should continue to enact these measures that are clearly unlawful and unconstitutional.

As has been stated on the floor of the House, the Democratic platform is a very fine document, and we would do well, as Republicans and Democrats, to follow that platform instead of being content to go along with a socialistic platform that is contrary to the Constitution of the United States.

Mr. FULMER. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. FOCHT. Mr. Chairman and Members of the Committee, I rise in support of the amendment offered by the gentleman from Pennsylvania [Mr. RICH]. I do so on the theory that Pennsylvania has a population of over 10,000,000 people, and it is claimed that during a period of depression the people of Pennsylvania and elsewhere chew and smoke more tobacco than during any other time and under any other conditions. Therefore, Pennsylvania is a great contributor to the raisers of tobacco, and also we are interested in their welfare.

From the many brilliant arguments over this bill we learn there is something wrong about the marketing of tobacco. But there is one thing you forgot to mention in the debate here today, and that is to apprise the country of how much alfalfa you put into the tobacco that you sell consumers. [Laughter.] I am informed that the State of Nebraska sends to North Carolina more alfalfa than they raise tobacco in the latter State.

Mr. HANCOCK of North Carolina. If the gentleman will yield, I want to state to the gentleman that we do not put alfalfa into the tobacco.

Mr. FOCHT. I am sure that the gentleman is in error. I understand they put more alfalfa into the tobacco than they raise tobacco in North Carolina. What I cannot understand is this: You are trying to get something done, yet you do not make any understandable proposals that will afford relief to the people in the tobacco country. I have a right to ask this question, because we raise tobacco in Pennsylvania, and pay vast sums in taxes and for what we buy from the outside.

Mr. STEFAN. Will the gentleman yield?

Mr. FOCHT. The gentleman is from Nebraska?

Mr. STEFAN. Yes; and I want to tell the gentleman that there is no tax on alfalfa.

Mr. FOCHT. Then you do not get any benefit from selling it.

Mr. HAINES. Will the gentleman yield?

Mr. FOCHT. For a question.

Mr. HAINES. I hope the gentleman does not mean to intimate that they put alfalfa in the Pennsylvania cigars?

Mr. FOCHT. Oh, no; they do not do that. I do not know which part of the Democratic Party this bill came from, but the fact remains that I cannot understand the economic principle, why it is in the South you have this complication, this confusion, this misunderstanding about the collecting of the tax on tobacco and grading tobacco, so that you have to have some one that has nothing to do with the ownership fix the price.

In Pennsylvania where they do not claim to be experts they have common sense enough to know their tobacco. It is of such a quality that there is not any reason for putting alfalfa in it. The cigars made in Pennsylvania are of fine quality, including the product of Red Lion, York County, the home of my colleague, Mr. HAINES. To the interrogatory offered by my able colleague, Mr. STEFAN, it is only fair to say that he is always alive to the interests of his State, and particularly the growers of alfalfa hay, so much used as a reducer in smoking tobacco mixture. The quality of Nebraska alfalfa seems so superior and helpful to the tobacco situation in North Carolina that the State is entitled to a tax, and my colleague, Mr. STEFAN, should have credit for the suggestion, and this I heartily accord him.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RICH].

The amendment was rejected.

The Clerk read as follows:

SEC. 9. That the Secretary is authorized to collect, publish, and distribute, by telegraph, mail, or otherwise, timely information on the market supply and demand, location, disposition, quality, condition, and market prices for tobacco.

Mr. CRAWFORD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. CRAWFORD: Page 8, line 14, after the word "otherwise", insert the words "without cost to the grower."

Mr. FULMER. Mr. Chairman, the committee accepts that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

The Clerk read as follows:

SEC. 14. That the Secretary is authorized to make such rules and regulations and hold such hearings as he may deem necessary to effectuate the purposes of this act and may cooperate with any other Department or agency of the Government; any State, Territory, district, or possession, or department, agency, or political subdivision thereof; purchasing and consuming organizations, boards of trade, chambers of commerce, or other associations of businessmen or trade organizations; or any person, whether operating in one or more jurisdictions in carrying on the work herein authorized; and he shall have the power to appoint, suspend, remove, and fix the compensation of all officers, employees, and licensees not in conflict with existing law, except that inspectors and supervisors employed hereunder on a seasonal basis and working for periods of 6 months or less during any 12-month period may be appointed without reference to the provisions of the Classification Act of 1923, as amended. The Secretary is authorized to make such expenditures for rent outside of the District of Columbia, printing, binding, telegrams, telephones, books of reference, publications, furniture, stationery, office and laboratory equipment, travel, tobacco for use in preparing and demonstrating standards, and other supplies and expenses, including reporting services, as shall be necessary to the administration of this act in the District of Columbia and elsewhere, and as may be appropriated for by Congress; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for administering this act.

Mr. STEFAN. Mr. Chairman, we raise about the best crop of alfalfa in the Third Congressional District of Nebraska that is raised in the entire world. The gentleman from Pennsylvania [Mr. FOCHT] made mention of the fact that a certain amount of alfalfa is being used in the manufacture of Duke's Mixture tobacco. I asked him a little while ago if he could tell me how much alfalfa is being used in the manufacture of this widely advertised tobacco, and he told me about 60 percent. A little while ago somebody said on the floor of the House that about $50,000,000 is being spent in advertising cigarettes and tobacco. If it is true that 60 percent of the wonderful Nebraska alfalfa hay is being used in the manufacture of Duke's Mixture tobacco, and if it is true so much money is being spent in advertising this tobacco, then I want the gentleman to tell us why it is that

Nebraska alfalfa hay is being neglected in the advertising of this product. I wonder if the gentleman from Pennsylvania would verify the statement that 60 percent of alfalfa hay is being used in the manufacture of Duke's Mixture tobacco.

Mr. FOCHT. The gentleman will observe the fact that in these wonderful advertisements of Duke's Mixture they are very careful not to mention anything about tobacco.

Mr. STEFAN. I understand much has been hidden in recent years in the advertising of a certain mixture of tobacco.

I want to repeat that I am serious when I tell you that in my opinion the best alfalfa hay in the world is raised in the Third District of Nebraska—a district which I have the honor to represent in this House. I am glad that the gentleman from Pennsylvania [Mr. FOCHT] brought up this subject. The gentleman from Pennsylvania is a very distinguished gentleman and is continually on the alert to work for the interests of the constituents in his district and his State. He is considered a very valuable man in the National House of Representatives. But I cannot allow mention of "alfalfa" and "Nebraska" to go unchallenged.

It is my understanding that the gentleman from Pennsylvania stated that 60 percent alfalfa hay goes into the manufacture of Duke's Mixture tobacco. Now, this is a very fine tobacco. It is widely advertised. I have traveled all over the world, and I have found Duke's Mixture tobacco extensively used by the most discriminating smokers, who became extremely fond of Duke's Mixture tobacco because of its mildness and excellent flavor. To learn suddenly that this tobacco contains 60 percent alfalfa hay comes as a great surprise to me, and I know it will come as a great surprise to many of the alfalfa farmers of my district and my State.

During this debate someone stated that only about 2 cents goes toward labor in the manufacture of a thousand cigarettes. We know the tremendous amount of money which is being paid in tobacco taxes. If there is any alfalfa hay in this tobacco, as is now claimed, certainly the Nebraska farmers who raise alfalfa hay are not given any credit for these taxes. Neither do they receive any reward for these high taxes.

It would be of great interest to the Nebraska alfalfa farmers to know that their product is so valuable and that so much advertising is given and that so great an amount of tax is being collected from their product. At least, if it be true that a larger percentage of alfalfa is used in this mixture, the largest percentage of the product should be featured and the larger portion of the mixture should be given the credit for its value.

This bill which we are about to pass for the protection of the tobacco farmer is based on the claim that the tobacco farmer will be able to secure a larger and fairer value for his product. It is claimed that these tobacco farmers are being taken advantage of by experts. It is claimed that the tobacco of the Southern States is sold at auction in warehouses. The tobacco is brought to the warehouses and laid in baskets and piles, and a sale is made at the rate of 1 every 10 seconds. One basket or pile of tobacco is sold every 10 seconds. The bids are made by "experts" who know every grade of tobacco, and it is stated here that there are from 60 to 100 different grades of tobacco. The tobacco farmer is credited with knowing only about 4 or 6 grades, and when bids are made he either has to take the bid or take his tobacco home. Frequently it is claimed the "experts" buy the tobacco and sell it again for twice what they paid the farmer. It is proposed to set up a new bureau at the expense of about $750,000 per year, which would result in compulsory Government free grading of the tobacco. Each basket or pile of tobacco would be stamped with its correct grade by Government experts. The tobacco farmers would be furnished with publications giving the grades and prices paid in other parts of the country. In that manner the tobacco farmer would be protected, and it is hoped will get a better price for his product. I am glad that some help will be given the farmer of the South, and I hope when the farmer from Nebraska comes here for similar help this House will give him the same chance to be protected against danger of getting less for his product than it is worth.

Now, this is a question of grading tobacco. A question of grading the farmer's products. Alfalfa hay is graded in my State of Nebraska, but it does not bring anywhere near what tobacco brings. We sell it by the ton and not by the pound. If what the gentleman from Pennsylvania states is true, that 60 percent of alfalfa is used in a certain smoking mixture which is sold to the public at the rate of 5 cents for about 2 ounces, then there must be some real value in alfalfa hay. This alfalfa hay used as tobacco should also be given the same grading as tobacco. At the price it is sold to the public the alfalfa farmer is not getting what the alfalfa is worth when it is used as a tobacco.

Certainly the alfalfa farmer should know what his alfalfa is worth. I am making these inquiries because I believe in the future of alfalfa. I am not even criticizing its use in the mixture of any tobacco or for smoking purposes or for a tobacco substitute. We used all kinds of grains for a coffee substitute. Why not use alfalfa hay as a tobacco substitute? We gather three wonderful crops of alfalfa hay in the Third District of Nebraska. Sometimes there are four crops with plenty of rain and an early spring. This alfalfa is ground into all kinds of feed for poultry and animals, and some experts have stated that in some cases it is good for human beings. It has untold value. It is a great builder for animals and is said to have brought renewed vigor and health to human beings when used as alfalfa tea. It is a hardy plant and its roots reach many feet into the ground seeking moisture. It has been the godsend for many farmers.

So it is with great joy that this Representative of the Third District, Nebraska, alfalfa farmers comes before you today, Mr. Speaker, to advance the cause of alfalfa hay. If Nebraska alfalfa hay has been the means of making a tobacco mixture such as Duke's Mixture so popular all over the world, then it must be reasonable to assume that Nebraska farmers should know its worth. It would be reasonable, too, Mr. Speaker, that the Agriculture Department of our Government, which is spending so much money and so much time in seeking information about all kinds of farm crops, give our Nebraska farmers the real information about alfalfa hay and Duke's Mixture tobacco.

It is my purpose to give this matter further study in order to gain more information about the use of alfalfa hay as a mixture for tobacco, a blend or a substitute for tobacco, in order to give to this valuable Nebraska crop its full importance, and eventually gain for Nebraska more importance, and especially to give to Nebraska alfalfa hay all of the credit it deserves. Certainly nothing should be hidden here in the House of the people's Representatives which would eventually result in giving Nebraska alfalfa hay its just due. To say that a certain tobacco contains 60 percent alfalfa hay would at first bring distrust to those who usually think they are smoking tobacco. But when one is informed as to the great health value of alfalfa hay, this discrimination against this wonderful Nebraska product should be immediately dispelled. I hope that those responsible for the failure of giving Nebraska alfalfa hay its just credit as a great tobacco blend or substitute will give this Nebraska Representative their support in his efforts to place Nebraska alfalfa in its proper high place as one of America's great farm products.

I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 12, line 13, after the word "amended", strike out the period, add a colon and the following: "*Provided*, That mandatory preference in appointment of inspectors and supervisors shall be given to disabled individuals or to persons 45 years of age or more who are otherwise qualified."

Mr. FULMER. Mr. Chairman, I make the point of order against the amendment, and will reserve it.

Mr. HOEPPEL. Mr. Chairman, if the gentleman will note from the reading of this section, it provides for a large number of individuals to be employed for a period of 6 months or less. I am not conversant with the peculiar requirements of the tobacco business, but I assume that some

of these individuals may be employed for only a month or two.

I am interested in anything which will help the man in the lower strata of life, and I will oppose every piece of legislation for the overprivileged group until the common man has a chance to live.

May I call attention to S. 1404, the so-called "officers' promotion bill", which, if properly named, would be designated as a "pork-barrel measure" of the first magnitude? I cannot believe that any Congressman who is concerned for the interest of the people could vote at this time to increase the pay and retirement benefits of officers of the Army, who are already adequately compensated and who have profited from the depression because of the increased purchasing power of the steady, regular pay they have received.

Under the provisions of the proposed bill, 9,073 officers would receive from a minimum of $379 to a maximum of $536 cash each month, plus palatial residences in which to live, plus free light and electricity, plus free ground service, plus servants at low cost in the person of enlisted men, plus free medical and dental care for themselves and families, plus unlimited sick leave, and 1 month's annual leave, with the further benefit of buying from Army stores at from 10 to 40 percent less than can a civilian.

In other words, if this bill is enacted into law, nine-elevenths of our entire Army officer personnel will be receiving much more pay, including the free allowances, than does a Congressman or the average bureau chief here in Washington. The duties they perform should be compared with the duties of a Congressman or a bureau chief, who carry the utmost of responsibility while the duty of a field officer of the Army, in time of peace, is primarily supervisory or clerical in nature.

In this bill, which I oppose, it is provided that able-bodied officers, after 15 years' service, may be retired at high pay for the balance of their lives. It should be borne in mind that these individuals have a life expectancy of at least 30 years after retirement, which means that the taxpayers will be forced to carry an added burden of from $9,000,000 to $12,000,000 annually for the next 30 years while many of the beneficiaries of this handsome gratuity will enter civil life and compete in the job market, thus denying a livelihood to civilians equally qualified, while they themselves will have a double income.

Congressmen should compare these overprivileged men with the unfortunate unemployed in their own districts. They should compare them with disabled Spanish-American War Veterans who still suffer a 25-percent deduction in their pay. They should compare them with World War veterans 75 percent disabled who have had their pensions taken from them entirely. Can any Representative look these disabled veterans and the unemployed in the face, and be honest and sincere with himself if he votes to increase the benefits of this already overprivileged Army group of officers?

Now referring to the bill under discussion again, the amendment which I offer seeks to give employment to disabled individuals and to those beyond the age of 45 who cannot find work in other industry.

Mr. COX. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. COX. They would not be worth a cent unless they had some expert knowledge of the commodity.

Mr. HOEPPEL. That is provided for in the amendment, which reads "if otherwise qualified."

Mr. BOILEAU. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. BOILEAU. One of the objections raised against the bill is that there is not now a sufficient number of qualified graders available, so that if the gentleman knows of any old people or cripples who are competent, they will certainly have a job without the gentleman's amendment.

Mr. HOEPPEL. As I have stated, I am not familiar with the particular problems and needs of the tobacco industry, but I am supporting this bill because I believe a majority of the Members from the tobacco districts are in favor of its enactment into law. In matters of concern to California industry, I hope the Members from other sections will similarly defer to the knowledge and understanding of the Members of the California delegation.

Furthermore, if the Army promotion bill reaches the floor for action, I hope the Members will consider my argument in opposition to the passage of that measure, based on a thorough knowledge and understanding of the problems of the Army as a result of 37 years of actual military and retired service, and if they are convinced by the facts, which I shall present, that the Army promotion bill is, as I have termed it, nothing other than a Treasury raid for an overprivileged class which is already more than adequately provided for, I hope the Members of the House will support me in my opposition to its enactment.

This so-called "officers' promotion bill" entails a potential cost to the taxpayers of from $9,000,000 to $12,000,000 annually. I am determined, if possible, to save the taxpayers from this additional burden which I consider unnecessary and absolutely unjustifiable at this time. It is for that reason that I am appealing to each and every one of you to consider the facts which I have presented in reference to this measure, which may be found in the CONGRESSIONAL RECORD of June 28 and July 10, 18, 22, and 23, and when you are called upon to vote on the Army promotion bill, vote to save the taxpayers from this Treasury raid!

If the gentleman wishes to raise his point of order, I will not contest it, but I would like to have the amendment printed in the RECORD.

Mr. FULMER. Mr. Chairman, in order to expedite the passage of the bill I will withdraw the point of order.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California [Mr. HOEPPEL].

The amendment was rejected.

The Clerk concluded the reading of the bill.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LEWIS of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 8026, pursuant to House Resolution 294, he reported the same back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded upon any amendment? If not, the Chair will put them en gros.

The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

On motion by Mr. FULMER, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. FULMER. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill may have 5 legislative days in which to revise and extend their remarks.

The SPEAKER. Is there objection?

There was no objection.

PUBLIC WORKS, CORDOVA, ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8845) to authorize the incorporated town of Cordova, Alaska, to construct, reconstruct, enlarge, extend, improve, renew, and repair certain municipal public structures, utilities, works, and improvements, and for such purposes to issue bonds in any amount not exceeding $50,000, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alaska?

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman explain the bill and also the necessity for its urgency?

Mr. DIMOND. In answer to the question of the gentleman from Massachusetts [Mr. MARTIN], this bill is simply designed to authorize the incorporation of the town of Cordova, Alaska, to undertake certain public works, and for that purpose to issue bonds in any sum not exceeding $50,000.

The urgency arises in the fact that the conditions with respect to unemployment in this city as well as in other parts of Alaska are very unhappy.

In order to get this work under way and thus relieve unemployment it is necessary to pass this bill at this time. Summers in Alaska are not quite as long as they are in other parts of the country.

I will say in further explanation of the bill that it does not enlarge the authority of the city to issue bonds. As a matter of fact it repeals an act passed in 1930 authorizing the city to issue bonds in the sum of $50,000.

Mr. MARTIN of Massachusetts. Is this a Senate bill?

Mr. DIMOND. No; this is a House bill and we must get it through so that it can be considered by the Senate.

Mr. MARTIN of Massachusetts. And that is one reason why it should be passed immediately.

Mr. DIMOND. Yes; it is.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the incorporated town of Cordova, in the Territory of Alaska, is hereby authorized and empowered to construct, reconstruct, enlarge, extend, improve, and repair all or any part of the municipal public structures, utilities, works, and improvements in said town hereinafter mentioned, to wit: (a) School buildings; (b) wharf; (c) sewers; (d) city hall, offices, and fire-department house; and (e) such other municipal public structures, utilities, works, and improvements as may be selected and approved by the common council of said town of Cordova; and for such purposes to issue bonds in any amount not exceeding $50,000.

SEC. 2. Before said bonds shall be issued a special election shall be ordered by the common council of the said town of Cordova, Alaska, at which election the question of whether such bonds shall be issued in the amount above specified for the purpose hereinbefore set forth shall be submitted to the qualified electors of said town of Cordova, Alaska, whose names appear on the last assessment roll of said town for purposes of municipal taxation. The form of the ballot shall be such that the electors may vote for or against the issuance of bonds for the purposes herein specified up to the amount herein authorized. Not less than 20 days' notice of such election shall be given to the public by posting notices of same in three conspicuous places within the corporate limits of the town of Cordova, Alaska, one of which shall be at the front door of the United States post office at Cordova, Alaska. The election notice shall specifically state the amount of bonds proposed to be issued for the purposes herein specified. The registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality; and such bonds shall be issued for the purposes herein authorized only upon condition that not less than a majority of the votes cast at such election in said municipality shall be in favor of the issuance of said bonds for such purpose.

SEC. 3. The bonds herein authorized shall be coupon in form and shall mature in not to exceed 30 years from the date thereof. Such bonds may bear such date or dates, may be in such denomination or denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable in such medium of payment and at such place or places, may be sold at either public or private sale, may be nonredeemable or redeemable (either with or without premium), and may carry such registration privilege as to either principal and interest, or principal only, as shall be prescribed by the common council of said town of Cordova. The bonds shall bear the signatures of the mayor and of the clerk of the town of Cordova, and shall have impressed thereon the official seal of said municipality. The coupons to be annexed to such bonds shall bear the facsimile signatures of the mayor and of the clerk of said municipality. In case of any of the officers whose signatures or countersignatures appear on the bonds shall cease to be such officers before delivery of such bonds, said signatures or countersignatures, whether manual or facsimile, shall nevertheless be valid and sufficient for all purposes, the same as if said officers had remained in office until such delivery. Said bonds shall bear interest at a rate to be fixed by the common council of the town of Cordova, not to exceed, however, 6 percent per annum, payable semiannually, and said bonds shall be sold at not less than the principal amount plus accrued interest.

SEC. 4. The bonds herein authorized to be issued shall be general obligations of the town of Cordova, Territory of Alaska, payable as to both interest and principal from ad valorem taxes which shall be levied upon all of the taxable property within the corporate limits of such municipality in an amount sufficient to pay the interest on and the principal of such bonds as and when the same become due and payable.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Said bonds shall be sold only when and in such amounts as the common council of the town of Cordova shall direct; and the proceeds thereof shall be distributed only for the purposes hereinbefore mentioned and under the orders and direction of said common council from time to time as such proceeds may be required for said purposes.

SEC. 6. The town of Cordova is hereby authorized to enter into contracts with the United States of America or any agency or instrumentality thereof under the provisions of the National Industrial Recovery Act and acts amendatory thereof and acts supplemental thereto, and revisions thereof, and the regulations made in pursuance thereof, and under any further acts of the Congress of the United States to encourage public works, for the relief of unemployment, or for any other public purpose, including the Emergency Relief Appropriation Act of 1935, for the sale of bonds issued in accordance with the provisions of this act, or for the acceptance of a grant of money to aid said municipality in financing any public works; or to enter into contracts with any persons or corporations, public or private, for the sale of such bonds; and such contracts may contain such terms and conditions as may be agreed upon by and between the common council of said town of Cordova and the United States of America or any agency or instrumentality thereof, or any such purchaser.

SEC. 7. The act approved April 12, 1930, to authorize the incorporated town of Cordova, Alaska, to issue bonds for the construction of a trunk-sewer system and a bulkhead or retaining wall, and for other purposes (Public, No. 18, 71st Cong., 2d sess., 46 Stat. 161), is hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

M'NEIL ISLAND

Mr. LLOYD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3059) to authorize the acquisition of land on McNeil Island.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the bill to the House?

Mr. LLOYD. Yes. The United States Government at the present time owns a little more than half of McNeil Island, which is used for penitentiary purposes. The Government's holdings are scattered over the island, which is an unhappy situation for both the Government and the other owners. The Attorney General has concluded that by the acquisition and ownership of the balance of the island the penitentiary can be much more cheaply operated, and that it will be a good investment for the Government.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Attorney General is hereby authorized to acquire by condemnation proceedings all of that portion of McNeil Island which is not now owned by the United States, Gertrudis Island, and Pitt Island, all in the State of Washington, at a total cost of not to exceed $300,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider and a similar House bill (H. R. 8480) were laid on the table.

CHARWOMEN

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 5375) relating to the compensation of certain charwomen.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the bill to the House?

Mr. RAMSPECK. The bill covers about 3,000 charwomen who are not now paid for holidays as other per diem employees are. There are 70,000 employees of the Government who work on a piece rate or per diem who get paid for their holidays. For some reasons these charwomen have



not been paid for holidays, yet they are the lowest-paid group of employees in the Government service.

Mr. MARTIN of Massachusetts. Is this the only group discriminated against?

Mr. RAMSPECK. As far as I know, yes.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no objection.

Mr. KVALE. Mr. Speaker, reserving the right to object, I wish to thank the gentleman from Georgia for bringing up this bill.

Mr. RAMSPECK. I will say to the gentleman from Minnesota that the gentleman from Massachusetts [Mr. McCORMACK] is the author of the bill and deserves the thanks.

Mr. DUNN of Pennsylvania. Mr. Speaker, reserving the right to object, I want to tell the gentleman this is a mighty fine bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the fifth paragraph under the heading "Custodial Service" in section 13 of the Classification Act of 1923, as amended (U. S. C., title 5, sec. 673), is amended by inserting at the end thereof the following new sentence: "Charwomen and head charwomen shall receive for each holiday (except Sunday) upon which under existing law no work is performed by them an amount equal to the amount they would receive had they performed the same number of hours of work on such holiday as the average number of hours of work performed by them during the days in the week in which such holiday occurs."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsier was laid on the table.

ENFORCEMENT OF THE TWENTY-FIRST AMENDMENT

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8368) to enforce the twenty-first amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the bill?

Mr. SUMNERS of Texas. Mr. Speaker, this is a bill which has been fully considered by the Committee on the Judiciary and unanimously reported by that committee. It supplements a bill which the House passed day before yesterday and proposes further to make provision for the enforcement of the twenty-first amendment.

Mr. MARTIN of Massachusetts. Just what does it do in that respect?

Mr. SUMNERS of Texas. I want to make a very brief statement. If there is any objection we will withdraw the matter and present it at another time.

Mr. MARTIN of Massachusetts. I think the House ought to know what it is going to be called upon to pass.

Mr. SUMNERS of Texas. I appreciate that. This bill classifies as dry States all States that prohibit the sale of liquor above 4 percent.

Mr. MARTIN of Massachusetts. Mr. Speaker, I think the gentleman has gone far enough to show that this is a very important bill and should have more consideration than could be given to it by calling the bill up by unanimous consent; therefore I object.

Mr. SUMNERS of Texas. Mr. Speaker, I withdraw the request.

RELIEF OF CERTAIN DISBURSING OFFICERS OF THE ARMY

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 556) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, reserving the right to object, what is this bill about?

Mr. PITTENGER. Mr. Speaker, this is an accounting proposition. The bill is requested by the Secretary of War. I have no personal interest in it. When it was on the calendar the gentleman from Kansas [Mr. HOPE] objected. He has made some investigation, and I will yield to him to explain the matter.

Mr. HOPE. Mr. Speaker, I may say to the gentleman from Ohio that this bill is a War Department bill having for its purpose the clearing of certain books of accounts and the disbursements of certain officers. There are a number of small accounts involved and some of the officers are now out of the service. There are some other matters which are involved in a dispute between the Comptroller General and the Department. At the time the House bill came up for consideration I objected because I wanted to look a little further into some of the matters which were in dispute between the Comptroller General's Office and the War Department. I have made some further investigation and I find that some of these matters have been cleared up by court decisions. I feel that the bill is a fair one and should be passed. It will result in clearing up a great many accounts.

Mr. TRUAX. I think this bill should wait until we consider the Private Calendar.

Mr. HOPE. This is a Senate bill. If it goes on the Private Calendar now, it will be at the foot of the calendar and probably not reached during this session. I may say to the gentleman that this bill has passed the House on at least one occasion and has passed the Senate on one or two occasions. It has been pending for 3 or 4 years. I can see no possible objection to it, and I am sure if the gentleman had given it the consideration I have he would agree with me.

Mr. TRUAX. Mr. Speaker, several of us have complete reports on all of these bills. I want the opportunity to consult that report again; therefore, I object.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.), pursuant to the order heretofore made, the House adjourned until Monday, July 29, 1935, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mrs. NORTON: Committee on the District of Columbia. House Report 1646. A report on the investigation of crime in the District of Columbia, pursuant to House Resolution 94 (74th Cong.). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. H. R. 4292. A bill to authorize the Secretary of War to grant a right-of-way to the Arlington & Fairfax Railway Co. across the Fort Myer Reservation, Va.; with amendment (Rept. No. 1647). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. S. 1726. An act to authorize the Secretary of War to grant a right-of-way for street purposes upon and across the San Antonio Arsenal in the State of Texas; without amendment (Rept. No. 1648). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CITRON: A bill (H. R. 8963) granting the consent of Congress to the State of Connecticut and Middlesex County to construct, maintain, and operate a free highway bridge across the Connecticut River at or near Middletown, Conn.; to the Committee on Interstate and Foreign Commerce.

By Mr. CLARK of North Carolina: A bill (H. R. 8964) to authorize the erection of a Veterans' Administration hospital in the State of North Carolina; to the Committee on World War Veterans' Legislation.

By Mr. McSWAIN (by request): A bill (H. R. 8965) to readjust the pay of warrant officers; to the Committee on Military Affairs.

By Mr. SUTPHIN: A bill (H. R. 8966) for the relief of World War soldiers who were discharged from the Army because of minority or misrepresentation of age; to the Committee on Military Affairs.

By Mr. MOTT: A bill (H. R. 8967) authorizing a preliminary examination of the Nehalem River and tributaries, in Clatsop, Columbia, and Washington Counties, Oreg., with a view to the controlling of floods; to the Committee on Flood Control.

By Mr. ROMJUE: A bill (H. R. 8968) to reduce the interest rate on Federal farm loans, and for other purposes; to the Committee on Agriculture.

By Mr. SOMERS of New York: A bill (H. R. 8969) to provide for the striking of medals in lieu of commemorative coins, and to provide for the coinage of fractional minor coins, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. WOLCOTT: A bill (H. R. 8970) authorizing the State of Michigan to construct, maintain, and operate a toll bridge across the St. Clair River at or near Port Huron, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Texas: Joint resolution (H. J. Res. 367) to amend the public resolution approved June 28, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes"; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Province of Puerto Rico supporting S. 1842; to the Committee on the Judiciary.

Also, memorial of the Legislature of the Province of Puerto Rico; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HEALEY: A bill (H. R. 8971) for the relief of Marvin C. Ellsworth; to the Committee on Military Affairs.

By Mr. SECREST: A bill (H. R. 8972) to place on the emergency officers' retirement list the name of Harry S. Dyar; to the Committee on Military Affairs.

Also, a bill (H. R. 8973) to place the name of Harry S. Dyar on the emergency officers' retirement roll; to the Committee on World War Veterans' Legislation.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9196. By Mr. BOYLAN: Resolution unanimously adopted by the Advertising Men's Post, No. 209, of the American Legion, opposing any amendments to the Agricultural Adjustment Administration Act, etc.; to the Committee on Agriculture.

9197. Also, resolution unanimously adopted by the New York Local Master Mechanics and Foremen Association, in re 30-year-optional-retirement bills (S. 2483 and H. R. 135); to the Committee on the Civil Service.

9198. By Mr. KRAMER: Resolution of Lincoln Heights-El Sereno Post, No. 394, Ltd., the American Legion, department of California, Los Angeles, Calif., relative to House bill 8605, to abolish interest on loans to veterans secured by adjusted-compensation certificates, etc.; to the Committee on Ways and Means.

9199. By Mr. MERRITT of New York: Resolution of the members of Ridgewood Council, Knights of Columbus, Fresh Pond Road and Catalpa Avenue, Brooklyn, N. Y., adopted on the 27th day of June 1935, objecting to the Pierce amendment, to eliminate from the existing Federal obscenity statutes any reference to contraceptives, and expressing their approval and encouragement in the enactment of the Hayden-Higgins amendment, etc.; to the Committee on the Judiciary.

9200. Also, petition of St. Leo's Holy Name Society, One Hundred and Fourth Street at Forty-ninth Avenue, Corona, N. Y., expressing its disapproval of the policy of the present administration in Washington in disregarding "repeated protests of millions of American citizens against the condition of intolerance in Mexico", etc.; to the Committee on Foreign Affairs.

9201. Also, petition of the national board of officers of the Catholic War Veterans, Inc., 22-45 Thirty-first Street, Long Island City, N. Y., opposing communism; to the Committee on Foreign Affairs.

9202. Also, petition of the Federal Council of the Churches of Christ in America, 105 East Twenty-second Street, New York City, N. Y., asking the Judiciary Committee of the Senate to make an investigation of the infringement of civil liberties in the United States, etc.; to the Committee on the Judiciary.

9203. Also, resolution of the Order of Benefit Association of Railway Employees, Buffalo Division, No. 84, Buffalo, N. Y., endorsing the Pettengill long- and short-haul bill (H. R. 3263) and urging Congress to pass favorably upon this legislation; to the Committee on Interstate and Foreign Commerce.

9204. By Mr. TRUAX: Petition of the Brotherhood of Locomotive Engineers, Division 735, by their secretary, F. G. Bieri, Alliance, Ohio, urging support of House bill 8651, providing for a retirement system for railroad employees; to the Committee on Interstate and Foreign Commerce.

9205. Also, petition of the Italian Democratic Political Club, Steubenville, Ohio, by their secretary, Antonio De Marco, urging support of the Kerr immigration bill (H. R. 8163); to the Committee on Immigration and Naturalization.

9206. Also, petition of the Ohio Unemployed League, Muskingum County, Local No. 1, by their protest committee, headed by Harry Flowers, Zanesville, Ohio, urging that the present wage scale of the Public Works Administration be changed; to the Committee on Labor.

9207. Also, petition of the Brotherhood of Locomotive Engineers, Alliance, Ohio, by their State legislative board chairman, S. W. McKee, urging passage of House bill 8651, which provides for a retirement system for railroad employees; to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, JULY 26, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, July 25, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 3059) to authorize the acquisition of land on McNeil Island.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 5375. An act relating to the compensation of certain charwomen;

H. R. 8026. An act to establish and promote the use of standards of classification for tobacco, to provide and main-

tain an official tobacco inspection service, and for other purposes; and

H. R. 8845. An act to authorize the incorporated town of Cordova, Alaska, to construct, reconstruct, enlarge, extend, improve, renew, and repair certain municipal public structures, utilities, works, and improvements, and for such purposes to issue bonds in any amount not exceeding $50,000, and for other purposes.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Chavez	Holt	Pope
Ashurst	Clark	Johnson	Radcliffe
Austin	Connally	King	Schall
Bachman	Copeland	La Follette	Shipstead
Bailey	Davis	Logan	Steiwer
Bankhead	Dickinson	Lonergan	Thomas, Okla.
Barbour	Fletcher	McGill	Townsend
Barkley	Frazier	McKellar	Trammell
Bone	George	McNary	Truman
Borah	Gerry	Maloney	Tydings
Brown	Gibson	Minton	Vandenberg
Bulkley	Glass	Moore	Van Nuys
Burke	Gore	Neely	Wagner
Byrd	Guffey	Norbeck	Wheeler
Byrnes	Hale	Norris	White
Capper	Harrison	Nye	
Caraway	Hatch	O'Mahoney	
Carey	Hayden	Pittman	

Mr. BARKLEY. I announce that the Senator from Utah [Mr. THOMAS], the Senator from Mississippi [Mr. BILBO], the Senator from Illinois [Mr. DIETERICH], the Senator from Arkansas [Mr. ROBINSON], the Senator from Nevada [Mr. [McCARRAN], the Senator from Louisiana [Mr. LONG], the Senator from North Carolina [Mr. REYNOLDS], the Senator from California [Mr. McADOO], the Senator from Ohio [Mr. DONAHEY], the Senator from Wisconsin [Mr. DUFFY], the senior Senator from Massachusetts [Mr. WALSH], and the junior Senator from Massachusetts [Mr. COOLIDGE] are necessarily detained from the Senate.

Mr. AUSTIN. I desire to announce that the Senator from New Hampshire [Mr. KEYES], the Senator from Delaware [Mr. HASTINGS], and the Senator from Rhode Island [Mr. METCALF] are necessarily absent.

Mr. VANDENBERG. I repeat the announcement as to the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness.

Mr. CONNALLY. I announce that my colleague the senior Senator from Texas [Mr. SHEPPARD] is necessarily detained from the Senate.

The VICE PRESIDENT. Sixty-nine Senators have answered to their names. A quorum is present.

RECIPROCAL TRADE AGREEMENTS—PERSONAL EXPLANATION

Mr. POPE. Mr. President, I rise to a question of personal privilege.

In the Washington Herald, which is one of a chain of newspapers owned and controlled by Mr. William Randolph Hearst, under date of July 22, 1935, there appeared an article, a few paragraphs of which I should like to have the clerk read. Then I should like to make a very brief comment.

The VICE PRESIDENT. Without objection, the clerk will read.

The legislative clerk read as follows:

"SANTA CLAUS" SOVIET TREATY STIRS FIGHT; HOUSE TO GET PACT-REPEAL PLAN TODAY

Senatorial revolution against Secretary of State Hull's "Santa Claus" program for foreign trade spread to the House yesterday as Representative HAMILTON FISH, Republican, of New York, announced he will move today to repeal all of Mr. Hull's powers to make trade pacts.

Searing Secretary Hull with accusations of "free-trader" and "internationalist", Representative FISH said he will introduce in the House a duplicate of the measure by Senator McCARRAN, Democrat, of Nevada, now pending in the Senate as an amendment to the A. A. A. bill.

POPE ASSAILS PACT

Meanwhile, Senator POPE, Democrat, of Idaho, lambasted the recent Soviet Russian agreement, consummated by Mr. Hull, as "plainly illegal", even under the reciprocal tariff act, which he said is very probably unconstitutional, and "an unconscionable destruction of honest American industries."

Democrats lined strongly with Republicans in the Senate mutiny against Mr. Hull's excursion into Bryanism, forming a nonpartisan battalion of minute men, determined to stop Hull's fantastic daydreams before he gives away the country itself. Besides Mr. McCARRAN and Mr. POPE, Democratic Senators ADAMS, of Colorado; McADOO, of California; GUFFEY, of Pennsylvania; and numerous midwestern and New England Members were reported in favor of repealing Mr. Hull's powers.

Mr. POPE. Mr. President, all I desire to say is that in the reference to me there is nothing correct except the statement of my name and the State I have the honor in part to represent. The quotation, never authorized by me, is utterly false and willfully mendacious. It is made out of the whole cloth, and does not have a single word of truth in it.

I had intended to say something more about one who will quote a Senator or a Member of the House of Representatives without any authority whatever, but I shall defer doing so.

I shall ask that there be inserted in the RECORD as a part of my remarks an editorial appearing in the Springfield (Mass.) Republican of July 25, 1935, entitled "Case for Reciprocal Trade", which expresses my sentiment.

My votes here, even as late as 3 days ago, indicate my view on this question. Yet this Hearst publication has purported to quote me, with the words put in quotation marks, without a particle of truth in the article, and no representative or reporter of the Hearst newspapers ever spoke to me about the matter.

I ask that the editorial from the Springfield (Mass.) Republican of July 25, 1935, to which I have referred, be printed in the RECORD as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CASE FOR RECIPROCAL TRADE

The reciprocal trade policy of the administration, which Secretary Hull has been so zealous in promoting at the price of being abused as a "free-trade fanatic", has fortunately withstood assault in the Senate. Motions to destroy this policy by taking away the President's power to negotiate reciprocal trade agreements were overwhelmingly defeated by the Senate yesterday. On the previous day the spirit of trade exclusiveness had been dominant in the acceptance of an amendment in favor of the quota system as applied to agricultural imports, but the reaction from that has left intact one of the sanest features of the new deal.

Whenever a reciprocal trade agreement is announced by the State Department's chief, interests at home that are affected by the loss of quasi-monopoly conditions in the domestic market begin to protest. Sometimes they rage. Our producers of manganese offer a good illustration. The Brazilian trade agreement provides a market in the United States for Brazilian manganese, and in the trade agreement with Soviet Russia the same concession is made to Russian manganese. This is denounced by producers of the inferior manganese mined in this country, one of whose Senate champions is Mr. McCARRAN, of Nevada.

The truth is that the whole American manganese industry employs only about 350 persons, while our great steel and iron industry needs heavy buying imports of foreign manganese because of its superior quality. In this case there should be no question as to the wisdom of the manganese feature of the Brazilian and Russian agreements.

The Cuban trade agreement went into effect last September. This was denounced, of course. The results of 9 months' commerce under its terms have recently been published. These are an exhibit of the benefit the agreement has been to American industry:

1. Various classes of machinery exports to Cuba increased from 14.17 percent up to 100 percent in the 9 months as compared with the same period in the preceding year.
2. Exports of electrical machinery, supplies, and household appliances increased from 45 to 85 percent.
3. Exports of farm machinery and implements rose 558 percent.
4. Steel exports rose 47 percent.
5. Motor-vehicle exports were up 94 percent.
6. Rubber goods and equipment gained from 26 to 40 percent.
7. Foodstuffs increased variously from 120 to 300 percent.
8. In general—merchandise, chemicals, medicines, petroleum products, construction supplies, and the like up from 10 to 348 percent.

That there are objections always to be raised to the reciprocal trade policy everyone knows. Some people would seal up this country as an economic and trade entity with the more enthusiasm and conviction so long as our unemployed run into the millions. Yet so complicated is the situation that foreign commerce cannot be destroyed without injuring the American people; American agriculture has especially suffered from the loss of its foreign market.

If America, furthermore, does not buy foreign goods, the foreign market for our industrial products collapses. In 1930 a quarter of our production of farm machinery was exported. The fact that there has yet been no comeback of this durable-goods industry is easily explained by the loss of its foreign market. But the moment Cuba was again opened to American exports our farm-machinery shipments to Cuba rose 558 percent in 9 months.

It seems a sound conclusion that, despite our relatively isolated position and the theoretical possibility of a high degree of self-containment, our economic well-being is closely tied up with that of other nations. This administration must plead guilty to some conspicuous inconsistencies in its policies, yet one of the least of its faults is in seeking to foster reciprocal trade relations with other countries, feeble as the effort may still appear when tested by its achievement.

ELECTRIC RATE SURVEYS

The VICE PRESIDENT laid before the Senate a letter from the Vice Chairman of the Federal Power Commission, transmitting, pursuant to law, compilations completed through the electric rate survey of the domestic and residential rates in effect in the States of California, Illinois, Michigan, and Texas on January 1, 1935, which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of Puerto Rico, which was referred to the Committee on Territories and Insular Affairs:

Concurrent resolution to request the Congress of the United States of North America to define, for the purposes of paragraph 2, section 39, of the organic act of Puerto Rico, approved March 2, 1917, the term "corporation" so as to include any corporation, entity subsidiary thereto, or directly or indirectly affiliated therewith, or any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; to amend the organic act of Puerto Rico by authorizing the Legislature of Puerto Rico to levy a progressive tax on lands in excess of 500 acres, owned or exploited by corporations or by any entity subsidiary thereto or directly or indirectly affiliated therewith, or on any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; and to levy a surtax on real property owned or exploited for the benefit of persons not residents of Puerto Rico

Whereas section 3 of the joint resolution approved by the United States Congress on May 1, 1900, provides that in Puerto Rico—

"No corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it was created, and every corporation hereafter authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed 500 acres of land; and this provision shall be held to prevent any member of a corporation engaged in agriculture from being in anywise interested in any other corporation engaged in agriculture.

"Corporations, however, may loan funds upon real-estate security and purchase real estate when necessary for the collection of loans, but they shall dispose of real estate so obtained within 5 years after receiving the title. Corporations not organized in Puerto Rico, and doing business therein, shall be bound by the provisions of this section so far as they are applicable";

Whereas paragraph 2 of section 39 of the organic act of Puerto Rico, approved March 2, 1917, provides:

"Nothing in this act contained shall be so construed as to abrogate or in any manner impair or affect the provisions contained in section 3 of the joint resolution approved May 1, 1900, with respect to the buying, selling, or holding of real estate. The Governor of Puerto Rico shall cause to have made and submitted to Congress at the session beginning the first Monday in December 1917 a report of all the real estate used for the purposes of agriculture and held either directly or indirectly by corporations, partnerships, or individuals in holdings in excess of 500 acres";

Whereas in Puerto Rico there are persons and organized entities subsidiary to, or affiliated with, corporations acquiring for themselves lands which, as a matter of fact, belong to said corporations;

Whereas the provisions of the joint resolution of the Congress selves lands which, as a matter of fact, belong to said corporations; exclusively;

Whereas the easiest way to correct this state of things is by making effective on said corporations and entities or persons thus connected or affiliated with such corporations the provisions of the said joint resolution of May 1, 1900;

Whereas it is furthermore necessary to authorize the Legislature of Puerto Rico to levy a progressive tax on lands possessed in excess of 500 acres as a means to compel corporations holding lands in excess of said 500 acres to dispose or get rid of them;

Whereas there are many absentees receiving the benefits of such properties located in Puerto Rico without contributing with their work or their intelligence toward the progress of the Puerto Rican community, it being necessary to levy on them a surtax on their properties in Puerto Rico: Now, therefore, be it

Resolved by the Senate of Puerto Rico (the house of representatives concurring):

SECTION 1. To request the Congress of the United States of North America, as it is hereby requested, that for the purposes of paragraph 2, section 39, of the organic act of Puerto Rico, approved March 2, 1917, the term "corporation" be defined so as to include any corporation, an entity directly or indirectly subsidiary thereto or affiliated therewith, or any natural or artificial person, directly or indirectly possessing or obtaining lands for the benefit of a corporation.

SEC. 2. To request the Congress of the United States of North America, as it is hereby requested, that the organic act of Puerto Rico be amended so as to authorize the Legislature of Puerto Rico to levy a progressive tax on lands in excess of 500 acres, possessed or exploited by corporations, entities directly or indirectly subsidiary thereto or affiliated therewith, or on any natural or artificial person, directly or indirectly possessing or obtaining lands for the benefit of a corporation.

SEC. 3. To request the Congress of the United States of America, as it is hereby requested, to amend the organic act of Puerto Rico so as to authorize the Legislature of Puerto Rico to levy a surtax on the real property owned or exploited for the benefit of persons not residents of Puerto Rico.

SEC. 4. To request the Resident Commissioner in Washington, the Honorable SANTIAGO IGLESIAS, as he is hereby requested, to take steps to secure the enactment of the measures set forth in this resolution, as well as of any other legislation that may facilitate the making of said measures effective.

SEC. 5. Duly certified copies of this concurrent resolution shall be forwarded to the Resident Commissioner for Puerto Rico in Washington, the President of the Senate and the Speaker of the House of Representatives of the United States, the Chairman of the Committee on Insular Affairs of said colegislative bodies, the Secretary of the Interior of the United States, and the Honorable Franklin D. Roosevelt, President of the Nation.

The VICE PRESIDENT also laid before the Senate a cablegram from the Church Alliance, Civic Betterment Association, Merchants Association, Suffragist League, Roosevelt Democratic Club, and Labor Association, of St. Thomas, Virgin Islands, protesting against the confirmation of Lawrence W. Cramer, of New York, to be Governor of the Virgin Islands, and favoring "the removal of the entire Pearson administration and return to naval rule, with Judge T. Webber Wilson back to assure justice to us", which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate petitions of several citizens of the States of Alabama, Connecticut, Maryland, and Massachusetts, praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana (Mr. LONG and Mr. OVERTON), which were referred to the Committee on Privileges and Elections.

REPORTS OF MILITARY AFFAIRS COMMITTEE

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (H. R. 1951) for the relief of John J. O'Connor, reported it without amendment and submitted a report (No. 1159) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 24th instant that committee presented to the President of the United States the following enrolled bills:

S. 1085. An act to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen;

S. 2830. An act to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909; and

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LEWIS:

A bill (S. 3320) to authorize the President to present the Distinguished Flying Cross to Rudolph W. Schroeder; to the Committee on Military Affairs.

By Mr. MCNARY:

A bill (S. 3321) to add lands to the Mount Hood National Forest, Oreg.; to the Committee on Agriculture and Forestry.

By Mr. CLARK:

A bill (S. 3322) for the relief of Elmer Naslund; to the Committee on Military Affairs.

By Mr. O'MAHONEY:

A bill (S. 3323) making certain appropriations available for the purchase of certain letters patent, applications for letters patent, and licenses under letters patent; to the Committee on Appropriations.

By Mr. COPELAND (by request):

A bill (S. 3324) to reincorporate the Columbia Polytechnic Institute for the Blind of the District of Columbia; to the Committee on the District of Columbia.

A bill (S. 3325) to authorize the issuance of reentry permits in certain cases of aliens ineligible to citizenship, and for other purposes; to the Committee on Immigration.

By Mr. LONERGAN:

A bill (S. 3326) granting the consent of Congress to the State of Connecticut and Middlesex County to construct, maintain, and operate a free highway bridge across the Connecticut River at or near Middletown, Conn.; to the Committee on Commerce.

By Mr. CONNALLY:

A joint resolution (S. J. Res. 167) to amend the public resolution approved June 28, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes"; to the Committee on the Library.

By Mr. GORE:

A joint resolution (S. J. Res. 168) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 16 to May 23, 1936, inclusive; to the Committee on Finance.

HOUSE BILLS REFERRED

The following bills were severally read twice by their title and referred as indicated below:

H. R. 5375. An act relating to the compensation of certain charwomen; to the Committee on Civil Service.

H. R. 8026. An act to establish and promote the use of standards of classification for tobacco, to provide and maintain an official tobacco inspection service, and for other purposes; to the Committee on Agriculture and Forestry.

H. R. 8845. An act to authorize the incorporated town of Cordova, Alaska, to construct, reconstruct, enlarge, extend, improve, renew, and repair certain municipal public structures, utilities, works, and improvements, and for such purposes to issue bonds in any amount not exceeding $50,000, and for other purposes; to the Committee on Territories and Insular Affairs.

TEXAS CENTENNIAL EXPOSITION—REPORT OF THE LIBRARY COMMITTEE

Mr. BARKLEY, from the Committee on the Library, to which was referred the joint resolution (S. J. Res. 167) to amend the public resolution approved June 28, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes", reported it without amendment.

TREATMENT OF JEWISH AND CATHOLIC CITIZENS OF GERMANY

Mr. KING. I ask consent to submit a resolution and request the indulgence of the Senate to have it read, and then that the resolution be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Is there objection? The Chair hears none. The resolution will be read and referred to the Committee on Foreign Relations, as requested by the Senator from Utah.

The legislative clerk read the resolution (S. Res. 174), as follows:

[S. Res. 174, 74th Cong., 1st sess.]

Resolution

Whereas the present Government of the German Reich has deprived groups of its citizens of many of their civil and political rights and has imposed upon them restrictions, pains, and penalties of a harsh and severe character; and

Whereas among the groups who are victims of persecution and discrimination at the hands of the Reich State are more than 600,000 Jewish citizens and a large number of Christians of partly or wholly Jewish descent; and

Whereas it is claimed that the Reich State has inaugurated and is carrying into effect a plan for the purpose of driving all Jewish citizens from Germany or depriving them of all civil and political rights, including the right to hold and own property and to sustain themselves and their families; and

Whereas the Reich State is also discriminating against German citizens who are members of the Catholic Church and is subjecting them to restrictions which deprive them of rights and privileges to which they are entitled as citizens of such state; and

Whereas the anti-Semetic campaign of the Reich State in part parallels the cruel and inhuman policies adopted by a number of nations in former centuries, and is opposed to the spirit of liberty and tolerance and justice which prevails among civilized peoples; and the antireligious activities of the state respecting members of the Catholic faith are contrary to the traditions of freedom of conscience and liberty of religious worship which are the cherished traditions of all civilized governments; and

Whereas the Government of the United States, as well as other governments, have not infrequently, through appropriate channels, protested against the cruel and inhuman treatment accorded the citizens of other states, and have sought in all appropriate ways to mitigate the sufferings to which such citizens were subjected: Now, therefore, be it

Resolved, That the Committee on Foreign Relations of the Senate, or a subcommittee thereof, be authorized to conduct hearings and receive such evidence as may be presented relating to the treatment of the Jewish and Catholic citizens of Germany above referred to, and particularly to inquire into the charges that Jewish citizens have been denied their political and civil rights and have been compelled to leave Germany, and that others who remained are being persecuted and subjected to indignities and deprivation of property and opportunities to obtain sustenance for themselves and families; and also to inquire into the treatment of Catholic citizens and the extent to which they have been discriminated against and deprived of their political and civil rights and the freedom of conscience and liberty of religious worship; and

Resolved further, That the said committee, after such inquiry, shall submit its report to the Senate with such recommendations as it deems proper relating to the policy of the United States with reference to the matters herein referred to and in what way the cause of tolerance and religious freedom may be served.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

AGRICULTURAL EXTENSION WORK

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address by A. Frank Lever, Director of Public Relations, Farm Credit Administration, Columbia, S. C., on the subject of Origin and Objectives of Agricultural Extension Work.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, the barefoot boy stumps his toe against the rock in the road and realizes for the first time the necessity of watching his step. The trembling of the teakettle lid attracted the attention of Watt and gave the world the steam engine. The almost total deafness of Mrs. Alexander Graham Bell gave us the great world-wide system of telephonic communication. The story of the influence upon human history of the seemingly trivial things constitutes the most fascinating chapter of the history of civilization. Newton saw the apple fall and discovered the great principle of gravitation. The good old Benjamin Franklin with his kite drew sparks from the lowering clouds and harnessed electricity for the needs of man. Southern civilization is in the remaking day by day because of the activities of a tiny insect.

It is now 45 years since the Mexican boll weevil crossed the international boundary line and made its first assault upon the cotton fields of Texas. A decade passed before this insect began to be recognized as a positive menace to cotton production in the South and as a veritable challenge to the foundations upon which were built southern institutions and civilization. The boll weevil, with historical propriety, may be pointed to as the moving cause for that legislative action out of which has grown the new method of agricultural teaching known as the "Extension System of the United States." For 10 years, the destructive work of this insect foiled every effort of entomologists and scientists to find a practical plan either materially to reduce its ravages or permanently to checkmate its stead advance into the cotton belt.

The authorities of the Department of Agriculture in Washington were baffled almost to the point of panic. And then, in 1902, Dr.

Seaman A. Knapp, at the time a minor official in the Bureau of Plant Industry, was dispatched to Texas with instructions to find a way to stop the inroads of this insect. Knapp was an idealist—a dreamer—into whose dreams were mixed in almost uncanny fashion the elements of common sense and experiences gathered from his early days upon the farm. In a few demonstrations, in cooperation with intelligent local cotton farmers, he became convinced that under average climatic conditions cotton could be produced at a reasonable profit, in spite of the bollweevil. His formula was based upon a system of agriculture which took into consideration better soil preparation, better seed, earlier maturing varieties, rapid cultivation, and proper fertilization—in fact, a new, modern system of cotton production. To this he added the principle of making each farm a self-sustaining unit of operation, and each farm home a place in which dwelt love, happiness, and security. His fundamentals were simple. The difficulty of the problem lay in getting his methods adopted by the cotton producers. It was a Herculean undertaking. It was a fight against tradition, ignorance, and obstinacy. None but a leader inspired with Christian missionary zeal would have undertaken it. Knapp did it. And his method of reaching the people was as simple as the fundamentals which he carried to them. His philosophies of agricultural teaching he himself summarizes in this striking statement: "We are likely to forget some of the things we see; we will probably forget most of the things we read, but we generally never forget the things that we do." You see, Knapp knew the farmer. He knew how firmly fixed he was to the ruts of inheritance and how skeptical he was of new things, new methods, that moved him into untried and unbeaten paths. The value of things had to be proven to him under his own vine and fig tree, and Knapp knew that such proof would be convincing only when the farmer himself was made a part of the method and when he himself did the actual work. Out of these thoughts grew the demonstration idea of agricultural teaching.

THE SMITH-LEVER ACT

Another decade passed, however, before the Congress became sufficiently educated and impressed with the work Dr. Knapp had been doing in the South to write into enduring legislation his all-embracing philosophies of rural life and the basic principles upon which his methods of teaching were founded. (At this point a personal reference is necessary in order to give the whole picture of this legislation. I am sure you will pardon it.)

During all these years I was a member of the Agricultural Committee of the House of Representatives, and from the very beginning of his work I was profoundly impressed with the belief that Dr. Knapp had not only discovered a method of growing cotton notwithstanding the presence of the boll weevil, but that he was doing far more than that, he was laying the foundations firmly and cautiously for a new agriculture and a new rural life in the South. I became his devoted disciple; I embraced his teachings and philosophies without reserve and with the ardor and enthusiasm of youth. I am proud to have been at all times the champion of his efforts, both in Congress and out of it. As a member of the committee, I was in position to translate into law the principles and methods that had motivated his life work. Thus it was that, in cooperation with a committee of the Association of Agricultural Colleges, the extension bill was drawn and introduced into the House by me. It was put through the Senate under the skillful and patient management of the late Senator Hoke Smith, of Georgia, and was signed by President Wilson on the 8th of May 1914, inaugurating a new system of teaching, national in scope, and reaching into the remotest communities of the country and influencing the economic and spiritual life of every American farmer and every American farm home. It is a system of education, bedrocked upon the fine idealisms of democracy and universal in its reach and influence.

The purposes of this act, to quote Dr. Knapp, are: "To develop the resources, increase the harvests, improve the landscapes, brighten the homes, and flood the people with knowledge about helpful things." And again: "To readjust agriculture, to reconstruct the country home, and to put rural life upon a higher plane", and all of this to be accomplished by the objective method of teaching—of having the farmer learn to do by doing. Walter Hines Page said of this system: "This is the greatest single piece of constructive educational work in this or any age." Another great educator said of Knapp: "He is the one great agricultural statesman that this country has thus far produced." And, may I add: That he is the one great agricultural leader of this or any age whose every effort was fashioned to meet the needs of the common man of the farm and to do it in a common-sense way. When David F. Houston was president of the State A. & M. College of Texas he said: "There are two universities here in Texas—one is at Austin; the other is Dr. Knapp."

Under the terms of this act, and with funds supplied by the States and the Federal Government, practically every rural county in the United States has its county demonstration agent and its home-economic agent. These agents are teachers—itinerant teachers, pedagogues, in reality—carrying out to the farm and into the farm home the vast stores of information gathered by scientists and research workers in the agricultural field throughout the world, and putting these into actual working effect under the conditions surrounding each individual farm unit. The weakness of American agriculture has been found in its lack of rural community leadership and inspiration. These agents supply this deficiency. They are the walking reservoirs of agricultural theories and sound practices, and at the same time sources of leadership for each farm community. These devoted men and women catch the vision of the more efficient farming, the more happy and satisfied farm life; they catch the vision of the farm as the original source of wealth and the family as the sheet anchor of the safety and perpetuity of American institutions; and like missionaries in foreign fields they carry these visions into the lives and activities, into the hopes and dreams and inspirations of our rural people everywhere.

Time has permitted a discussion only of the philosophy underlying the Extension Service. The details of the actual results of the workings of the system are equally interesting and important.

NEUTRALITY PROGRAM

Mr. NYE. Mr. President, Senate Joint Resolutions 99, 100, and 120, introduced by the senior Senator from Missouri [Mr. CLARK] and me, are commonly referred to as "the neutrality program." Thursday morning's New York Post carried an editorial under the caption "The Only Chance for Peace", having relation to this program. I ask unanimous consent that the editorial may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Post, Thursday, July 25, 1935]

The grave closes over another noble experiment—limitation of armaments.

When the Japanese served notice they would not renew the 5-5-3 naval ratio established by the Washington Naval Treaty, it was clear that the system had failed.

Now, Britain stills all hope for it with the official announcement that "some new device" to check arms races must be found.

What new device?

The one suggested by the British is palpably useless. They would have each country announce publicly how large a navy it desires by 1942. What good would that do? The nations would neither trust each other nor would they halt their attempts at naval supremacy merely because each knew how much fighting tonnage the others were building.

Until a system of international agreements insuring peace is found—and the Post doubts that such a system can be worked out in the present state of civilization—the world is daily in danger of war.

A glance at the condition of peace machinery shows that we are back exactly where we were in 1914 so far as efforts to avoid war are concerned.

The League of Nations looks on helpless and supine while Il Duce prepares to make war in Ethiopia.

The World Court is so powerless to check him that no one seriously considers an appeal to that tribunal.

The Kellogg Pact and the various special nonaggression pacts are scraps of paper—no more.

And now even the British abandon the pretense of the arms-limitation system.

What can the United States do in order to avoid the war which is coming?

All answers, except one, are eliminated by the facts before our eyes; and that one good chance for peace lies in the enactment of laws enforcing strict neutrality upon this Nation and its citizens.

Such laws would be in effect today if Secretary Hull's State Department had not interfered and asked the Senate Foreign Relations Committee to postpone action and recall two bills which had been reported favorably.

The administration is said to believe these bills are "too drastic." One of them would forbid loans by American citizens to the governments or the citizens of warring nations. The other would refuse American passports to citizens wishing to travel in warring countries or on the ships of belligerents. Still a third bill would halt the export of arms.

Those are, it is true, drastic steps. But we are facing a desperate situation.

If we do not pass the bills, we probably will be dragged into a war which not 1 American in 100,000 desires.

The delay on the neutrality bills is dangerous enough. Even more disquieting is the news that Ambassador at Large Norman Davis is advising President Roosevelt on "substitute proposals."

Is it likely that any program which he helps write will include an effective ban on war loans from which his moneyed friends can derive such handsome profits?

If the President, in person, does not take the neutrality program in hand immediately and rush it through Congress, we may still be unprepared when the conflagration breaks out.

GOLD—ARTICLE BY H. N. LAWRIE

Mr. MCNARY. Mr. President, I ask unanimous consent to have printed in the RECORD an article on gold published in the centenary number of the Mining Journal, London, England, May 29, 1935, and written by H. N. Lawrie, author of the gold and silver chapter of the Mineral Industry, and formerly economic adviser to the Senate Commission of Gold and Silver Inquiry.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOLD PRODUCTION—TECHNICAL PROGRESS—MONETARY RESERVES—CURRENCY AND CREDIT—RESERVE REDISTRIBUTION—PURCHASING POWER—DEPRESSION CYCLES—WORLD GOLD MINING COMMISSION—EARLY MONETARY ACTION—THE FUTURE

As the universal symbol of highest value, gold was mentioned in the earliest literature in the world's history. "More to be desired than gold, yea, than much fine gold" is evidence of the high regard in which gold was held in biblical times. Remarkable skill and artistry were shown by those of the most ancient civilizations, Minoan, Egyptian, Assyrian, and Etruscan from the sites of which gold ornaments have been recovered. Recent research has disclosed interesting information which indicates that Ethiopia probably was the "Land of Ophir", from which the kings of Egypt obtained gold and that since the time of the Pharaohs and King Solomon these ancient mines have remained dormant.

Contemporaneously with its use in the arts gold through the ages, because of its convenience, durability, and value, was also used as money, a use which has continually expanded with the passing of the centuries. Gold has indeed performed an indispensable service to mankind and to the progress of civilization. Today the keen competitive public and private bidding for gold, as a preferred medium of investment, demonstrates that gold has never been in greater demand. The world today is standing on the threshold of a new economic era in which gold is destined to render an ever-increasing service, when it becomes, as it undoubtedly will, the universally adopted unit and foundation of a modernized monetary system.

GOLD PRODUCTION

From the discovery of America in 1492, through the year 1934, it is estimated that the world produced 1,162.1 million ounces of fine gold, of which 114.7 million ounces, or less than 10 percent, was made available in the first 308 years, and 1,047.4 million ounces, or more than 90 percent, was produced during the nineteenth and the first 34 years of the twentieth centuries. More than 9 times as much gold was produced from 1800 to 1935 than from 1492 to 1801, and the average annual production of the first period was 21 times that of the latter period.

Dating from 1492, the first 50 years transpired before the annual output of gold reached £1,000,000, and it had not exceeded £1,500,000 by the end of the seventeenth century. The placers of Brazil raised the annual output to over £3,500,000 for the period 1740–60, but this level declined, due to exhaustion of deposits to about £1,500,000 for the period 1810–20. Siberian placers were accountable for raising the annual output to an average of £7,500,000 for the period 1841–50, and this was followed by a rapid rise due to the discoveries in California and Australia, the outputs of which reached a maximum in 1853, when the world's production was estimated by Sir Hector Hay to be £38,000,000.

Falling to £21,000,000 in 1863, the output remained fairly stationary until about 1888, when an extensive increase occurred, reaching a high point in 1899 of £64,000,000. Rand output in 1887 was £81,000, and in 1899 was £15,000,000; Cripple Creek, not discovered in 1887, produced £3,300,000 in 1899; Yukon output increased from £140,000 in 1887 to £4,300,000 in 1899; and the output of western Australia increased from £20,000 in 1887 to £6,200,000 in 1899.

Another high point was recorded in 1915, when the production was valued at £98,000,000, from which it declined, due to war and post-war inflation, with increased costs of production and scarcity of labor, to a low point of £66,000,000 in 1922, just above the level of 1899, rising to three successive world records, valued at the old gold par £102,587,000 in 1932, £107,463,000 in 1933, and £116,413,000 in 1934. The gold production of the world in 1933 and 1934, by principal countries, is presented in the following table:

World gold production

[In 1,000 ounces and pounds]

	1933[1]		1934[1]	
	Ounces	Pounds[2]	Ounces	Pounds[2]
United States (including Philippines)	2,556	10,857	3,075	13,062
Canada	2,949	12,526	2,965	12,594
Mexico	638	2,710	670	2,846
Total North America	6,143	26,093	6,710	28,502
Central America	87	370	97	412
South America	909	3,861	1,109	4,711
Transvaal	11,014	46,785	10,486	44,541
Rhodesia	644	2,736	693	2,944
West Africa	336	1,436	378	1,605
Congo and other Africa	431	1,830	511	2,171
Total Africa	12,427	52,787	12,068	51,261
Russia (including Siberia)	[3] 2,816	11,962	[3] 4,244	18,027
Other Europe	406	1,724	506	2,149
Total Europe	3,222	13,686	4,750	20,176

[1] Data for 1933 revised to date and the lastest estimate for 1934 by H. N. Lawrie.
[2] Old gold par of £4.24773 equals $20.6718 equals 1 fine ounce of gold.
[3] Unofficial but carefully checked data.

World gold production—Continued

[In 1,000 ounces and pounds]

	1933		1934	
	Ounces	Pounds	Ounces	Pounds
British India	336	1,427	321	1,364
East Indies	79	335	89	378
Japan and Chosen	642	2,728	700	2,973
China and other Asia	301	1,278	350	1,487
Total Asia	1,358	5,768	1,460	6,202
Australia	820	3,483	879	3,734
New Guinea, etc.	171	727	180	765
New Zealand	162	688	153	650
Total, Oceania	1,153	4,898	1,212	5,149
Total for world [4]	25,299	107,463	27,406	116,413

[4] Total for world: 1933, $522,973; increased, 1934, to $566,531, or 8.3 percent.

With the increased milling capacity now in operation and under construction, favorable metal prices and labor conditions, a new record world gold production in 1935 may be expected.

TECHNICAL PROGRESS

Space does not permit a detailed review of the technical progress in gold mining and milling, but the files of the Mining Journal for the past century cover every important improvement that has been made, and to them the reader is referred. Suffice it to say that since the most primitive hand methods of recovering gold from placer deposits and veins were employed there have been developed improved methods of hydraulicking and dredging, of mining, of recovering fine gold, of milling and smelting, which have greatly reduced the cost of gold production and enlarged the available yardage of gravel and tonnage of stone which can be profitably mined and milled. The great increase in gold production which took place between 1887 and 1899 was due largely to the invention and introduction of the cyanide process, which revolutionized gold-milling practice. A more recent forward step was the invention of the flotation process, which has already been applied successfully in gold metallurgy and will probably be more extensively used in future operations.

Through these refinements of practice gold mining to a large extent has become a highly technical manufacturing enterprise based on mass production and free from many of the extraordinary risks which accompanied earlier developments. The genesis of gold-ore deposits has been given careful study, and today the element of risk from a geological standpoint has been substantially reduced. The application of geophysical methods to the discovery and exploration of gold-bearing deposits which lie entirely under the surface may result in more extensive additions to the world's known gold-ore reserves. Under the current favorable gold prices there is every incentive to improve gold prospecting, exploration, geological, milling, and metallurgical methods, resulting in still greater economies in production.

MONETARY RESERVES

Since 1492 some 1,162.1 million ounces of gold was produced, of which 621.3 million ounces, or about 53 percent, was reported by the Federal Reserve to be in the monetary reserves of 50 countries in December 1934. The value of 1,162.1 million ounces of gold, on the basis of £4.24773 or $20.6718 equals 1 ounce, would be £4.9 billion, or $24,000,000,000 in round numbers. The value of 621.3 million ounces of gold in the monetary reserves, on the basis of £8.49546 or $41.3436 equals 1 ounce, would be £5.3 billions, or $25.7 billions, slightly more than the old gold-standard value of all the gold produced. It is a unique coincidence that doubling the price of gold will supply the world with a monetary foundation for credit little larger than if all the gold valued on the old gold-standard par were held in monetary reserves. Revaluation of the gold unit at the ratio of 2 to 1 to the value of the old unit replaces the gold which has been privately hoarded, used in the arts and industries, lost by abrasion, sunk at sea, or otherwise diverted from monetary use since the discovery of America.

While this comparison is not intended to be construed as an argument for the fixation of the new gold unit at one-half its old weight, it nevertheless suggests a practical reason for doing so. There is no valid reason why the world should continue to limp along and the advancement of civilization be obstructed by a monetary gold reserve which represents little more than half the amount of gold which the world has actually made available. Cutting the weight of the old gold unit in half would also have the advantage of simplicity in converting transactions and currency data to the new basis and in the readjustment of monetary thought.

CURRENCY AND CREDIT

Gold in the crude form was first used as money but was found so inconvenient that the coin was invented, and its greater convenience resulted in refinements of coinage and an ever-increasing circulation. At the time when the Roman and Greek empires were active the movement and distribution of gold was largely by conquest. As time passed conquest gradually gave way to the flow

of international trade, which at the beginning of the Great War in 1914 was the controlling influence in the distribution of gold.

England early in the eighteenth century fixed the guinea at 21 shillings on Newton's advice, which assured the adoption of gold as the monetary standard, especially as it was overvalued. Adam Smith in 1776 and Ricardo in 1809 regarded gold as the practical standard and legal action followed in 1816, when the guinea made way for the pound or "sovereign" and silver was reduced thereafter to token coinage. Deposit banking and the use of bank checks dates back to the Bank Charter Act of 1844, since which time Great Britain and the United States have enjoyed the most flexible forms of currency and credit. In 1914 the Federal Reserve Act was passed and put into effect; it provides for greater elasticity and mobility of currency and credit, which facilitates the seasonable movement of crops.

The war demand for credit forced many countries to suspend the gold standard and to peg their currencies during the war. These were unpegged shortly after the armistice, and currency chaos prevailed. The world deflation of 1921 was followed by a period of reasonable price stability, in which the Federal Reserve Board used to advantage the discount rate and open-market transactions. On a wave of overconfidence and speculation, the credit structure in 1929 became topheavy and could no longer be maintained. Confidence waned rapidly and great losses from price deflation and credit liquidation followed, reaching a most serious condition in the middle of 1932, since which time there have been many improvements. England suspended the gold standard in September 1931, and the United States in April 1933. With the exception of China, which is on the silver standard, and the gold-bloc countries, the remainder of the world has suspended the gold standard. It is generally recognized that the economic collapse of 1929 and the serious conditions which followed were not caused by a shortage of gold to maintain the gold standard, but rather by the overextension of credit, induced in part by an overoptimistic and speculative public.

RESERVE REDISTRIBUTION

The Federal Reserve on the basis of $35 equals 1 ounce of gold, reported a monetary gold reserve held in the central banks of 50 countries in December 1934 of $21,745,000,000, of which the United States and France held $13,683,000,000, or about 63 percent, the remaining $8,062,000,000 being distributed among 48 countries. The monetary reserves of the United States and France contain more gold than possibly can be used to advantage, and before it can be feasible for the gold standard to be universally adopted and maintained, some constructive plan of gold redistribution will have to be developed.

Those countries possessing excessive monetary gold reserves should regard themselves as custodians and conserve their surpluses for redistribution to countries desiring to adopt the new gold standard. Such a redistribution would provide a profitable medium for the investment of the surplus gold, and by earmarking for specific use in monetary rehabilitation, it could be adequately protected. Indirect profits would also be derived from such a constructive use of the surplus gold from the improved exchange situation, the increased purchasing power of countries once again operating on a normal basis and from the greater volume of foreign trade and commerce.

PURCHASING POWER

The purchasing power of gold in 1914 was above the average for the previous 135 years. On the basis of 1913 equals 100, the average index number for British gold prices from 1779 to 1914 was about 113; in 1914 prices declined 13 points again reaching 100; and in 1923 the average was about 143, or 30 points above the long-time average. On the basis of 1913 equals 100, the average for American gold prices from 1791 to 1923 was about 115; in 1914 they were 98; and in 1923 they averaged 154. On the basis of 1926 equals 100, the Federal Reserve index of wholesale commodity prices in the United States declined continuously from 95 in 1928 to the low index of 65 in 1932, rising to a high index of 78 in September 1934, and with a tendency in 1935 to rise to the desired 1926 index of 100. Notwithstanding the fact that the value of gold has fluctuated widely during the past 150 years, there has been exhibited no persistent trend either upward or downward for the entire period, a rise being followed by a decline and vice versa. This fact indicates the possibility that the purchasing power of gold may be maintained on a reasonably stable basis.

Gold as the basis of currency and credit automatically limits to an extent the volumes of currency and credit emitted to circulation, and, therefore, gold exercises in itself a marked influence on the price level or the determination of its own purchasing power. Here lies one of the great advantages of the gold standard over an exclusively managed paper currency and credit system, whose limits of issue would be controlled largely by political rather than economic consideration. Banking as a science has progressed rapidly, and by the more extensive use of the discount rate and open-market transactions in central banks in close cooperation should, when it is adopted as the standard, be able to contribute much in maintaining stability in the purchasing power of gold.

DEPRESSION CYCLES

When it is realized that the cost of gold production was not considered when the weight of the original gold unit was fixed, is it not surprising that the gold standard served so well and for so long a period, and that the output of new gold was sufficient to furnish the basis for the ever-increasing currency and credit requirements of the world's domestic and foreign trade and commerce. With every major depression has come a phenomenal increase in gold production to tide the world over and give it a new impetus for expanding development. The occurrence of three successive record gold outputs in 1932, 1933, and 1934 constitutes one of the best evidences that the world is being lifted out of the deepest depression in history and is well on its way into another era of prosperity. This emphasizes the necessity for an accelerated gold production in 1935 and until prosperity is definitely assured.

It would seem that by some benevolent Providence civilization has been rescued in the past and elevated to ever higher levels of achievement. Notwithstanding the fact that the world has survived the depression cycles of the past and present, there can be little doubt that had there been in operation from the beginning a long-range plan of gold production and its conservation for monetary use, so that larger and more uniform annual additions could have been made to the world's monetary gold reserves, the depression cycles of the past might have been shortened and made less severe.

Such orderly long-range planning would have produced a more uniform gold-purchasing power, represented by a flatter curve, instead of the actual curve which reached maximum inflation heights and then declined to maximum deflation depths, from which the world, humanity, and civilization so greatly suffered. In the future the world and civilization should profit by the experience of the past and free development and advancement from the obstacles of inflation and deflation cycles. This objective can be attained to a large extent by the universal adoption of a new gold standard operated on the more modern method of long-range planning and close central bank cooperation and management. To formulate and make effective such a long-range plan will require the close cooperation of the world's monetary and gold-mining specialists and interests.

WORLD GOLD MINING COMMISSION

World economy, humanity, and civilization would gain much if the world's gold-mining industry was requested to cooperate in formulating the provisions of the new gold standard and in carrying into effect the necessary long-range planning program. The gold-mining industry is in a unique position to furnish the most reliable estimates of the world's gold ore reserves and accurately to forecast the annual production of newly mined gold over an extended period. Correct expectancy estimates are vitally important, since errors would result in monetary instability and in the recurrence of disturbed economic conditions.

The interim committee which was appointed by the World Economic and Monetary Conference, convened in London July 1933, might well consider the desirability of extending an invitation to the world's gold-mining industry to select and authorize a standing world gold mining commission to collaborate in formulating the provisions of the new gold standard and in developing long-range plans for its operation and maintenance. The commission should well represent geographically the world's gold-mining industry. Such a representative world's gold mining commission, with headquarters in London, would be able to assemble the necessary data and information and to render an invaluable service to the interim committee and later to the World Economic and Monetary Conference when it reconvenes. Action along these lines of cooperation between the world's monetary and gold-mining interests and specialists would inspire public confidence, because the maintenance and permanence of the new gold standard would be doubly insured.

The basis for cooperation between the world's monetary and gold-mining interests and specialists should be established at an early date, and the World Gold Mining Commission appointed and functioning, so that this most valuable assistance could be made available to the interim committee, and to the next World Economic and Monetary Conference which may be convened in the near future. There is no field in which perspective and careful long-range planning and administration would yield greater dividends to humanity and world economy.

EARLY MONETARY ACTION

The investment of large capital in the gold-mining industry is now arrested, awaiting the determination of the new gold unit and the universal adoption of the new gold standard. When this transpires, and not until then, will the gold-mining industry have a stable gold market upon which it can depend. On the basis of gold prices of £8.49546, or $41.3436 per fine ounce, of reflation to the 1926 level of commodity prices and no higher and of a moderate tax burden, the world's gold-mining industry would have both the ore reserves and annual capacity to produce sufficient gold to maintain for at least a quarter of a century the operation of a gold standard, whose unit would be just half the weight of the old unit.

Reflation to the desired 1926 price level is now in sight. The gold bloc countries, because of serious economic difficulties which are daily becoming more acute, it is to be hoped may soon see the wisdom of temporarily suspending the gold standard so that all currencies could be accurately revalued by competition in the international exchange market. In the event that the gold-bloc countries take such action, all countries for a period of 3 or 4 months should suspend all exchange controls, restrictions, or regulations in order to permit each currency to find its own natural level of value. This cooperation would not only lead to the more accurate determination of the new gold unit, but would also afford additional assurance of the successful operation of the new gold standard following its universal adoption.

With these two obstacles of 1926 reflation and gold-bloc gold-standard suspension removed, it should then be possible for the next session of the World Economic and Monetary Conference to convene and so to design the provisions of the new gold standard and the long-range planning program for its administration that

they will merit and receive universal approval and acceptance. All business is now arrested by monetary uncertainty, and such constructive action would restore monetary stability and public confidence and pave the way for the resumption of normal domestic and foreign trade and commerce. And public confidence is the keystone in the arch of permanent economic recovery.

THE FUTURE

Heretofore monetary improvements have been made from time to time largely in response to the demands of the moment; but never has so favorable an opportunity been afforded completely to redesign the world's monetary system. During this transition from the old economic order to the new it is vitally important that this fact should be fully realized and that every advantage of this opportunity be taken, since another way may not recur for a century. Those principles which monetary experience has demonstrated to be sound should be retained; defective and obsolescent regulations and practices should be eliminated, and a method of administration based on long-range planning should be incorporated in the provisions of the new gold-standard monetary system.

When the Mining Journal celebrated its seventy-fifth anniversary in 1909, a special edition was published, in which the introductory editorial terminated as follows:

"The rapidity of the recent changes that have been and are taking place we cannot realize; but that they must result in enormously increasing the part played by mining and mining interests in the moulding of the world's destinies is beyond question."

History has demonstrated that no more accurate a prophecy could have then been made and history dictates that no less an optimistic forecast could be made now. The gold-mining industry alone has made a unique contribution to world progress and is destined to play a still more important part in monetary affairs, which are fundamental to the welfare of humanity and the advancement of civilization.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

UTILITY HOLDING COMPANY LOBBY INVESTIGATION

Mr. NORRIS. Mr. President, I desire to call the attention of the Senate and I hope of the country to some recent developments which have taken place perhaps as the outcome of the Black lobby investigation.

Senators will remember that the T. V. A. was enjoined by writ of injunction issued by Judge Grubb, of Alabama, restraining the T. V. A. from carrying out a contract it had made with several municipalities to furnish them electricity. They were then buying electricity from the Alabama Power Co. The contract was made and the price and other terms agreed upon when along came the injunction.

The injunction suit was commenced in court by some of the preferred stockholders of the Alabama Power Co. The Alabama Power Co. itself was one of the defendants in the suit. It, as well as the T. V. A., was enjoined from carrying out the terms of the contract.

It was intimated by some, I think probably including myself, that an investigation would show that the power companies were behind the suit, even though they were defendants. At any rate, upon the trial of that case one of the attorneys for the T. V. A. examined one of the plaintiffs with the object, I judge from the testimony which I have read, of ascertaining whether there were ulterior interests involved besides those of the complainants, and whether they were not contributing money to carry on the suits.

I read now from a transcript of the record. This was an examination by the attorney, Mr. Fly, the witness on the stand being Mr. Garber, one of the plaintiffs:

Q. Mr. Garber, I have been furnished with a copy of the agreement—a copy of what purports to be the agreement as to the contributions of the plaintiffs or its preferred stockholders, and I believe you were asked some questions in direct examination regarding those. You stated, I believe, that not all of the stockholders whom you had listed as being interested in the matter contributed?—A. I don't think that question was asked me.

Q. I thought that was asked. Well, have all contributed to the cost, and has anyone else contributed?—A. Yes.

Q. Who?—A. Almost 1,900.

At that point in his examination an interjection took place by a Mr. Forney Johnston, one of the attorneys for the plaintiff. He said to the witness, evidently:

He asked who had contributed.

The witness answering:

Who had contributed?

Then Mr. Fly came in again with a question and said:

Q. Yes.—A. I have a list of them in my office.

Q. Do you have a list of all parties who have contributed?—A. Yes, sir.

Q. Do you have that available?—A. Yes. I could have that sent up.

Q. Does that include only preferred stockholders, or other parties?—A. Yes; on preferred stockholders.

Q. Have you given any attention to contributions from other sources?—A. I have never contacted any other sources. The only people I have contacted are preferred stockholders.

Q. Has anyone from any other source made any contributions?—A. Not a penny.

Q. You are thoroughly familiar with that, are you?—A. I am.

Q. You are stating that on your own knowledge?—A. Yes.

Mr. FLY. That is all.

Cross-examination by Mr. FORNEY JOHNSTON:

Q. Mr. Garber, you are referring to your own committee, are you not?—A. Yes, sir.

Q. You don't mean to say that the plaintiffs in the coal and ice cases have been assisting in this matter?—A. No. I take it he means contributions from this list.

Q. Those are the only ones?—A. Those are the only ones.

Mr. FORNEY JOHNSTON. That is all.

Redirect examination by Mr. FLY:

Q. Then, you did not mean to say that the coal and ice companies are not contributing?—A. I don't know about that. I am sure they are. It is not handled through me.

Q. Oh, simply it is not handled through you, is that right?—A. No, sir.

Q. Do you know what proportion of the costs of this case is being borne by your preferred stockholders?—A. No; I don't.

Mr. FLY. That is all.

Mr. JOHNSTON. That is all.

I submit that but one conclusion can be drawn from the testimony of that witness—that nobody contributed to the cost of the prosecution of this suit, no one bore any expense, except the preferred stockholders, and possibly, we might conclude, some of the coal and ice companies.

Now, let us lay aside that picture and take up another one. I have here a United Press dispatch of July 23. I have read it before in the Senate with reference to the constitutional argument made by the Senator from Michigan [Mr. VANDENBERG]; but I am going to read it again, because it brings out another point which was not then brought out:

NEW YORK, July 23.—The Edison Electric Institute—

Which, I said then, and now repeat, is, in reality, the old National Electric Light Association. They reorganized, and put Insull out, and changed their name, and said they were going to be respectable from that time on; but it is the same old bunch—

The Edison Electric Institute has spent $256,749.76 in opposing proposed Federal legislation which it regards as harmful to the industry, its president, Thomas N. McCarter, reported today.

McCarter said the institute had retained Newton D. Baker and James M. Beck, at a cost of $35,000, to pass upon the constitutionality of the proposed governmental projects such as that inaugurated by the T. V. A.

On the basis of the opinion submitted by Baker and Beck, the institute—

That is, the head of the Power Trust—

the institute paid $50,000 to the firm of Cabaniss & Johnston—

That is the same Johnston who examined the witness whose testimony I have just read—

of Birmingham, Ala., in the case of *Ashwander* v. *Tennessee Valley Authority*.

That is the case where Judge Grubb issued his famous injunction:

Opposition to the Wheeler-Rayburn bill, McCarter said, was largely conducted by the committee of public-utility executives, headed by Philip H. Gadsden. To aid this committee the institute paid fees of $75,000 each to the law firms of Simpson, Thacher & Bartlett and Sullivan & Cromwell. In addition, the institute spent $19,757.47 for official transcripts and Government documents and miscellaneous expenses.

Now we have the sworn testimony in one case that the contributors were the preferred-stock holders and the coal companies; and we have the statement of Mr. McCarter, the head of the Power Trust, that in that particular case they contributed $50,000 to the attorney in the case. So, if Mr. McCarter's statement is true, at the time this testimony was given in court the attorney himself had $50,000 of Power

Trust money in his pocket when he was examining a witness who testified that the contributions came from preferred-stock holders and coal companies. So this deception upon the court was permitted. It now appears that $50,000 was contributed by the Power Trust.

So, Mr. President, little by little the truth comes out, and little by little, more and more, the Power Trust is smearing itself with falsehood and trickery. In this case it appears the Power Trust paid $50,000 to have itself sued and to have itself enjoined from carrying out its own contract.

THE BANKING SYSTEM

The Senate resumed the consideration of the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from North Dakota [Mr. NYE] in the nature of a substitute for title II of the committee amendment.

Mr. NYE. Mr. President, I am sure there are other Senators who wish to be heard on this amendment.

The VICE PRESIDENT. The Chair will recognize any Senator who desires to be heard.

Mr. NYE. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Chavez	Holt	Pope
Ashurst	Clark	Johnson	Radcliffe
Austin	Connally	King	Schall
Bachman	Copeland	La Follette	Shipstead
Bailey	Davis	Logan	Steiwer
Bankhead	Dickinson	Lonergan	Thomas, Okla.
Barbour	Fletcher	McGill	Townsend
Barkley	Frazier	McKellar	Trammell
Bone	George	McNary	Truman
Borah	Gerry	Maloney	Tydings
Brown	Gibson	Minton	Vandenberg
Bulkley	Glass	Moore	Van Nuys
Burke	Gore	Neely	Wagner
Byrd	Guffey	Norbeck	Wheeler
Byrnes	Hale	Norris	White
Capper	Harrison	Nye	
Caraway	Hatch	O'Mahoney	
Carey	Hayden	Pittman	

The VICE PRESIDENT. Sixty-nine Senators having answered to their names, there is a quorum present.

The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. NYE] in the nature of a substitute for the committee amendment to title II.

Mr. NYE. May we have the yeas and nays?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BULKLEY (when Mr. DONAHEY's name was called). My colleague the junior Senator from Ohio [Mr. DONAHEY] is necessarily absent from the city today. If present, he would vote "nay."

Mr. TOWNSEND (when Mr. HASTINGS' name was called). My colleague the senior Senator from Delaware [Mr. HASTINGS] is necessarily detained from the Senate today. If present, he would vote "nay."

The roll call was concluded.

Mr. BARKLEY. I am authorized to announce the absence of the junior Senator from Wisconsin [Mr. DUFFY] and to say that if present he would vote "nay."

I am authorized to make the same announcement as to the senior Senator from Arkansas [Mr. ROBINSON]. While the Senator from Arkansas has a general pair with the Senator from Delaware [Mr. HASTINGS], I wish to announce that the pair is not effective on this question, as both Senators would vote "nay" if present.

This statement also applies to the general pair between the Senator from New Hampshire [Mr. KEYES] and the Senator from Utah [Mr. THOMAS], as both those Senators would vote "nay" if present.

I wish to announce that the junior Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from Massachusetts [Mr. WALSH], the junior Senator from Illinois [Mr. DIETERICH], the senior Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. MCADOO], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Utah [Mr. THOMAS] are unavoidably detained from the Senate. I am advised that if present and voting these Senators would vote "nay."

I wish further to announce that the Senator from Alabama [Mr. BLACK], the Senator from South Dakota [Mr. BULOW], the Senator from Colorado [Mr. COSTIGAN], the Senator from Iowa [Mr. MURPHY], the Senator from Montana [Mr. MURRAY], the Senator from Georgia [Mr. RUSSELL], and the Senator from Washington [Mr. SCHWELLENBACH] are detained in committee meetings.

I also desire to announce that the Senator from Mississippi [Mr. BILBO], the senior Senator from Louisiana [Mr. LONG], the junior Senator from Louisiana [Mr. OVERTON], the Senator from Nevada [Mr. MCCARRAN], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

Mr. AUSTIN. The Senator from New Hampshire [Mr. KEYES] and the Senator from Rhode Island [Mr. METCALF] are necessarily absent. If present, they would vote "nay."

Mr. TYDINGS. I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if he were present he would vote as I shall vote, and being at liberty to vote, I vote "nay."

Mr. DICKINSON. I have a general pair with the junior Senator from Mississippi [Mr. BILBO], which I transfer to the senior Senator from Rhode Island [Mr. METCALF], and vote "nay."

Mr. CONNALLY. I desire to announce the unavoidable absence of my colleague the senior Senator from Texas [Mr. SHEPPARD].

The result was announced—yeas 10, nays 59, as follows:

YEAS—10

Bone	Holt	Schall	Thomas, Okla.
Caraway	Neely	Shipstead	Wheeler
Frazier	Nye		

NAYS—59

Adams	Carey	Harrison	Norris
Ashurst	Chavez	Hatch	O'Mahoney
Austin	Clark	Hayden	Pittman
Bachman	Connally	Johnson	Pope
Bailey	Copeland	King	Radcliffe
Bankhead	Davis	La Follette	Steiwer
Barbour	Dickinson	Logan	Townsend
Barkley	Fletcher	Lonergan	Trammell
Borah	George	McGill	Truman
Brown	Gerry	McKellar	Tydings
Bulkley	Gibson	McNary	Vandenberg
Burke	Glass	Maloney	Van Nuys
Byrd	Gore	Minton	Wagner
Byrnes	Guffey	Moore	White
Capper	Hale	Norbeck	

NOT VOTING—27

Bilbo	Donahey	McCarran	Russell
Black	Duffy	Metcalf	Schwellenbach
Bulow	Hastings	Murphy	Sheppard
Coolidge	Keyes	Murray	Smith
Costigan	Lewis	Overton	Thomas, Utah
Couzens	Long	Reynolds	Walsh
Dieterich	McAdoo	Robinson	

So Mr. NYE's amendment in the nature of a substitute for the committee amendment to title II was rejected.

Mr. GLASS. Mr. President, if there are no further amendments to be proposed to the amendment proposed by the committee, I ask that the committee amendment to title II be agreed to.

The PRESIDENT pro tempore. The Chair understood that an agreement had been made in the Senate to consider the committee amendment to each title as one amendment, so the question now is on agreeing to the committee amendment to title II.

Mr. BORAH. Mr. President, I should like to say a word at this time before title II is disposed of.

Mr. BARKLEY. Mr. President, will the Senator yield for just a moment?

Mr. BORAH. I yield.

Mr. BARKLEY. I think it ought to be announced to the Senate that it is the desire that the pending bill be disposed of today, if possible, in order that the Senate may adjourn until Monday next. It is contemplated that on Monday the calendar will be called, and the calendar is quite heavy. In view of that prospect, I hope that Senators on both sides will cooperate. While we have no desire to shut off any

Senator from any legitimate debate, it is very desirable that the consideration of the bill should be concluded today so that the program suggested may be carried out.

Mr. BORAH. Mr. President, in view of the suggestion of the Senator from Kentucky, I shall be brief.

I approach the consideration of the pending measure I assume somewhat as the average man or woman would approach its consideration. I do not profess any knowledge of the subject that would warrant me in doing more than call attention to some obvious facts which are recorded in our experience under the present and other banking systems. I do not profess to say that safeguards have not been written into the bill, but I do say that I do not find them sufficient to avoid some of the catastrophes which we have experienced in the past. I do not believe the terms to be sufficiently exact to protect the public against those who are always plying their selfish purposes close to the money market. I should at least like to have a discussion of some features of the bill. I should like to be better informed than I am as to the safeguards. I cannot find in the bill safeguards for the protection of the public.

Mr. President, I read carefully the hearings before the Committee on Banking and Currency, and I find what seems to me very considerable confusion among the distinguished gentlemen who appeared before the committee as to the points which I shall now discuss. They had very definite views as to some phases of the bill in which I am interested, but there was a great difference of opinion as to the effect of the different terms and provisions of the bill.

I open my remarks by reading from the illuminating address of the able senior Senator from Virginia [Mr. GLASS] which leads up to the subject in which I am interested. In his speech on Wednesday, the senior Senator from Virginia said, as appears upon page 11778 of the CONGRESSIONAL RECORD:

> It has been said—and I call the Senate's attention to this significant fact—that the Federal Reserve banks failed in a great exigency to put a stop to wild speculation—that the Federal Reserve banks failed. As a matter of fact, it was the Federal Reserve Board that failed. For 7 successive weeks the New York Federal Reserve Bank proposed a raise in its discount rate, and for 7 successive weeks the Federal Reserve Board here at Washington declined to sanction the raise. The purpose of raising the discount rate was largely psychological. It was to put speculators and gamblers on the stock market upon notice that money was no longer to be easy, and that if the first raise of the discount rate did not put a stop to insane speculation there would be successive raises of the discount rate, in order that these gamblers might not have easy access to the facilities of the Reserve banks and of the member banks of the country.
>
> Yet it was proposed to intrust to the Federal Reserve Board, which failed utterly, the very power that it is complained that the Federal Reserve banks did not exercise, when they did exercise it. They did not exercise it as they should have exercised it. They should have done it in 1927, when they might have put an end to the orgy of wild speculation then going on. They should have exercised it in 1928. They did exercise it in 1929, and even at that late date the Federal Reserve Board would not sanction their action, but let them go upon a cheap money basis until the crash came.

That seems to me a clear statement to the effect that whether it was the fault of the regional bank or the fault of the Federal Reserve Board there was a grave fault in the proceedings at that time. Everyone familiar with the trend of affairs had cognizance of the fact that a financial situation of a serious nature was developing as early as 1927. There was ample evidence in 1928 of that serious financial situation, and by 1929 the conditions were such that the leading financiers of the country and the leading business men of the country realized that a situation of a serious nature was developing and would likely pass beyond control. Nothing was done upon the part of the Board or upon the part of the regional banks in any way to stay the movement which was apparent. It would be difficult to find another such pronounced inaction upon the part of those in authority to an approaching crisis.

The question which presents itself to me is this: Suppose under similar circumstances a situation no different or of a similar kind should develop, what are the guarantees in the bill which we are now discussing, or what are the provisions in the bill which would lead us to believe or justify us in believing that a different course would be pursued by the Board or by the Federal Reserve bank than that which was pursued at that time? What assurance is there in this measure that the public interest will be more adequately protected?

I may say, Mr. President, that I do not profess to know much about banking, but I do know something of the history of banking and I have discovered that under any system devised, however high the purpose and however exalted the motives of those who devised the system, inevitably in the end it comes to be subordinated to the interests of the money speculators, the bankers, and those interested in finance, rather than in serving industry and the producers of the country. Only the most pronounced safeguards can prevent that trend under any banking system which can possibly be devised. Any banking system will be warped and seduced into the service of the moneyed interests unless the most drastic measures are taken to prevent it. That has been true of every banking system in recorded history.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. GLASS. On yesterday I undertook to point out the safeguards provided in the Banking Act of 1933, and I called Senators' attention to the fact that in one of the provisions cited authority is granted to the Federal Reserve bank or the Federal Reserve Board to put a stop to speculation. It may interest the Senator from Idaho and other Members of the Senate to know that for days we were urged by certain banking authorities to make the sentence read "the Federal Reserve banks and the Federal Reserve Board", requiring both authorities to agree in order to put a stop to excessive speculation; but the committee of the Senate persisted in having it read "the Federal Reserve bank or the Federal Reserve Board", so that in the event any bank should undertake to engage in excessive speculation transactions the Federal Reserve bank of its district may put a stop to them, or, in the event that the bank shall persist, the Federal Reserve Board in Washington could put a stop to such transactions.

Mr. BORAH. Mr. President, I think the act of 1933 is undoubtedly an improvement, but had the act of 1933 or its terms been in existence in 1927, 1928, and 1929, providing for even the combined action, as provided in the section which the Senator read, they would not have used that power. They made no effort whatever to stop what was going on. They did nothing. Both the Board and the banks sat silent and watched this saturnalia of speculation gather strength until it finally resulted in the utter ruin of millions of people, driving thousands to crime and to suicide, and ultimately spreading bankruptcy among the producers of the entire country.

Mr. GLASS. And the banks and the Board—if I may interrupt the Senator again—were not the only offenders in that respect, because I stood here on the floor of the Senate 2 years before the crash came and warned the country that the crash would come, and two Presidents of the United States practically jumped into the stock pit and urged it on.

Mr. BORAH. Mr. President, the Senator will find no grounds for controversy with me on that proposition. I know exactly what the Senator did, and I know furthermore that some of the very ablest, as we use that term ordinarily, of the industrial and political leaders of the country engaged in encouraging that speculation. A book appeared in the latter part of 1928, I think, the preface to which was written by an ex-President of the United States, and chapters contributed by noted financiers, and that book advised the people that we were on perfectly safe ground; that we had not reached the height of our prosperity; that investments were perfectly safe and sound, and, of course, such statements added to the development of these unsound conditions. However, the Senator and I cannot legislate upon that subject. We do not have the power to legislate on that subject. The question is whether we are creating an institution which itself can adequately deal with the problem, and whether we can impose terms by which it can deal with it.

Mr. President, we are giving stupendous power here. That power may be necessary, although I do not think such power should be given. It is stupendous. It really places the currency and the credit of the country under the control of a group of men, and unless we can safeguard that power, it is a power which may be abused, likely will be abused, and especially will that be true when such things occur upon the outside as the Senator from Virginia has called attention to, and concerning which I agree with him. I do not find in this bill, in view of that stupendous delegation of power, any rule, policy, or mandate necessary, first, to render the bill amenable to the Constitution, and, second, to protect the interest of the people.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. FLETCHER. I may say in justice to the Federal Reserve Board, if it should need any comment of that kind, that its idea of controlling the situation or influencing the situation at that time was somewhat different from that of the New York Reserve Bank, which advocated raising the rediscount rate. As a matter of fact, I doubt very much if any raise in rates would have been adequate to stop the wild speculation at that time.

Mr. BORAH. Of course, it would not have been adequate after the speculation got on its way and after the orgy was unleashed.

Mr. FLETCHER. Exactly. The raising of the rate should have been done in advance of the era of speculation. It was too late to do it at the time when the New York banks were urging the raising of the rediscount rate. Such provision must be made in advance of such a condition. We must look ahead. We must have some vision with respect to what is going on and what is happening.

At the time the Board rejected the recommendations of the banks for the raising of the rediscount rate, and when it did not act on that suggestion, it attempted to encourage what it called "direct action" on the banks. It thought that was the wisest way to exert its influence. It attempted to pursue a policy of direct pressure, instead of attempting to stop speculation by raising the rediscount rate. That is the effort it made.

Dr. Miller said:

12. In February 1929, the Board actively intervened by issuing a statement in which it proposed that member banks which were increasing their loans on securities should not be permitted to receive accommodation from the Federal Reserve banks. This was the policy of direct action.

13. Subsequent to this intervention by the Board, the Federal Reserve banks proposed discount-rate advances as their remedy for the situation. The Board refused to approve these advances on the ground that advances sufficient to have an influence on the existing speculative situation would have to be so high as to disrupt the commercial rate structure of the country, and also because it believed that the policy of direct action was more effective in the circumstances and more flexible.

Mr. BORAH. In a few minutes I shall undertake to show, from a member of the Board itself, that that pressure was very slight.

Mr. FLETCHER. Dr. Miller testified before the subcommittee, and the following occurred:

Senator GLASS. The Board had full responsibility then. Why did it not prevent it?

Mr. MILLER. No; the Board never has had the full responsibility, Senator, to initiate an open-market operation.

Senator GLASS. No; but it had the responsibility of passing upon open-market operations.

Mr. MILLER. It can say no.

Senator GLASS. But it did not say no.

Mr. MILLER. No. My belief is that if it had been obliged to say yes on its own motion, it never would have said yes and there would have been no occasion to have said no.

Then the discussion was continued. The Senator from Virginia [Mr. GLASS] asked if any member of the Federal Reserve Board knew much about open-market operations, and Dr. Miller said "no", and he also said he did not believe the governors of these banks knew much about such operations. That was his answer to that suggestion.

It is, of course, very important. What I am hoping one effect of it will be, as it ought to be, in my judgment, is that it will enable us to fix responsibility somewhere. Under the practice heretofore they have had too many alibis. The Board would say responsibility was not on us, and the banks would say responsibility was on the Board. Now, what we are trying to do here is to set up a system whereby we can give the power and fix the responsibility. We cannot fix the responsibility unless we give the power. That is what I am hoping will be accomplished by this bill.

Mr. GLASS. Mr. President, with the consent of the Senator from Idaho, may I say that the alibi of the Board would be more impressive if they had persisted in their attempt at direct pressure, but when they undertook to apply direct pressure they were told by the most notorious speculator in New York to "go to hell", and apparently they preferred to do that than to persist in the direct pressure. If the Board thereupon had kicked that fellow out of the board of directors of the New York bank, then there might have been applied some direct pressure, but they did not do it.

Mr. BORAH. I was going to call attention to that particular fact as narrated by the Senator from Virginia in his address of yesterday. I quote from his remarks as follows:

Now some gentlemen would confide to the Federal Reserve Board exclusively the right of determining all these matters which the Board utterly failed to determine in 1929, and permitted itself to be challenged and defied by one of the most notorious speculators on the New York stock market, and practically was told to "go to hell", saying that, despite its order, he proposed the very next day to rediscount at the New York Federal Reserve Bank $25,000,000 under this 15-day provision and use it for stock-speculative purposes.

In other words, Mr. President, a daring financial adventurer, a notorious speculator, was in a place of power in the System, and when he began his depredations and started to carry on his indefensible acts the Board sat spineless and allowed him to occupy the place which he held to his own advantage, and which he was then using not only to his advantage but to the utter ruin of millions in this country.

Have we provided against that? May not that occur again? How are we going to control under this bill that kind of situation? Is there any rule or policy or mandate in the bill which would justify the Board in saying, "This is our policy according to the law, and therefore it must be followed"? If not, they will use the same discretion, and there will be the same confusion; there will be the same timidity upon the part of officials, and the same cupidity upon the part of individuals interested.

Mr. President, as I said a few moments ago, the delegation of power to this Board is a delegation of power compared with which all other delegations of power seem inconsequential, and unless we tie around that delegation of power rules of conduct mandates, I do not see how, under similar conditions, we may expect anything different to occur than that which has happened upon other occasions.

I wish to read before referring to a statement of a member of the Board, a statement by Prof. John R. Commons.

Mr. THOMAS of Oklahoma. Mr. President——

Mr. BORAH. I will yield in just a moment. The statement has been handed to me by the able senior Senator from Wisconsin [Mr. LA FOLLETTE] and refers to the inflation period and to the action of the Board in 1919 and 1920. I quote from the statement as follows:

But the inflation kept going on for another 12 months to June 1920, when it was stopped by the Federal Reserve Board in raising the rediscount rate to 7 percent in view of the low reserves of gold in the banking system. Immediately business confidence was shattered and prices and production fell to the depression of 1921.

Afterward at the hearing of the House committee in 1928, I discovered that there had been, in that summer of 1919, a vigorous dispute and a split among the members of the Federal Reserve Board over the question of raising the discount rate to prevent further business-banker inflation. But the Board had no mandate from Congress to prevent excessive inflation. The matter was left to their internal and confidential discussions, and they simply drifted and let the inflation go on, until 12 months later they were compelled to act by the exhaustion of gold reserves and the threatened gold bankruptcy of the system.

I do not doubt that they could have stopped further inflation in the summer of 1919 by raising the discount rates to 6, 7, or 8 percent, instead of waiting 12 months to the summer of 1920. This instrument of control over the discount rate was actually used by foreign banks of issue when they went off the gold stand-

ard in September 1931 and were afraid of business-banker inflation of prices. They certainly prevented the dreaded inflation, and even overdid it, because, within 2 months, they had to reduce greatly their discount rates to prevent deflation of prices on a paper-money basis. The weapon is powerful because it operates on narrow margins of profit.

In the year 1919 the Federal Reserve System might have used effectually the same weapon although we were then on a gold basis. But we had the bulk of the world's monetary gold—

And so forth.

That was another instance, Mr. President, in which in an approaching crisis, which everyone recognized was approaching, the Board was apparently without a policy. I now yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. The question I desire to propound is, Does the Senator share the viewpoint that the contest today is, on the one side, between the Federal Reserve banks and an effort to take some of their power from them and to concentrate that power in the Federal Reserve Board, and, on the other side, the Federal Reserve Board desiring power, the Federal Reserve banks not desiring to lose any of their power? Does the Senator share that viewpoint?

Mr. BORAH. Yes; I think that is correct.

Mr. THOMAS of Oklahoma. May I ask one further question?

Mr. BORAH. Certainly.

Mr. THOMAS of Oklahoma. The Constitution provides that the Congress shall coin money and regulate its value. Under the law Congress has heretofore coined gold and then taken the gold out of coinage. The Constitution also provides for the coinage of silver. I should like to ask the Senator under what law is the value of money now being regulated, if it is being regulated at all?

Mr. BORAH. Under what law?

Mr. THOMAS of Oklahoma. Yes.

Mr. BORAH. I do not know of any law govering that subject.

Mr. THOMAS of Oklahoma. I myself have failed to find any law, and yet that is a positive injunction of the Constitution.

The Senator made the statement a moment ago that a certain group of gentlemen were coining money and controlling credits. Will the Senator advise the Senate as to the names of those gentlemen, if he knows them, or the name of the group?

Mr. BORAH. I am afraid I might overlook some of the individuals, and I would not want to discredit them by overlooking them; but the group is well known to everybody.

Mr. President, I now wish to call attention to a statement made by Dr. Miller, who, I think, has been on the Federal Reserve Board since 1913 and who is certainly familiar with the history of the Board and recognized as a very able member of the Board. He furnished a statement to the press some days ago and was kind enough to send me a copy of it. I read from that statement, beginning on page 7, covering the period 1927, 1928, and 1929, in which I am interested as illustrating the effects of the law as it existed at that time and as illustrating what I think we ought to give particular consideration to at this time. He says:

To relate the sequence of these open-market-operation and discount-rate changes, without going into too much detail, the following summary will suffice:

The policy began in May 1927, with purchases of United States Government securities by Federal Reserve banks, which carried their holdings from $300,000,000 in May to $600,000,000 in December. As a result of these operations member banks were able to meet the gold withdrawals of $200,000,000 and to increase their reserve balances over $100,000,000 without being under the necessity of increasing their borrowings from the Reserve banks. Discount rates at all the Reserve banks were reduced from 4 to 3½ percent during the third quarter of the year. * * * So far, then, as the policy of midsummer 1927 was instrumental in resisting the force of business depression, stimulating production, giving stability to the price level, and strengthening foreign currencies it must be pronounced to have been successful. Were this all that there was to the episode, it might be regarded, as many felt disposed to regard it at the time, as a brilliant exploit in central bank policy and as a demonstration of the reasonableness of the belief, which existed in the minds of many economists and others at the time, that through well-conceived and well-timed monetary policy the terrors of the business cycle could be largely if not wholly removed and price stability and economic prosperity be insured under the operation of the Federal Reserve System. It will not be forgotten that by many the opening of the year 1928 was held at the beginning in these respects, as well as in many others, of a "new era."

Unfortunately the 1927 policy of the Federal Reserve had other effects besides those which were sought and intended. In the light of the longer perspective in which we can now view these other and further effects they stand today as the larger and more serious consequences of the policy then initiated and pursued. * * *

(4) Who proposed the policy pursued?

The policy above outlined was originated by the New York Federal Reserve Bank, or more particularly by its distinguished governor, the late Benjamin Strong.

Then he pays a very deserved compliment to the ability of Mr. Strong. He said:

His ideas began to develop in the spring of 1927, but his program was not shaped until after conferences with representatives of the three great European central banks, who visited the United States in the summer of that year. This program was then presented to the Federal Reserve System in informal conferences with Federal Reserve bank governors, proposed to the Federal Reserve Board and approved by it, and participated in by all the Federal Reserve banks with dissent on the part of only one.

Mr. President, it seems clear to me that this move to shape a policy to meet the situation coming on in 1927, 1928, and 1929, had its beginning in the conferences with the representatives of the central banks from foreign nations. If we would investigate all the facts we would find that the inspiration for the movement was not in protecting industry and the producers of the United States, but to protect Great Britain in staying on the gold standard and in enabling France to get back on the gold standard. Our policy, initiated in 1927 and 1928, had its inspiration not in the protection of American industry and producers but in the protection of the financial interests not alone in this country, but in Europe.

I do not know that that might not occur again under similar conditions and a similar state of facts.

Mr. GLASS. Mr. President——

Mr. BORAH. I yield.

Mr. GLASS. It cannot occur under the terms of existing law or under the terms of this bill without the assent of the Federal Reserve Board, because in the act of 1933 we denied the right of any governor of a Federal Reserve bank to negotiate with a foreign banker without the express permission of the Federal Reserve Board.

The Senator will recall that no one denounced that policy of 1927 more bitterly than I did. I stated on the floor of the Senate that these people were paying more attention at that time to the stabilization of Europe than they were to the stabilization of the business interests of the United States. But it cannot be done any longer under existing law without violation of their oaths of office.

Mr. BORAH. To what section does the Sentor have reference?

Mr. GLASS. I have reference to the section of the act of 1933 which requires all open-market transactions to be conducted under rules and regulations to be adopted by the Federal Reserve Board, and which textually prohibits any official of a Federal Reserve bank from communicating or negotiating with any foreign bank or banker without the express permission of the Federal Reserve Board. I shall find the provision for the Senator.

Mr. BORAH. Reading further:

The general policy adopted at the time, therefore, was a system policy, conceived and initiated by the governor of the New York Reserve Bank, but approved at a meeting in July participated in by the open-market committee.

I cannot overlook the fact that we were regulating the value of money, and that we were regulating the value of money in the United States upon the initiative of one powerful individual. He received his inspiration, apparently, from the central banks of foreign countries. The value of money in the United States was practically under the control and authority of one individual who was successful in securing the approval of the Board. With his dominant character, his great ability, his aggressiveness, he did secure the approval of the Board, and that very thing might happen again. To regulate the value of money is the function of the Government by the express terms of the Constitution. It ought not to be delegated to private interests. But if it is to be delegated it should only be delegated

under express and specific rules and under a mandate which represents the view of the Government as to how it shall be regulated.

Mr. GLASS. Mr. President, if the Senator will permit me I will read for his information that provision of the existing Federal Reserve Act which is found on page 21 of the act of 1933 at the bottom of the page:

SEC. 10. Section 14 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following new paragraph:

"The Federal Reserve Board shall exercise special supervision over all relationships and transactions of any kind entered into by any Federal Reserve bank with any foreign bank or banker, or with any group of foreign banks or bankers, and all such relationships and transactions shall be subject to such regulations, conditions, and limitations as the Board may prescribe. No officer or other representative of any Federal Reserve bank shall conduct negotiations of any kind with the officers or representatives of any foreign bank or banker without first obtaining the permission of the Federal Reserve Board. The Federal Reserve Board shall have the right, in its discretion, to be represented in any conference or negotiation by such representative or representatives as the Board may designate. A full report of all conferences or negotiations, and all understandings or agreements arrived at or transactions agreed upon, and all other material facts appertaining to such conferences or negotiations, shall be filed with the Federal Reserve Board in writing by a duly authorized officer of each Federal Reserve bank which shall have participated in such conferences or negotiations.

That was intended expressly to correct the evils which arose out of the negotiations and transactions.

Mr. BORAH. Mr. President, I can well understand, knowing the views of the Senator from Virginia, that he was likely the author of that provision.

I ask this question: Undoubtedly the Board did know what Mr. Strong did. They were informed by him as to what he had been doing. He secured their approval. Under the law, that is permitted to be done, provided it meets the approval of the Board. That is true under the provision just read.

Mr. GLASS. My recollection of the incident is that he did not ask even the approval of the Board. He operated on his own initiative and contended that he had a right to do it. I was unable to find any sanction of law for any such action, whether it was taken by a Federal Reserve bank or the Federal Reserve Board.

If the Senator can devise any provision of law which will compel public officials to do their duty under the statute, I shall be very glad to have him do it.

Mr. BORAH. I may not be able to draw an amendment which will compel a public officer to do his duty, but the first thing to do in this bill is to fix and define that duty—set up a standard to guide the official. If he does not comply with the standard, we can provide for his dismissal. I will present such an amendment during the day.

Mr. President, Dr. Miller stated, referring to Mr. Strong:

His ideas began to develop in the spring of 1927, but his program was not shaped until after conferences with representatives of the three great European central banks who visited the United States in the summer of that year. This program was then presented to the Federal Reserve System in informal conferences with Federal Reserve bank governors, proposed to the Federal Reserve Board and approved by it, and participated in by all the Federal Reserve banks, with dissent on the part of only one.

Mr. GLASS. That simply illustrates what I have said for years. It was first presented to the Secretary of the Treasury, and the Secretary of the Treasury, together with the governor of the New York Federal Reserve Bank, dominated the Board. The Secretary of the Treasury ought not to be on the Board.

Mr. BORAH. I read from this statement, turning over several pages. I do not desire to trespass upon the time of the Senate, but the entire statement should be considered by those who will shape this bill in conference.

In the face of these developments—

Says Dr. Miller—

the Federal Reserve System failed to pursue affirmatively the policy of restraint adopted in the early part of 1928. Taking the period from midsummer of 1928 until the early days of February 1929, the policy pursued by the Federal Reserve System may be characterized in the light of all that is known now, and much of which was visibly in process then, as a policy lacking in strong conviction with regard to current developments profoundly affecting the Federal Reserve System, the banking system, and the economic and financial condition of the country.

In attempting to locate and assess responsibility for the delay and inactivity of the Federal Reserve System during the second half of the year 1928, the incontrovertible fact is that during this period, as well as during the preceding year, the leadership of the Federal Reserve System rested with the Federal Reserve Bank of New York.

And the leadership of the Federal Reserve Bank of New York was in London and Paris.

There is no attempt here to deny the responsibility of the Federal Reserve Board, without whose sanction no steps could be undertaken. But the responsibility of the Board was secondary. Its mistake was in waiting too long before assuming active leadership in firm intervention in the situation.

Mr. GLASS. The responsibility of the Federal Reserve Board at that time was complete.

Mr. BORAH. Absolutely.

Mr. GLASS. Because, under the law, the Federal Reserve Board was authorized to remove any officer of any Federal Reserve bank. It could have proceeded to remove the governor of the Federal Reserve bank had it desired to do it, and it could have kicked out that speculator when he attempted direct action; but it did not do either.

Mr. BORAH. Again, Dr. Miller says:

Thereupon an acute controversy, extending over a period of months, developed between the Federal Reserve banks and the Federal Reserve Board, with reference to the respective merits of the policies of control through discount rate advances and through "direct pressure."

* * * * * * *

A prompt and energetic stepping-up of the discount rate in the earlier stages of a pronounced credit and speculative expansion might have been relied upon to exercise an effective restraining and corrective influence.

* * * * * * *

It is not without significance, in current discussions as to the proper distribution of authority between the banks and the Board, that during the tension occasioned by the acute differences over the leadership of the Federal Reserve System in the 6 months following the Board's declaration of its position of February 2, 1929, the five members of the Board who took the responsibility of formulating the attitude and policy for the Federal Reserve System were opposed by a minority of their own membership, including the Secretary of the Treasury, the Governor and the Vice Governor, by the 12 Federal Reserve banks, and, finally, by the Federal Advisory Council, and many, but by no means all, of the largest member banks.

* * * * * * *

That the Federal Reserve Act must contain an objective—

Says Dr. Miller—

and particularly an objective for the guidance of the open-market policy of the System, cannot be gainsaid. Such a definition is essential, but it should confine itself to the probably useful and attainable. For this purpose I have proposed a guide or principle, to read as follows:

"The time, character, and volume of all open-market operations of the Federal Reserve System under section 14 of this act shall be governed with a view to supporting and reinforcing the credit and discount policies of the Federal Reserve System when this may be necessary in order to aid in the establishment and maintenance of sound banking, credit, financial and economic conditions."

That is the provision which is in this bill at page 151. In other words, it is provided:

The time, character, and volume of all open-market operations of the Federal Reserve System under section 14 of this act shall be governed with a view to supporting and reinforcing the credit and discount policies of the Federal Reserve System when this may be necessary in order to aid in the establishment and maintenance of sound banking, credit, financial and economic conditions.

That is a pretty broad delegation of power. There is practically no limit there—nothing but the discretion or judgment of such men as Strong and Mitchell, nothing but their discretion.

Mr. GLASS. I will say to the Senator that the provision suggested there by Dr. Miller was not put into the bill in just those words.

Mr. BORAH. It is practically the same.

Mr. GLASS. The provision in the pending bill is this:

The time, character, and volume of all purchases and sales of paper described in section 14 of this act as eligible for open-market operations shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country.

Mr. BORAH. I see there is a difference in the language, but I doubt if there is any difference in the legal effect.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. SHIPSTEAD. If I may make a statement, it seems to me it is futile to talk about what happened in 1929 or what Mitchell did. Mitchell only carried out in 1929 the policy which always had been pursued since we started the Federal Reserve Banking System. The cause of the collapse of 1929 started many years before, and the crash came as an inevitable result of the policies which had been pursued for a long period of time. I think it would be worth while to study what those policies were, and to find out in what respects we are going to change those policies, if we have any policy at all.

Mr. BORAH. I had in mind that idea when I was calling attention to these facts—to know whether we had so modified the Reserve System as measurably to prevent a recurrence of those conditions.

I quote another paragraph from Dr. Miller, which seems to me of very great significance. It is as follows:

> The judgment of bankers or of officers of Federal Reserve banks regarding national credit policies has proved itself not to be infallible, and they cannot always be trusted to reverse their policies promptly when the public interest requires such action.

They cannot be trusted to reverse their policies promptly when the public interest requires such action. It would seem to me that in view of all the facts with reference to the years of 1927, 1928, 1929, in view of the statement made by Dr. Miller, Professor Commons, and many others, it is not unfair to say that the public interest has not been the controlling factor in any of these great emergencies. Whether for this reason or for that, it has been a failure in every great economic and financial crisis. My opinion is that the failure has arisen in a very large degree by reason of the failure of Congress itself; the failure of Congress to fix a definite policy and enact a definite mandate by which these officers were and are to be controlled. We shall make a serious mistake if we do not do so in this act.

I understand fully the situation here. This bill has behind it the unanimous report of the committee. It now has practically the support of the administration. It cannot be amended. But the House bill and the Senate bill contain such terms and provisions as will enable the conferees within the rule to write a policy, or a mandate, in the bill. I plead earnestly that that may be done. I shall later have printed in the RECORD what seems to me a proper amendment to be considered. I cannot bring myself to believe that a policy defined in the broad terms of this bill—

> Shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country—

will have any restraining effect or influence whatever upon a board, or upon an open-market committee, or upon the Federal Reserve regional banks, if the environments are anything like they were in 1919 and 1920, or in 1927, 1928, and 1929.

I think the Senator from Virginia has demonstrated beyond question that no one is so anxious as he is to avoid those things; and I suggest that it is worth while to consider whether the restraint placed here, the guidance of the mandate incorporated in the bill, is sufficient and efficient to accomplish what the Senator desires. I hope a more definite mandate will be worked out in conference.

Mr. GLASS. Mr. President, I very much hoped the Senator would agree that that largely had been done in the Banking Act of 1933. We desperately tried to do it. When this matter gets into conference, if the Senator from Idaho will offer us some suggestions which he thinks will improve the restraints and accentuate the restrictions, we shall be very glad to consider them.

Mr. SHIPSTEAD. Mr. President, I should like to ask if there is anything in this bill which permits commercial banks to invest in or loan money on long-term securities, real-estate mortgages, and so forth.

Mr. GLASS. Yes; there is a provision in the bill which authorizes loans on real estate for 10 years under a plan of amortization.

Mr. SHIPSTEAD. That is in the case of commercial banks?

Mr. GLASS. Yes.

Mr. SHIPSTEAD. I think that was prohibited under the Banking Act of 1933, was it not?

Mr. GLASS. No.

Mr. BULKLEY. It was limited to 5 years. Now, under certain restrictions it is increased to 10 years.

Mr. SHIPSTEAD. Is there any limitation as to the amount which a bank may loan on that kind of security?

Mr. GLASS. Oh, yes; there is a limitation to 60 percent of the ascertained value of the real estate.

Mr. SHIPSTEAD. But I mean as to the bank's capital and surplus.

Mr. GLASS. Oh, yes.

Mr. SHIPSTEAD. What is the limitation?

Mr. FLETCHER. The Senator will find that section on pages 152 and 153.

Mr. GLASS. The limitation is 60 percent of the appraised value of the real estate.

Mr. BULKLEY. I think the Senator is inquiring about the matter which appears in line 17:

> No such association shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 60 percent of the amount of its time and savings deposits, whichever is the greater.

Mr. SHIPSTEAD. That raises the limitation which we imposed in the Banking Act of 1926.

Mr. BULKLEY. It does.

Mr. SHIPSTEAD. I think it was limited to 25 percent, was it not?

Mr. BULKLEY. This increases the amount.

Mr. SHIPSTEAD. In 1926 I protested the incorporation, in the so-called "McFadden banking bill" of the provision permitting national banks to lend money on real estate. I thought it was bad practice. The lending of short-term money on long-term paper has never been considered good banking business in any country except the United States.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. SHIPSTEAD. Certainly.

Mr. FLETCHER. I call attention to this language:

> The amount of any such loan hereafter made shall not exceed 50 percent of the appraised value of the real estate offered as security, and no such loan shall be made for a longer term than 5 years.

That is the first provision; then, in case of amortization, the term may be longer.

Mr. SHIPSTEAD. That does not change the principle involved. Friends of mine in the banking fraternity came to Washington, at the time to which I referred, to protest against my position. It so happened that the men who came here were in charge of the first banks which closed, and they closed as a result of having short-term money invested in long-term paper, which they could not dispose of and get the cash.

There is a limited provision here for commercial banks investing in stocks and bonds to a certain extent. That is not permitted in the British Isles. They would not think of doing anything of the kind, because they lend money on collateral, and they have told me they consider it not only bad ethics but bad morals for a banker to invest his own funds in collateral on which he lends money for a customer.

In this country we have been trying for a long time to make bankers by law. I do not think it can be done. What I am interested in is what is to be our monetary policy. Banking is a technical proposition, largely a matter of bookkeeping. In addition to that, it is an art; it has never been permitted to become a science here.

The question of the financial policy of a country to me seems of paramount importance. We have gone from pillar to post without any policy. We do not know today what our financial policy is.

I happen to have here an article written by Reginald McKenna, president of the Midland Bank of London, the biggest bank in Great Britain, giving some detail as to how London has found it necessary to change its financial policy, rather

than its banking system. With the permission of the Senate, I shall in part read his statement of what now is the British financial policy and money policy, because he states it from the standpoint of one who knows, and he states more clearly than I could state in my own words what I think we ought to aim for and what we ought to study for in order to achieve an objective, namely, stability, a goal we have never been able to reach. He says:

Associated again with this close integration of the banking system has gone a vital change in the method of monetary regulation. In a highly developed system a central bank has two principal instruments available to its hand in the execution of its policy—whatever that policy may be. It can act on the quantity of money available for the use of the public; and it can act on the rates charged for the use of that money—or to look at the other side of the picture, on the rates of return obtainable by the lending of money, either at short or long term. Twenty-five years ago, by the very nature of the banking system, the first instrument was almost unknown, or at any rate very little used.

That is, the regulation of the quantity of money was very little used or very little known 25 years ago. A little later he goes on to explain why and how this has been changed. He says:

If the Bank of England thought it to be its duty to pursue a restricted policy—

That is, 25 years ago—

perhaps to check an outflow of gold or to arrest a speculative movement on the stock exchange or commodity markets—it raised money rates.

There has been a great deal of discussion in connection with the pending bill, about the influence of money rates on the regulation of the monetary system. That has been found to be ineffective, while it was effective 25 years ago. I read further:

It raised money rates, and only in extreme circumstances did it take action which directly curtailed the quantity of funds available within the narrow area of the money market. Nowadays, instead of a mild and occasional form of quantitative regulation being used as an auxiliary to rate control, regulation of the total supply of money is the dominant instrument of policy. From time to time the quantity of money undergoes alteration without any accompanying effort to vary the rates charged for its use. The rate instrument has, indeed, become far less effective than formerly, and quantity is the dominant force in present-day monetary policy.

Please mark those words. He says further:

The importance of this particular change is twofold. First, it relieves the economic system of the effects of frequent variations in the basis of lending rates. Industry and trade are subject to less disturbance now than before the war from oft-repeated changes in bank rates. And secondly, it has rendered monetary management far more effective. A rise in interest rates, if it went far enough, was in the old days moderately successful in checking a boom, but a fall in interest rates was very slow indeed to stimulate recovery. Restriction of quantity, especially when undertaken along with a rise in rates, is even more effective as a check to unhealthy development; and positive expansion of quantity—

Listen to this:

Positive expansion of quantity, together with a fall in rates, is far more powerful—as we have seen in the past 3 years—in promoting recovery from depression. Clearly, then, the change of method in monetary management represents a pronounced improvement in the technique employed.

Mr. President, I read this for the benefit of Senators who have ridiculed the theory of regulating monetary currency by restricting or increasing the monetary supply.

I realize full well that it is repugnant to accept any ideas from abroad. We have taken some ideas from abroad on foreign policies which have not been so good, but when it comes to banking, I think we can listen with profit to the leaders of the biggest banking group in the world, a group who have so managed the monetary policy of Great Britain since 1929 as to have put Britain back on the road to recovery ever since 1931. It was not a matter of banking technique; it was a matter of public financial policy, monetary policy, stability of money, and stability, not in relation to gold as it used to be 25 years ago, but stability as to prices of goods, stability as to the domestic price level.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. THOMAS of Oklahoma. What is back of the British currency today? In other words, in what, if anything, is British currency redeemable?

Mr. SHIPSTEAD. It is not redeemable at all.

Mr. THOMAS of Oklahoma. In 1925 Great Britain went on what was known as the "gold bullion policy", and for a time, presumably, they intended to redeem their currency, not in pound coins, or shilling coins, or sovereign coins, or any other kinds of coins, but in stipulated blocks of gold. In 1931 they even went off the gold-bullion standard, and since that time there has been nothing back of the British currency save the reputation of the British Empire.

I wish to ask the Senator if it is not correct, from his understanding, that in the past few years the British financial system has undergone a complete change, and that today the British pound is not fixed on any given content of gold or silver or anything else. If that be true, then gold does not play a very important part in the British system of financing. Is that correct?

Mr. SHIPSTEAD. That is correct. I did not want to read that part of the discussion, but Mr. McKenna says that until they decided upon a change in monetary policy their aim had been to maintain the value of their currency in relation to gold; but now they maintain the value of their currency in relation to a certain price level and to goods and exchange.

Mr. THOMAS of Oklahoma. Is it not a fact that the British system today proceeds upon the theory that the system of index figures is a more stable measure of value than gold coin or bullion gold?

Mr. SHIPSTEAD. They have increased stability. They have had a gradual rise in what we call general industrial prosperity. They have had increased production, and they have done very well. The same thing is true of Sweden, where the Government bank is directly responsible to Congress. As a matter of fact, there is not a country in western Europe which is in so bad an economic condition as that in which we find ourselves today.

Mr. THOMAS of Oklahoma. Is it not a fact that formerly the managers of the British financial system sought to regulate the value of their currency through the change of the rediscount rate, but now they consider that of secondary importance, and consider of first importance the control of actual currency in circulation, and they control the value of their money in relation to the price index by placing currency in circulation, or, vice versa, by taking currency out of circulation? Is that not a fact?

Mr. SHIPSTEAD. Yes; it is. I thought I made that clear.

Mr. THOMAS of Oklahoma. That is the understanding I had. I have not had an opportunity to read the article which the Senator is reading. I desired to know whether the Senator from Minnesota held that viewpoint.

Mr. SHIPSTEAD. Yes, Mr. President. I read that.

Mr. THOMAS of Oklahoma. Is it not a further fact that since Great Britain began to manage her currency by going off gold and by placing money in circulation the managers have practically doubled the amount of currency in circulation, and that has had the effect of trebling the amount of their bank deposits or bank money circulation?

Mr. SHIPSTEAD. Mr. McKenna states that under this policy they have about doubled their currency, and their bank deposits have trebled.

Mr. THOMAS of Oklahoma. It occurs to me that by continuing our financial system we are following a program now discarded by Great Britain. Great Britain presumably, according to the information I have, is coming out of the depression. We are refusing to follow the program she is now following, which, I think, is bringing her out of the depression probably as fast as any other country in the world today.

Mr. SHIPSTEAD. The only reason for my imposing upon the Senate is to point to the fact that the old ideas of monetary policy have been discarded by what I consider to be, with respect to handling national finances, the most expert, the most efficient country in the world. It is not a matter of a technical change of its banking laws. It is a matter of



changing a policy as it affects the value of money in relation to commerce. Mr. McKenna continues:

The new objective of monetary policy—

He has explained to us that they have changed their policy; they have changed their method of regulating the value of the pound—

THE NEW OBJECTIVE OF MONETARY POLICY

But perhaps most important of all is the fact that along with a change of instruments has gone a radical change in objectives, a change not so much of character as of relative weights. This, the unexpected benefit of a very ill wind, is a result of the disturbances of the past 25 years which have enforced the adoption of new standards and principles for the formulation of policy. It must be remembered that by 1910 the gold standard as an international mechanism had operated continuously, and on the whole beneficially, for 40 years. Out of the past 25 years, however, the gold standard has operated for no more than 10, and even then has worked only haltingly and with gravely damaging results. We cannot at this point go into the reasons for the change beyond remarking that the gold standard of 1910 was really a sterling standard, subject to almost undivided management, when need arose, from London. After the war it was a machine subjected to divided control from three centers having little in common as to either objectives or instruments or surrounding conditions. The gold standard in the old sense proving unsuitable to post-war conditions, some new standard of monetary policy, at first on a national rather than international basis, had to be evolved.

The history of this evolution is worth briefly recounting. Up to the outbreak of war monetary policy was formulated with a single end in view—the fulfillment by the central bank of the duty, laid upon it by the legislature, of maintaining the statutory parity between the pound sterling and gold. On the outbreak of war this objective was submerged with the effective suspension of the gold standard. Monetary policy was then designed to meet the financial requirements of war and at the same time maintain public confidence.

In that respect their policy at that time was running parallel to ours.

He continues:

To that end it confined within what seemed the narrowest possible limits the inevitable process of inflation.

We experienced the same inevitable process of inflation of credit.

When the war and demobilization were over, the guiding principle of monetary policy became definitely restrictive; the expansion of the money supply, which had reduced the value of the pound in relation to gold, was to be undone, and the old relationship between sterling and gold reestablished. Already, however, a new conception of monetary rectitude was obtaining limited and occasional recognition. It was perceived that the restrictive policy was having injurious effects on our economic life, and from time to time its strict enforcement was modified in the interests of British industry and trade. Accordingly, whereas the restoration of the old parity required relentless deflation, and therefore seemed of doubtful wisdom, the process was in fact softened in an attempt to revive British trade.

We attempted to do that. After our deflation of 1920 we lowered rediscount rates and started in on an era of inflation of credit. They did the same thing.

He continues:

The result was the worst of both worlds, for the old parity was in fact restored without the prior fulfillment of the conditions necessary for its maintenance. In consequence, from 1925 to 1931 monetary policy was concerned mainly in a continuous struggle—unavailing and injurious to industry—to sustain a parity with gold which the basic conditions could not support.

We also learned later that we could not remain on the gold standard on account of prevailing conditions.

I continue to read:

Hence the second departure from gold in 1931.

A REVOLUTION IN IDEAS

In the past 4 years the progress of ideas has been rapid. This is evident to any reader of speeches on monetary policy delivered 10 years ago and today by members of the governments in office. The maintenance or restoration of any particular gold value for sterling—or, if the expression be preferred, of any particular sterling price of gold—is no longer regarded by both Government and central bank as the dominant objective of monetary policy. In fact, the gold value of sterling has dwindled by 40 percent—neither the Government nor the bank does anything about it, and no one is in the slightest degree disturbed, since the pound buys just as much goods and services as in 1931.

I ask Senators to listen particularly to this statement:

Stability of the value of the pound in terms of goods has replaced stability in terms of gold. The essence of the matter is that Britain's monetary policy since 1931 has come to be formulated with first regard to the interests of British industry and trade. For a time after the departure from gold the old measures of restriction, regarded as inevitable in a time of crisis, whatever its nature, were enforced. But the Government shortly adopted and secured the pursuit of a more progressive policy, based on the needs of the time rather than the traditions of an earlier epoch. Hence the great expansion of credit which took place from the summer of 1932, providing the principal stimulus to business recovery in this country, and providing it without any unfortunate consequences in the shape of undue inflation or speculative activity. As usual, the way forward has proved to be the way out.

The fullness of acceptance of the new principle is indicated by the attitude of the Government toward the question of stabilizing the gold value of sterling. Herein again lies a contrast. Early post-war monetary policy was obsessed with the purpose of restoring the old parity between sterling and gold, and gave scant thought to any possible alternative; nor, when superficially the moment of restoration had come, was it concerned overmuch with the question whether the basic conditions were favorable for sustaining the old parity. Today it seems evident that the Government is determined not to repeat the mistake. The ultimate relationship of sterling to gold—whether fixed or fluctuating—is left entirely open; no figure is accepted as in itself possessing any special merit; and the time and manner of establishing a figure are regarded as matters for determination with full regard to the conditions and needs of our industry and trade.

At the heart of the matter is a change in the official conception of stability. In the early post-war years the word could have only one meaning—a fixed price of gold, and hence a fixed relationship with other currencies on the gold standard. Today a clear distinction is seen between stability in terms of gold or gold currencies and stability in terms of goods—between exchange stability and internal stability. And the second—

Referring to internal stability—

is regarded as of at least equal importance with the first. For the time being the first is impracticable, so that the second holds the field; but it is becoming more and more clearly recognized that we cannot afford to accept the first, even when practicable, if by so doing we jeopardize the second.

And let me repeat that we cannot afford to go into any stabilization of foreign exchange if it jeopardizes the stability of domestic exchange.

Mr. McKenna says further:

It may—indeed can—be possible in the long run to attain the two together; meanwhile internal stability is bringing us far greater benefits, in solid economic welfare than the pursuit of fixity of exchange could conceivably yield. The two objectives are not always and inevitably irreconcilable, but there can be no doubt as to the change in the relative weights accorded to them in official policy.

Clearly this change is nothing short of a revolution and, taken in conjunction with those already referred to, it indicates an almost complete transformation of the monetary system. A new order of precedence has been applied to the objectives of monetary policy and the machinery for translating policy into action has been vastly altered and improved. In this short article many other changes of less vital importance than those mentioned have been of necessity ignored. But enough has been said to show that economic progress in the past quarter of a century has not been confined to the arts of production. The advances there achieved are amazing, but the changes in the monetary system are scarcely less striking, even though less evident on a cursory survey and less easily described in generally comprehensible terms.

We have certainly within the last 25 years traveled on the same road as has Great Britain in increasing production but the British have made a change in their monetary policy and we have not, except insofar as we were forced to do so by being driven off the gold standard and changing the price of gold. We are still talking about maintaining our currency in relation to the price of gold instead of to the price of commodities and goods.

I have read a portion of Mr. McKenna's editorial in the Monthly Review of the Midland Bank because he has explained that change of policy in more comprehensive language than it will be possible for me to do.

I will state again the reasons why I take the time of the Senate to explain the revolutionary change that has taken place in the monetary policy of Great Britain, a change which has been advocated on the floor of the Senate, and the benefit from which is now explained by the head of the greatest bank in Great Britain. I call it to the attention of the Senate for the purpose, if I can, of impressing upon Members of the Senate and officials of the Government the necessity for having a fixed definite change in monetary policy in order to have domestic stability in the price level. The British have found that, in order to achieve that objective

they must regulate their money by the quantitative theory, increasing and restricting the supply of money in order to maintain its stability. I think we can study their system with a great deal of profit and get away from the constant inflation and deflation through which we have been going for a period of 20 years. Instability to commerce, instability to every conceivable branch of our economic life, in my opinion, has had more to do in bringing this country to the economic condition in which we now find it than has any other policy we could have pursued.

We find that Government credits are being piled up against the deposits of the people in the banks. That seems to be leading toward a very dangerous situation. If there now is a monetary policy, if there is a financial policy to which we can tie for the next 25 or 50 years, I should like to know what it is. I think it is of the utmost importance that such policy should be inaugurated at the earliest possible moment.

We are going back to the practice of loaning short-term funds on long-term paper; and I anticipate that if trouble arises we will again have frozen credits in the banks. We are permitting the commercial banks to take short-term money and deposit it and invest in all kinds of securities not to the extent that they were allowed previously to do, but the camel is getting his nose under the tent.

Those were two of the policies which, it is recognized, in 1929, 1930, 1931, and 1932 led to the bursting of the bubble. The buying of investments by commercial banks is a matter of degree, only, in this bill. I anticipate they will come here next year and ask to have the provision amended in order that they may have the freedom of racketeering which they previously enjoyed; and like the dog we will be going back to the vomit.

There are other provisions of the bill which I do not intend to discuss, because I have not had the time to study them. I am sure the Committee on Banking and Currency has labored very diligently to perfect the measure. However, while I may be mistaken, I cannot find in the bill a change in monetary policy; I cannot find a change in banking policy. We have intrusted the money and credit of this Nation to private corporations, and then we have tried to enact laws to make them bankers. We pretend to have a hard time to discover who was to blame for the policies that brought us to chaos and to national disaster. The conservators of the national credit should be the depository where the national credit and monetary policy rests; but we have given the power to the bankers, who were the worst speculators of all. They used, to swindle the people, the instrument of money and credit with which they had been intrusted as a depository; and, it seems to me, under this bill, that instrument still remains with the same people who used it heretofore to wreck the country. Judging from their attitude and expressions they have not learned anything.

Mr. LA FOLLETTE obtained the floor.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. LA FOLLETTE. I yield.

Mr. LEWIS. Let me say to the Senator that I rise to ask to break into the discussion for a moment in order to tender a brief resolution which has been passed by the House of Representatives correcting what appears to have been an omission as to cotton allowed for the State of Illinois. I do not wish to inject that question into this debate. If the Senator desired to proceed to a discussion of the banking bill, I do not think it should be interrupted with something that is foreign.

Mr. LA FOLLETTE. Mr. President, I should like to accommodate the Senator from Illinois; but in view of the numerous States that are interested in the question of cotton, it would seem to me important that we should have a quorum called. I do not wish to take very much time; and so, if the Senator is agreeable, I should prefer that he call up at a later time the matter to which he has referred.

Mr. LEWIS. I will say to the Senator that the matter I have was accepted the other day on the floor of the Senate by the Senator from Alabama [Mr. BANKHEAD] and by the Chairman of the Committee on Agriculture and Forestry [Mr. SMITH]; but, unfortunately, I happened not to be here when the bill was closed.

I will, however, accept the suggestion and not now intrude the subject if it will interfere with the harmonious course of the debate on the banking bill.

Mr. GLASS. Mr. President, if the Senator from Wisconsin will permit me, I should like to have a call of the Senate.

Mr. LA FOLLETTE. Mr. President, I prefer not to have the point of no quorum raised.

Mr. GLASS. Very well.

Mr. LA FOLLETTE. Mr. President, title II does not go as far as I believe it should. It is my firm conviction that we must have complete control of credit and monetary policies in the public interest. It is also my conviction that past experience has demonstrated that we cannot expect either a unified policy or a policy in the public interest under the existing system.

For that reason, may I say in passing, I regret that the amendment offered by the Senator from North Dakota [Mr. NYE] involved so many various propositions that I could not record my attitude toward the fundamental underlying policy which I believe he desired to accomplish insofar as the creation of a Government-owned central bank is concerned.

I recognize that there is force in the recitation of past experience insofar as the fallability of the Federal Reserve Board is concerned.

In 1928, in February, when I introduced in the Senate a resolution demanding action by the Board to stop the alarming concentration of credit, diverted, as I believed then and as I believe now, contrary to the spirit of the Federal Reserve Act for the purpose of financing the speculation of both professionals and amateurs in the stock market, I had the experience of hearing members of the Federal Reserve Board, as it was then constituted, appear before the Senate Committee on Banking and Currency to oppose the resolution.

Nevertheless, despite any experience which we may have had in the past, I am firmly convinced that until we have fixed responsibility upon a public body for the exercise of monetary and credit control in the interest of all the people of the country, we shall find ourselves in situations as disastrous in the future as they have been in the past. However, I shall support this measure because I believe it is a step in the right direction.

The bill as it came from the House places in the hands of the Federal Reserve Board three instrumentalities for the effective control of credit and monetary policies. One is control over the reserve requirements, another is control over the rediscount rates, and the third is control over the open-market operations.

In some respects I think the bill has been improved by the Senate Committee on Banking and Currency. I am in entire sympathy with the provisions which require the appointment of a nonpolitical board.

In fact, I am willing to concede that there may have been some force in the argument presented in behalf of Reserve bank representation upon the open-market committee when the Board was constituted as it is under existing law. To my mind, however, whatever force those arguments may have had disappears in the light of the Senate committee's action in removing the ex officio members of the board and in endeavoring to secure the appointment of a nonpolitical board of ability.

Mr. President, I find myself in complete disagreement, therefore, with the recommendation of the Senate committee that the banker representation upon the open-market committee should have full and equal power, so far as their individual votes are concerned, with the members of the newly constituted board. The Senate committee's provision may result in a dangerous situation being created in the future. The newly constituted Federal Reserve Board may determine upon certain policies. It may seek to achieve the objective upon which they have determined by the exercise of their control over reserve requirements, the rediscount rates, and open-market operations.

In the midst of the carrying out of such a policy a situation may be created, under the Senate committee recommendation, whereby the banker representatives on the open-market committee, in conjunction with two members of the Board, may determine upon a policy directly contrary to the policy upon which the Board itself had previously agreed, in the public interest, and which it was seeking to achieve by the exercise of the instrumentalities of reserve requirements, rediscount rates, and open-market operations. I think it will be conceded that this would be an anomalous situation, and it may have grave consequences, which at all costs it should be avoided.

So long as the business of this country and the economic activities of this Nation in normal times are carried on about 90 percent with credit, we cannot hope to achieve that control over credit and monetary policies which is desirable from the point of view of stability of our economic life, and which, in the last analysis, is a responsibility fixed upon Congress by the Constitution.

Usually, the banker has the wrong point of view at the wrong time; and I say this without any intent to criticize the bankers per se. Usually, however, during the time when a boom period is upon us, the banker becomes infected with the same psychology as the rest of the business community. I think it is the experience—I believe it in the testimony—that during the boom period bankers, generally speaking, over the United States were in the same psychological frame of mind as nearly everyone else in the business community. They believed that the law of gravity had been suspended. They did not believe things that went up might eventually have to come down. They were selling to their customers, to their depositors, even to their friends—yes, even to members of their families—securities at prices which were fabulous.

Mr. President, if we are to succeed in the effort to bring some stabilization into our economic life, the power over credit and monetary policies must be fixed in a board which, to the extent that human limitations make possible, will be exercising their power from the long-term point of view as well as from the point of view of the public interest.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Wisconsin yield to the Senator from Florida?

Mr. LA FOLLETTE. I do.

Mr. FLETCHER. I understand the Senator to contend for the principle that control of money and credit should be under the guidance of the Government.

Mr. LA FOLLETTE. The Senator is correct. I contend that the spirit, if not the letter, of the Constitution places this responsibility on Congress, because, as I pointed out a moment ago, the power to issue money and to regulate the value thereof, if we confine it to actual money which goes into circulation, unless we are willing to embark upon some fabulous issuance of currency, is a negligible power except in its potentialities, when we consider that we have developed a system whereby 90 percent of our business transactions are carried on by credit.

I am willing that the advice of representatives of the Banking System should be had by the Board when it comes to the exercise of the power conferred upon it over open-market operations; but I maintain that we may very well have a situation where it is desirable, in the public interest and in the interest of stability of our economic life, that the power of open-market operations shall be exercised for the purpose of checking a credit inflation before it has gotten out of hand, and is menacing the economic life of the Nation; and that it is possible, if not probable, that at that particular time, when it is so vital that action shall be taken, representatives of the Banking System may be of a different opinion.

Under the provision as reported from the committee, the Reserve bank representatives on the open-market committee, with the support of two members of the Board, can overturn the policy of the Board. On the other hand, when we go into one of the downward spirals of deflation, we usually find the banking community infected with panic and fear.

I do not criticize the banker. I know that he envisions in his mind's eye the long queue of depositors coming to withdraw their funds from his bank and, perchance, to wreck it. Of necessity, because of his very business, because of his very responsibilities, he becomes overly cautious in a period of deflation. I think it will be pretty generally conceded that there has been an element in the situation through which we have been passing during the past several years where this very desire upon the part of the banker to secure liquidity has resulted in a denial to perfectly legitimate enterprises credit which, in normal times, would be readily extended.

It should be the duty and the responsibility of this newly constituted board to attempt not only to prevent the excesses of a credit inflation but likewise to mitigate the disasters and the excesses of a credit deflation. Under the committee's bill it is entirely probable that the representatives of the bankers upon this open-market committee, in a period such as that, will be opposed to any attempts upon the part of the board to exercise its control over open-market operations in the interest of mitigating and preventing the excesses of a credit deflation.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. LA FOLLETTE. I yield.

Mr. GLASS. I have so much respect for the intelligence of the Senator from Wisconsin that I can scarcely hope to impart any information he does not already possess about the Federal Reserve Banking System; and that I mean in genuine earnestness. I desire, however, right there, to call his attention to this fact:

When the Senator speaks of banking representation, and the tendency of banks to restrictive measures, I desire to direct his attention to the fact that a Federal Reserve bank is something vastly different from a commercial bank; the latter organized to make money, the former instituted simply to respond to the requirements of commerce, industry, and agriculture.

There is not one element of acquisitiveness in the organization of a Federal Reserve bank. It is not a bank in the sense which the Senator has been discussing, because there is no element of acquisitiveness in it. When we speak of banking representation upon the open-market committee, I call the Senator's attention again to the fact that 6 of the 9 directors of every Federal Reserve bank are precluded from any connection whatsoever with banking interests. So it may readily occur that the representatives or at least some of the representatives of the Federal Reserve banks on the open-market committee may not be bankers at all, may be men of intelligence and patriotism who have no connection whatsoever with the banks, may be selected from the class B directors or the class C directors, and appointed altogether by the Federal Reserve Board here in Washington. So I could wish that the distinguished Senator from Wisconsin might consider the distinction I should make if I were speaking.

Mr. LA FOLLETTE. Mr. President, I tried to make it clear that I was not attacking the patriotism of the banker or questioning his reaction to the psychology when the business cycle is swinging in either direction. Furthermore, of course, I recognize the distinction which the Senator makes between a commercial bank and a Federal Reserve bank. On the other hand, two-thirds of the directors who will select the representatives in turn to serve upon the open-market committee will be elected by the member banks; and I assume that, of course, they will be individuals of integrity and good repute. Nevertheless, they have the point of view of the banking community at a particular time when a situation may require action of the open-market committee which is not supported by the banking community.

Mr. GLASS. Mr. President, in view of that provision of the law which authorizes the Federal Reserve Board to remove any director of a Federal Reserve bank, and of the provision in the pending bill which authorizes the Federal Reserve Board to pass upon the selection of the president of a Federal Reserve bank, might it not be more reasonable to suppose that the Board would be more apt to win over members of the banking representation than that the banking

representation would be able to win over members of the Board?

Mr. LA FOLLETTE. There is nothing which would justify removal of an individual who happened to be upon this open-market committee simply because he disagreed with the policy of the Board. I think the Senator from Virginia will concede that of necessity individuals in the position of these gentlemen are most familiar and their contacts are more exclusively with people who are in the banking fraternity, and it is only natural that they will reflect the prevailing opinion in banking circles.

May I say further to the Senator that a feeling of responsibility to represent the banking viewpoint will be created when men are chosen to represent the Reserve banks on the open-market committee. This situation is analogous to the issue which was presented when we were discussing the Wagner labor disputes bill, for example. There were some who contended that the board should be made up of representatives of the employee and the employer and the public interest, but after weighing the matter carefully the committee came to the conclusion that it was unwise to give this representation to particular groups, because we were convinced that the individuals appointed to represent those groups would of necessity feel that the responsibility was, first, to their constituency, and that they should reflect the point of view and policy and attitude of their constituency rather than to take the point of view of the public interest and public policy.

Mr. GLASS. If it be true, as once said by a distinguished Virginian, that our footsteps should be guided by the lamp of experience, I call the Senator's attention to the fact that for years the open-market committee has been composed exclusively of representatives of the banks, and there has never been any disagreement between the Federal Reserve Board and the open-market committee.

Mr. LA FOLLETTE. I accept the Senator's statement, of course, but I do point out that there is force in the contention which I am making; that a situation is being created wherein there may be a sharp conflict of opinion as to what is in the public interest with regard to open-market policy, and a situation is being created where, if that conflict of opinion does arise, the open-market committee may be found taking action and adopting policies with regard to open-market operations which may be flying in the face of the policy of the Board itself with regard to reserve requirements and rediscount rates.

Furthermore, Mr. President, under the bill as reported from the committee, the requirement is made upon the President, in selecting the members of the Board of Governors itself, that two of them shall have had previous practical banking experience, so that, as the Board itself is created, inevitably there will be upon it two individuals who have had previous practical banking experience and who may view the situation, in an emergency of this kind, from the point of view of the banking community.

I am not now criticizing the proposal that at least two members of the Board of Governors should be men of past banking experience; but I am pointing out that when there are 2 representatives of the banking community upon the Board of Governors itself, and then when it is provided that 5 additional persons, members of the open-market committee, shall be representatives of the banking community, there is a situation which creates a probability of sharp disagreement upon questions of public policy in time of grave national emergency. At such times, if a policy is to be adopted affecting this important phase of our economic life, it should be adopted with unanimity, if possible; but, even if it is adopted by a majority, it should certainly be carried out with vigor and without hesitation and without conflict.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. BULKLEY. I do not think the Senator wants to give the impression that it is proposed to put two bank representatives on the Board of Governors. Every member of the Board of Governors is required to divest himself of all banking interest before he can qualify.

Mr. LA FOLLETTE. I understand that, but the Senator from Ohio knows, as well as does every other Senator, that a man's point of view, and his reactions, are conditioned by his past experience. I am not now criticizing the provision for two governors with past banking experience. I am pointing out that there are to be put on the Board two men who in the past will have had banking experience, whose training and whose point of view have been and, in all probability, whose continued contacts will be, largely in the banking community.

Mr. BULKLEY. I do not think I differ very much from the Senator. I quite agree that past experience does affect a man's point of view; but that, still, is something quite different from having actual representatives upon the Board of Governors.

Mr. LA FOLLETTE. If the Senator takes exception to that, I am perfectly willing to concede that, in the technical sense of the word, perhaps my choice of language was not well taken. I do not, however, withdraw one iota from the position I have taken, that two members of the Board of Governors as newly constituted will have had past banking experience, and that their point of view and their contacts will naturally be those of the banking community.

Mr. LEWIS and Mr. FLETCHER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. LA FOLLETTE. I yield first to the Senator from Illinois, who rose first.

Mr. LEWIS. Mr. President, may I inform the Senator from Wisconsin that there are in my city of Chicago a large number of bankers protesting, by wires which have reached me today, and some which have reached me previously, that the provision which allows a minority of bankers in number is not sufficient; that there should be bankers sufficient in number to equal that of the board.

Mr. LA FOLLETTE. Certainly! I am surprised they are not asking for a majority.

Mr. LEWIS. I ask the Senator, will he be good enough to explain in what way two bankers can coalesce with some members of the Board, or the Board itself, and defeat the policies and the objects of the Board, as expressed by the able Senator a moment past?

Mr. LA FOLLETTE. Let us assume that a certain credit policy has been adopted by the Board and they are seeking to carry it out. They may be employing any one or all of three methods—reserve requirement, rediscount rates, or open-market operations. The new Board itself, as constituted under the pending bill, will have complete control over rediscount rates and reserve requirements. When it comes to the exercise of the third instrumentality for monetary and credit control, namely, open-market operations, the bill as reported to the Senate provides that five representatives of the Federal Reserve banks shall be on the open-market committee.

Therefore when the Board meets with the Reserve bank representatives on the open-market committee, if the 5 representatives of the banks and 2 individuals on the Board, perchance the 2 who have had past banking experience, should agree that the policies adopted by the Board were unsound from the public point of view, they could control by a majority vote the open-market operations. It is therefore possible that the Reserve bank representatives by the exercise of this majority upon the open-market committee might adopt an open-market policy which would be entirely contrary to the board of governors' policy with regard to credit.

Mr. LEWIS. I thought the able Senator stated that two bankers with the Board might cause the resultant conflict and destruction. I now understand the Senator to refer to two bankers on the Board joining with the bankers to bring about that result.

Mr. LA FOLLETTE. Mr. President, I think that is what I stated in the first place. I am glad the Senator now understands my position.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. FLETCHER. Perhaps it is not very important, but I am inclined to disagree with the provisions of the bill which

place the restriction on the President in selecting the members of the Board, that two of them shall have had banking experience. No doubt the selection will be made in accordance with that idea, but why should the requirement be placed in the law? By this provision he is restricted and required to select as two of the appointees men who are experienced bankers or who have been experienced bankers. I rather disagree with that. That point is not so vital, however. I do not wish to take much time in discussion of it. However, I do not believe that provision ought to be in the law. In the establishment of any other board, such as the Federal Trade Commission or the Interstate Commerce Commission, there is no such restriction on the President in nominating members of those Commissions. That is not so very important, although the Senator mentioned a situation which might result when two of the members of the Board who had had banking experience should sit in with five members who are bankers on this committee, which is a supervisory committee, with the supervisory power vested in this committee. It is a superior authority when it comes to open-markets operations, because that committee will determine whether there shall be open-market operations or not. It is a significant fact, and I call attention to it for whatever it may be worth, that Canada does not allow bankers to serve on her central bank board. Commercial bankers are ineligible for the board of the Bank of England. I do not know just why that is true, but that seems to be the fact.

Mr. LA FOLLETTE. May I say to the Senator that it is my understanding that the Canadian decision to exclude bankers was taken after most exhaustive hearings and investigations, and that the decision was made because the Parliament deemed it was in the public interest to make that requirement.

Mr. President, I have already taken longer upon this provision than I intended to, but I regard it as a matter of great importance, because, as I stated at the outset, unless we are able to effectuate a public control of our credit and monetary policy in the public interest in this country we will find we have helped to dig the grave in which our economic system will be buried.

I had intended to offer an amendment expressing my point of view with regard to the question of open-market operation control. I have become convinced, however, after a canvass of the situation in the Senate, that if I were to offer this amendment and bring it to a vote I could not secure the votes of many Senators who are in sympathy with the point of view which my amendment embodies. The situation is created by the long controversy which this bill experienced in the committee and the fact that sharply conflicting views were compromised and an attempt was made to harmonize them in order that legislation might be reported out and passed. Therefore, Mr. President, in view of the fact that this bill has to go to conference, I do not wish to give any false impression as to the strength which may exist in the Senate with regard to the policy and the principle embodied in my amendment.

Mr. BULKLEY. Mr. President, I am glad to say to the Senator from Wisconsin that in the subcommittee and in the full committee I advocated the very point of view that he is advocating here; but realizing that all legislation is the result of someone giving up something, I am glad to hear that the Senator has decided not to offer the amendment here on the floor.

Mr. LA FOLLETTE. I wish to make clear, Mr. President, that I am not giving up anything so far as my own attitude and my own point of view are concerned, and I would not hesitate for a moment to take a test of strength in the Senate upon the fundamental issue which is involved in this proposition if I did not know beforehand, because of conversations which I have had with some Senators, that I would not get a real test of the strength there is in this body for this proposition. Therefore, in view of the fact that it has to go to conference, and that inevitably the conference committee will have to compromise upon this issue, I do not wish to jeopardize the possibility of a compromise more nearly in the direction of the position which I believe to be sound public policy.

In order that my views may be recorded, I ask unanimous consent to have this amendment printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Amendments intended to be proposed by Mr. LA FOLLETTE to the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, viz:

On page 149, lines 19 and 20, strike out "the members of the Board of Governors of the Federal Reserve System and."

On page 150, commencing with line 17, strike out everything through line 6 on page 151 and insert in lieu thereof the following:

"(b) The committee shall consult and advise with, and make recommendations to, the Board from time to time with regard to the open-market policy of the Federal Reserve System. The committee shall also aid in the execution of open-market policies adopted from time to time by the Board and shall perform such other duties relating thereto as the Board may prescribe. The Board shall consult the committee before making any changes in the open-market policy, in the rates of interest or discount to be charged by the Federal Reserve banks, or in the reserve balances required to be maintained by member banks.

"(c) After consulting with and considering the recommendations of the committee, the Board from time to time shall prescribe the open-market policy of the Federal Reserve System. Each Federal Reserve bank shall purchase or sell obligations of the United States, bankers' acceptances, bills of exchange, and other obligations of the kinds and maturities made eligible for purchase under the provisions of section 14 of this act to such extent and in such manner as may be required by the Board in order to effectuate the open-market policies adopted by the Board from time to time under the provisions of this section, and each Federal Reserve bank shall cooperate fully, in every way, in making such policies effective.

"(d) All transactions of Federal Reserve banks under authority of section 14 of this act shall be subject to such regulations, limitations, and restrictions as the Board may prescribe."

The PRESIDING OFFICER (Mr. ADAMS in the chair). The question is on the amendment of the committee to title II.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Is title II subject to amendment?

The PRESIDING OFFICER. It is.

Mr. THOMAS of Oklahoma. A little later I desire to offer two amendments, but before I do so I desire to place some data in the RECORD.

On May 22, 1934, President Roosevelt sent a message to the Congress recommending enactment of legislation declaring it to be the policy of the United States to increase the amount of silver in our monetary stocks, with the ultimate objective of having and maintaining one-fourth of their monetary value in silver and three-fourths in gold.

UNITED STATES SILVER POLICY

In this message the President stated the silver policy in the following clear and definite sentences:

As a part of the larger objective, some things have been clear. One is that we should move forward as rapidly as conditions permit in broadening the metallic base of our monetary system and in stabilizing the purchasing and debt-paying power of our money on a more equitable level. Another is that we should not neglect the value of an increased use of silver in improving our monetary system. Since 1929 that has been obvious.

Some measures for making a greater use of silver in the public interest are appropriate for independent action by us. On others international cooperation should be sought.

Of the former class is that of increasing the proportion of silver in the abundant metallic reserves back of our paper currency. This policy was initiated by the proclamation of December 21, 1933, bringing our current domestic production of silver into the Treasury, as well as placing this Nation among the first to carry out the agreement on silver which we sought and secured at the London Conference. We have since acquired other silver in the interest of stabilization of foreign exchange and the development of a broader metallic base for our currency. We seek to remedy a maladjustment of our currency.

In further aid of this policy, it would be helpful to have legislation broadening the authority for the further acquisition and monetary use of silver.

I, therefore, recommend legislation at the present session declaring it to be the policy of the United States to increase the amount of silver in our monetary stocks with the ultimate objective of having and maintaining one-fourth of their monetary value in silver and three-fourths in gold.

The Executive authority should be authorized and directed to make the purchases of silver necessary to attain this ultimate objective.

We can proceed with this program of increasing our store of silver for use as a part of the metallic reserves for our paper currency without seriously disturbing adjustments in world trade. However, because of the great world supply of silver and its use in varying forms by the world's population, concerted action by all nations, or at least a large group of nations, is necessary if a permanent measure of value, including both gold and silver, is eventually to be made a world standard. To arrive at that point, we must seek every possibility for world agreement, although it may turn out that this Nation will ultimately have to take such independent action on this phase of the matter as its interests require.

The success of the London Conference in consummating an international agreement on silver, which has now been ratified by all the governments concerned, makes such further agreement worth seeking. The ebb and flow of values in almost all parts of the world have created many points of pressure for readjustments of internal and international standards. At no time since the efforts of this Nation to secure international agreement on silver began in 1878 have conditions been more favorable for making progress along this line.

Accordingly, I have begun to confer with some of our neighbors in regard to the use of both silver and gold, preferably on a coordinated basis, as a standard of monetary value. Such an agreement would constitute an important step forward toward a monetary unit of value more equitable and stable in its purchasing and debt-paying power.

SILVER PURCHASE ACT

Pursuant to and in conformity with the recommendation of the President, the Congress passed the Silver Purchase Act of 1934.

After the law was passed the administration began to purchase silver. During the first year the records show that we have purchased approximately 500,000,000 ounces of silver. The objectives in the bill, as stated, were two: First, to get 25 percent of the total monetary stocks of the Treasury in the form of silver, leaving 75 percent to be in the form of gold. The second objective was that silver should be acquired in the open market through purchase until we should secure the 25 percent of silver, or until the price of silver should reach at least $1.29 an ounce.

Something like 2 months ago, pursuant to the policy of the Congress and the administration, the price of silver in the world market rose to 81 cents an ounce. For some reason the rise in the price of silver was halted at that point, and during the subsequent few days the price fell from 81 cents an ounce to the price at present, which is 67¾ cents per ounce, or a fall of something like 13 cents an ounce in the price of silver in the world market.

Shortly after this price decline had taken place a number of Senators interested in the monetary problem proposed that we should prepare a statement giving the views of some of the Senators upon the silver program. This statement was prepared and was sent to the President, but before having been sent to the President the statement was circulated among Senators, and some 46 Members of the Senate signed the letter transmitting the statement to the President. The letter with the statement went to the Chief Executive on Monday of the present week.

At this point I desire, Mr. President, to place in the RECORD a copy of the letter signed by 46 Senators. I do not attach the names of the Senators but simply state the letter contains the names of 46 Senators. In addition to a copy of the letter, I offer for the RECORD at this point a copy of the statement which accompanied the letter, the statement being entitled "Statement in Support of a Wider Use of Silver as a Monetary Metal." I submit these two documents for the RECORD at this point.

The PRESIDING OFFICER. Without objection, the letter and statement will be printed in the RECORD.

The letter and statement are as follows:

JUNE 20, 1935.

To the PRESIDENT:

We, the undersigned United States Senators, do hereby submit for your consideration the following statement in support of a demand for a wider use of silver in our monetary system.

A synopsis of the statement follows:

1. Silver has always been used as money by the peoples of the world.

2. The first American dollar was a silver dollar.

3. The United States has always used silver as money.

4. We now have $9,000,000,000 in gold.

5. We have adopted a policy of using 75 percent of gold, and 25 percent of silver in our monetary stocks.

6. Such policy provides for acquiring $3,000,000,000 in silver stocks.

7. We now have approximately one and one-half billions of monetary silver.

8. We have yet to secure approximately one and one-half billion of monetary silver.

9. We urge further monetary adjustment in order to bring about a higher general price level.

10. Such higher price level can be brought about most effectively through an expansion of the currency.

11. Since gold is not in circulation, and since Treasury notes are not favored by the administration, we urge an expansion of the currency through an increase in amount of silver money.

12. By issuing silver certificates against our silver stocks to full monetary value we can increase circulation by approximately $300,000,000.

13. We urge a wider use of silver for reason that there is not enough gold in the world to serve as the basis for issuance of money and credit of the world.

14. Recent developments show that we have only small amount of silver in world, totaling approximately 10,000,000,000 ounces.

15. India has 4,500,000,000 ounces; China has 2,500,000,000 ounces; and the United States has 1,000,000,000 ounces, leaving only some 2,000,000,000 ounces to be distributed among the other nations of the world.

16. Further developments show that the United States is able to fix price of silver at any point desirable.

17. It is admitted that approximately one-half the peoples of the world use silver almost exclusively as money.

18. The United States has the power to increase or decrease at will the value of the monetary units of the silver-using nations.

19. Such power places the monetary systems of the silver-using countries, embracing approximately one-half the peoples of the world, at the mercy of the power of the United States.

20. We contend that it is necessary to have world currencies adjusted and stabilized before substantial progress can be made in working out of the depression.

21. Prior to stabilization the value of both gold and silver must be adjusted to best serve the economies of the world.

22. We represent and contend that the best interests of the cotton-producing South demands the adjustment of the value of silver and the stabilization of such value.

23. The countries producing cotton in competition with the United States use silver as money almost exclusively.

24. Cheap silver makes cheap money; cheap money makes cheap costs of production; and cheap costs of production in such silver-using countries makes it possible for such countries to produce cotton cheaply and to sell same on the world market at a profitable price which is lower than the United States can produce cotton and secure even costs of production.

25. We represent and recommend that, in the interest of the cotton producers of the United States, the value of silver be raised substantially and that such adjusted price be stabilized.

26. We recommend that the price of silver be increased immediately to the end that, in any world agreement for the stabilization of currencies, silver may have a chance to be considered as a basic monetary metal in any stabilization agreement.

27. Through previous adjustment of the value of the dollar, and by the devaluation of the gold content of the dollar, we have made a profit for the Treasury of approximately $2,800,000,000.

28. Through the present silver policy we have already made an approximate profit for the Treasury of some $500,000,000.

29. Through the further carrying out of the silver policy we can make an additional profit in an approximate sum of $500,000,000.

30. We recommend that the silver policy adopted during the Seventy-third Congress be carried out enthusiastically to the end that either the price of silver may be increased to $1.29 an ounce, or until we secure the necessary $3,000,000,000 in silver monetary stocks.

31. We recommend this policy in order to accomplish the following specific things:

(a) The bringing about of a higher price level for commodities.

(b) Placing silver in a position where it can assist gold in serving as the basis for currencies and credits of the world.

(c) The adjustment of the value of silver currencies so as to serve the best interests of the cotton-producing sections of the United States.

(d) Increasing the possible profit to the Treasury through a legitimate revaluation of gold and silver.

(e) Adjustment of the value of gold and silver, making possible early stabilization of world currencies.

Respectfully submitted.

(Letter contained signatures of 46 Senators.)

STATEMENT IN SUPPORT OF A WIDER USE OF SILVER AS A MONETARY METAL

Silver coin has served the peoples of the world as money throughout recorded history.

The Spanish milled silver dollar was the first monetary unit recognized and circulating among the original Colonies.

On January 28, 1781, Alexander Hamilton, Secretary of the Treasury, communicated to the House of Representatives his report on the establishment of a mint, and in such report the silver dollar containing 371 grains and one-fourth of a grain of pure silver was recommended to be a dollar in the money of account.

Congress, by resolution adopted July 6, 1785, declared "That the money unit of the United States shall be a dollar"; and another resolution of August 8, 1786, fixes that dollar at 375.64 grains of fine silver.

The silver dollar remained the standard of value until 1873.

The gold dollar was made the standard of value in 1900.

Since 1900 the silver dollar has been a token dollar only.

During the following 33 years the gold standard broke down throughout the world. Today only France, Switzerland, and Holland are left, trying to operate on a gold standard.

In 1933 we left the gold standard.

In 1934 we devalued the gold dollar, and today all dollars abroad are of the value of the declared gold content of the dollar, but, inasmuch as gold is not in circulation within the States, the domestic dollar is a managed or commodity dollar.

MONETARY FACTS

At the present time we have in the Treasury monetary gold to the value of over $9,125,000,000.

Also we have monetary silver as follows:

Silver dollars	$545,000,000
Subsidiary silver	309,000,000
Bullion at monetary value	781,000,000
Total	1,635,000,000

At present, our total monetary gold and silver stocks total over $10,750,000,000.

At the present time we have in circulation approximately $5,500,000,000.

NECESSITY FOR HIGHER GENERAL PRICE LEVEL

We hold that it is necessary to have a higher general price level to serve and protect our domestic economy.

On May 7, 1935, in a Nation-wide radio address, President Roosevelt said:

"The administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay with money in the same kind of dollar which they borrowed."

In order to raise the general price level, we contend that it is necessary to cheapen the domestic dollar.

Inasmuch as gold is not in circulation within the United States, we hold that the domestic dollar has little relation to gold and that the only way that we can cheapen the domestic dollar is to dilute or expand the amount of actual money in circulation.

Inasmuch as gold and gold certificates are out of circulation, we contend that the only way to increase the circulation is to add paper currency or silver money to the money in circulation.

Obviously the administration is against the expansion of the currency through the use of Treasury notes.

On May 22, 1935, in his veto message of the soldiers' bonus bill, President Roosevelt said:

"In a few cases like our own in the period of the Civil War, the printing of Treasury notes to cover an emergency has fortunately not resulted in actual disaster and collapse, but has nevertheless caused this Nation untold troubles, economic and political, for a whole generation."

Hence it appears that the only possible plan for the expansion of the currency is through a wider use of silver.

Since our silver policy was inaugurated and declared we have increased our circulation, through a wider use of silver, in an approximate sum of $250,000,000.

At this time we have silver bullion on hand, which could be either coined into dollars or against which silver certificates could be issued in an additional approximate sum of $300,000,000.

CONSTITUTIONAL POWER AND LEGAL POLICIES

Section 7 of article I of the Constitution provides that—

"The Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin * * *."

Pursuant to such exclusive and specified delegation of power, the Congress passed Public, No. 438, Seventy-third Congress, the same being "An act to authorize the Secretary of the Treasury to purchase silver, to issue silver certificates, and for other purposes", such act being known and designated as the "Silver Purchase Act of 1934."

Section 2 of such act provides as follows:

"It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining, one-fourth of the monetary value of such stocks in silver."

Section 3 of such act is as follows:

"Whenever and so long as the proportion of silver in the stocks of gold and silver of the United States is less than one-fourth of the monetary value of such stocks, the Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, for present or future delivery, with any direct obligations, coin, or currency of the United States authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest: *Provided*, That no purchase of silver shall be made hereunder at a price in excess of the monetary value thereof: *And provided further*, That no purchases of silver situated in the continental United States on May 1, 1934, shall be made hereunder at a price in excess of 50 cents a fine ounce."

Section 4 of such act follows:

"Whenever and so long as the market price of silver exceeds its monetary value or the monetary value of the stocks of silver is greater than 25 percent of the monetary value of the stocks of gold and silver, the Secretary of the Treasury may, with the approval of the President and subject to the provisions of section 5, sell any silver acquired under the authority of this act, at home or abroad, for present or future delivery, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest."

Section 10 of such act defines the terms "monetary value", "stocks of silver", and "stocks of gold."

Under such Silver Purchase Act the said terms are defined as follows:

"(a) The term 'monetary value' means a value calculated on the basis of $1 for an amount of silver or gold equal to the amount at the time contained in the standard silver dollar and the gold dollar, respectively.

"(b) The term 'stocks of silver' means the total amount of silver at the time owned by the United States (whether or not held as security for outstanding currency of the United States) and of silver contained in coins of the United States at the time outstanding.

"(c) The term 'stocks of gold' means the total amount of gold at the time owned by the United States, whether or not held as a reserve or as security for any outstanding currency of the United States."

STEPS TO BE TAKEN

At this time we have more than $9,125,000,000 in gold; hence, to have the necessary 25 percent of silver, it is necessary that we secure more than $3,041,000,000 in silver.

As hereinbefore stated, we now have silver of the approximate monetary value of $1,635,000,000; hence, on the basis of our present gold holdings, we are under obligation to secure an additional $1,365,000,000 in monetary silver.

By reducing to ounces the silver necessary to be secured, we find that we must yet secure more than 1,000,000,000 ounces to make up the required 25 percent of monetary silver stocks.

When the Silver Purchase Act was passed, we had gold to the value of some $7,820,000,000 and silver to the monetary value of some $838,000,000. At that time, with the amount of gold in the Treasury, we obligated our Government to acquire additional silver to the monetary value of $1,762,000,000.

Since June 1934 we have increased our gold holdings by the sum of over $1,300,000,000 and, while we have increased our silver stocks to the extent of some 421,000,000 ounces, we find that to carry out the policy fixed in the Silver Purchase Act we must yet secure silver at the monetary value of $1,365,000,000.

Thus, after 1 year's administration of such act, we find that we have secured approximately 25 percent of the silver required to make up the declared proportion of Treasury silver stocks.

SILVER-USING NATIONS AT MERCY OF UNITED STATES

Within the last few years silver has sold as low as 25 cents per ounce. When the United States initiated its silver program and began to acquire silver, immediately the price of silver began to advance, so that now silver is selling on the world market for approximately 75 cents per ounce.

There is estimated to be only some 10,000,000,000 ounces of monetary silver in the entire world. Of this amount, India is estimated to have four and one-half billion ounces. China has two and a half billion ounces, and the United States over 1,000,000,000 ounces, making a total of 8,000,000,000 ounces, thus leaving only 2,000,000,000 ounces of silver to distributed among all the balance of the nations of the world.

Only recently we could have purchased all of the world's supply of monetary silver for about $2,500,000,000. At present prices such silver could cost us some $5,750,000,000; thus our monetary policy to date has added some $4,250,000,000 of value to the holders of silver coin, bullion, jewelry, and trinkets wherever such silver may be located.

The foregoing statements are made to demonstrate that one country, the United States, has the power to fix the price of silver at any figure it sees proper. With the vast amount of gold that we have, and with our ability to either secure silver or to fix the price to suit our domestic economy, we have the power to fix the value of the silver units of currency used throughout the world. To secure the amount of silver necessary to make up our required quota of silver stocks would result, in all probability, in raising the value of silver many points higher than at present.

To illustrate the power of our Government over the value of the monetary units of silver-using countries the following cases are cited:

On June 20, 1934, the Hong Kong Chinese silver unit was valued at 36.56 cents. On June 20, 1935, the value of such unit had increased to 58.54 cents; hence a change of 22 cents in the value of the Chinese unit has been caused by the United States silver policy.

A second case is that of Mexico. Because of the increased value of silver the Mexican peso became more valuable as bullion than as stamped coin; hence such coins were collected and either hoarded or shipped out of the country to be sold as bullion. This resulted in the Mexican Government closing Mexican banks and calling in all silver coins for redemption in paper currency.

A third case is that of some of the dependencies of Italy. In Ethiopia, Eritrea, and Somaliland the unit of money is the Marie Theresa thaler. The United States silver policy has increased the value of such unit from 21 to 47 cents, or a total change in the value of the thaler in the sum of 26 cents.

It is obvious that the best interests of the nations and peoples using silver demand that the value of silver be adjusted and thereafter stabilized; otherwise, the domestic economies of the silver-using countries are at all times at the entire mercy of the power and dictation of the Government of the United States.

WORLD USE OF GOLD AND SILVER

Inasmuch as about half the people of the world have heretofore used gold as the basis for their money and the other half used silver either as money or as a basis for the issuance of money, we contend that the best interests of the entire world demand the use of both gold and silver as money and for the basis of the issuance of money and credit.

We contend further that the main trouble today is that the value of neither gold nor silver in terms of the various national currencies or in terms of each other has been fixed or agreed upon between and among the nations of the world, and we are of the opinion that, until the values of such basic monetary metals are recognized, adjusted, regulated, and stabilized, there can be no such thing as stable currencies and exchange between and among the several nations of the world. If silver is to be used as a world-wide monetary metal along with gold, then such recognition will make silver as important as gold and such development will necessitate an adjustment of the value of silver in relation to gold, and thereafter the value of the two metals should be stabilized, and such stabilized value should thereafter be maintained.

RATIO SILVER TO GOLD

If silver is to be recognized as a basic monetary metal along with gold, then the relative value of the two metals must be fixed by their production ratio. Over the past several hundred years the ratio of production of gold and silver has been slightly less than 16 ounces of silver to 1 ounce of gold; hence, if it can be brought about that both gold and silver are to be used as primary and basic monetary metals, then the relative value of these metals must be fixed so that 1 ounce of fine gold will be equal to approximately 16 ounces of fine silver. If both metals should be made basic monetary metals and the mints of the several nations should be opened to the free coinage of both gold and silver, the production ratio must be maintained; otherwise, in a very short time the undervalued metal would refuse to go into the mint and would be retained, hoarded, and held as bullion.

Thus, it is obvious that if silver is to become a basic monetary metal, it must be accorded recognition on the approximate basis that 1 ounce of fine gold is equal to 16 ounces of fine silver.

We represent and assert that there is not too much of both gold and silver in the world to serve as the basis for the issuance of the currency and credit necessary to transact the business of the world; but in order to permit the use of silver along with gold, it will be necessary to raise substantially the value of silver as a world commodity. Carrying out the program of the United States whereunder we are to maintain 25 percent of our monetary stocks in silver will bring up the value of silver to a point where such metal may be used along with gold as a basic monetary metal.

We hold that, in order to promote trade relations between and among the silver nations, it is necessary to use silver in the settlement of international accounts.

We further hold that the best interest of the nations demand that the reciprocal values of gold and silver be adjusted and thereafter such values stabilized.

With such a program carried out, it would be possible for silver nations to use both gold and silver as the basis for their currencies and, with the fact of stabilization accomplished, the value of the silver units of currency may become known, recognized, and maintained.

Such a program, we assert, is prerequisite to any extensive improvement in the world business.

COTTON AND SILVER

The South has lost its cotton-production industry and the North has lost its cotton-processing industry to silver and cheap money country competitors.

Such countries as India, China, Brazil, Argentina, Peru, Mexico, and Chile are increasing their cotton production and furnishing raw cotton to such industrial nations as England and Japan for processing and distribution.

India has increased production 8 percent; Egypt, 22 percent; and Brazil, 68 percent; while we have decreased our production 43 percent.

Our cotton-producing competitors are in the main silver-money countries, hence cheap silver makes cheap money, and cheap money makes cheap cost of producing, processing, and distributing cotton and cotton products.

The following figures tell the story of why the South has lost its cotton industry. As valued in gold, the silver currencies have depreciated as follows:

The Chinese dollar has depreciated from 100 cents to 58 cents; the Japanese yen has depreciated from 84 cents to 29 cents; the Mexican peso has depreciated from 84 cents to 27 cents; the Indian rupee has depreciated from 61 cents to 37 cents; the Brazilian milreis has depreciated from 20 cents to 5 cents; the Chilean peso has depreciated from 20 cents to 5 cents; and the Peruvian sol has depreciated from 47 cents to 24 cents.

At this time these competitive countries with their cheap monetary units can produce cotton and sell it on the world market and make a fancy profit, while the United States with our high-valued dollar cannot produce cotton and sell it on the world market and secure even cost of production.

As a temporary relief measure we have sought to peg the domestic price of cotton at 12 cents per pound. Such price being above the world price, our cotton producers are unable to find purchasers and are compelled to secure Government loans on their cotton and such cotton is stored and is piling up in vast surpluses in the United States.

As the result of this policy, foreign producers are forging ahead with increased production and we are considering renewed and increased curtailment of production.

What the Government is doing amounts to this: It is saying to the competing countries, "You can go ahead and supply the whole world requirements, which you are nearly doing already, outside United States' home consumption; but to save what remains of our industry, we shall continue to buy our own home production at an artificial and uneconomic price and store it."

What does this mean except that the Government intends to provide a living for 12,000,000 people by paying them to grow cotton to be stored in the Government warehouses until it rots?

There are millions of bales there already as the result of less than 2 years of this policy.

UNITED STATES MUST FOLLOW ONE OF TWO POLICIES

One of two policies must be adopted and followed by the United States or we will lose completely our foreign trade in this most important industry.

First, we must cheapen our dollar in relation to the monetary units of the cotton-producing countries; or, second, we must continue to subsidize our cotton producers on that part of the cotton consumed at home, and finally flood the world markets with our surplus cotton at whatever price such cotton will bring.

The only feasible plan is to solve this matter through an adjustment of the value of our dollar. Under the first plan we can succeed, and as follows: By the prosecution of our silver program we can raise the world price of silver, which will increase the value of the several monetary units of silver-using countries.

Using China as an example, we have increased silver and thereby have raised the value of the Chinese monetary unit from 36.56 cents 1 year ago to 58.54 cents at the present time. By similarly increasing the value of silver units of other countries, we will increase the cost of producing cotton in such silver-using countries and thus enable our American producers to more nearly and easily compete in cost with their cotton growers.

There should be no hesitation in action, and not a single day should be allowed to pass without adopting enthusiastically a policy of a substantially wider use of silver as a remedy for the present cotton situation.

Unless this policy is adopted, the whole field for cotton production, processing, and distribution will be completely lost, and such loss will mean the wiping out of an industry on which one-sixth of the American people depend.

If the economic specialists of such countries as Japan, India, China, and Brazil were asked the question, "What measures do you most desire that the United States should adopt?" they would reply, "Nothing can be better for us than its present measures. Firstly, by raising and pegging the price of cotton, it is enabling us to make a handsome profit on our production. Secondly, it has transferred to us from itself millions of bales of the world production. Thirdly, it has so penalized its own manufacturing industry that we are able to steadily progress in supplanting it as world supplier of finished goods and, fourthly, it is enabling us to capture its own internal market owing to the all-round advantages it is offering us."

To continue to compete with such cheap-money countries in the cotton industry we must bring the value of their several currency units into closer harmony with the value of the American dollar. We can do this any time we choose. One remedy is an increase in the value of silver. This remedy can be stated in another way; that is, by a decrease in the relative value of gold. A wider use of silver makes a greater demand for the white metal, and as the demand for silver increases, the demand for gold decreases and the result is a fall in the value or purchasing power of gold.

A wider use of silver as basic money will have the same effect upon prices and business generally as if a new gold field should be discovered. The remonetization of silver is one way out of this depression.

PROFIT FOR TREASURY

Through the devaluation of gold the Treasury has already profited to the extent of some $2,800,000,000.

Under the law our gold hoard may again be revalued, and if such revaluation should be made and the old gold dollar should be reduced in weight the full 50 percent, then there will be an additional profit to the Treasury of over $1,500,000,000.

Already the Treasury has profited through the new silver policy in a sum approximating $500,000,000.

By carrying out such silver policy, thus necessitating the securing of an additional billion ounces of silver, we can thereby increase the profit of the Treasury to the extent of another possible $500,000,000.

The profits from our monetary policy to date, and those which may be realized, will amount to over $5,000,000,000. However, such profits, impressive as they are, and helpful to the Treasury as they must be, constitute the smallest item of the value to our country and our people.

The force of this statement may be realized by contemplating the answer to the question:

If we had not gone off gold, if we had not devalued the dollar, and if we had not adopted a cheaper money policy, where would we be today?

We submit that the money question is the paramount issue not only before America but likewise before the other nations of the world.

We agree that world currencies should and must be stabilized.

We contend that the value of the several national units of money must be regulated and adjusted domestically prior to possible world stabilization of such units.

All must agree that small countries are powerless to act.

The more powerful nations could act if they were ready. Obviously they are not ready to act now. We assert that the United States is not yet ready to stabilize the value of the dollar at its present value.

We contend that no satisfactory effort at stabilization can be made until silver is given its proper place in the monetary systems of the countries of the world.

Therefore we recommend that the American silver policy, already established by law, be carried out to the end that silver may regain its proper value and again be recognized as one of the basic monetary metals of America and the world.

Mr. THOMAS of Oklahoma. Mr. President, yesterday the President sent to me a letter in reply to this statement, and inasmuch as he asked me to advise those who had signed the letter with me of the contents of his letter, I now offer for the RECORD a copy of such letter and ask that it be read at the desk.

The PRESIDING OFFICER. Without objection, the clerk will read the communication.

The legislative clerk read as follows:

THE WHITE HOUSE,
Washington, July 25, 1935.

GENTLEMEN: There has just come to me your joint statement dated June 20 on the general subject of silver, and I am glad to have the benefit of your observations and suggestions on this subject. As evidence of the broad objectives I need only to refer to my message on silver to the Congress on May 22, 1934, which is but one of numerous statements I have made on the desirability of a wider monetary use of silver.

I was glad to have that message supplemented by statements made on my behalf to the Senate to the effect that, if the Silver Purchase Act were passed, it would be carried out vigorously and in good faith. The administration of this act has been and, of course, will be characterized by this spirit and purpose.

When we come to such particulars as the amount and price of day-to-day purchases of silver and the issuance of silver certificates in excess of the cost of the silver, their determination is a duty which the Congress, by the provisions of the Silver Purchase Act, has laid upon the Secretary of the Treasury. I know from my frequent conferences with him on the administration of this act, surcharged with such great possibilities for our national welfare and the advantage of the world, that that duty has been, and will be, discharged in the manner most advantageous to the public interest, as the act itself enjoins, and in pursuit of our common objective of a wider monetary use of silver.

Faithfully yours,

FRANKLIN D. ROOSEVELT.

Mr. THOMAS of Oklahoma. Mr. President, I find myself in support of the pending bill so far as it goes. On the legislative day of January 3, calendar day of January 7, which was the first day we were privileged to introduce bills at the present session, I introduced Senate bill 433, which was intended to be a banking bill and gave my views of what the Federal Reserve Board and the Federal Reserve banks should become.

Upon the introduction of that bill, I sent copies to members of the Federal Reserve Board and to officers of the Federal Reserve banks and to others in whom I had confidence, and shortly thereafter I learned that the Federal Reserve bank officials were at that time working on a bill which they hoped to send to Congress later. Subsequently a bill was sent to Congress, so I am advised, sponsored by either the Federal Reserve Board or some members or a member of that Board.

Mr. President, I find that the bill as reported by the committee and now pending before the Senate contains substantially the terms and provisions which I had incorporated in my bill introduced on the 7th of January. Of course, I feel very much complimented; and I am also greatly pleased to note that the distinguished Senator from Virginia is becoming so much of a liberal. If he serves in the Senate for years to come, as we all trust he will, I hope to see him one of the liberals of this body; but I have no complaint, I will say, as to his liberalism as expressed in the bill before the Senate today.

The pending bill provides that the Federal Reserve Board shall be accorded in the future added prestige and power, and, as evidence of that added prestige and power, the salary of the members of the Board has been increased and the tenure of office has been extended. These provisions of the bill I thoroughly approve. The Federal Reserve Board, in my judgment, should be the most powerful, the most important, and most respected tribunal in the United States. I think it equally important to the country to have a Federal Reserve Board of high character along with a Supreme Court of the highest possible character. I realize that we will probably never see the kind of a Federal Reserve Board that we would all idealize or set up as our goal; but, from my viewpoint, the best men, or women, as the case might be, in the entire United States should be placed upon the Federal Reserve Board.

To give the Federal Reserve Board the importance it should have, its members should receive salaries which would keep them even from thinking about any kind of private business transactions; and I am glad to see that the bill provides an increase in salaries to the sum of $15,000 a year. My bill was a little more liberal. I provided that the members of the Federal Reserve Board should have salaries the same as Associate Justices of the Supreme Court of the United States receive. The salaries provided by the bill are approximately the same, but they are not quite so high as perhaps they could be with justification.

The bill introduced by me incorporates some other provisions which, I think, are important, but which were not included in the pending bill. For example, my bill contains in section 7 a provision under which we would have in the United States only one kind of currency, one kind of paper money.

When Senate bill 433 was introduced, on the 7th of January, we had in circulation in these United States between five and six thousand different types of paper money. At that time there were more than 5,000 national banks, all of which had the privilege—and most of them exercised it—of issuing their own national-bank notes. Therefore, we had as many types of national-bank notes as there were national banks exercising the circulation privilege. At the time my bill was introduced we had in circulation, although they were outlawed, gold certificates; we had in circulation two kinds of silver certificates; we had in circulation Treasury notes of 1890; we had in circulation Federal Reserve notes; we had in circulation Federal Reserve bank notes; we had in circulation national currency; and we had in circulation greenbacks, so called, of the Lincoln period.

During the present session we have gotten rid of probably 5,000 plus of these various kinds of money. The gold certificates have been called in, and, as fast as discovered, are retired. The Treasury notes of 1890, as fast as they are located, likewise are retired. The national-bank circulation, representing 5,000 different kinds of paper money, is being called in and, as fast as discovered, is likewise being retired. The national currency is being retired. The Federal Reserve bank notes are being retired. So, instead of having probably 5,500 different kinds of money in circulation, as we had 6 months ago, today we only have two kinds of silver certificates, when we should have only one kind. One kind of the silver certificates is redeemable in silver dollars; the other kind is redeemable in a dollar in silver. I should like to know the difference, if someone could advise me; but it seems that a modern silver certificate is redeemable in silver, not in a dollar, but in a dollar in silver.

At the present time we have, as I have stated, the greenbacks; that is kind no. 1. We have two kinds of silver certificates, each containing a differing redemption feature; that is paper money no. 2. We have Federal Reserve notes, which are paper money no. 3. I propose by my bill to call in all these various kinds of paper-money currency and issue just one kind of paper money.

Our money today is not redeemed in gold and it is not redeemed in silver. Anyone who has paper money can take it to the Treasury and get silver for it, no doubt; but he cannot get gold. So I proposed that we place the gold and silver in the Treasury and use them as our reserves and as the possible monetary metal of redemption and issue just one kind of paper currency against the gold and silver.

The Senator from Arizona [Mr. ASHURST] exhibits two silver certificates. I congratulate him on possessing two silver certificates. I understand one is redeemable in a silver dollar and the other is redeemable in a dollar in silver. That is a distinction without much of a difference, because if the

Senator should take the two certificates to the Treasury and should want silver for them, the Treasury would give him a silver dollar for either one of them; but when he asked for a dollar in silver they would say they have not today the facilities for measuring a dollar's worth of silver.

I do not at this time desire to offer an amendment to this bill on this particular point, because we are making such rapid progress in bringing about the idea embraced in the bill introduced by me on January 7 that I do not wish to retard the pending measure.

In the bill which I introduced on January 7 I proposed three different provisions for the regulation of money. Section 13 provided for the Federal Reserve Bank Board. It is called now the "Board of Governors of the Federal Reserve Bank", I believe, while I proposed to change it to "Federal Reserve Bank Board." There is a distinction without a difference. I proposed that the Federal Reserve Bank Board should have "full control over all open-market operations, both in buying and selling at home and abroad." Of course, that is simply a statement of principle and did not seek to place the matter in legal terms. I am glad to note that the bill before us elaborates on that and makes that principle more or less effective.

Section 14, as contained in the original bill introduced by myself, reads as follows:

The Federal Reserve Bank Board shall have control over discount rates at each of the branches of the Federal Reserve banks.

That likewise has been covered and taken care of in the bill before the Senate.

Section 15 of my bill provided that the Federal Reserve Bank Board should have full control over the eligibility and kinds and classes of collateral to be accepted, and so forth. That is likewise covered in the bill now before us.

So I have no fault to find with the bill before the Senate, except that it does not go far enough. Of course, I can readily see why it does not go further. The whole banking structure of America, the banking structure of the nations of the world, are today in a veritable hurricane of change. Reflect how much we have changed our system in the past 3 years, how much Great Britain has changed her banking system in the past 3 years, and how much Holland and perhaps some other nations may change this afternoon. While the currency of the world and the banking structure of the world and the banking policy of the world are changing, it is only natural that we should go slowly and try to avoid making any more mistakes than are necessary.

Mr. President, I desire to offer an amendment to title II of the bill, expressing my viewpoint as to the ownership of the several Federal Reserve banks. The people of the country have a belief that the Federal Government owns the Federal Reserve System. The people of the country believe, so I am convinced, that the Federal Reserve banks are federally owned and federally controlled and federally regulated governmental institutions. That is a fallacy, because the stock of those banks is controlled in toto by the member banks of the several districts. The Government, as stated by the Senator from Virginia [Mr. GLASS], has never contributed a penny to the capital stock of those banks and has never contributed a penny to the support of the banks. In other words, the salaries of the Governors and the Board members and the various employees of the banks are all paid by member banks.

I am advised that in New York City they have something like 3,500 employees in the Federal Reserve bank. Those employees receive salaries ranging from $50,000 down to the salary of the humblest paid employee. I have no means of knowing how much it costs to run the Federal Reserve Bank of New York City or the Federal Reserve banks in toto, but it must cost a huge sum.

So long as those banks are owned by private concerns and private corporations, because banks are private corporations, there will be no chance to regulate those institutions more than in a minor way. So long as they are private institutions, owned by the member banks, it is natural that the member banks should insist upon the right to control and regulate their own property.

We shall not make much progress in controlling the 12 member banks so long as those banks are private institutions and their capital stock owned by the banks of the several districts.

Mr. President, I propose an amendment to take over the capital stock of each of the 12 Reserve banks. I send the amendment to the desk and ask that it may be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to add at the proper place in the bill a new section, as follows:

That within 90 days after the passage and approval of this act, each member bank of the Federal Reserve System shall transfer to the Treasurer of the United States all shares held by it of the capital stock of the Federal Reserve bank of which it is a member, and the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each such member bank, upon the receipt by the Treasurer of the United States of the shares so transferred by such bank, an amount equal to the amount of the paid-in value of such shares, together with any lawful increment to the date of such transfer. Each such member bank, after such transfer, shall be relieved from its stock subscription not previously called in by the Federal Reserve bank of which it is a member.

Mr. THOMAS of Oklahoma. Mr. President, at the present time the several national banks are located in certain districts. The national banks of the New York district, of course, own the stock of the New York Federal Reserve Bank. The amendment proposes to direct the Secretary of the Treasury to buy the capital stock of the New York Federal Reserve Bank and to buy the capital stock of each of the other 11 Federal Reserve banks. If the amendment should prevail and if the stock should be purchased, then those 12 banks would become 100 percent federally owned, and under that condition, of course, we could proceed to regulate them and control them. However, it is my judgment that so long as they remain private institutions we are going to have difficulty in the future as we have had in the past.

No doubt there must be some good reason for the banks being owned privately. I am advised that responsible officials of the Government are in favor of taking over the banks and making them Federal institutions, 100 percent owned by the Government. If some Senator understands why this has not been done and why the committee did not so report, I should be glad at this time to have a statement as to the reason why the recommendations of high officials were not followed and why the bill does not provide for taking over the banks.

Mr. BULKLEY. Mr. President, to what high official does the Senator refer?

Mr. THOMAS of Oklahoma. I have been advised that the Secretary of the Treasury himself is in favor of taking over the banks.

Mr. BULKLEY. Not of the Government taking them over.

Mr. THOMAS of Oklahoma. That is my information.

One is handicapped in discussing a banking bill if he is not a member of the Banking and Currency Committee. For that reason I have offered the amendment because it is a real issue in the country. The country has been under a misapprehension all these years. As soon as the people generally learn that they do not own these banks, I think the demand to have them become the public property of the country will increase.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. VANDENBERG. What would the Senator do about the managing directors of the various banks after they cease to function?

Mr. THOMAS of Oklahoma. The bill I introduced in January last contained three or four sections relating to this matter, but, in order to get the matter before the Senate, I did not care to involve my amendment with questions of management, so I simply suggested the first amendment. It would be my idea that if we took over the banks, of course, we would have to provide some means of controlling them. That could be done by appointing members of the Board like we appoint other members of boards, under certain restrictions. Even the Federal Reserve Board, as provided in the

bill, is to be a board of restrictions, because the members are to be appointed with a view to the financial interests, the commercial interests, the industrial interests, and the agricultural interests.

I think the boards could be appointed with the same thing in view, and it would be my idea that if and when they are taken over, if ever, the President should appoint members of the Board probably upon the recommendation of the Federal Reserve Board. The members of the Board should be confirmed by the Senate, but they should be appointed with reference to the particular interests in the particular section the bank is to serve. I realize that in New York or Boston and probably in Detroit more should be taken into consideration from the standpoint of factory interests, while in Kansas City more should be taken into consideration of the farming interests. That, however, is a matter which I do not care to go into now, save to say that when we get to the point of taking over these banks we can work out a satisfactory management of them.

Mr. VANDENBERG. As I understand, then, the Senator's amendment is incomplete.

Mr. THOMAS of Oklahoma. Oh, yes. It is simply to get before the Senate the one idea as to whether or not it should be the policy of the Government to take over these banks. It is useless to talk about the details unless we first decide upon the policy.

My purpose in bringing the amendment before the Senate was to get the matter in the RECORD as expressing my viewpoint. I am strictly in favor of taking over these banks, but I realize that with only 12 or 15 Senators on the floor there would be no chance of getting a correct expression of the Senate's view. I should like, however, to have a statement from some member of the committee as to why these banks are retained in private ownership, and a statement as to why they should not be owned by the Government. If anyone will make that statement, I shall be very glad to yield at this point.

Mr. GLASS. Mr. President, I do not desire to prolong the consideration of the bill, because I wish to have an adjournment over to Monday, if possible, after the completion of the consideration of the bill.

No such suggestion as that contained in the amendment of the distinguished Senator from Oklahoma was ever presented to the Banking and Currency Committee. I believe the Secretary of the Treasury, who is not most familiar with banking matters, one day incidentally expressed his individual opinion that something of that sort eventually might be done, but he made no such recommendation to the committee.

Incidentally, the completest and clearest answer I could give to the Senator is found in a report of one of the ablest, if not the ablest, financier who ever lived in the United States, to wit, Alexander Hamilton. Mr. Hamilton believed in a large measure of centralization; and here is what he said about a Government-owned central bank:

> Considerations of public advantage suggest a further wish, which is that the bank could be established upon principles that would cause the profits of it to redound to the immediate benefit of the State. This is contemplated by many who speak of a national bank, but the idea seems liable to insuperable objections. To attach full confidence to an institution of this nature, it appears to be an essential ingredient in its structure that it shall be under a private, not a public, direction—under the guidance of individual interest, not of public polity, which would be supposed to be, and in certain emergencies, under a feeble or too sanguine administration, would really be, liable to being too much influenced by public necessity. The suspicion of this would most probably be a canker that would continually corrode the vitals of the credit of the bank, and would be most likely to prove fatal in those situations in which the public good would require that they should be most sound and vigorous. It would, indeed, be little less than a miracle, should the credit of the bank be at the disposal of the Government, if, in a long series of time, there was not experienced a calamitous abuse of it. It is true that it would be the real interest of the Government not to abuse it; its genuine policy to husband and cherish it with the most guarded circumspection as an inestimable treasure. But what government ever uniformly consulted its true interests in opposition to the temptations of monetary exigencies? What nation was ever blessed with a constant succession of upright and wise administrators?

Mr. President, it seems to me that to have the Government of the United States take over the 12 Federal Reserve banks, and thus to precipitate them at all times into the temptations of politics, would be just such a calamity as Alexander Hamilton described in his report. The committee did not consider the question, did not even discuss it, and I regret that my distinguished friend should have proposed the amendment; but I take it, as he has stated, that he has done so merely for the RECORD, and to indicate his view of the matter.

I hope the amendment will not prevail.

Mr. THOMAS of Oklahoma. Mr. President, a great many people in this country believe that our banking interests would be about as safe and as sound under the jurisdiction of Federal officials as they are at the present time. I should like to ask someone if he knows just who controls the banking system of the United States. I should like to have someone tell me who controls the issuance of currency and the control of credit. I should like to ask someone who regulates the value of money in the United States.

The Senator from Idaho [Mr. BORAH] this afternoon made the statement that a certain group did this. I asked him the question, and, for obvious reasons, he did not place the names in the RECORD. I think he knows who some of these gentlemen are, but the country does not know. The country believes that Washington in some way controls the issuance of money, the coinage of money, the regulation of the value of the dollar, and the control of credit.

That, however, is wholly not the case. Some gentlemen upon the floor oppose the creation of a central bank. We have one of those today. That statement probably will not be agreed to; but we have today a central bank. It is not federally owned. That central bank is the Federal Reserve Bank of New York City. I do not think anyone will doubt that statement. The policy of the 12 banks is controlled and dictated by the Federal Reserve Bank of New York City. The question arises: Who control the Federal Reserve Bank of New York City? It has a distinguished governor, Governor Harrison. It has a board, and I imagine that board would deny that they are controlling the financial system and financial policy of America; but those who are competent to testify, I think, are in accord that the statements I have just made are correct.

I have in my hand a publication released for the morning papers June 24, 1935. It is on the Banking Bill, Considered in the Light of 1927–29, by A. C. Miller, member Federal Reserve Board. Mr. Miller has been a member of this Board for years. He should know what transpires and what influences the Federal Reserve Board. I desire to place in the RECORD at this point a few excerpts from Mr. Miller's statement.

I quote from page 19:

> In attempting to locate and assess responsibility for the delay and inactivity of the Federal Reserve System during the second half of the year 1928, the incontrovertible fact is that during this period, as well as during the preceding year, the leadership of the Federal Reserve System rested with the Federal Reserve Bank of New York.

The leadership of the entire Federal Reserve System rested with the Federal Reserve Bank of New York.

Mr. GLASS. Mr. President, there could not be anything more inaccurate than that statement. The leadership of the Federal Reserve Banking System was within the Federal Reserve Board under the law; and it seems to me a statement of that sort is a humiliating confession—that the Federal Reserve Board omitted or declined to assert its lawful functions.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. THOMAS of Oklahoma. I yield.

Mr. FLETCHER. As bearing somewhat on that matter, I think Dr. Miller stated in his testimony that the Federal Reserve Bank of New York owned about 40 percent of the resources of the system. I do not know that that is exactly correct; but that, of course, gives it a big influence.

Mr. THOMAS of Oklahoma. Mr. President, I am simply offering for the RECORD the best testimony I can procure tending to sustain the statement that we have in this country today a centrally controlled bank, and that centrally controlled bank is the Federal Reserve Bank of New York,

which controls the whole Federal Reserve System, even the Federal Reserve Board in Washington.

Mr. TOWNSEND. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TOWNSEND. If the Senator will read the next paragraph in Dr. Miller's statement, I think it will be very enlightening. He says:

There is no attempt here to deny the responsibility of the Federal Reserve Board, without whose sanction no steps could be undertaken.

Mr. THOMAS of Oklahoma. Exactly so. Under the law the Federal Reserve banks have enjoined upon them responsibility of initiating movements, and if the Federal Reserve banks do not initiate certain movements, the Federal Reserve Board heretofore has been powerless to act. The Federal Reserve Board has no authority to tell these banks what to do. All they could do would be to approve the different programs and policies which might be initiated by the several Federal Reserve banks.

Mr. GLASS. The law tells the Federal Reserve banks what they may do.

Mr. THOMAS of Oklahoma. Exactly so.

Mr. GLASS. And the statute tells them what they may not do, and the Board was instituted to see that the Federal Reserve banks obeyed the law, and should commit offenses neither of omission nor of commission.

Mr. THOMAS of Oklahoma. Mr. President, heretofore the Federal Reserve Board has been so circumscribed with limitations that the Board virtually had no effective power.

Mr. GLASS. They had all power.

Mr. THOMAS of Oklahoma. Let me read again from the statement made by Mr. Miller. I read from page 21:

But be this as it may, as things then were—

This was a statement as to 1928, just before the collapse—

the Board looked for the initiation of further measures of restraint of the Federal Reserve banks and they, in turn, depended on the leadership of the Federal Reserve Bank of New York. And New York's leadership proved to be unequal to the situation.

Mr. Miller says that the leadership rests upon the Federal Reserve Bank of New York, and in this case of emergency that leadership failed.

I desire to place in the RECORD at this point one or two other statements from this very valuable document. I have respect and regard for the testimony, even if others do not seem to give the testimony much weight.

I want to show the Senate, if I may, from this testimony, what the Federal Reserve Board was up against here in Washington. I read from page 27 as follows:

It is not without significance in current discussions as to the proper distribution of authority between the banks and the Board that during the tension occasioned by the acute differences over the leadership of the Federal Reserve System in the 6 months following the Board's declaration of its position of February 2, 1929—

They were having difficulty. A contest arose between the banks on the one side and the Board on the other, and this is what Mr. Miller says of that contest, and of what the Board in Washington had to face before they could act.

the five members of the Board—

That is, the Federal Reserve Board here in Washington—

the five members of the Board who took the responsibility of formulating the attitude and policy for the Federal Reserve System were opposed by a minority of their own membership.

In other words, the minority members of the Board were against the five. Five of the members undertook to formulate a policy, and they were opposed in the first instance by the balance of the members of the Board. I quote further:

Including the Secretary of the Treasury.

First, the five members of the Board were opposed by the other members of the Board, including the Secretary of the Treasury, who was ex-officio member of the Board.

The Governor and the Vice Governor, by the 12 Federal Reserve banks, and, finally, by the Federal Advisory Council, and many, but by no means all, of the largest member banks.

This was the situation. The members of the Federal Reserve Board, without effective power, without positive authority, for years had taken their orders from the Federal Reserve Bank of New York, apparently, if this testimony is to be believed. When the time came when the Board, or some members of the Board, could not sit quietly by and see things go on as they were, five members of the Board got together and undertook to formulate a policy to keep the country from going on the rocks.

When these five members undertook to combat the influence that was against them, they found a number of minority members on their own Board against them, they found the Secretary of the Treasury against them, they found the governors of the 12 banks against them, they found the advisory committee of the 12 banks against them, and a great number of the larger banks against them. With such opposition it is a wonder they did as well as they did.

Mr. GLASS. As a matter of fact, the statute gave them complete authority and the 5 members composed a majority of the Board of 8 members.

Mr. THOMAS of Oklahoma. On page 30——

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BULKLEY. The Senator does not intend, does he, to omit what follows what he was just reading; that is:

Nevertheless the Board adhered to its position—

And so forth.

Mr. THOMAS of Oklahoma. Yes; these five members stood adamant.

Mr. BULKLEY. Of course.

Mr. GLASS. That was a majority of the Board.

Mr. THOMAS of Oklahoma. Yes; but it shows the influence operating against them.

Mr. GLASS. I have said all along that the Secretary of the Treasury had too much influence on that Board, and for that reason we have omitted him as a member of the Board.

Mr. THOMAS of Oklahoma. And I approve of the committee's decision. I want to place this sentence in the RECORD, from page 30, still quoting this document by Mr. Miller:

The judgment of the bankers or of officers of Federal Reserve banks regarding national credit policies has proved itself not to be infallible, and they cannot always be trusted to reverse their policies promptly when the public interest requires such action.

Some upon this floor have criticized the proposal whereby these banks would be controlled by the Government or managed by officials representing the Government. Yet here is testimony that the banks are not infallible, that they are not doing a very good job, and that they make mistakes. What is the relation between these two ideas? If we had a Board controlling this System, the Board would be presumed to be composed of high-class, patriotic, able members.

Mr. GLASS. The Board was controlling the System, and it seems that the Board was not infallible, because the Board now admits that it made a mistake.

Mr. THOMAS of Oklahoma. Not according to this testimony. They were being controlled out of New York; and New York was controlled, we have testimony before the Senate, by foreign influences from Great Britain, joined in by France and other influences abroad. I cannot make that statement, but the statement was made on the floor of the Senate this afternoon. At another point in this statement of Mr. Miller, I read:

It is my conviction that it should be lodged—

That is, the responsibility—

in a body, no matter how constituted, having a national viewpoint and owing undivided allegiance to the general-public interest. Its judgment should not be warped by the viewpoint of any particular section of the country or by the special interests of any particular group.

Mr. Miller is giving his ideal of what the Federal Reserve Board should be.

Mr. GLASS. We accepted his suggestion, and it is embodied in the bill. Does the Senator propose to have it stricken out?

Mr. THOMAS of Oklahoma. No; I am giving this testimony for the RECORD. I read further:

It should be an impartial, independent body with a keen and continuous sense of public duty, and a point of view sufficiently

detached to avoid having its judgment as to long-time policies swayed by the popular clamor of the moment.

To all of which I agree. The extending of the tenure in office is commendable. No man should look forward to service on the Federal Reserve Board as a stepping stone to a directorship in a life-insurance company or the presidency of a life-insurance company, or to the directorship in some bank, or the presidency of some bank. In my judgment, membership upon the Federal Reserve Board should be the goal of those most qualified to handle financial transactions such as have to be handled by the Federal Reserve Board.

Membership on the Federal Reserve Board, in my judgment, should be the ultimate end, it should be the last, of a man's ambition in his desire to render high-class public service to his country. A man who takes a place on that Board in the hope of making money, in the hope of helping some industry, or in the hope of stepping to some other position more desirable, as has been the case in the past, is in my judgment lacking in the elements of patriotism and the proper approach to public service. Membership on this Board should be aspired to by the highest class of men in the country, and by that I mean men who understand the banking situation and understand finance and understand the economic relations of all the different businesses with which we have to deal not only in this country but throughout the world.

I think this will suffice to show the interpretation of Mr. Miller as to what influences have been controlling our financial system for the past several years, and I will not pursue that matter further.

Mr. President, the Constitution provides that Congress shall have the power to coin money and to regulate the value thereof. The Congress has proceeded to coin money. The Supreme Court has held that printing money is coining money, so the Congress has already taken care of that particular function of coining money and issuing money. But I wish to inquire where has the Congress provided in legislation for the regulation of the value of money?

We have money in this country today. This money has value. Someone, somewhere, has been and is regulating that value; and I should like to inquire under what law is the value of the dollar being regulated? I should like to inquire what group, what board, what commission today has power, and is exercising that power, under the Constitution, of regulating the value of our money?

In February 1933 the dollar had a buying power of $1.67. In 1920 it was 62 cents. From 1920 to 1933 the dollar's buying power increased from 62 cents to $1.67, which is an increase of $1.05 from 1920 to 1933. Someone was responsible for that increase in the buying power of the dollar from 1920 to 1933.

In 1933 Congress passed a bill conferring upon the President broad powers. Under those powers, the President, if he chose to exercise the powers, could regulate the value of money. Since that time the value of the dollar has fallen from $1.67 until today it is about $1.26. Although we have taken 40 percent of the gold out of the dollar, the dollar today has a buying power here at home of $1.26. Every man who pays his taxes today, every man who pays his interest today, every man who pays his debts today, is forced to pay, not only the dollar which he is in justice obligated to pay but a subsidy in the sum of 26 cents in buying power. I contend that is not justice, it is not reasonable, and from my viewpoint it is downright dishonest; and the Congress of the United States is responsible for such condition.

Mr. President, in order that I may place in the RECORD what I believe should be in the law, namely, a power to regulate the value of money, I desire to offer at this time and to have read a second amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to amend title II of H. R. 7617 by adding, at the proper place, the following new section:

SEC. —. It is hereby declared to be the policy of the United States that the value of the dollar shall be fixed in relation to the fixed overhead charges and debt structure, including massed taxes, interest and debts, public and private; and the value or purchasing power of the dollar shall be so fixed and maintained substantially stable in relation to a suitable index of basic commodity prices, which said Board shall cause to be compiled and published in complete detail at weekly intervals. The Board is hereby authorized and directed to make effective this policy. To effectuate such policy it shall be the duty of the Board: First, to establish or cause to be established in the United States a free and open gold and silver market in which gold and silver may be bought for use, investment, or trade, and such Board shall determine, without limitation, the price at which it may buy and sell silver and gold; second, the Bureau of Labor Statistics of the Department of Labor is hereby transferred to the Federal Reserve System and such Bureau shall be under the supervision of the said Board. The name of such Bureau shall be changed from the Bureau of Labor Statistics to the Bureau of United States Statistics. The duties of such Bureau, in addition to those now prescribed by law, shall be to collect, assemble, and analyze, under rules and regulations to be prescribed by said Board, authentic data which may be obtained from any governmental or other source for the use and benefit of said Board.

Mr. THOMAS of Oklahoma. Mr. President, the purpose of this amendment—and I offer it only for the RECORD—is to try to call this question to the attention of the Senate, the Congress, and the country.

At the present time someone is regulating the value of our dollar. No one seems to know who is doing it. There is no authority, there is no commission, there is no board, there is no particular individual who has had enjoined upon it or him, by congressional mandate, the duty of regulating the value of the dollar.

The purpose of this amendment is to suggest the advisability of having the Federal Reserve Board charged with this responsibility. The amendment provides that the Federal Reserve Board shall proceed to regulate the value of the dollar; that it shall regulate the value of the dollar in relation to the overhead charge on the country, which is in relation to our taxes, in relation to our interest, and in relation to the mass debt of the country.

We have at the present time some $15,000,000,000 of taxes which the people must raise and pay each year. We have at the present time a total interest bill of something like $10,000,000,000 a year. Then we have a total mass debt structure of something like $250,000,000,000. It is my judgment that our dollar should be regulated in relation to the overhead charges made up of taxes and of interest and debts. If that is not done, and the dollar is not so regulated, the people will not be able to get the dollars with which to meet their taxes. They will not be able tc get the dollar with which to meet their interest, they will not be able to get the dollar with which to meet their debts; and, of course, if taxes fail, the Government fails. If interest fails, the citizens and the corporations lose their property. If the debts are not paid, the creditor class is thereby damaged, if not destroyed.

I suggest the advisability of congressional legislation fixing a definite tribunal, and it should be, in my judgment, the Federal Reserve Board to regulate the value of the dollar. Today it is being regulated by influences outside of the public service. In my judgment the value of the dollar is being regulated by the Federal Reserve Bank of New York City. It is my purpose to get that power out of the Federal Reserve Bank of New York City and into some federally owned and controlled institution, and I propose as best I can to keep this issue alive until we have some authority charged with the direct responsibility of regulating the value of our money and the control of credit.

Mr. President, I realize that at the end of several weeks of very arduous toil it is no time now to prolong discussion over these matters which have been discussed for months, and I simply offer the two amendments, one to take over the Federal Reserve banks and the other to provide for the federally controlled regulation of the value of money as the basis for further consideration by the Congress at this session and by future Congresses.

Mr. President, I will not press the two amendments at this late hour, but will continue to advocate the proposals at subsequent meetings of the Senate.

Mr. BORAH. Mr. President, before we proceed to vote on this matter I desire to have incorporated in the RECORD an amendment in harmony with the statement I made this morning. I hope, as the Senator from Virginia indicated

this morning, it will receive consideration in conference. This amendment was finally drafted by Prof. John R. Commons. I ask that it may be printed in the RECORD in order that it may be available for consideration in conference.

The PRESIDING OFFICER (Mr. HOLT in the chair). Without objection, it is so ordered.

The amendment is as follows:

Amendment intended to be proposed by Mr. BORAH to the bill H. R. 7617 (at the proper place)

It shall be the duty of the Federal Reserve Board to exercise such powers as it possesses to prevent inflation of prices above the average level of prices for the years 1922 to 1929; and to prevent deflation of prices below that level within reasonable margins of variability.

For this purpose the Board shall construct as its guide an index number of the average of prices weighted in proportion to the sources of demand from substantially all of the economic interests in the United States for credit money and legal-tender money.

Mr. GLASS. Mr. President, I move the adoption of the Senate committee amendment to title II of the bill.

Mr. THOMAS of Oklahoma. Mr. President, before the question is put, I wish to ask a question, and I do it to be constructive, if such a thing is possible in the estimation of my good friend the Senator from Virginia [Mr. GLASS]. I refer to page 154, section 325. The section provides that the Comptroller of the Currency shall be appointed and shall hold his office for 5 years, unless sooner removed by the President upon reasons to be communicated by him to the Senate. If that section shall be adopted, it might result that the Comptroller of the Currency would be appointed during the last month of the administration of President A, whoever he might be. Then that Comptroller would serve that last month and during the next 4 years of President B, whoever he might be, and President B would have no power to dispense with the services of the Comptroller appointed by a previous President unless he filed charges. I suggest that the word "five" be stricken and that we provide for a 4-year term for the Comptroller, giving to every President the power to appoint a Comptroller.

Mr. GLASS. Mr. President, I will say to the Senator that that has been the law since the establishment of the Office of the Comptroller of the Currency, and the only change we have made there relates to his salary.

Mr. THOMAS of Oklahoma. Mr. President, I do not care to offer an amendment.

Mr. GLASS. I hope the Senator will not.

Mr. THOMAS of Oklahoma. Very well.

Mr. GLASS. The Senator does not offer the motion. I move the adoption of the committee amendment to title II of the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment to title II of the bill.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the committee to title III of the bill.

The amendment of the committee to title III is, in lieu of the House provision, to insert the following:

TITLE III—TECHNICAL AMENDMENTS TO THE BANKING LAWS

SECTION 301. Subsection (c) of section 2 of the Banking Act of 1933, as amended, is amended by adding at the end thereof the following paragraph:

"Notwithstanding the foregoing, the term 'holding company affiliate' shall not include (except for the purposes of section 23A of the Federal Reserve Act, as amended) any corporation all of the stock of which is owned by the United States of America, or any organization which is determined by the Board of Governors of the Federal Reserve System not to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies."

SEC. 302. The first paragraph of section 20 of the Banking Act of 1933, as amended, is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That nothing in this paragraph shall apply to any such organization which shall have been placed in formal liquidation and which shall transact no business except such as may be incidental to the liquidation of its affairs."

SEC. 303. (a) Paragraph (1) of subsection (a) of section 21 of the Banking Act of 1933, as amended, is amended by inserting before the semicolon at the end thereof a colon and the following: "*Provided*, That the provisions of this paragraph shall not prohibit national banks or State banks or trust companies (whether or not members of the Federal Reserve System) or other financial institutions or private bankers from dealing in, underwriting, purchasing, and selling investment securities to the extent permitted to national banking associations by the provisions of section 5136 of the Revised Statutes, as amended (U. S. C., title 12, sec. 24; Supp. VII, title 12, sec. 24): *Provided further*, That nothing in this paragraph shall be construed as affecting in any way such right as any bank, banking association, savings bank, trust company, or other banking institution may otherwise possess to sell, without recourse or agreement to repurchase, obligations evidencing loans on real estate."

(b) Paragraph (2) of subsection (a) of such section 21 is amended to read as follows:

"(2) For any person, firm, corporation, association, business trust, or other similar organization to engage, to any extent whatever with others than his or its officers, agents, or employees, in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor, unless such person, firm, corporation, association, business trust, or other similar organization (A) shall be incorporated under, and authorized to engage in such business by, the laws of the United States or of any State, Territory, or District, or (B) shall be permitted by any State, Territory, or District to engage in such business and shall be subjected by the law of such State, Territory, or District to examination and regulation, or (C) shall submit to periodic examination by the banking authority of the State, Territory, or District where such business is carried on and shall make and publish periodic reports of its condition, exhibiting in detail its resources and liabilities, such examination and reports to be made and published at the same times and in the same manner and under the same conditions as required by the law of such State, Territory, or District in the case of incorporated banking institutions engaged in such business in the same locality."

SEC. 304. Section 22 of the Banking Act of 1933, as amended, is amended by adding at the end thereof the following sentence: "Such additional liability shall cease on July 1, 1937, with respect to all shares issued by any association which shall be transacting the business of banking on July 1, 1937: *Provided*, That not less than 6 months prior to such date such association shall have caused notice of such prospective termination of liability to be published in a newspaper published in the city, town, or county in which such association is located, and if no newspaper is published in such city, town, or county, then in a newspaper of general circulation therein. If the association fail to give such notice as and when above provided, a termination of such additional liability may thereafter be accomplished as of the date 6 months subsequent to publication in the manner above provided."

SEC. 305. Paragraph (c) of section 5155 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 36), is amended (1) by inserting after the first sentence thereof the following new sentence: "In any State in which State banks are permitted by statute law to maintain branches within county or greater limits, if no bank is located and doing business in the place where the proposed agency is to be located, any national banking association situated in such State may, with the approval of the Comptroller of the Currency, establish and operate, without regard to the capital requirements of this section, a seasonal agency in any resort community within the limits of the county in which the main office of such association is located, for the purpose of receiving and paying out deposits, issuing and cashing checks and drafts, and doing business incident thereto: *Provided*, That any permit issued under this sentence shall be revoked upon the opening of a State or national bank in such community"; and (2) by striking out the first word in the last sentence of such paragraph (c) and inserting in lieu thereof the following: "Except as provided in the immediately preceding sentence, no."

SEC. 306. Section 4 of the act entitled "An act to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes", approved June 16, 1934 (48 Stat. 969), is amended to read as follows:

"SEC. 4. So much of section 31 of the Banking Act of 1933, as amended, as relates to stock ownership by directors, trustees, or members of similar governing bodies of any national banking association, or of any State bank or trust company which is a member of the Federal Reserve System, is hereby repealed."

SEC. 307. Effective January 1, 1936, section 32 of the Banking Act of 1933, as amended, is amended to read as follows:

"SEC. 32. No officer, director, or employee of any corporation or unincorporated association, no partner or employee of any partnership, and no individual, primarily engaged in the issue, flotation, underwriting, public sale or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities, shall serve at the same time as an officer, director, or employee of any member bank except in limited classes of cases in which the Board of Governors of the Federal Reserve System may allow such service by general regulations when in the judgment of the said Board it would not unduly influence the investment policies of such member bank or the advice it gives its customers regarding investments."

SEC. 308. (a) The second sentence of paragraph Seventh of section 5136 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 24), is amended to read as follows: "The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock: *Provided*, That the

association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe: *Provided further*, That the association, under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe, may underwrite and sell bonds, debentures, and notes, such selling to be limited to sales on an exchange registered as a national securities exchange under the Securities Exchange Act of 1934, to direct and unconditional sales to dealers or brokers (other than banks) who are registered with the Securities and Exchange Commission under regulations to be prescribed by it, and to sales at public auction or otherwise as permitted by regulations prescribed by the Comptroller of the Currency. The association shall not underwrite as to any one issue more than 20 percent thereof or more than $100,000 thereof, whichever is the larger amount, nor shall its underwriting engagements with respect to obligations of any one issuer exceed at any one time 10 percent of the association's capital stock actually paid in and unimpaired, and 10 percent of its unimpaired surplus fund. The aggregate of the association's underwriting engagements shall not exceed at any one time 200 percent of its capital stock actually paid in and unimpaired, and 200 percent of its unimpaired surplus fund. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 percent of its capital stock actually paid in and unimpaired and 10 percent of its unimpaired surplus fund, except that this limitation shall not require any association to dispose of any securities lawfully held by it on the date of enactment of the Banking Act of 1935."

(b) The fourth sentence of such paragraph seventh is amended to read as follows: "Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association for its own account of any shares of stock of any corporation."

(c) The last sentence of such paragraph seventh is amended by inserting before the colon after the words "Home Owners' Loan Corporation" a comma and the following: "or obligations which are insured by the Federal Housing Administrator pursuant to section 207 of the National Housing Act, if the debentures to be issued in payment of such insured obligations are guaranteed as to principal and interest by the United States."

SEC. 309. Section 5138 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 51), is amended by adding the following sentence at the end thereof: "No such association shall hereafter be authorized to commence the business of banking until it shall have a paid-in surplus equal to 20 percent of its capital: *Provided*, That the Comptroller of the Currency may waive this requirement as to a State bank converting into a national banking association, but each such State bank which is converted into a national banking association shall, before the declaration of a dividend on its shares of common stock, carry not less than one-half part of its net profits of the preceding half year to its surplus fund until it shall have a surplus equal to 20 percent of its capital: *Provided*, That for the purposes of this section any amounts paid into a fund for the retirement of any preferred stock of any such converted State bank out of its net earnings for such half-year period shall be deemed to be an addition to its surplus fund if, upon the retirement of such preferred stock, the amount so paid into such retirement fund for such period may then properly be carried to surplus. In any such case the converted State bank shall be obligated to transfer to surplus the amount so paid into such retirement fund for such period on account of the preferred stock as such stock is retired."

SEC. 310. (a) The last paragraph of section 5139 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 52), is amended to read as follows:

"After the date of the enactment of the Banking Act of 1935, no certificate evidencing the stock of any such association shall bear any statement purporting to represent the stock of any other corporation, except a member bank or a corporation engaged on June 16, 1934, in holding the bank premises of such association, nor shall the ownership, sale, or transfer of any certificate representing the stock of any such association be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank or a corporation engaged on June 16, 1934, in holding the bank premises of such association: *Provided*, That this section shall not operate to prevent the ownership, sale, or transfer of stock of any other corporation being conditioned upon the ownership, sale, or transfer of a certificate representing stock of a national banking association."

(b) The nineteenth paragraph of section 9 of the Federal Reserve Act, as amended, is amended to read as follows:

"After the date of the enactment of the Banking Act of 1935, no certificate evidencing the stock of any State member bank shall bear any statement purporting to represent the stock of any other corporation, except a member bank or a corporation engaged on June 16, 1934, in holding the bank premises of such member bank, nor shall the ownership, sale, or transfer of any certificate representing the stock of any State member bank be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank or a corporation engaged on June 16, 1934, in holding the bank premises of such member bank: *Provided*, That this section shall not operate to prevent the ownership, sale, or transfer of stock of any other corporation being conditioned upon the ownership, sale, or transfer of a certificate representing stock of a State member bank."

SEC. 311. (a) The first paragraph of section 5144 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 61), is amended to read as follows:

"SEC. 5144. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit; and in deciding all other questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by him; except that (1) this shall not be construed as limiting the voting rights of holders of preferred stock under the terms and provisions of articles of association, or amendments thereto, adopted pursuant to the provisions of section 302 (a) of the Emergency Banking Act of March 9, 1933, as amended, (2) in the election of directors, shares of its own stock held by a national bank as sole trustee, whether registered in its own name as such trustee or in the name of its nominee, shall not be voted by the registered owner unless under the terms of the trust the manner in which such shares shall be voted may be determined by a donor or beneficiary of the trust and unless such donor or beneficiary actually directs how such shares shall be voted, (3) shares of its own stock held by a national bank and one or more persons as trustees may be voted by such other person or persons, as trustees, in the same manner as if he or they were the sole trustee, and (4) shares controlled by any holding company affiliate of a national bank shall not be voted unless such holding company affiliate shall have first obtained a voting permit as hereinafter provided, which permit is in force at the time such shares are voted, but such holding company affiliate may, without obtaining such permit, vote in favor of placing the association in voluntary liquidation or taking any other action pertaining to the voluntary liquidation of such association. Shareholders may vote by proxies duly authorized in writing; but no officer, clerk, teller, or bookkeeper of such bank shall act as proxy; and no shareholder whose liability is past due and unpaid shall be allowed to vote. Whenever shares of stock cannot be voted by reason of being held by the bank as sole trustee, such shares shall be excluded in determining whether matters voted upon by the shareholders were adopted by the requisite percentage of shares."

(b) The first sentence of the third paragraph of such section 5144 is amended to read: "Any such holding company affiliate may make application to the Board of Governors of the Federal Reserve System for a voting permit entitling it to vote the stock controlled by it at any or all meetings of shareholders of such bank or authorizing the trustee or trustees holding the stock for its benefit or for the benefit of its shareholders so to vote the same."

(c) Section 5144 of the Revised Statutes, as amended, is further amended by adding at the end of subsection (c) thereof the following: "and the provisions of this subsection, instead of subsection (b), shall apply to all holding company affiliates with respect to any shares of bank stock owned or controlled by them as to which there is no statutory liability imposed upon the holders of such bank stock;".

SEC. 312. Section 5154 of the Revised Statutes, as amended (U. S. C., title 12, sec. 35), is amended by adding at the end thereof the following paragraph:

"The Comptroller of the Currency may, in his discretion and subject to such conditions as he may prescribe, permit such converting bank to retain and carry at a value determined by the Comptroller such of the assets of such converting bank as do not conform to the legal requirements relative to assets acquired and held by national banking associations."

SEC. 313. Section 5162 of the Revised Statutes (U. S. C., title 12, sec. 170) is amended by adding at the end thereof the following paragraph:

"The Comptroller of the Currency may designate one or more persons to countersign in his name and on his behalf such assignments or transfers of bonds as require his countersignature."

SEC. 314. Section 5197 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 85), is amended by inserting after the second sentence thereof the following new sentence: "The maximum amount of interest or discount to be charged at a branch of an association located outside of the States of the United States and the District of Columbia shall be at the rate allowed by the laws of the country, Territory, dependency, Province, dominion, insular possession, or other political subdivision where the branch is located."

SEC. 315. Section 5199 of the Revised Statutes (U. S. C., title 12, sec. 60) is amended to read as follows:

"SEC. 5199. The directors of any association may, semiannually, declare a dividend of so much of the net profits of the association as they shall judge expedient; but each association shall, before the declaration of a dividend on its shares of common stock, carry not less than one-tenth part of its net profits of the preceding half year to its surplus fund until the same shall equal the amount of its common capital: *Provided*, That for the purposes of this section any amounts paid into a fund for the retirement of any preferred stock of any such association out of its net earnings for such half-year period shall be deemed to be an addition to its surplus fund if, upon the retirement of such preferred stock, the amount so paid into such retirement fund for such period may then properly be carried to surplus. In any such case the association shall be obligated to transfer to surplus the amounts so paid into such retirement fund for such period on account of the preferred stock as such stock is retired."

SEC. 316. Section 5209 of Revised Statutes (U. S. C., title 12, sec. 592) is hereby amended by inserting, after the words "known as the Federal Reserve Act", the words "or of any insured bank as defined in subsection (c) of section 12B of the Federal Reserve Act"; and by inserting, after the words "such Federal Reserve bank or member bank", wherever they appear in such section, the words "or insured bank"; and by inserting after the words "or the Comptroller of the Currency", the words "or the Federal Deposit Insurance Corporation."

SEC. 317. Section 5220 of the Revised Statutes (U. S. C., title 12, sec. 181) is amended by adding at the end thereof the following paragraph:

"The shareholders shall designate one or more persons to act as liquidating agent or committee, who shall conduct the liquidation in accordance with law and under the supervision of the board of directors, who shall require a suitable bond to be given by said agent or committee. The liquidating agent or committee shall render annual reports to the Comptroller of the Currency on the 31st day of December of each year showing the progress of said liquidation until the same is completed. The liquidating agent or committee shall also make an annual report to a meeting of the shareholders to be held on the date fixed in the articles of association for the annual meeting, at which meeting the shareholders may, if they see fit, by a vote representing a majority of the entire stock of the bank, remove the liquidating agent or committee and appoint one or more others in place thereof. A special meeting of the shareholders may be called at any time in the same manner as if the bank continued an active bank, and at said meeting the shareholders may, by vote of the majority of the stock, remove the liquidating agent or committee. The Comptroller of the Currency is authorized to have an examination made at any time into the affairs of the liquidating bank until the claims of all creditors have been satisfied, and the expense of making such examinations shall be assessed against such bank in the same manner as in the case of examinations made pursuant to section 5240 of the Revised Statutes, as amended (U. S. C., title 12, secs. 484, 485; Supp. VII, title 12, secs. 481–483)."

SEC. 318. Section 5243 of the Revised Statutes (U. S. C., title 12, sec. 583) is amended by striking out the semicolon therein and all that precedes it and substituting the following:

"SEC. 5243. The use of the word 'national', the word 'Federal', or the words 'United States', separately, in any combination thereof, or in combination with other words or syllables, as part of the name or title used by any person, corporation, firm, partnership, business trust, association, or other business entity, doing the business of bankers, brokers, or trust or savings institutions is prohibited except where such institution is organized under the laws of the United States, or is otherwise permitted by the laws of the United States to use such name or title, or is lawfully using such name or title on the date when this section, as amended, takes effect; ".

SEC. 319. (a) Section 5 of the Federal Reserve Act, as amended, is amended by striking out the last three sentences thereof and inserting in lieu thereof the following: "When a member bank reduces its capital stock or surplus it shall surrender a proportionate amount of its holdings in the capital stock of said Federal Reserve bank. Any member bank which holds capital stock of a Federal Reserve bank in excess of the amount required on the basis of 6 percent of its paid-up capital stock and surplus shall surrender such excess stock. When a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal Reserve bank and be released from its stock subscription not previously called. In any such case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Board of Governors of the Federal Reserve System, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of 1 percent a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal Reserve bank."

(b) Section 6 of the Federal Reserve Act, as amended, is amended by striking out the last paragraph thereof.

SEC. 320. The fifth paragraph of section 9 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following sentence: "Such reports of condition shall be in such form and shall contain such information as the Board of Governors of the Federal Reserve System may require and shall be published by the reporting banks in such manner and in accordance with such regulations as the said Board may prescribe."

SEC. 321. (a) The first sentence of paragraph (m) of section 11 of the Federal Reserve Act, as amended, is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That with respect to loans represented by obligations in the form of notes secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, certificates of indebtedness of the United States, Treasury bills of the United States, or obligations fully guaranteed both as to principal and interest by the United States, such limitation of 10 percent on loans to any person shall not apply, but State member banks shall be subject to the same limitations and conditions as are applicable in the case of national banks under paragraph (8) of section 5200 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 84)."

(b) Paragraph (8) of section 5200 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 84), is amended by inserting after the comma following the words "certificates of indebtedness of the United States", the words "Treasury bills of the United States, or obligations fully guaranteed both as to principal and interest by the United States."

SEC. 322. The third paragraph of section 13 of the Federal Reserve Act, as amended, is amended by changing the words "indorsed and otherwise secured to the satisfaction of the Federal Reserve bank" in that paragraph to read "endorsed or otherwise secured to the satisfaction of the Federal Reserve bank."

SEC. 323. Subsection (e) of section 13b of the Federal Reserve Act, as amended, is amended by striking out "upon the date this section takes effect" and inserting in lieu thereof "on and after June 19, 1934"; and by striking out "the par value of the holdings of each Federal Reserve bank of Federal Deposit Insurance Corporation stock", and inserting in lieu thereof "the amount paid by each Federal Reserve bank for stock of the Federal Deposit Insurance Corporation."

SEC. 324. (a) The first paragraph of section 19 of the Federal Reserve Act, as amended, is amended to read as follows:

"SEC. 19. The Board of Governors of the Federal Reserve System is authorized, for the purposes of this section, to define the terms 'demand deposits', 'gross demand deposits', 'deposits payable on demand', 'time deposits', 'savings deposits', and 'trust funds', to determine what shall be deemed to be a payment of interest, and to prescribe such rules and regulations as it may deem necessary to effectuate the purposes of this section and prevent evasions thereof: *Provided*, That, within the meaning of the provisions of this section regarding the reserves required of member banks, the term 'time deposits' shall include 'savings deposits.'"

(b) The tenth paragraph of such section 19 is amended to read as follows:

"In estimating the reserve balances required by this act, member banks may deduct from the amount of their gross demand deposits the amounts of balances due from other banks (except Federal Reserve banks and foreign banks) and cash items in process of collection payable immediately upon presentation in the United States, within the meaning of these terms as defined by the Board of Governors of the Federal Reserve System."

(c) The last two paragraphs of such section 19 are amended to read as follows:

"No member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand: *Provided*, That nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract entered into in good faith which is in force on the date on which the bank becomes subject to the provisions of this paragraph; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this paragraph, and every member bank shall take such action as may be necessary to conform to this paragraph as soon as possible consistently with its contractual obligations: *Provided further*, That this paragraph shall not apply to any deposit of such bank which is payable only at an office thereof located outside of the States of the United States and the District of Columbia: *Provided further*, That until the expiration of 2 years after the date of enactment of the Banking Act of 1935 this paragraph shall not apply (1) to any deposit made by a savings bank as defined in section 12B of this act, as amended, or by a mutual savings bank, or (2) to any deposit of public funds made by or on behalf of any State, county, school district, or other subdivison or municipality, or to any deposit of trust funds if the payment of interest with respect to such deposit of public funds or of trust funds is required by State law. So much of existing law as requires the payment of interest with respect to any funds deposited by the United States, by any Territory, District, or possession thereof (including the Philippine Islands), or by any public instrumentality, agency, or officer of the foregoing, as is inconsistent with the provisions of this section as amended, is hereby repealed.

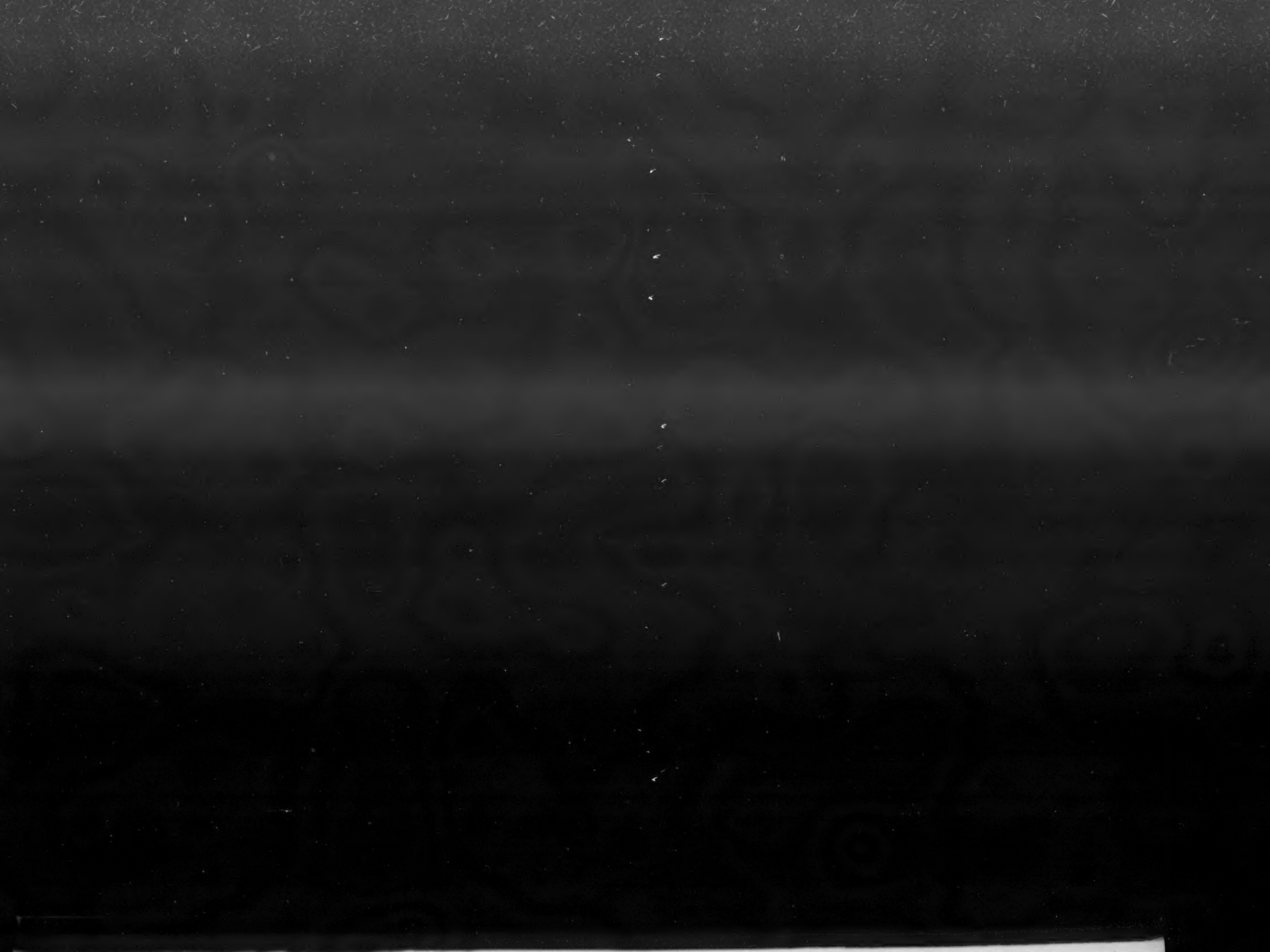
"The Board of Governors of the Federal Reserve System shall from time to time limit by regulation the rate of interest which may be paid by member banks on time and savings deposits, and shall prescribe different rates for such payment on time and savings deposits having different maturities, or subject to different conditions respecting withdrawal or repayment, or subject to different conditions by reason of different locations, or according to the varying discount rates of member banks in the several Federal Reserve districts. No member bank shall pay any time deposit before its maturity except upon such conditions and in accordance with such rules and regulations as may be prescribed by the said Board, or waive any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement: *Provided*, That the provisions of this paragraph shall not apply to any deposit which is payable only at an office of a member bank located outside of the States of the United States and the District of Columbia."

(d) Such section 19 is amended by adding at the end thereof the following new paragraph:

"Notwithstanding the provisions of the First Liberty Bond Act, as amended, the Second Liberty Bond Act, as amended, and the Third Liberty Bond Act, as amended, member banks shall be required to maintain the same reserves against deposits of public moneys by the United States as they are required by this section to maintain against other deposits."

SEC. 325. Section 21 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following paragraph:

"Whenever member banks are required to obtain reports from affiliates, or whenever affiliates of member banks are required to submit to examination, the Board of Governors of the Federal Re-



serve System or the Comptroller of the Currency, as the case may be, may waive such requirements with respect to any such report or examination of any affiliate if in the judgment of the said Board or Comptroller, respectively, such report or examination is not necessary to disclose fully the relations between such affiliate and such bank and the effect thereof upon the affairs of such bank."

SEC. 326. (a) Subsection (a) of section 22 of the Federal Reserve Act, as amended, is amended by inserting in the first paragraph thereof after "No member bank" the following: "and no insured bank as defined in subsection (c) of section 12B of this act"; by inserting before the period at the end of the first sentence of such paragraph "or assistant examiner, who examines or has authority to examine such bank"; and by inserting after "any member bank" in the second paragraph thereof "or insured bank"; by inserting before the period at the end thereof "or Federal Deposit Insurance Corporation examiner"; and by adding at the end of such subsection a new paragraph, as follows:

"The provisions of this subsection shall apply to all public examiners and assistant examiners who examine member banks of the Federal Reserve System or insured banks, whether appointed by the Comptroller of the Currency, by the Board of Governors of the Federal Reserve System, by a Federal Reserve agent, by a Federal Reserve bank, or by the Federal Deposit Insurance Corporation, or appointed or elected under the laws of any State; but shall not apply to private examiners or assistant examiners employed only by a clearing-house association or by the directors of a bank."

(b) Subsection (b) of such section 22 is amended by inserting therein after "no national bank examiner" the following: "and no Federal Deposit Insurance Corporation examiner"; and by inserting after "member bank" the following: "or insured bank"; and by inserting after "from the Comptroller of the Currency", the following: "as to a national bank, the Board of Governors of the Federal Reserve System as to a State member bank, or the Federal Deposit Insurance Corporation as to any other insured bank,".

(c) Subsection (g) of such section 22 is amended to read as follows:

"(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: *Provided*, That loans made to any such officer prior to June 16, 1933, may be renewed or extended for periods expiring not more than 5 years from such date where the board of directors of the member bank shall have satisfied themselves that such extension or renewal is in the best interest of the bank and that the officer indebted has made reasonable effort to reduce his obligation, these findings to be evidenced by resolution of the board of directors spread upon the minute book of the bank: *Provided further*, That with the prior approval of a majority of the entire board of directors, any member bank may extend credit to any executive officer thereof, and such officer may become indebted thereto, in an amount not exceeding $2,500. If any executive officer of any member bank borrow from or if he be or become indebted to any bank other than a member bank of which he is an executive officer, he shall make a written report to the board of directors of the member bank of which he is an executive officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. Borrowing by, or loaning to, a partnership in which one or more executive officers of a member bank are partners having either individually or together a majority interest in said partnership, shall be considered within the prohibition of this subsection. Nothing contained in this subsection shall prohibit any executive officer of a member bank from endorsing or guaranteeing for the protection of such bank any loan or other asset which shall have been previously acquired by such bank in good faith or from incurring any indebtedness to such bank for the purpose of protecting such bank against loss or giving financial assistance to it. The Board of Governors of the Federal Reserve System is authorized to define the term 'executive officer', to determine what shall be deemed to be a borrowing, indebtedness, loan, or extension of credit, for the purposes of this subsection, and to prescribe such rules and regulations as it may deem necessary to effectuate the provisions of this subsection in accordance with its purposes and to prevent evasions of such provisions. Any executive officer of a member bank accepting a loan or extension of credit which is in violation of the provisions of this subsection shall be subject to removal from office in the manner prescribed in section 30 of the Banking Act of 1933: *Provided*, That for each day that a loan or extension of credit made in violation of this subsection exists, it shall be deemed to be a continuation of such violation within the meaning of said section 30."

SEC. 327. The third paragraph of section 23A of the Federal Reserve Act, as amended, is amended to read as follows:

"For the purpose of this section, the term 'affiliate' shall include holding-company affiliates as well as other affiliates, and the provisions of this section shall not apply to any affiliate (1) engaged on June 16, 1934, in holding the bank premises of the member bank with which it is affiliated or in maintaining and operating properties acquired for banking purposes prior to such date; (2) engaged solely in conducting a safe-deposit business or the business of an agricultural credit corporation or livestock loan company; (3) in the capital stock of which a national banking association is authorized to invest pursuant to section 25 of this act, as amended, or a subsidiary of such affiliate, all the stock of which (except qualifying shares of directors in an amount not to exceed 10 percent) is owned by such affiliate; (4) organized under section 25 (a) of this act, as amended, or a subsidiary of such affiliate, all the stock of which (except qualifying shares of directors in an amount not to exceed 10 percent) is owned by such affiliate; (5) engaged solely in holding obligations of the United States Government or obligations fully guaranteed by the United States Government as to principal and interest, the Federal intermediate credit banks, the Federal land banks, the Federal Home Loan Banks, or the Home Owners' Loan Corporation; (6) where the affiliate relationship has arisen out of a bona fide debt contracted prior to the date of the creation of such relationship; or (7) where the affiliate relationship exists by reason of the ownership or control of any voting shares thereof by a member bank as executor, administrator, trustee, receiver, agent, depositary, or in any other fiduciary capacity, except where such shares are held for the benefit of all or a majority of the stockholders of such member bank; but as to any such affiliate, member banks shall continue to be subject to other provisions of law applicable to loans by such banks and investments by such banks in stocks, bonds, debentures, or other such obligations. The provisions of this section shall likewise not apply to indebtedness of any affiliate for unpaid balances due a bank on assets purchased from such bank or to loans secured by, or extensions of credit against, obligations of the United States Government or obligations fully guaranteed by the United States Government as to principal and interest."

SEC. 328. Section 24 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following new paragraph:

"Loans made to establish industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation cooperates or purchases a participation under the provisions of section 5d of the Reconstruction Finance Corporation Act, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate."

SEC. 329. Section 25 of the Federal Reserve Act, as amended, is further amended by striking out the last paragraph of such section; the paragraph of section 25 (a) of the Federal Reserve Act, as amended, which commences with the words "A majority of the shares of the capital stock of any such corporation" is amended by striking out all of said paragraph except the first sentence thereof; and the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes" (38 Stat. 730), approved October 15, 1914, as amended, is further amended (a) by striking out section 8A thereof and (b) by substituting for the first three paragraphs of section 8 thereof the following:

"SEC. 8. No director, officer, or employee of any member bank of the Federal Reserve System or any branch thereof shall be at the same time a private banker or a director, officer, or employee of more than one other bank, banking association, savings bank, or trust company organized under the National Banking Act or organized under the laws of any State or of the District of Columbia, or any branch thereof, except in the case of any one or more of the following or any branch thereof:

"(1) A bank, banking association, savings bank, or trust company, more than 90 percent of the stock of which is owned directly or indirectly by the United States or by any corporation of which the United States directly or indirectly owns more than 90 percent of the stock.

"(2) A bank, banking association, savings bank, or trust company which has been placed formally in liquidation or which is in the hands of a receiver, conservator, or other official exercising similar functions.

"(3) A corporation principally engaged in international or foreign banking or banking in a dependency or insular possession of the United States which has entered into an agreement with the Board of Governors of the Federal Reserve System pursuant to section 25 of the Federal Reserve Act.

"(4) A bank, banking association, savings bank, or trust company, more than 50 percent of the common stock of which is owned directly or indirectly by persons who own directly or indirectly more than 50 percent of the common stock of such member bank.

"(5) A bank, banking association, savings bank, or trust company not located and having no branch in the same city, town, or village as that in which such member bank or any branch thereof is located, or in any city, town, or village contiguous or adjacent thereto.

"(6) A bank, banking association, savings bank, or trust company not engaged in a class or classes of business in which such member bank is engaged.

"(7) A mutual savings bank having no capital stock.

"Until February 1, 1939, nothing in this section shall prohibit any director, officer, or employee of any member bank of the Federal Reserve System, or any branch thereof who is lawfully serving at the same time as a private banker or as a director, officer, or employee of any other bank, banking association, savings bank, or trust company, or any branch thereof, on the date of enactment of the Banking Act of 1935, from continuing such service.

"The Board of Governors of the Federal Reserve System is authorized and directed to enforce compliance with this section, and to prescribe such rules and regulations as it deems necessary for that purpose."

SEC. 330. (a) Section 1 of the act of November 7, 1918, as amended (U. S. C., title 12, sec. 33; Supp. VII, title 12, sec. 33), is amended by striking out the second proviso down to and including the words "to be ascertained" and inserting in lieu thereof the following: "*And provided further*, That if such consolidation shall be voted for at said meetings by the necessary majorities of the shareholders of each of the associations proposing to consolidate, any shareholder of any of the associations so consolidated, who has voted against such consolidation at the meeting of the association of which he is a shareholder or has given notice in writing at or prior to such meeting to the presiding officer that he dissents from the plan of consolidation, shall be entitled to receive the value of the shares so held by him if and when said consolidation shall be approved by the Comptroller of the Currency, such value to be ascertained as of the date of the Comptroller's approval."

(b) Such section 1 is further amended by adding at the end thereof the following paragraphs:

"Publication of notice and notification by registered mail of the meeting provided for in the foregoing paragraph may be waived by unanimous action of the shareholders of the respective associations. Where a dissenting shareholder has given notice as above provided to the association of which he is a shareholder of his dissent from the plan of consolidation, and the directors thereof fail for more than 30 days thereafter to appoint an appraiser of the value of his shares, said shareholder may request the Comptroller of the Currency to appoint such appraiser to act on the appraisal committee for and on behalf of such association.

"If shares, when sold at public auction in accordance with this section, realize a price greater than their final appraised value, the excess in such sale price shall be paid to the shareholder. The consolidated association shall be liable for all liabilities of the respective consolidating associations. In the event one of the appraisers fails to agree with the others as to the value of said shares, then the valuation of the remaining appraisers shall govern."

SEC. 331. (a) Section 3 of the act of November 7, 1918, as amended (U. S. C., Supp. VII, title 12, sec. 34 (a)), is amended by striking out the first sentence following the proviso down to and including the words "to be ascertained" and inserting in lieu thereof the following: "If such consolidation shall be voted for at said meetings by the necessary majorities of the shareholders of the association and of the State or other bank proposing to consolidate, and thereafter the consolidation shall be approved by the Comptroller of the Currency, any shareholder of either the association or the State or other bank so consolidated, who has voted against such consolidation at the meeting of the association of which he is a stockholder, or has given notice in writing at or prior to such meeting to the presiding officer that he dissents from the plan of consolidation, shall be entitled to receive the value of the shares so held by him if and when said consolidation shall be approved by the Comptroller of the Currency, such value to be ascertained as of the date of the Comptroller's approval."

(b) Such section 3 is further amended by adding at the end thereof the following paragraph:

"Where a dissenting shareholder has given notice as provided in this section to the bank of which he is a shareholder of his dissent from the plan of consolidation, and the directors thereof fail for more than 30 days thereafter to appoint an appraiser of the value of his shares, said shareholder may request the Comptroller of the Currency to appoint such appraiser to act on the appraisal committee for and on behalf of such bank. In the event one of the appraisers fails to agree with the others as to the value of said shares, then the valuation of the remaining appraisers shall govern."

SEC. 332. The act entitled "An act to prohibit offering for sale as Federal farm-loan bonds any securities not issued under the terms of the Farm Loan Act, to limit the use of the words 'Federal', 'United States', or 'reserve', or a combination of such words, to prohibit false advertising, and for other purposes", approved May 24, 1926 (U. S. C., Supp. VII, title 12, secs. 584–588), is amended by inserting in section 2 thereof after "the words 'United States'", the following: "the words 'Deposit Insurance'"; and by inserting in said section after the words "the laws of the United States", the following: "nor to any new bank organized by the Federal Deposit Insurance Corporation as provided in section 12B of the Federal Reserve Act, as amended,"; and by striking out the period at the end of section 4 and inserting the following: "or the Federal Deposit Insurance Corporation."

SEC. 333. The act entitled "An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System", approved May 18, 1934 (48 Stat. 783), is amended by striking out the period after "United States" in the first section thereof and inserting the following: "and any insured bank as defined in subsection (c) of section 12B of the Federal Reserve Act, as amended."

SEC. 334. Section 5143 of the Revised Statutes, as amended, is hereby amended by striking out everything following the words "Comptroller of the Currency", where such words last appear in such section, and substituting the following: "and no shareholder shall be entitled to any distribution of cash or other assets by reason of any reduction of the common capital of any association unless such distribution shall have been approved by the Comptroller of the Currency and by the affirmative vote of at least two-thirds of the shares of each class of stock outstanding, voting as classes."

SEC. 335. Section 5139 of the Revised Statutes, as amended, is amended by adding at the end of the first paragraph the following new paragraph:

"Certificates hereafter issued representing shares of stock of the association shall state (1) the name and location of the association, (2) the name of the holder of record of the stock represented thereby, (3) the number and class of shares which the certificate represents, and (4) if the association shall issue stock of more than one class, the respective rights, preferences, privileges, voting rights, powers, restrictions, limitations, and qualifications of each class of stock issued shall be stated in full or in summary upon the front or back of the certificates or shall be incorporated by a reference to the articles of association set forth on the front of the certificates. Every certificate shall be signed by the president and the cashier of the association, or by such other officers as the bylaws of the association shall provide, and shall be sealed with the seal of the association."

SEC. 336. The last sentence of section 301 of the Emergency Banking Act of March 9, 1933, as amended, is amended to read as follows: "No issue of preferred stock shall be valid until the par value of all stock so issued shall be paid in and notice thereof, duly acknowledged before a notary public by the president, vice president, or cashier of said association, has been transmitted to the Comptroller of the Currency and his certificate obtained specifying the amount of such issue of preferred stock and his approval thereof and that the amount has been duly paid in as a part of the capital of such association; which certificate shall be deemed to be conclusive evidence that such preferred stock has been duly and validly issued."

SEC. 337. The additional liability imposed by section 4 of the act of March 4, 1933, as amended (D. C. Code, Supp. I, title 5, sec. 300a), upon the shareholders of savings banks, savings companies, and banking institutions and the additional liability imposed by section 734 of the act of March 3, 1901 (D. C. Code, title 5, sec. 361), upon the shareholders of trust companies, shall cease to apply on July 1, 1937, with respect to such savings banks, savings companies, banking institutions, and trust companies which shall be transacting business on such date: *Provided*, That not less than 6 months prior to such date, the savings bank, savings company, banking institution, or trust company, desiring to take advantage hereof, shall have caused notice of such prospective termination of liability to be published in a newspaper published in the District of Columbia and having general circulation therein. In the event of failure to give such notice as and when above provided, a termination of such additional liability may thereafter be accomplished as of the date 6 months subsequent to publication in the manner above provided. Each such savings bank, savings company, banking institution, and trust company shall, before the declaration of a dividend on its shares of common stock, carry not less than one-tenth part of its net profits of the preceding half year to its surplus fund until the same shall equal the amount of its common stock: *Provided*, That for the purposes of this section, any amounts paid into a fund for the retirement of any preferred stock or debentures of any such savings bank, savings company, banking institution, or trust company, out of its net earnings for such half-year period shall be deemed to be an addition to its surplus if, upon the retirement of such preferred stock or debentures, the amount so paid into such retirement fund for such period may then properly be carried to surplus. In any such case the savings bank, savings company, banking institution, or trust company shall be obligated to transfer to surplus the amount so paid into such retirement fund for such period on account of the preferred stock or debentures as such stock or debentures are retired.

SEC. 338. The second paragraph of section 9 of the Federal Reserve Act, as amended, is amended by striking out the period at the end thereof and adding thereto the following: "except that the approval of the Board of Governors of the Federal Reserve System, instead of the Comptroller of the Currency, shall be obtained before any State member bank may hereafter establish any branch and before any State bank hereafter admitted to membership may retain any branch established after February 25, 1927, beyond the limits of the city, town, or village in which the parent bank is situated."

SEC. 339. Section 5234 of the Revised Statutes, as amended (U. S. C., title 12, sec. 192), is amended by striking out the period after the words "money so deposited" at the end of the next to the last sentence of such section and inserting in lieu of such period a colon and the following: "*Provided*, That no security in the form of deposit of United States bonds, or otherwise, shall be required in the case of such parts of the deposits as are insured under section 12B of the Federal Reserve Act, as amended."

SEC. 340. Section 61 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That no security in form of a bond or otherwise shall be required in the case of such part of the deposits as are insured under section 12B of the Federal Reserve Act, as amended."

SEC. 341. The last sentence of the third paragraph of subsection (k) of section 11 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 248 (k)), is amended to read as follows: "The State banking authorities may have access to reports of examinations made by the Comptroller of the Currency insofar as such reports relate to the trust department of such bank, but nothing in this act shall be construed as authorizing the State banking authorities to examine the books, records, and assets of such bank."

SEC. 342. The first sentence after the third proviso of section 5240 of the Revised Statutes, as amended (U. S. C., Supp. VII, title

12, secs. 481 and 482), is amended by striking out the word "is" after the words "whose compensation" and inserting in lieu thereof a comma and the following: "including retirement annuities to be fixed by the Comptroller of the Currency, is and shall be"; and such section 5240 is further amended by striking out the words "The Federal Reserve Board, upon the recommendation of the" and inserting in lieu thereof the word "The."

SEC. 343. (a) Section 1 of the National Housing Act is amended by adding at the end thereof the following new sentence: "The Administrator shall, in carrying out the provisions of this title and titles II and III, be authorized, in his official capacity, to sue and be sued in any court of competent jurisdiction, State or Federal."

(b) The first sentence of section 2 of the National Housing Act, as amended, is further amended by striking out the words "including the installation of equipment and machinery" and inserting in lieu thereof the words "and the purchase and installation of equipment and machinery on real property."

(c) Subsection (a) of section 203 of the National Housing Act is amended by inserting the words "property and" before the word "projects" in clause (1) of such subsection.

(d) The last sentence of section 207 of the National Housing Act is amended by inserting the words "property or" before the word "project."

SEC. 344. If any part of the capital of a national bank, State member bank, or bank applying for membership in the Federal Reserve System consists of preferred stock, the determination of whether or not the capital of such bank is impaired and the amount of such impairment shall be based upon the par value of its stock even though the amount which the holders of such preferred stock shall be entitled to receive in the event of retirement or liquidation shall be in excess of the par value of such preferred stock. If any such bank or trust company shall have outstanding any capital notes or debentures of the type which the Reconstruction Finance Corporation is authorized to purchase pursuant to the provisions of section 304 of the Emergency Banking and Bank Conservation Act, approved March 9, 1933, as amended, the capital of such bank may be deemed to be unimpaired if the sound value of its assets is not less than its total liabilities, including capital stock, but excluding such capital notes or debentures and any obligations of the bank expressly subordinated thereto. Notwithstanding any other provision of law, preferred stock issued by a national banking association pursuant to the provisions of section 302 of the Emergency Banking and Bank Conservation Act, approved March 9, 1933, as amended, shall bear such dividends, not in excess of 6 percent per annum of the purchase price originally received by the association for such stock, and the holders of such stock shall be entitled to receive, in the event of the retirement of such stock or the liquidation of the association, such amounts, not in excess of such purchase price plus accumulative dividends on such stock, as may be provided in the articles of association of the association.

SEC. 345. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons and circumstances, shall not be affected thereby.

Mr. LA FOLLETTE. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Wisconsin will be stated.

The CHIEF CLERK. It is proposed, on page 183, line 25, to strike out "more than one" and insert "any"; on page 185, to strike out lines 1 to 5, inclusive; on page 185, line 6, to strike out "(6)" and insert "(5)"; on page 185, line 9, to strike out "(7)" and insert "(6)"; and, on page 185, to strike out lines 10 to 17, inclusive.

Mr. LA FOLLETTE. Mr. President, the object of these various amendments, which in reality are but one, is to remove from the bill as reported by the Senate committee the provision which permits the directors of a bank to hold directorships in another bank. It is not necessary, I take it, to point out to the Members of the Senate the alarming situation which prevails in this country in regard to interlocking directorships of banks. It was the practice of interlocking directorships which created the condition which has been brought so forcibly to the attention of Congress and of the public. It was in past responsible for the Pujo committee's investigation, and the report of that committee as well as the reports of other committees of Congress have emphasized again and again the fact that it was through the device of interlocking directorships that a very effective control over the banking resources of this Nation was effectuated.

The present law, Mr. President, forbids a director of a national bank being a director of any other bank except with the permission of the Federal Reserve Board, but it does not apply to interlocking directorates between State banks where no national bank is involved, even though such State banks may be members of the Federal Reserve System.

As the pending bill came from the other House it would extend the law to cover State member banks of the Federal Reserve System as well as national banks. In conformity with the logic of that position, the House bill would appeal the authority of the Federal Reserve Board to issue special permits for interlocking directorates, and would substitute a provision permitting the Board by general regulation to make exceptions for certain classes of institutions. The Senate committee's bill would extend the law to interlocking directorates between State member banks and takes away the power of the Board to make regulations and instead incorporates several exceptions in the bill itself. I am in sympathy with taking this power away from the Board because they have permitted all too many exceptions.

Whereas the present law forbids a director of a national bank to be a director of any other bank, and the House bill would forbid a director of a member bank, State or National, to be a director of any other bank, the Senate committee bill would merely forbid a director of a member bank to serve as director of more than one other bank. Thus the provision recommended by the committee would permit a director of any member bank, State or National, to serve as a director of any other one bank. That would not only permit a director of a State member bank to continue to be a director of any other bank, but it would also permit a director of a national bank to become a director of any other one bank, something which is now forbidden, except by special permission of the Federal Reserve Board. Therefore the elimination of the three words "more than one", which I seek by my amendment to have stricken from the provisions of the bill as reported by the committee, would prevent the situation which I fear will arise, namely, that we shall by direct legislative sanction permit existing interlocking directorates and encourage further extension of this dangerous policy.

Take a large bank in the city of New York which, let us say, has 20 or 25 directors. The provision permitting each director to be a director in one other bank would permit that particular institution to be tied up with 20 or 25 other institutions through the device of having each one of its directors occupy a position as a director on the board of some other and different bank.

In view of past experience I cannot believe that a majority of the Senate is in favor of the proposition of legislation to continue the present situation and to further encourage this banking practice.

I recognize that the provision reported by the committee is a step forward, and that it removes from the power of the Board the right to grant exceptions, because I agree that the Board has granted an alarming number of these exceptions, and I have no doubt that its policies in the past have not always been uniform. Therefore, to that extent, I am in sympathy with what the committee is seeking to do; but I am unalterably opposed to writing this exception into the law.

Likewise, under the provisions of the bill as reported by the committee, it will be possible for banks in the great financial centers, by choosing directors who are directors of one other bank in such communities, thus to tie up banking institutions which are located in other cities. I cannot believe, in view of our past experience, that such a provision will meet the approval of a majority of the Senate.

The situation to which I have just directed attention, if it should arise, would be very dangerous. Certainly we should not, by affirmative action in the enactment of the proposed law, condone the existing evil and encourage a re-creation of a tie-up between the banks in the large financial centers. If we are to take that position we will be flying in the face of all our past experience and we will be turning back to the conditions which existed prior to the date when the Clayton Act was written upon the statute books of the country.

Personally, I am not at all impressed with the argument that unless the exemption is permitted to remain in the law

it will require a reorganization of the boards of directors of some of the banks which have secured permission from the Federal Reserve Board to carry out this practice. I am not convinced that men of ability and experience and integrity cannot be found to take the places of individuals who might have to be replaced upon directorships of banks in case these amendments should prevail.

I appeal to the Senate to give consideration to the important question of public policy which is involved in the amendments, and to hesitate before it places the stamp of legislative approval affirmatively, and perchance permanently, upon the policy of interlocking directorships.

Mr. President, I ask unanimous consent that the amendments may be voted on en bloc.

Mr. GLASS. Mr. President, I regret that the Senator from Wisconsin was not in the Senate Chamber yesterday when I undertook to explain this provision of the bill.

Mr. LA FOLLETTE. Unfortunately, I had to serve on the conference committee on the social-security bill yesterday, and it was impossible for me to be present during a portion of the Senator's address.

Mr. GLASS. Of course, I did not mean to imply the Senator was not necessarily absent from the Chamber or that he absented himself because I was speaking.

Mr. LA FOLLETTE. I wanted to assure the Senator that if it had not been for the important committee meeting I certainly should have been here.

Mr. GLASS. I was making that statement by way of an apology to the Senate for having to repeat.

The Banking and Currency Committee of the Senate had no desire in the world to weaken the Clayton Act or to weaken the existing law on the subject of interlocking directors of banks. What we thought we were doing, and what I think we did do, was to restrict interlocking directors. Under existing law the Federal Reserve Board is authorized to permit interlocking directors where it determines that banks are not in practical competition with one another to the injury of the public interest. Under that authority possessed by the Board, the Board has issued 3,000 permits for interlocking directors. Under that authority the very thing has occurred in some of the large money centers which the Senator fears might occur under the provision of the bill we are now discussing.

Mr. LA FOLLETTE. I commended the committee for having removed this power from the Board. To that extent I felt it was a great improvement.

Mr. GLASS. In frankness it should be stated that the Board very much desired that it be deprived of this power because it was being constantly importuned to issue permits and it was constantly issuing permits. The exceptions contained in the bill were drafted by the Board, except the particular wording "one other bank." The committee was urged to permit this alteration in the existing law upon representation that many banks, having obtained permits from the Board, would be seriously embarrassed. One reputable banker made representation to the effect that of the 14 directors of his bank he would have to dispense with 11 of them. Many banks represented to us that there was extreme difficulty in getting directors who would direct, in getting directors who would attend to the business of the bank. Therefore the committee presented this provision.

If I might suggest to the Senator from Wisconsin, there was some division of sentiment in the committee—not much. There was considerable unanimity, but there were some Senators who voted for the provision who were not wedded to it. I suggest to the Senator that he had better let it stand and go to conference as it is.

Mr. LA FOLLETTE. Mr. President, does the Senator take much stock in the argument that in the large centers it is not possible to find conscientious, intelligent, and qualified men who will discharge their responsibilities as directors?

Mr. GLASS. I do not think the large centers are solely involved in this matter. I can readily conceive that the smaller cities of the country might be more seriously embarrassed than the large centers. So far as the large centers are concerned, the very thing the Senator apprehends may occur under this provision of the bill has already occurred to a very considerable extent under the permission to the Federal Reserve Board to grant permits.

Mr. LA FOLLETTE. I tried to make it clear that I felt the committee had greatly improved the situation in taking discretionary power away from the Board, but now that we are affirmatively dealing with the problem from a legislative point of view, as we were in 1914 when we passed the Clayton Act, we should take cognizance of the experience we have had and should discharge our responsibilities, as I see it, to the public interest, and should take the position that we are not giving legislative sanction to interlocking directorates.

While it is true that it does not apply only to the larger centers, it is in those centers that the dangerous situation I should like to see prevented under this section of the bill would be created. Of course, in the smaller communities the necessity for this provision would not be so great. I should dislike to think we have reached the point where we could not find enough men in the country who would be able and conscientious directors so that we have to write into law an exemption for interlocking directorships.

As the Senator knows better than I, in 1914, when the provision was very stringent in the Clayton Act, Congress was prevailed upon to extend the time when all of its sweeping provisions should go into effect, and before that extension of time had expired Congress was further prevailed upon to amend the act and to give too much discretion. It has resulted in this abuse and now is the time to put an end to it.

Mr. GLASS. Oh, yes; I remember the situation.

Mr. LA FOLLETTE. Mr. President, I appreciate the subtle admonitions and suggestions of the Senator from Virginia. Since I am very desirous of achieving results rather than having any votes upon amendments, I shall accept his suggestion and not press the amendments to a vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to title III of the committee amendment.

Mr. LA FOLLETTE. I withdraw the amendment.

The VICE PRESIDENT. The question is on agreeing to the committee amendment to title III.

Mr. LA FOLLETTE. Mr. President, I wish to say a few words about the provision contained in the Senate committee amendment which permits underwriting by the banks. I refer to the language to be found on page 159, beginning on line 22, and continuing down to and including the word "fund" in line 18 on page 160.

Following the stock-market crash, we had a very exhaustive and extensive investigation under the able chairmanship of the Senator from Florida [Mr. FLETCHER]. It was generally conceded, not only by the Senators who served upon that committee but also by many of the witnesses directly connected with banks, that one of the factors in helping to create the unfortunate situation which developed in this country was the underwriting and the sale of securities by commercial banks. Men connected with some of the largest banks in the country testified in that investigation that they believed there should be a complete divorcement and separation between investment and commercial banking in this country.

I shall not take the time of the Senate to go into an analysis of that testimony. I shall rest with the statement that I do not believe any impartial person can read it without coming to the conclusion that a great step forward was made in regard to banking legislation in this country when we wrote into the law a divorcement between the two distinct and separate fields of banking activity; namely, commercial and investment banking. Now the committee recommends that we take the first step in the backward track toward the conditions which prevailed prior to the action of Congress in divorcing investment and commercial banking.

I venture to say that there is not a Senator within the sound of my voice who did not have personal knowledge of the types of securities which were unloaded upon the depositors and the customers of the commercial banks in this country during the boom period. It was that practice which served to wipe out the reserves and the savings of a life-

time which millions of people in this country had accumulated. It was that practice which had such sweeping and far-reaching effects so far as individuals were directly concerned with the collapse of the stock market in 1929.

Are we ready to reverse the policies which we have set up by legislative enactment? According to my information, as this proposition was first presented in the committee, it provided for relieving the commercial bankers of their liabilities. Such was the original proposal. Be it said to the credit of the Committee on Banking and Currency, they were not willing to go that far, and they removed the exemption from liability for commercial bankers who might be engaged in underwriting and selling securities. I mention this only to show the extent to which those who sponsored the proposal originally were ready to go. It is a foretaste of what is coming if we relax this provision in the existing law. As I see it, it is the nose of the camel under the tent. Write into the law this provision recommended by the committee, and at the next session of Congress there will be proposals further to relax it. This will be the more certain if there shall be some little speculative rise of securities. If we take this step, next year we shall have half the camel under the tent, and the next year after that we shall have the camel in the tent, and the next year after that we shall be right back where we were in 1929.

I say in all seriousness that I believe this is a step which the Senate of the United States should not take. I believe it flies in the face of all our experience in the tragic years we have gone through since 1929. I believe it takes away from those who have suffered tragic losses even the meager satisfaction of believing that their sacrifices were not in vain, and that at least they themselves and their children should not be subjected in the future to the same evils and the same kind of practices.

I recognize that those of us who have any desire to amend this committee bill are constantly confronted with the situation that there is virtually a gentleman's agreement that no amendments shall be accepted. But upon this proposition I appeal to the Members of the Senate to disregard any agreements and to vote their convictions. I am sure that if we could have a vote in the Senate upon it and if we could get the point of view of a majority of the Senate reflected, this proposal of the committee would be rejected by an overwhelming vote.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. VANDENBERG. I suggest to the Senator that the very anxiety and care which the committee has taken to attempt to surround this limited privilege with boundaries and safety zones and regulations is a confession of the fact that the committee itself believes it is a very dangerous field to invade.

Mr. LA FOLLETTE. I agree with the Senator absolutely about that. I think the committee's safeguards are conclusive evidence that the committee recognized that it was playing with dynamite in recommending this proposal. The whole experience of the investing public and of the people of the United States during the boom and the depression proves that this proposal is loaded with dynamite as far as the investing public in the future is concerned.

I do not know anything that has been more discouraging to me, so far as any possibility of holding any gains which we have made as the result of our experience is concerned, than to have the proposition put forward now that almost before we have had an opportunity to have any experience under the laws which have been enacted to prevent these disastrous situations from occurring in the future we are confronted with a recommendation that we should go back upon that experience, and that we should go back, in part, at least, to the point where we were prior to the stock-market crash.

Mr. President, I want a vote upon this amendment. I want to know if a majority of the Senate of the United States is ready to take the position that we are to relax the safeguards not only so far as the commercial banking system is concerned, but so far as our experience in the past is concerned, by permitting this camel, as the Senator from Michigan suggested, to put its nose under the tent.

Mr. GLASS. Mr. President, again I regret that the Senator from Wisconsin did not hear the explanation of this provision of the bill. I believe that if he will recall the circumstances he will agree that no Member of the Senate more than I condemned the conditions which brought about in the Banking Act of 1933 the provision totally denying to commercial banks the right to underwrite. It was because of the fearful condition which ensued by reason of the unrestricted right of commercial banks to engage in the underwriting business. It was because the banks of the large centers had flooded the country from one end to the other with worthless foreign securities, in the aggregate amounting to $12,000,000,000, and it was I who stood upon the floor here and denounced, over and over again, the attitude and action of the State Department in approving such flotations of foreign bonds and securities.

Even before Congress convened, departing from my consistent practice of avoiding newspaper discussions, I gave to the press a statement bitterly criticizing the action of the State Department in encouraging the flotation of worthless foreign securities, most of them of revolutionary countries to the south of us. So that nobody could conceivably suppose that I have any sympathy with that sort of business.

It was represented to the committee by responsible persons well aware of the facts that, while the consumptive-goods industries of the country during the depression had declined but 5 percent, the heavy-goods industries had decline 55 percent. When we wrote the complete prohibition in the Banking Act of 1933 it was with the avowed expectation and hope that there would be organized in this country underwriting houses such as are found in Great Britain and continental Europe, and that such underwriting houses would supply the required capital for the heavy-goods industries and enable the heavy-goods industries, in which the great bulk of unemployment has occurred, to resume their activities with ample capital facilities.

Our expectations in that respect were disappointed. No underwriting houses were organized, and the representation made to the Committee on Banking and Currency was that there is a paucity of capital available for the resumption of activities in the heavy-goods industries.

I would not have the Senate entertain the notion that this is a bankers' proposition. This provision in the bill was largely drawn by the Comptroller of the Currency, who has intimate knowledge of the requirements of banking facilities throughout the country, and the very provision we struck from the bill, which the Senator from Wisconsin, along with the committee, regarded as an inadvisable if not a dangerous provision, was drawn by the Comptroller of the Currency.

Before this provision of the bill was presented even to the committee I had information to the effect that it had been presented to the Secretary of the Treasury, as well as to the Comptroller of the Currency, to the Governor of the Federal Reserve Board, and to the Chairman of the Securities Commission, and that not one of those officials objected to the provision, with its severe safeguards.

Instead of returning to the unlimited right of underwriting, I call the Senate's attention to the safeguards which are written into the provision. It provides that no national bank shall underwrite "as to any one issue more than 20 percent thereof or more than $100,000 thereof, whichever is the larger amount, nor shall its underwriting engagements with respect to obligations of any one issuer exceed at any one time 10 percent of the association's capital stock actually paid in and unimpaired, and 10 percent of its unimpaired surplus fund."

Note this further provision:

The aggregate of the association's underwriting engagements shall not exceed at any one time 200 percent of its capital stock actually paid in and unimpaired, and 200 percent of its unimpaired surplus fund. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 percent of its capital stock actually paid in and unimpaired and 10 percent of its unimpaired surplus fund.

The underwriter is prohibited from selling the security to a bank or to retail the security. In addition to all those safeguards, we provide that none of the underwriting shall be done except under rules and regulations promulgated by the Comptroller of the Currency. So that, if any underwriting bank should undertake in any respect to evade the law or to exceed its limitations, the Comptroller of the Currency could step in and prevent the transaction.

Mr. President, it seems to me that, far from wanting to return in any respect to the condition so vividly described by the Senator from Wisconsin and of the frightful details of which we were fully aware, the committee has hedged this permission about in such a way as literally to make it impossible, without a violation of the law, to do any of the things which were done in that period.

That, Mr. President, is all I desire to say about the provision itself.

Mr. LA FOLLETTE. Mr. President, I simply wish to say a few words in response to the statement of the Senator from Virginia. In the first place I should like to say that the suggestion just made by the Senator that rules and regulations to be issued by the Comptroller are safeguards, does not appeal to me very much in view of the fact that the Comptroller of the Currency was one of the sponsors of this proposition, and when he first sponsored it he wanted to relieve the banks of liability. So we have a pretty fair test of where the Comptroller stands on restricting this proposition.

Mr. GLASS. But the banks are not relieved from liability.

Mr. LA FOLLETTE. Exactly; but the Senator from Virginia cited as one of the reasons why we could feel secure about this amendment was that the Comptroller of the Currency had power to issue rules and regulations. I want to point out that the Comptroller of the Currency was the sponsor of this amendment, and when he first suggested it he wanted to remove the banks from liability. So that gives a pretty clear indication of how restrictive the Comptroller will be if this amendment becomes law. I am citing these circumstances as indicative of his attitude.

Mr. President, I acknowledged that this provision was circumscribed by the committee in my original statement. The committee action does not alter the fact that we are now asked to relax the provisions which we wrote into the law when we were freshly impressed with the urgent necessity of a complete divorcement of investment and commercial banking, and it does not alter the fact that this is a step in retrogression, that this is a step on the backward trail towards the situation which prevailed during the boom and the crash before Congress acted.

Furthermore, Mr. President, there is not a scintilla of evidence in the record of the committee, so far as I know, in its long hearings upon this bill which suggested any proof that the capital-goods industries are in need of facilities for financing.

Mr. GLASS. May I ask, has the Senator from Wisconsin any proof that they do not need capital facilities for financing?

Mr. LA FOLLETTE. No, Mr. President; I am going to touch on that point in a moment if the Senator will permit me, but I wish to say that we are asked to take this step backward in spite of experience we had in 1929 and afterward. We are asked to reverse a policy enacted after great deliberation, without a scintilla of evidence in the record of the committee to support or justify it. Mr. President, the burden of proof is upon those who are supporting the amendment.

My own belief is that there is no paucity of capital available for legitimate financing. The trouble with the capital industry is that, generally speaking, it has one of the greatest capacities in relation to its demands, of any industry in the United States, because large segments of the capital-goods industries were involved in the production of war materials, and built up an enormous capacity to meet them.

In all modesty I suggest that the trouble with the capital-goods industries is not lack of capital or financing facilities; the trouble with the capital-goods industries is that they have not got enough orders.

It is all very well to say that the committee had somebody to suggest to it, from the executive branch of the Government, that it was his opinion that this change ought to be made in the law. Are we to take this backward step on somebody's opinion unsupported by facts? Before the Senate of the United States or the Congress drives this entering wedge into the structure which we have built up in an attempt to protect the public and to secure a sound banking structure in the United States, we ought to have some more evidence than the privately expressed opinion of some official of the Government, and I do not care who he may be, that in his judgment we ought to make this breach in our defenses against bad banking practice.

So I say, with all due respect to the Senator from Virginia and to the committee, that he has not impressed me that there is sufficient evidence presented to this committee and to the Congress to warrant us in taking this dangerous and hazardous step which is recommended by the committee.

Mr. GLASS. Mr. President, I desire to make a correction in the statement made awhile ago. I am advised that the Comptroller of the Currency did not originate this provision, but that he did draw a part of it, and he did insist upon the exemption which the committee afterward struck out.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin to the amendment of the committee to title III of the bill.

Mr. STEIWER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. STEIWER. May the amendment be stated?

The VICE PRESIDENT. The clerk will state the provision of section 308 of title III which the Senator from Wisconsin proposes to strike out.

The LEGISLATIVE CLERK. On page 159, line 22, after the word "prescribe", it is proposed to strike out the remainder of line 22 and lines 23, 24, and 25, and down to and including the words "surplus fund" in line 18 on page 160.

The VICE PRESIDENT. Does the Senator desire to have read the language which the Senator from Wisconsin proposes to strike out for the information of the Senate?

Mr. STEIWER. No, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin to the committee amendment to title III of the bill.

Mr. LA FOLLETTE. Mr. President, on that question I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I am advised that if he were present he would vote as I am about to vote, so I feel at liberty to vote. I vote nay.

The roll call was concluded.

Mr. AUSTIN. I desire to announce the necessary absence of the Senator from Wyoming [Mr. CAREY], the Senator from Delaware [Mr. HASTINGS], the Senator from New Hampshire [Mr. KEYES], and the Senator from Rhode Island [Mr. METCALF], all of whom would vote "nay" if present.

My colleague [Mr. GIBSON] has a pair on this question with the Senator from Montana [Mr. WHEELER]. If present, my colleague would vote "nay", and the Senator from Montana would vote "yea."

Mr. DICKINSON (after having voted in the negative). I have a general pair with the Senator from Mississippi [Mr. BILBO], who is necessarily absent. I transfer that pair to the Senator from Rhode Island [Mr. METCALF] and permit my vote to stand.

Mr. BULKLEY. I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who has been called away from the Chamber. If present, he would vote as I intend to vote, and I am therefore free to vote. I vote "nay."

I announce also that my colleague the junior Senator from Ohio [Mr. DONAHEY] is absent from the city. If present, he would vote "nay."

Mr. TYDINGS (after having voted in the negative). I have a general pair with the Senator from Rhode Island [Mr. METCALF]. I understand if he were present he would vote as I have voted. Therefore I let my vote stand.

Mr. BARKLEY. I announce the absence of the senior Senator from Arkansas [Mr. ROBINSON] on important business. If he were present, he would vote "nay."

I also announce that, while the Senator from Utah [Mr. THOMAS] has a general pair with the Senator from New Hampshire [Mr. KEYES] and the Senator from Arkansas [Mr. ROBINSON] has a general pair with the Senator from Delaware [Mr. HASTINGS], I am advised that all these Senators would vote "nay" if present.

Mr. THOMAS of Oklahoma. I am authorized to announce the unavoidable absence of the senior Senator from West Virginia [Mr. NEELY].

Mr. SCHWELLENBACH. I desire to announce the necessary absence of my colleague [Mr. BONE]. If present, he would vote "yea."

Mr. CONNALLY. I announce the unavoidable absence of my colleague the senior Senator from Texas [Mr. SHEPPARD] on important business.

Mr. HATCH. I announce the necessary absence of my colleague [Mr. CHAVEZ]. If present, he would vote "nay."

Mr. BARKLEY. I desire to announce that the following-named Senators are necessarily detained from the Senate: The Senator from South Dakota [Mr. BULOW]; the Senator from Nebraska [Mr. BURKE]; the Senator from Missouri [Mr. CLARK]; the junior Senator from Massachusetts [Mr. COOLIDGE]; the senior Senator from Massachusetts [Mr. WALSH]; the Senator from New York [Mr. COPELAND]; the junior Senator from Illinois [Mr. DIETERICH]; the senior Senator from Illinois [Mr. LEWIS]; the Senator from Wisconsin [Mr. DUFFY]; the Senator from Pennsylvania [Mr. GUFFEY]; the senior Senator from Mississippi [Mr. HARRISON]; the Senator from West Virginia [Mr. HOLT]; the Senator from Louisiana [Mr. LONG]; the Senator from California [Mr. MCADOO]; the Senator from Nevada [Mr. MCCARRAN]; the Senator from Iowa [Mr. MURPHY]; the junior Senator from Montana [Mr. MURRAY]; the senior Senator from Montana [Mr. WHEELER]; the Senator from North Carolina [Mr. REYNOLDS]; the Senator from South Carolina [Mr. SMITH]; and the Senator from Utah [Mr. THOMAS].

The result was announced—yeas 22, nays 39, as follows:

YEAS—22

Ashurst	Fletcher	Minton	Schwellenbach
Black	Frazier	Norris	Shipstead
Borah	Hayden	Nye	Thomas, Okla.
Capper	Johnson	O'Mahoney	Vandenberg
Connally	La Follette	Pope	
Costigan	McGill	Russell	

NAYS—39

Adams	Byrnes	King	Schall
Austin	Caraway	Logan	Steiwer
Bachman	Davis	Lonergan	Townsend
Bailey	Dickinson	McKellar	Trammell
Bankhead	George	McNary	Truman
Barbour	Gerry	Maloney	Tydings
Barkley	Glass	Moore	Van Nuys
Brown	Gore	Overton	Wagner
Bulkley	Hale	Pittman	White
Byrd	Hatch	Radcliffe	

NOT VOTING—35

Bilbo	Couzens	Keyes	Norbeck
Bone	Dieterich	Lewis	Reynolds
Bulow	Donahey	Long	Robinson
Burke	Duffy	McAdoo	Sheppard
Carey	Gibson	McCarran	Smith
Chavez	Guffey	Metcalf	Thomas, Utah
Clark	Harrison	Murphy	Walsh
Coolidge	Hastings	Murray	Wheeler
Copeland	Holt	Neely	

So Mr. LA FOLLETTE's amendment to the committee amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the committee amendment to title III.

The amendment was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. GLASS. I move that the Senate insist upon its amendment, ask for a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. GLASS, Mr. FLETCHER, Mr. BULKLEY, Mr. MCADOO, Mr. NORBECK, and Mr. TOWNSEND conferees on the part of the Senate.

PROTECTION OF PUBLIC GRAZING LANDS

Mr. ADAMS. I move that the Senate proceed to the consideration of Calendar No. 1051, being House bill 3019, the public grazing lands bill.

The VICE PRESIDENT. The question is on the motion of the Senator from Colorado.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H. R. 3019) to amend sections 1, 3, and 15 of "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes", approved June 28, 1934 (48 Stat. 1269), which had been reported from the Committee on Public Lands and Surveys with amendments.

Mr. MCNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MCNARY. Just what has happened?

The VICE PRESIDENT. The Senate has decided to take up a bill which the clerk will state by title.

The LEGISLATIVE CLERK. A bill (H. R. 3019) to amend sections 1, 3, and 15 of an act entitled "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes", approved June 28, 1934 (48 Stat. 1269).

The VICE PRESIDENT. This bill is pending before the Senate.

Mr. MCNARY. What is the calendar number of the bill?

Mr. ADAMS. It is Calendar No. 1051.

Mr. BORAH. Mr. President, is this an amendment to another act?

Mr. ADAMS. This is an amendment to the Taylor Grazing Act.

Mr. BORAH. That is a pretty important measure.

Mr. ADAMS. It is.

Mr. BORAH. Is the Senator going to try to dispose of it this afternoon?

Mr. ADAMS. Not unless the Senate is entirely agreeable to taking it up.

Mr. BORAH. When the Senator from Kentucky [Mr. BARKLEY] advised us to be brief today, I understood the Senate was going to adjourn or recess until Monday. I have no special objection to present at this time, but this is a very important measure, and I should like to have a little time to look into it.

Mr. ADAMS. I am perfectly willing to have the bill laid aside for the purpose of recessing or taking up something else in the meantime. I wished to have it before the Senate so that it could be considered either today or Monday.

Mr. ASHURST. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho desire the floor.

Mr. BORAH. No; not if the bill has gone over.

The VICE PRESIDENT. The bill has not gone over. It is just a question of what shall be done.

Mr. ASHURST. I desire to discuss the bill.

Mr. MCNARY. Mr. President, I understand the situation to be, according to the ruling of the Chair, that the bill referred to by the Senator from Colorado was made the unfinished business; and now the Senator from Colorado does not desire to press the bill, in view of the remarks made by the Senator from Idaho. Does the Senator wish to withdraw the bill and have it go back to the calendar, or let it

remain as the unfinished business and take it up on Monday, or what is it desired to do?

Mr. LA FOLLETTE and Mr. KING addressed the Chair.

The VICE PRESIDENT. The Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I desire to ascertain whether this bill is to be the next order of unfinished business. When the Senator from Colorado rose and asked that a bill of a certain number be made the unfinished business, and it was hastily read by title by the clerk, I supposed that at this late hour in the afternoon it was merely some ordinary routine bill. I do not know anything about the bill. It seems to me, however, that we ought to have some understanding of what the order of business is to be, and whether this bill is to be the unfinished business.

Mr. BARKLEY. Mr. President, I desire to state to the Senator just what the situation is.

Mr. LA FOLLETTE. I yield for that purpose.

Mr. BARKLEY. After consulting with the Senator from Oregon [Mr. McNARY], it was decided to take up Calendar No. 1083, House bill 7980, which is a bill urged by the Treasury Department to help curb the smuggling of goods into the country, upon which we are losing a revenue of about $30,000,000 a year. The Senator from Utah [Mr. KING] reported that bill from the Committee on Finance. He agreed to yield to the Senator from Colorado [Mr. ADAMS] to present the bill embodying amendments to the Grazing Act, on the theory that they would not take much time, and could be disposed of promptly. If the bill of the Senator from Colorado is going to take considerable time, that program will have to be interrupted, and we shall go ahead with the antismuggling bill, as was contemplated.

Mr. BORAH. Mr. President, may I interrupt the Senator?

Mr. LA FOLLETTE. I yield.

Mr. BORAH. I have had a vast amount of correspondence about this bill. I had no idea it was coming up this afternoon. I should like to know more about the views of those who have been writing me in the light of what the actual amendments are.

Mr. KING. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. KING. I ask unanimous consent that the bill which is now before the Senate—the grazing bill—be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 1083, being House bill 7980.

Mr. LA FOLLETTE. Mr. President, before the bill referred to by the Senator from Colorado obtains a privileged status as the unfinished business, I should like to know a little more about it. The Senator from Kentucky is in a position to disclose the procedure. I should like to know what we are to be working on. It seems to me we ought not to take up an important piece of legislation in this summary fashion at 4:15 o'clock in the afternoon.

Mr. McNARY. Mr. President, the Senator from Colorado [Mr. ADAMS] has asked for the immediate consideration of a bill which is now the unfinished business. I was quite willing to have that procedure adopted, provided there was no objection to it. In view of the objections which have been made, let me suggest that the order be vacated by which this bill became the unfinished business.

Mr. ADAMS. Mr. President, let me say to the Senator from Oregon that, as a matter of fact, the purpose of the Senator from Colorado in presenting this bill was to make an explanation. There was a rather full attendance of the Senate, brought here by the recent vote. The bill is a measure of some importance. I am perfectly willing to have its consideration deferred, but it is a measure which is deserving of prompt consideration. For that reason I wished the bill to be made the unfinished business, so that, as we apparently have no other legislation crowding upon the calendar at this time, the bill might be available for consideration today or Monday.

I have no objection to the bill going over, either by allowing it to be temporarily replaced by something else or by having the order rescinded, if it meets the agreement of the Senate, with an understanding that the bill may be reinstated on Monday.

Mr. LA FOLLETTE. Mr. President, I understood we were to have the calendar considered on Monday.

Mr. BARKLEY. Mr. President, will the Senator from Oregon yield?

Mr. McNARY. I shall not yield for the moment, until we get out of this tangle.

I repeat, I was willing, and I said so to the Senator from Colorado, as I do now frankly, that this measure might come up this afternoon and be disposed of, if it did not, of course, lead to discussion. In view of the statement of the Senator from Wisconsin and the Senator from Idaho, I suggest that the order be vacated and that the bill go back to the calendar.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. May I make a suggestion?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. McNARY. Not at this moment.

The VICE PRESIDENT. The Senator declines to yield.

Mr. McNARY. Before the able Senator from Arkansas [Mr. ROBINSON] left it was agreed that we might have the calendar considered on Monday. There are 34 pages of bills on the calendar. It will take all of Monday, and possibly part of Tuesday, to dispose of them. The same understanding was had with the Senator from Kentucky [Mr. BARKLEY], who is performing the duties of leader in the absence of the Senator from Arkansas.

If this bill shall be made the unfinished business, on Monday at 2 o'clock the morning hour devoted to the consideration of the calendar will expire, and the unfinished business will come before the Senate, which is not according to the agreement, and not fair to the Members of the Senate who have relied upon having Monday for the consideration of the calendar.

Mr. ADAMS. Mr. President, may I interrupt to make a suggestion?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Colorado?

Mr. McNARY. I yield.

Mr. ADAMS. The suggestion is that a motion be made that the unfinished business be laid aside until the conclusion of the call of the calendar.

Mr. McNARY. That probably would remedy the situation. I have no objection to the bill being made the unfinished business, but I do not wish to have an understanding with respect to the calendar interfered with by a subsequent understanding.

Mr. ADAMS. My suggestion is that the unfinished business be laid aside until the conclusion of the call of the calendar, whether it be Monday or Tuesday.

Mr. McNARY. I am satisfied with that.

Mr. BARKLEY. Mr. President, I merely wish to state that it is not desired, on the part of any Senator, to interfere in any way with the call of the calendar on Monday. That is the understanding which has been announced. It was contemplated that Calendar Number 1083, House bill 7980, would be taken up immediately upon the conclusion of the banking bill. At the request of the Senator from Utah [Mr. KING], in charge of that bill, the Senator from Colorado [Mr. ADAMS] was allowed to attempt to secure action on the grazing bill on the theory that it would not consume any time. Therefore, if it is the understanding that the unfinished business shall be laid aside until the call of the calendar shall be concluded, whether it be Monday or Tuesday, there can be no objection to that.

Mr. ASHURST. Mr. President, before an order of any sort is entered canceling the order of the Senate making House bill 3019 the unfinished business, let me say a word regarding this so-called "amendment to the Taylor Grazing Act."

It is useless, it is vain, to recall past history; but no act of Congress in my time has been more damaging or more devastating to the West than has the so-called "Taylor Grazing Law."

I speak as an antagonist of the Taylor Grazing Law. I believe it is parliamentary to speak ill of a bill, but well of its author. The author of the bill, a Member of Congress, I es-

teem highly; the bill I condemn. It laid a blighting hand upon the West.

The bill to which reference has been made, in my judgment, ameliorates the so-called "Taylor Grazing Law." So avaricious were the various departments for power under the Taylor Grazing Law that they overreached themselves. They now see the folly of what they did, and they are willing, complacently, to allow the Congress to ameliorate some of the conditions which have been brought about. I am an advocate of this bill because it is an amendment to and ameliorative of the Taylor Grazing Law, and relaxes in some degree the all-destroying grasp of the bureaus upon the lands of the West.

I would not do justice to myself if I failed to say that I congratulate the able Chairman of the Senate Committee on Public Lands, the junior Senator from New York [Mr. WAGNER], on his wide and broad statesmanship, and for the manner in which he has grasped this question. Not coming from the West, but from the industrial East, he was able, with his superb intellect, to see that the blighting hand of bureaucracy should be in some degree removed from the West, and he cooperated splendidly in securing this bill, which I again say ameliorates the Taylor Grazing Law.

The bill will be managed, which is the term used in the Senate, by the Senator from Colorado [Mr. ADAMS], than whom there is no one here who more thoroughly understands the needs and requirements of what is called our "public domain." He has, with a commendable assiduity, addressed himself to the subject of securing this ameliorating and softening legislation, and has brought out a bill which I think will be an improvement.

It will be remembered that the Department of the Interior sought to put all the public land into a sort of reserve. It meant the end of homesteading; it meant the end of prospecting for valuable minerals; it meant the end of everything except domination by the Interior Department, and it was their original intention that all the lands of the West should be included, but after stubborn resistance they finally agreed that only about 80,000,000 acres of land should be included.

It is true that this bill increases the 80,000,000 acres to 142,000,000 acres; but in view of the feature of the bill making it possible to homestead, allowing the prospector to go out, as he has for a hundred or more years, and smite the obdurate granite faces of the mountains and secure the metals for moneys, this bill opens in some way the avenues to the prospector and the homesteader so that the all-destroying grasp of the old Taylor law will be somewhat relaxed.

I thought I should say this much in order to explain why I am for the bill, notwithstanding I was so much opposed to the original act.

Mr. BARKLEY. Mr. President, I ask unanimous consent temporarily to lay aside the unfinished business, to be taken up immediately after the completion of the call of the calendar next week.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, before giving consent to that, I should like to ask the Senator from Colorado a few questions about the bill to which reference has been made.

Were hearings held upon the bill?

Mr. ADAMS. Several hearings.

Mr. LA FOLLETTE. What was the attitude of the Secretary of the Interior and the position of the other departments which are involved toward these proposed amendments to the existing law?

Mr. ADAMS. They favor the bill. They attended the hearings, and their testimony was presented. The bill also received the favorable consideration of representatives of the State land boards. We have met some objections which they were making to the original administration of the Taylor Act. Heretofore there was a provision for exchanging lands within the grazing areas belonging to States in order that they might consolidate their holdings. The Interior Department took the position that that was optional. We have amended the law to make it compulsory, so that the States will be entitled as a matter of right to consolidate their holdings.

There was another provision under which fees were being charged the States for making the exchanges. That provision has been eliminated, so that no fees will be charged.

The other essential element is an increase in the land available for grazing districts to meet the requests of the stockmen. They found that the original 80,000,000 acres was not adequate, and the bill increases the total available acreage for grazing districts to 142,000,000 acres, leaving, roughly, 31,000,000 acres of land not to be included within the grazing districts.

Mr. LA FOLLETTE. Mr. President, with the statement made by the Senator from Colorado, I have no objection to the request made by the Senator from Kentucky.

Mr. BARKLEY. Mr. President, may we have my unanimous request disposed of?

The VICE PRESIDENT. Is there objection to the unanimous-consent request made by the Senator from Kentucky [Mr. BARKLEY]? The Chair hears none, and it is so ordered.

PREVENTION OF SMUGGLING

Mr. KING. Mr. President, I renew the request I made a few moments ago that the Senate proceed to the consideration of Calendar No. 1083, House bill 7980, known as the "antismuggling bill." I think it will require but a few minutes to dispose of it.

Mr. McNARY. Mr. President, is that the bill about which the Senator spoke to me?

Mr. KING. Yes; that is the one.

Mr. McNARY. Will the Senator briefly state the reason for bringing it up at this time.

Mr. KING. Mr. President, a condition has developed which the Treasury Department, and those familiar with the same, consider of sufficient importance to call for immediate legislative action. It was believed that with the repeal of the eighteenth amendment the smuggling of alcoholic liquors into the United States would cease, but, unfortunately, upon the Atlantic coast the smuggling of liquors, particularly alcohol, into the United States, continues. The bill under consideration was introduced in the House, and the Committee on Ways and Means, to which it was referred, after full and complete hearings, at which representatives of the Treasury Department, the Bureau of Customs, and the Coast Guard testified, unanimously reported it to the House; and that body, as I am advised, passed it without opposition. When it came to the Senate it was referred to the Committee on Finance, and by it to a subcommittee, of which the Senator from Massachusetts [Mr. WALSH], the Senator from Delaware [Mr. HASTINGS], and myself, were members. The subcommitte, of which I was chairman, conducted hearings and thereafter unanimously reported the bill back to the full committee. The Committee on Finance thereafter ordered a favorable report on the 10th instant.

I submitted a written report accompanying the bill which explains its provisions in considerable detail and there are valid reasons, as I am advised, for the prompt passage of the measure.

I invite the attention of Senators to the committee report which, as I have stated, fully explains the provisions of the bill and the justification for prompt consideration.

I shall not attempt to explain all the provisions of the bill because, as stated, the report deals with the various provisions of the measure and explains the same in considerable detail. The primary purpose of the bill is to prevent the smuggling of large quantities of alcohol into the United States. Before prohibition the United States had but little trouble with smuggling, but as we all know, during the 14 years of prohibition the business of smuggling liquor into the United States from various parts of the world developed into large proportions. Following the repeal of the eighteenth amendment, smuggling operations and frauds upon our revenues were materially reduced. However, in 1934 a number of smugglers appeared along our coasts, particularly along the Atlantic coast. The testimony before the committee was to the effect that early in this year the number of vessels engaged in smuggling along the Atlantic coast was 22, but

now, as the testimony revealed, approximately 40 foreign vessels are known to the officials of the Coast Guard to be regularly engaged in the illicit liquor traffic.

These vessels hover along the Atlantic coast beyond the 12-mile limit, and by various devices and means succeed in landing upon our shores large quantities of alcohol. The evidence shows that alcohol constitutes almost the entire cargo of these vessels. As is known, alcohol is cheap and is produced abroad at costs of from 20 to 40 cents a gallon. It enjoys a large price differential due to the customs duties and internal-revenue taxes which amount to $13.30 per gallon of 190 proof. The investigation revealed that there are probably 2,000,000 or more gallons of alcohol introduced into our country by these smuggling operations.

As Senators know, the annual internal-revenue loss on this amount of alcohol, at $3.80 per gallon, would be more than $8,000,000, and the loss in customs duties at $9.50 per gallon would be between $18,000,000 and $20,000,000.

Our Atlantic coast line, because of its irregularities, affords opportunities for the concealment of small boats which contact the boats at sea which bring alcohol from foreign ports. Notwithstanding the effective work of the Coast Guard, it has been found impossible to intercept all of the cargoes, as a result of which, as I have stated, considerable quantities of liquors are brought to our shores. It has been found that the statutory authority of the customs officials is not coextensive, so far as the area of enforcement is concerned, with the powers conferred upon the authorities of the United States by the several treaties for the prevention of the smuggling of intoxicating liquors.

It is difficult, under the present conditions, to properly check the small vessels—usually 500 net tons or less—which are employed in smuggling operations. As I understand the law, the carriers of contraband liquors hovering off the coast are not branded as statutory offenses so long as they take place beyond the 4-league limit which was established many years ago. And I might add that there is no adequate provision to deal with the motor boats and private vessels by which contact is effected with the boats carrying contraband liquors to be smuggled into the United States.

The bill seeks to meet the condition, which I have imperfectly described, and to make it possible to prevent the smuggling of liquors into the United States. Briefly, and I refer to the report, the bill provides for the establishment of customs enforcement areas in territorial waters adjacent to, but outside of, the 12-mile limit, in which areas smuggling vessels are actually present. The establishment of customs enforcement areas in waters adjacent to territorial coasts is not a new procedure. Most, if not all governments, for their own protection against smuggling, establish what are called "customs enforcement areas", within which they assert jurisdiction over vessels engaged in, or suspected of engaging in, smuggling operations. Some countries, as I recall the testimony, have had customs areas, the limits of which extended at least 100 miles beyond their coasts, and within this rather broad area the customs officers operated, examined vessels which were suspected of carrying contraband goods, or of attempting to enter their territories in violation of customs and other valid laws and regulations.

The customs control of the United States does not extend beyond the 12-mile limit, as a result of which vessels engaged in smuggling, and which hover beyond that limit, do so with impunity. The United States has treaties with Great Britain and 15 other nations, under which it is authorized to seize their vessels "within 1 hour's sailing distance of the shores of the United States." The 1 hour's sailing distance of a treaty vessel is more than 12 miles—indeed, where small motor boats are employed, as they are in smuggling operations, 1 hour's limit would be approximately 50 miles beyond the 12-mile limit.

The courts hold that even under such treaties as have been entered into between the United States and the nations referred to, our laws do not extend beyond the 12-mile limit; that such foreign countries have merely agreed not to object if our Government exercises customs control over its vessels within 1 hour's sailing distance of our shores, measured either by the speed of the mother, or principal smuggling vessel, or her contact boats, whichever may be the speedier.

In view of the fact that our present customs laws do not extend beyond the 12-mile limit, our customs and Coast Guard officers are unable to pass beyond that limit as respects the treaty vessels. It appears, therefore, that though we have treaties that permit our Government to examine vessels engaged in smuggling operations beyond the 12-mile limit, and within the limit which would be prescribed by 1 hour's sailing, nevertheless, without legislation to authorize our Government to operate within the area between the 12-mile limit and the 1 hour's sailing limit it is essential that something must be done. In other words, there is what might be called "a twilight zone" or "no man's land" between the 12-mile limit and the limit prescribed by the 1 hour's sailing within which our Government may not exercise authority for the enforcement of its customs laws.

The bill before us deals with this situation. In other words, this bill covers a gap between our customs patrol and treaty limits, and I may add that practicaly all of the vessels engaged in smuggling are under the flags of nations with which we have liquor-control treaties.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. COSTIGAN. May I ask the able Senator from Utah, under the bill, if it shall become law, what will be the legal situation with respect to property seized by us outside the 12-mile limit, if that property belongs to nationals of countries with which we have no treaty touching areas beyond that limit?

Mr. KING. As I understand, vessels owned by the nationals of countries other than those with which we have liquor treaties, and which are engaged in smuggling or in carrying on contraband cargoes for the purpose of landing them upon our shores would be subject to examination by our customs officers, and if they were carrying contraband cargoes to be introduced into the United States subject to seizure, even though they were beyond the 12-mile limit and indeed beyond the 1 hour's sailing limit. It was held by Chief Justice Marshall that governments have the right to adopt rules which are not unreasonable, if necessary to secure their laws from violation.

It is my opinion, therefore, that our Government might, within the rule of reasonableness, protect itself from violation of customs laws, even though such protection calls for the seizure of vessels beyond the 12-mile limit.

Substantially all of the vessels used by smugglers to introduce contraband liquors into the United States on the Atlantic coast are known to the Coast Guard officers. They are small vessels with great power and built specially and solely for smuggling purposes. They lie off our shores, sometimes for days, awaiting favorable opportunity to land their contraband cargoes. Swift motor boats ply between the shore and these well-known vessels, and during the darkness or fog are used to convey the contraband shipments into the United States. As stated these vessels engaged in smuggling are of a particular type and are well known to Coast Guard officers.

The bill authorizes the establishment of customs enforcement areas beyond the 12-mile limit whenever the President finds and declares that smuggling vessels are hovering beyond that limit, and that by virtue of their presence they are menacing or likely to menace the revenue or interfere with the legitimate commerce of the United States. The customs enforcement areas, however, shall include only such waters on the high seas as are in such proximity to hovering vessels that smuggling activities may be carried on by, to, or from such vessels, and such areas shall include waters not more than 100 miles in either direction up and down the coast from the place or immediate area where hovering vessels are present, or not more than 50 miles out to sea beyond customs waters.

In other words, no customs enforcement area may exceed 200 miles in length up and down the coast, nor more than 62 miles seaward from the shore. Within these areas customs officers are authorized to enforce all provisions of

customs law applying to the high seas adjacent to customs waters. When the circumstances no longer exist which warrant the establishment of the customs enforcement areas, then the Executive order prescribing the area will be terminated.

As stated, the principal purpose of the bill is to deal with situations such as I have described. But the bill contains other provisions dealing with the seizure of vessels, and providing for punishing those who are engaged in smuggling or who construct vessels for smuggling purposes, and so forth. It contains provisions authorizing officers of the Department of Commerce to board vessels within customs waters to enforce navigation laws. Other provisions are found in the bill to penalize vessels from foreign ports for unloading cargoes without permission in our customs waters. It subjects to customs examinations, in some cases outside of customs waters, vessels which are displaying particularly conspicuous indicia of smuggling activities. There are a number of miscellaneous provisions which are regarded as important by the customs officers and by the Treasury Department in order to properly enforce our navigation, customs, and tariff laws. As stated, the report which I have submitted contains a rather full analysis of the provisions of the bill.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah?

There being no objection, the Senate proceeded to consider the bill (H. R. 7980) to protect the revenue of the United States and provide measures for the more effective enforcement of the laws respecting the revenue, to prevent smuggling, to authorize customs-enforcement areas, and for other purposes, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc.,

TITLE I

SECTION 1. (a) Whenever the President finds and declares that at any place or within any area on the high seas adjacent to but outside customs waters any vessel or vessels hover or are being kept off the coast of the United States and that, by virtue of the presence of any such vessel or vessels at such place or within such area, the unlawful introduction or removal into or from the United States of any merchandise or person is being or may be occasioned, promoted, or threatened, the place or area so found and declared shall constitute a customs enforcement area for the purposes of this act. Only such waters on the high seas shall be within a customs enforcement area as the President finds and declares are in such proximity to such vessel or vessels that such unlawful introduction or removal of merchandise or persons may be carried on by or to or from such vessel or vessels. No customs enforcement area shall include any waters more than 100 nautical miles from the place or immediate area where the President declares such vessel or vessels are hovering or are being kept and, notwithstanding the foregoing provision, shall not include any waters more than 50 nautical miles outwards from the outer limit of customs waters. Whenever the President finds that, within any customs enforcement area, the circumstances no longer exist which gave rise to the declaration of such area as a customs enforcement area, he shall so declare, and thereafter, and until a further finding and declaration is made under this subsection with respect to waters within such area, no waters within such area shall constitute a part of such customs enforcement area. The provisions of law applying to the high seas adjacent to customs waters of the United States shall be enforced in a customs enforcement area upon any vessel, merchandise, or person found therein.

(b) At any place within a customs enforcement area the several officers of the customs may go on board of any vessel and examine the vessel and any merchandise or person on board, and bring the same into port, and, subject to regulations of the Secretary of the Treasury, it shall be their duty to pursue and seize or arrest and otherwise enforce upon such vessel, merchandise, or person, the provisions of law which are made effective thereto in pursuance of subsection (a) in the same manner as such officers are or may be authorized or required to do in like case at any place in the United States by virtue of any law respecting the revenue: *Provided*, That nothing contained in this section or in any other provision of law respecting the revenue shall be construed to authorize or to require any officer of the United States to enforce any law thereof upon the high seas upon a foreign vessel in contravention of any treaty with a foreign government enabling or permitting the authorities of the United States to board, examine, search, seize, or otherwise to enforce upon such vessel upon the high seas the laws of the United States except as such authorities are or may otherwise be enabled or permitted under special arrangement with such foreign government: *Provided further*, That none of the provisions of this act shall be construed to relieve the Secretary of Commerce of any authority, responsibility, or jurisdiction now vested in or imposed on that officer.

SEC. 2. (a) Any person owning in whole or in part any vessel of the United States who employs, or participates in, or allows the employment of, such vessel for the purpose of smuggling, or attempting to smuggle, or assisting in smuggling, any merchandise into the territory of any foreign government in violation of the laws there in force, if under the laws of such foreign government any penalty or forfeiture is provided for violation of the laws of the United States respecting the customs revenue, and any citizen of, or person domiciled in, or any corporation incorporated in, the United States, controlling or substantially participating in the control of any such vessel, directly or indirectly, whether through ownership of corporate shares or otherwise, and allowing the employment of said vessel for any such purpose, and any person found or discovered to have been on board of any such vessel so employed and participating or assisting in any such purpose, shall be liable to a fine of not more than $5,000 or to imprisonment for not more than 2 years, or to both such fine and imprisonment.

(b) It shall constitute an offense under this section to hire out or charter a vessel if the lessor or charterer has knowledge that, or if such vessel is leased or chartered under circumstances which would give rise to a reasonable belief that, the lessee or person chartering the vessel intends to employ such vessel for any of the purposes described in subsection (a) and if such vessel is, during the time such lease or charter is in effect, employed for any such purpose.

SEC. 3. (a) Whenever any vessel which shall have been built, purchased, fitted out in whole or in part, or held, in the United States or elsewhere, for the purpose of being employed to defraud the revenue or to smuggle any merchandise into the United States, or to smuggle any merchandise into the territory of any foreign government in violation of the laws there in force, if under the laws of such foreign government any penalty or forfeiture is provided for violation of the laws of the United States respecting the customs revenue, or whenever any vessel which shall be found, or discovered to have been, employed, or attempted to be employed, within the United States for any such purpose, or in anywise in assistance thereof, or whenever any vessel of the United States which shall be found, or discovered to have been, employed, or attempted to be employed at any place, for any such purpose, or in anywise in assistance thereof, if not subsequently forfeited to the United States or to a foreign government, is found at any place at which any such vessel may be examined by an officer of the customs in the enforcement of any law respecting the revenue, the said vessel and its cargo shall be seized and forfeited.

(b) Every vessel which is documented, owned, or controlled in the United States, and every vessel of foreign registry which is, directly or indirectly, substantially owned or controlled by any citizen of, or corporation incorporated, owned, or controlled in, the United States, shall, for the purposes of this section, be deemed a vessel of the United States.

(c) For the purposes of this section, the fact that a vessel has become subject to pursuit as provided in section 581 of the Tariff Act of 1930, as amended, or is a hovering vessel, or that a vessel fails, at any place within the customs waters of the United States or within a customs enforcement area, to display lights as required by law, shall be prima facie evidence that such vessel is being, or has been, or is attempted to be employed to defraud the revenue of the United States.

SEC. 4. Subject to appeal to the Secretary of Commerce and under such regulations as he may prescribe, whenever the collector of customs of the district in which any vessel is, or is sought to be, registered, enrolled, licensed, or numbered, is shown upon evidence which he deems sufficient that such vessel is being, or is intended to be, employed to smuggle, transport, or otherwise assist in the unlawful introduction or importation into the United States of any merchandise or person, or to smuggle any merchandise into the territory of any foreign government in violation of the laws there in force, if under the laws of such foreign government any penalty or forfeiture is provided for violation of the laws of the United States respecting the customs revenue, or whenever, from the design or fittings of any vessel or the nature of any repairs made thereon, it is apparent to such collector that such vessel has been built or adapted for the purpose of smuggling merchandise, the said collector shall revoke the registry, enrollment, license, or number of said vessel or refuse the same if application be made therefor, as the case may be. Such collector and all persons acting by or under his direction shall be indemnified from any penalties or actions for damages for carrying out the provisions of this section.

SEC. 5. Any vessel or vehicle forfeited to the United States, whether summarily or by a decree of any court, for violation of any law respecting the revenue, may, in the discretion of the Secretary of the Treasury, if he deems it necessary to protect the revenue of the United States, be destroyed in lieu of the sale thereof under existing law.

SEC. 6. Except into the districts adjoining to the Dominion of Canada, or into the districts adjacent to Mexico, no merchandise of foreign growth or manufacture subject to the payment of duties shall be brought into the United States from any foreign port or place, or from any hovering vessel, in any vessel of less than 30 net tons burden without special license granted by the Secretary of the Treasury under such conditions as he may prescribe, nor in any other manner than by sea, except by aircraft duly licensed in accordance with law, or landed or unladen at any other port than is directed by law, under the penalty of seizure and forfeiture of all such unlicensed vessels or aircraft and of the merchandise imported therein, landed or unladen in any manner. Marks, labels, brands, or stamps, indicative of foreign origin, upon

or accompanying merchandise or containers of merchandise found upon any such vessel or aircraft, shall be prima facie evidence of the foreign origin of such merchandise.

SEC. 7. In addition to any other requirement of law, every vessel, not exceeding 500 net tons, from a foreign port or place, or which has visited a hovering vessel, shall carry a certificate for the importation into the United States of any spirits, wines, or other alcoholic liquors on board thereof (sea stores excepted), destined to the United States, said certificate to be issued by a consular officer of the United States or other authorized person pursuant to such regulations as the Secretary of State and the Secretary of the Treasury may jointly prescribe. Any spirits, wines, or other alcoholic liquors (sea stores excepted) found, or discovered to have been, upon any such vessel at any place in the United States, or within the customs waters, without said certificate on board, which are not shown to have a bona fide destination without the United States, shall be seized and forfeited and, in the case of any such merchandise so destined to a foreign port or place, a bond shall be required in double the amount of the duties to which such merchandise would be subject if imported into the United States, conditioned upon the delivery of said merchandise at such foreign port or place as may be certified by a consular officer of the United States or otherwise as provided in said regulations: *Provided*, That if the collector shall be satisfied that the certificate required for the importation of any spirits, wines, or other alcoholic liquors was issued and was lost or mislaid without fraud, or was defaced by accident, or is incorrect by reason of clerical error or other mistake, said penalties shall not be incurred nor shall such bond be required. This section shall take effect on the sixtieth day following the enactment of this act.

SEC. 8. (a) If the master of any vessel of the United States, not exceeding 500 net tons, allows such vessel to be laden at any foreign port or other place without the United States with any merchandise destined to the United States and consisting of any spirits, wines, or other alcoholic liquors (sea stores excepted), which facts may be evidenced by the testimony or depositions of foreign administrative officials or certified copies of their records or by other sufficient evidence, without certificate issued for the importation of such merchandise into the United States as required by section 7, the master of such vessel shall, in addition to any other penalties provided by law, be liable to a penalty equal to the value of the said merchandise but not less than $1,000 and such vessel and such merchandise shall be seized and forfeited.

(b) Whoever, being a citizen of the United States or a master or a member of the crew of a vessel of the United States, if such vessel does not exceed 500 net tons, shall, with intent to defraud the revenue of the United States, procure, or aid or assist in procuring, any merchandise destined to the United States and consisting of any spirits, wines, or other alcoholic liquors, without certificate issued for the importation thereof into the United States as required by section 7, to be laden upon such vessel at any foreign port or other place without the United States, which facts may be evidenced by the testimony or depositions of foreign administrative officials or certified copies of their records or by other sufficient evidence shall, in addition to any other penalties provided by law, be liable to a fine of not more than $1,000 or to imprisonment for not more than 2 years, or to both such fine and imprisonment.

TITLE II

SECTION 201. Section 401 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1401) is amended by adding at the end thereof the following new paragraphs:

"(l) Officer of the customs: The term 'officer of the customs' means any officer of the Customs Service or any commissioned, warrant, or petty officer of the Coast Guard, or agent or other person authorized by law or by the Secretary of the Treasury, or appointed in writing by a collector, to perform the duties of an officer of the Customs Service.

"(m) Customs waters: The term 'customs waters' means, in the case of a foreign vessel subject to a treaty or other arrangement between a foreign government and the United States enabling or permitting the authorities of the United States to board, examine, search, seize, or otherwise to enforce upon such vessel upon the high seas the laws of the United States, the waters within such distance of the coast of the United States as the said authorities are or may be so enabled or permitted by such treaty or arrangement and, in the case of every other vessel, the waters within 4 leagues of the coast of the United States.

"(n) Hovering vessel: The term 'hovering vessel' means any vessel which is found or kept off the coast of the United States within or without the customs waters, if, from the history, conduct, character, or location of the vessel, it is reasonable to believe that such vessel is being used or may be used to introduce or promote or facilitate the introduction or attempted introduction of merchandise into the United States in violation of the laws respecting the revenue.

"For the purposes of sections 432, 433, 434, 448, 585, and 586 of this act, any vessel which has visited any hovering vessel shall be deemed to arrive or have arrived, as the case may be, from a foreign port or place."

SEC. 202. Section 436 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1436) is amended by omitting the period at the end thereof and adding the following: "and, if the vessel have, or be discovered to have had, on board any merchandise (sea stores excepted), the importation of which into the United States is prohibited, or any spirits, wines, or other alcoholic liquors, such master shall be subject to an additional fine of not more than $2,000 or to imprisonment for not more than 1 year, or to both such fine and imprisonment.

"Every master who presents a forged, altered, or false document or paper on making entry of a vessel as required by section 434 or 435 of this act, knowing the same to be forged, altered, or false and without revealing the fact, shall, in addition to any forfeiture to which in consequence the vessel may be subject, be liable to a fine of not more than $5,000 nor less than $50 or to imprisonment for not more than 2 years, or to both such fine and imprisonment."

SEC. 203. (a) Section 581 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1581) is amended to read as follows:

"SEC. 581. BOARDING VESSELS

"(a) Any officer of the customs may at any time go on board of any vessel or vehicle at any place in the United States or within the customs waters or, as he may be authorized, within a customs-enforcement area established under the Anti-Smuggling Act, or at any other authorized place, without as well as within his district, and examine the manifest and other documents and papers and examine, inspect, and search the vessel or vehicle and every part thereof and any person, trunk, package, or cargo on board, and to this end may hail and stop such vessel or vehicle, and use all necessary force to compel compliance.

"(b) Officers of the Department of Commerce and other persons authorized by such Department may go on board of any vessel at any place in the United States or within the customs waters and hail, stop, and board such vessel in the enforcement of the navigation laws and arrest or, in case of escape or attempted escape, pursue and arrest any person engaged in the breach or violation of the navigation laws.

"(c) Any master of a vessel being examined as herein provided, who presents any forged, altered, or false document or paper to the examining officer, knowing the same to be forged, altered, or false and without revealing the fact shall, in addition to any forfeiture to which in consequence the vessel may be subject, be liable to a fine of not more than $5,000 nor less than $500.

"(d) Any vessel or vehicle which, at any authorized place, is required to come to a stop by any officer of the customs, or is required to come to a stop by signal made by any vessel employed in the service of the customs displaying the ensign and pennant prescribed for such vessel by the President, shall come to a stop, and upon failure to comply, a vessel so required to come to a stop shall become subject to pursuit and the master thereof shall be liable to a fine of not more than $5,000 nor less than $1,000. It shall be the duty of the several officers of the customs to pursue any vessel which may become subject to pursuit, and to board and examine the same, and to examine any person or merchandise on board, without as well as within their respective districts and at any place upon the high seas or, if permitted by the appropriate foreign authority, elsewhere where the vessel may be pursued as well as at any other authorized place.

"(e) If upon the examintion of any vessel or vehicle it shall appear that a breach of the laws of the United States is being or has been committed so as to render such vessel or vehicle, or the merchandise, or any part thereof, on board of, or brought into the United States by, such vessel or vehicle, liable to forfeiture or to secure any fine or penalty, the same shall be seized, and any person who has engaged in such breach shall be arrested.

"(f) It shall be the duty of the several officers of the customs to seize and secure any vessel, vehicle, or merchandise which shall become liable to seizure, and to arrest any person who shall become liable to arrest, by virtue of any law respecting the revenue, as well without as within their respective districts, and to use all necessary force to seize or arrest the same.

"(g) Any vessel, within or without the customs waters, from which any merchandise is being, or has been, unlawfully introduced into the United States by means of any boat belonging to, or owned, controlled, or managed in common with, said vessel, shall be deemed to be employed within the United States and, as such, subject to the provisions of this section.

"(h) The provisions of this section shall not be construed to authorize or require any officer of the United States to enforce any law of the United States upon the high seas upon a foreign vessel in contravention of any treaty with a foreign government enabling or permitting the authorities of the United States to board, examine, search, seize, or otherwise to enforce upon said vessel upon the high seas the laws of the United States except as such authorities are or may otherwise be enabled or permitted under special arrangement with such foreign government."

(b) Section 3072 of the Revised Statutes (U. S. C., title 19, sec. 506) is hereby repealed.

SEC. 204. (a) The last paragraph of section 584 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1584) is amended to read as follows:

"If any of such merchandise so found consists of heroin, morphine, or cocaine, the master of such vessel or person in charge of such vehicle or the owner of such vessel or vehicle shall be liable to a penalty of $50 for each ounce thereof so found. If any of such merchandise so found consists of smoking opium or opium prepared for smoking, the master of such vessel or person in charge of such vehicle or the owner of such vessel or vehicle shall be liable to a penalty of $25 for each ounce thereof so found. If any of such merchandise so found consists of crude opium, the master of such vessel or person in charge of such vehicle or the owner of such vessel or vehicle shall be liable to a penalty of $10 for each ounce thereof so found. Such penalties shall, notwithstanding the proviso in section 594 of this act (relating to the immunity of vessels or vehicles used as common carriers), constitute

a lien upon such vessel which may be enforced by a libel in rem; except that the master or owner of a vessel used by any person as a common carrier in the transaction of business as such common carrier shall not be liable to such penalties and the vessel shall not be held subject to the lien, if it appears to the satisfaction of the court that neither the master nor any of the officers (including licensed and unlicensed officers and petty officers) nor the owner of the vessel knew, and could not, by the exercise of the highest degree of care and diligence, have known, that such narcotic drugs were on board. Clearance of any such vessel may be withheld until such penalties are paid or until a bond, satisfactory to the collector, is given for the payment thereof. The provisions of this paragraph shall not prevent the forfeiture of any such vessel or vehicle under any other provision of law."

(b) Section 584 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1584) is amended by adding at the end thereof the following new paragraph:

"If any of such merchandise (sea stores excepted), the importation of which into the United States is prohibited, or which consists of any spirits, wines, or other alcoholic liquors for the importation of which into the United States a certificate is required under section 7 of the Anti-Smuggling Act and the required certificate be not shown, be so found upon any vessel not exceeding 500 net tons, the vessel shall, in addition to any other penalties herein or by law provided, be seized and forfeited, and, if any manifested merchandise (sea stores excepted) consisting of any such spirits, wines, or other alcoholic liquors be found upon any such vessel and the required certificate be not shown, the master of the vessel shall be liable to the penalty herein provided in the case of merchandise not duly manifested: *Provided*, That if the collector shall be satisfied that the certificate required for the importation of any spirits, wines, or other alcoholic liquors was issued and was lost or mislaid without intentional fraud, or was defaced by accident, or is incorrect by reason of clerical error or other mistake, said penalties shall not be incurred."

SEC. 205. Section 586 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1586) is amended to read as follows:

"SEC. 586. UNLAWFUL UNLADING OR TRANSSHIPMENT

"(a) The master of any vessel from a foreign port or place who allows any merchandise (including sea stores) to be unladen from such vessel at any time after its arrival within the customs waters and before such vessel has come to the proper place for the discharge of such merchandise, and before he has received a permit to unlade, shall be liable to a penalty equal to twice the value of the merchandise but not less than $1,000, and such vessel and its cargo and the merchandise so unladen shall be seized and forfeited.

"(b) The master of any vessel from a foreign port or place who allows any merchandise (including sea stores), the importation of which into the United States is prohibited, or which consists of any spirits, wines, or other alcoholic liquors, to be unladen from his vessel at any place upon the high seas adjacent to the customs waters of the United States to be transshipped to or placed in or received on any vessel of any description, with knowledge, or under circumstances indicating the purpose to render it possible, that such merchandise, or any part thereof, may be introduced, or attempted to be introduced, into the United States in violation of law, shall be liable to a penalty equal to twice the value of the merchandise but not less than $1,000, and the vessel from which the merchandise is so unladen, and its cargo and such merchandise, shall be seized and forfeited.

"(c) The master of any vessel from a foreign port or place who allows any merchandise (including sea stores) destined to the United States, the importation of which into the United States is prohibited, or which consists of any spirits, wines, or other alcoholic liquors, to be unladen, without permit to unlade, at any place upon the high seas adjacent to the customs waters of the United States, to be transshipped to or placed in or received on any vessel of the United States or any other vessel which is owned by any person a citizen of, or domiciled in, the United States, or any corporation incorporated in the United States, shall be liable to a penalty equal to twice the value of the merchandise but not less than $1,000, and the vessel from which the merchandise is so unladen, and its cargo and such merchandise, shall be seized and forfeited.

"(d) If any merchandise (including sea stores) unladen in violation of the provisions of this section is transshipped to or placed in or received on any other vessel, the master of the vessel on which such merchandise is placed, and any person aiding or assisting therein, shall be liable to a penalty equal to twice the value of the merchandise, but not less than $1,000, and such vessel, and its cargo and such merchandise, shall be seized and forfeited.

"(e) Whoever, at any place, if a citizen of the United States, or at any place in the United States or within 1 league of the coast of the United States, if a foreign national, shall engage or aid or assist in any unlading or transshipment of any merchandise in consequence of which any vessel becomes subject to forfeiture under the provisions of this section shall, in addition to any other penalties provided by law, be liable to imprisonment for not more than 2 years.

"(f) Whenever any part of the cargo or stores of a vessel has been unladen or transshipped because of accident, stress of weather, or other necessity, the master of such vessel and the master of any vessel to which such cargo or stores has been transshipped shall, as soon as possible thereafter, notify the collector of the district within which such unlading or transshipment has occurred, or the collector within the district at which such vessel shall first arrive thereafter, and shall furnish proof that such unlading or transshipment was made necessary by accident, stress of weather, or other unavoidable cause, and if the collector is satisfied that the unlading or transshipment was in fact due to accident, stress of weather, or other necessity, the penalties described in this section shall not be incurred."

SEC. 206. Section 587 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1587) is amended to read as follows:

"SEC. 587. EXAMINATION OF HOVERING VESSELS

"(a) Any hovering vessel, or any vessel which fails (except for unavoidable cause), at any place within the customs waters or within a customs-enforcement area established under the Anti-Smuggling Act, to display lights as required by law, or which has become subject to pursuit as provided in section 581 of this act, or which, being a foreign vessel to which subsection (h) of said section 581 applies, is permitted by special arrangement with a foreign government to be so examined without the customs waters of the United States, may at any time be boarded and examined by any officer of the customs, and the provisions of said section 581 shall apply thereto, as well without as within his district, and in examining the same any such officer may also examine the master upon oath respecting the cargo and voyage of the vessel, and may also bring the vessel into the most convenient port of the United States to examine the cargo, and if the master of said vessel refuses to comply with the lawful directions of such officer or does not truly answer such questions as are put to him respecting the vessel, its cargo, or voyage, he shall be liable to a penalty of not more than $5,000 nor less than $500. If, upon the examination of any such vessel or its cargo by any officer of the customs, any dutiable merchandise destined to the United States is found, or discovered to have been, on board thereof, the vessel and its cargo shall be seized and forfeited. It shall be presumed that any merchandise (sea stores excepted) the importation of which into the United States is prohibited, or which consists of any spirits, wines, or other alcoholic liquors, so found, or discovered to have been, on board thereof, is destined to the United States.

"(b) If any vessel laden with cargo be found at any place in the United States or within the customs waters or within a customs-enforcement area established under the Anti-Smuggling Act and such vessel afterwards is found light or in ballast or having discharged its cargo or any part thereof, and the master is unable to give a due account of the port or place at which the cargo, or any part thereof, consisting of any merchandise the importation of which into the United States is prohibited or any spirits, wines, or other alcoholic liquors, was lawfully discharged, the vessel shall be seized and forfeited.

"(c) Nothing contained in this section shall be construed to render any vessel liable to forfeiture which is bona fide bound from one foreign port to another foreign port, and which is pursuing her course, wind and weather permitting."

SEC. 207. Section 615 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1615) is amended by inserting a comma in place of the period at the end thereof and adding the following: "subject to the following rules of proof:

"(1) The testimony or deposition of the officer of the customs who has boarded or required to come to a stop or seized a vessel or vehicle, or has arrested a person, shall be prima facie evidence of the place where the act in question occurred.

"(2) Marks, labels, brands, or stamps, indicative of foreign origin, upon or accompanying merchandise or containers of merchandise, shall be prima facie evidence of the foreign origin of such merchandise.

"(3) The fact that a vessel of any description is found, or discovered to have been, in the vicinity of any hovering vessel and under any circumstances indicating contact or communication therewith, whether by proceeding to or from such vessel, or by coming to in the vicinity of such vessel, or by delivering to or receiving from such vessel any merchandise, person, or communication, or by any other means effecting contact or communication therewith, shall be prima facie evidence that the vessel in question has visited such hovering vessel."

SEC. 208. Section 3062 of the Revised Statutes (U. S. C., title 19, sec. 483) is amended to read as follows:

"SEC. 3062. (a) All vessels, with the tackle, apparel, and furniture thereof, and all vehicles, animals, aircraft, and things with the tackle, harness, and equipment thereof, used in, or employed to aid in, or to facilitate by obtaining information or otherwise, the unlading, bringing in, importation, landing, removal, concealment, harboring, or subsequent transportation of any merchandise upon the same or otherwise unlawfully introduced, or attempted to be introduced into the United States, shall be seized and forfeited.

"(b) Any member of the crew of any such vessel and any person who assists, finances, directs, or is otherwise concerned in the unlading, bringing in, importation, landing, removal, concealment, harboring, or subsequent transportation of any such merchandise exceeding $100 in value, or into whose control or possession the same shall come without lawful excuse, shall, in addition to any other penalty, be liable to a penalty equal to the value of such goods, to be recovered in any court of competent jurisdiction, or to imprisonment for not more than 5 years, or both."

SEC. 209. Section 4197 of the Revised Statutes, as amended (U. S. C., title 46, sec. 91), is amended by striking out the second sentence and inserting in lieu thereof the following:

"If any vessel bound to a foreign port (other than a licensed yacht not engaging in any trade nor in any way violating the revenue laws of the United States) departs from any port or place in the United States without a clearance, or if the master delivers a false manifest, or does not answer truly the questions demanded

of him, or, having received a clearance, adds to the cargo of such vessel without having mentioned in the report outwards the intention to do so, or if the departure of the vessel is delayed beyond the second day after obtaining clearance without reporting the delay to the collector, the master or other person having the charge or command of such vessel shall be liable to a penalty of not more than $1,000 nor less than $500, of if the cargo consists in any part of narcotic drugs, or any spirits, wines, or other alcoholic liquors (sea stores excepted), a penalty of not more than $5,000 nor less than $1,000, for each offense, and the vessel shall be detained in any port of the United States until the said penalty is paid or secured."

SEC. 210. Section 1 of the act approved June 7, 1918 (40 Stat. 602; U. S. C., title 46, sec. 288), is amended by adding at the end thereof the following new sentence: "When a number is awarded to a vessel under the provisions of this act, a certificate of such award shall be issued by the collector, the said certificate to be at all times kept on board of such vessel and to constitute a document in lieu of enrollment or license."

TITLE III

SECTION 301. Section 434 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1434) is amended by inserting after the words "as indicated in the register" a comma and the following: "or document in lieu thereof,".

SEC. 302. Subsection (3) of section 441 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1441 (3)) is amended to read as follows:

"(3) Yachts of 15 gross tons or under not permitted by law to carry merchandise or passengers for hire and not visiting any hovering vessel, nor having at any time or, if forfeited to the United States or to a foreign government, at any time after forfeiture, become liable to seizure and forfeiture for any violation of the laws of the United States."

SEC. 303. So much of section 585 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1585) as comes after the words "and the person in charge of such vehicle shall be liable to a fine of $500" is amended to read as follows: "and any such vessel or vehicle shall be forfeited, and any officer of the customs may cause such vessel or vehicle to be arrested and brought back to the most convenient port of the United States."

SEC. 304. (a) Section 591 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1591) is amended by inserting after the words "or aids or procures the making of any such false statement as to any matter material thereto without reasonable cause to believe the truth of such statement," the following: "whether or not the United States shall or may be deprived of the lawful duties, or any portion thereof, accruing upon the merchandise, or any portion thereof, embraced or referred to in such invoice, declaration, affidavit, letter, paper, or statement;".

(b) Section 592 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1592) is amended by inserting after the words "or aids or procures the making of any such false statement as to any matter material thereto without reasonable cause to believe the truth of such statement," the following: "whether or not the United States shall or may be deprived of the lawful duties, or any portion thereof, accruing upon the merchandise, or any portion thereof, embraced or referred to in such invoice, declaration, affidavit, letter, paper, or statement;".

SEC. 305 (a) Section 619 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1619) is amended by inserting after the words "customs laws" wherever they appear in that section the words "or the navigation laws."

(b) Section 619 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1619) is amended by adding at the end thereof the following new sentence: "If any vessel, vehicle, merchandise, or baggage is forfeited to the United States, and is thereafter, in lieu of sale, destroyed under the customs or navigation laws or delivered to any governmental agency for official use, compensation of 25 percent of the appraised value thereof may be awarded and paid by the Secretary of the Treasury under the provisions of this section, but not to exceed $50,000 in any case."

SEC. 306. So much of section 621 of the Tariff Act of 1930 (U. S. C., Supp. VII, title 19, sec. 1621) as precedes the proviso is amended to read as follows: "No suit or action to recover any pecuniary penalty or forfeiture of property accruing under the customs laws shall be instituted unless such suit or action is commenced within 5 years after the time when the alleged offense was discovered: ".

SEC. 307. Section 3068 of the Revised Statutes (U. S. C., title 18, sec. 122) is amended to read as follows:

"SEC. 3068. If the master of any vessel shall obstruct or hinder, or shall intentionally cause any obstruction or hindrance to any officer in lawfully going on board such vessel, for the purpose of carrying into effect any of the revenue or navigation laws of the United States, he shall for every such offense be liable to a penalty of not more than $2,000 nor less than $500."

SEC. 308. Section 2764 of the Revised Statutes (U. S. C., title 14, sec. 64) is amended to read as follows:

"SEC. 2764. (a) Coast Guard vessels shall be distinguished from other vessels by an ensign and pennant, of such design as the President shall prescribe, the same to be flown as circumstances require. If any vessel or boat, not employed in the service of the customs, shall, within the jurisdiction of the United States, without authority, carry or hoist any pennant or ensign prescribed for, or intended to resemble any pennant or ensign prescribed for, Coast Guard vessels, the master of the vessel so offending shall be liable to a fine of not less than $1,000 and not more than $5,000, or to imprisonment for not less than 6 months and not more than 2 years, or to both such fine and imprisonment.

"(b) For the purposes of this section, any place in the United States or within the customs waters of the United States as defined in the Anti-Smuggling Act shall be deemed within the jurisdiction of the United States."

SEC. 309. Whosoever without authority shall use the uniform or badge of the Coast Guard, or the Customs Service, or of any foreign revenue service, or any uniform, clothing, or badge resembling the same, while engaged, or assisting, in any violation of any revenue law of the United States, shall be fined not more than $500 and imprisoned not more than 2 years.

SEC. 310. Section 4189 of the Revised Statutes (U. S. C., title 46, sec. 60) is amended by striking out the words "not entitled to the benefit thereof."

SEC. 311. Section 4218 of the Revised Statutes, as amended (U. S. C., title 46, sec. 108), is amended by inserting after the words "except those of 15 gross tons or under" the words "exempted by law."

SEC. 312. Section 4336 of the Revised Statutes (U. S. C., title 46, sec. 277) is amended to read as follows:

"SEC. 4336. Any officer concerned in the collection of the revenue may at all times inspect the register or enrollment or license of any vessel or any document in lieu thereof; and if the master of any such vessel shall not exhibit the same, when required by such officer, he shall be liable to a penalty of $100, unless the failure to do so is willful in which case he shall be liable to a penalty of $1,000 and to a fine of not more than $1,000 or imprisonment for not more than 1 year, or both."

SEC. 313. Section 4377 of the Revised Statutes (U. S. C., title 46, sec. 325) is amended to read as follows:

"SEC. 4377. Whenever any licensed vessel is transferred, in whole or in part, to any person who is not at the time of such transfer a citizen of and resident within the United States, or is employed in any other trade than that for which she is licensed, or is employed in any trade whereby the revenue of the United States is defrauded, or is found with a forged or altered license, or one granted for any other vessel, or with merchandise of foreign growth or manufacture (sea stores excepted), or any taxable domestic spirits, wines, or other alcoholic liquors, on which the duties or taxes have not been paid or secured to be paid, such vessel with her tackle, apparel and furniture, and the cargo, found on board her, shall be forfeited. But vessels which may be licensed for the mackerel fishery shall not incur such forfeiture by engaging in catching cod or fish of any other description whatever. For the purposes of this section, marks, labels, brands, or stamps, indicative of foreign origin, upon or accompanying merchandise or containers of merchandise found upon any vessel, shall be prima facie evidence of the foreign origin of such merchandise."

SEC. 314. Section 7 of the act approved June 19, 1886 (ch. 421, 24 Stat. 81; U. S. C., title 46, secs. 317, 319), as in part repealed by the act of February 28, 1933 (47 Stat. 1349), is amended by striking out the period at the end of the first sentence and inserting a comma in lieu thereof, and by striking out the second sentence and inserting in lieu thereof the following: "and if she have on board any merchandise of foreign growth or manufacture (sea stores excepted), or any taxable domestic spirits, wines, or other alcoholic liquors, on which the duties or taxes have not been paid or secured to be paid, she shall, together with her tackle, apparel and furniture, and the lading found on board, be forfeited. Marks, labels, brands, or stamps, indicative of foreign origin, upon or accompanying merchandise or containers of merchandise found on board such vessel, shall be prima facie evidence of the foreign origin of such merchandise. But if the license shall have expired while the vessel was at sea, and there shall have been no opportunity to renew such license, then said fine or forfeiture shall not be incurred."

TITLE IV

SECTION 401. When used in this act:

(a) The term "United States", when used in a geographical sense, includes all territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, the Canal Zone, American Samoa, and the island of Guam.

(b) The term "officer of the customs" means any officer of the Customs Service or any commissioned, warrant, or petty officer of the Coast Guard, or agent or other person authorized by law or by the Secretary of the Treasury, or appointed in writing by a collector, to perform the duties of an officer of the Customs Service.

(c) The term "customs waters" means, in the case of a foreign vessel subject to a treaty or other arrangement between a foreign government and the United States enabling or permitting the authorities of the United States to board, examine, search, seize, or otherwise to enforce upon such vessel upon the high seas the laws of the United States, the waters within such distance of the coast of the United States as the said authorities are or may be so enabled or permitted by such treaty or arrangement and, in the case of every other vessel, the waters within four leagues of the coast of the United States.

(d) The term "hovering vessel" means any vessel which is found or kept off the coast of the United States within or without the customs waters, if, from the history, conduct, character, or location of the vessel, it is reasonable to believe that such vessel is being used or may be used to introduce or promote or facilitate the introduction or attempted introduction of merchandise into United States in violation of the laws respecting the revenue.

SEC. 402. If any clause, sentence, paragraph, or part of this act, or the application thereof to any person, or circumstances, is held invalid, the application thereof to other persons, or circumstances, and the remainder of the act, shall not be affected thereby.

SEC. 403. This act may be c'ted as the "Anti-Smuggling Act."

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations (and withdrawing a post-office nomination), which were referred to the appropriate committees.

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of William W. Arnold, of Illinois, to be a member of the Board of Tax Appeals for the unexpired portion of a term of 12 years from June 2, 1932, vice Jed C. Adams, deceased.

He also, from the same committee, reported favorably the nominations of sundry medical and other officers in the United States Public Health Service.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Parker W. Buhrman, of Virginia, to be consul general.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that nominations of postmasters may be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

ADJOURNMENT TO MONDAY

Mr. BARKLEY. I move that the Senate adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 45 minutes p. m.) the Senate, in legislative session, adjourned until Monday, July 29, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 26 (legislative day of Monday, May 13), 1935

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Hugh Gladney Grant, of Alabama, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Albania.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Second Lt. Clifford Christopher Wagner, Infantry (detailed in Quartermaster Corps), with rank from June 11, 1931.

PROMOTION IN THE REGULAR ARMY

VETERINARY CORPS

To be captain

First Lt. Maurice Wendell Hale, Veterinary Corps, from July 25, 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 26 (legislative day of Monday, May 13), 1935

CONSUL GENERAL

Parker W. Buhrman to be consul general.

POSTMASTERS

GEORGIA

James Paul Williams, Chipley.
William Peyton Cravey, Milan.
Doddridge K. Houser, Shannon.
Ralph Waldo Harris, Wrens.

ILLINOIS

Arthur H. Schuler, Forest Park.
William K. Lyon, Niles Center.

MASSACHUSETTS

Paul E. Haley, Chester.
Bartholomew C. Downing, Hanover.
Mary E. Healy, Littleton.
James L. Ivory, Millbury.
Mary E. Glispin, North Grafton.
Dennis P. Sweeney, Pittsfield.
James F. Desmond, Reading.
Franklin F. Collins, South Yarmouth.
Hugh L. Lyons, West Medway.

MINNESOTA

Bernhard Levins, Crookston.

WITHDRAWAL

Executive nomination withdrawn from the Senate July 26 (legislative day of May 13), 1935

W. Edward Hudson to be postmaster at Vandergrift, in the State of Pennsylvania.

SENATE

MONDAY, JULY 29, 1935

The Reverend Harry Lee Doll, rector-elect of Christ Church, Alexandria, Va., offered the following prayer:

O eternal God, who hast intrusted the bringing of Thy kingdom to the hands of men, breathe upon us anew the gifts of Thy Holy Spirit, that with consecrated wills and rekindled energies we may serve Thee as Thou deservest and be true to the trust which in Thy name we have promised to fulfill. And so touch our hearts with the fire of Thy love that we may ask no greater reward than knowing that we do Thy will. We ask it for the merits of Him who gave His life that we might live abundantly—Thy Son, Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, July 26, 1935, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On July 25, 1935:

S. 2830. An act to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909.

On July 26, 1935:

S. 1065. An act to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen;

S. 2326. An act to authorize the Secretary of War to sell to the Eagle Pass & Piedras Negras Bridge Co. a portion of the Eagle Pass Military Reservation, Tex., and for other purposes;

S. 2965. An act to amend the Hawaiian Homes Commission Act of 1920; and

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

ORDER FOR CONSIDERATION OF THE CALENDAR

Mr. ROBINSON. Mr. President, inviting the attention of the Senator from Oregon [Mr. McNARY] to the request I am about to make, I ask unanimous consent that at the conclusion of the morning business the Senate proceed to the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum, in order that all Senators may have an opportunity to be present.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Norbeck
Ashurst	Dickinson	King	Nye
Austin	Dieterich	La Follette	O'Mahoney
Bachman	Donahey	Lewis	Pittman
Bankhead	Duffy	Logan	Robinson
Barkley	Fletcher	Lonergan	Russell
Black	Frazier	McAdoo	Schwellenbach
Brown	George	McCarran	Steiwer
Bulkley	Gibson	McGill	Thomas, Okla.
Bulow	Gore	McKellar	Trammell
Burke	Guffey	McNary	Vandenberg
Byrnes	Hale	Metcalf	Wagner
Capper	Harrison	Minton	Walsh
Caraway	Hastings	Murphy	Wheeler
Chavez	Hayden	Murray	White
Clark	Holt	Neely	

Mr. LEWIS. I announce that the Senator from Utah [Mr. THOMAS], the Senator from Mississippi [Mr. BILBO], the Senator from Louisiana [Mr. LONG], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from South Carolina [Mr. SMITH], the Senator from North Carolina [Mr. BAILEY], the Senator from Connecticut [Mr. MALONEY], the Senator from Rhode Island [Mr. GERRY], the Senator from New Jersey [Mr. MOORE], and the junior Senator from South Carolina [Mr. BYRNES] are necessarily detained from the Senate.

Mr. VANDENBERG. I announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. KEYES], and the Senator from Pennsylvania [Mr. DAVIS] are necessarily absent from the Senate.

The VICE PRESIDENT. Sixty-three Senators have answered to their names. A quorum is present.

PHILIPPINE INDEPENDENCE—EXPRESSION OF GRATITUDE

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Territories and Insular Affairs, as follows:

To the Congress of the United States:

In accordance with the notation contained in the text thereof, I transmit herewith a copy of a resolution, No. 1, of the "Liga Patriotica", a civil organization of the city of Manila, P. I., dated May 16, 1935, expressing the gratitude of the people of the Philippine Islands toward the Government and people of the United States for the passage of Public, No. 127, Seventy-third Congress, approved, March 24, 1934, and for the certification of the Constitution of the Philippine Islands.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 26, 1935.*

PETITIONS

The VICE PRESIDENT laid before the Senate petitions of sundry citizens of the States of Ohio and Pennsylvania, praying for an investigation of charges filed by the women's committee of Louisiana relative to the qualifications of the Senators from Louisiana (Mr. LONG and Mr. OVERTON), which were referred to the Committee on Privileges and Elections.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (H. R. 2480) for the relief of Charles Davis, reported it without amendment and submitted a report (No. 1160) thereon.

He also, from the same committee, to which was referred the bill (S. 1843) to authorize the presentation of a Distinguished Service Cross to George J. Frank, reported it with amendments and submitted a report (No. 1161) thereon.

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2864) to establish the San Juan National Monument, Puerto Rico, and for other purposes, reported it with amendments and submitted a report (No. 1163) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 1793) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928 (45 Stat. L. 602), reported it with amendments and submitted a report (No. 1164) thereon.

Mr. NORBECK, from the Committee on Indian Affairs, to which was referred the bill (S. 2691) for the relief of E. E. Sullivan, reported it without amendment and submitted a report (No. 1165) thereon.

He also, from the same committee, to which was referred the bill (S. 3293) providing old-age pensions for Indians of the United States, reported it with amendments and submitted a report (No. 1167) thereon.

Mr. SCHALL, from the Committee on Indian Affairs, to which was referred the bill (H. R. 6228) authorizing a capital fund for the Chippewa Indian Cooperative Marketing Association, reported it with an amendment and submitted a report (No. 1168) thereon.

IMPORTS WITHOUT TARIFF PAYMENT FOR TEXAS CENTENNIAL EXPOSITION

Mr. CONNALLY. From the Committee on Finance I report back favorably without amendment the joint resolution (H. J. Res. 335) to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff, and for other purposes, and I submit a report (No. 1166) thereon. I ask unanimous consent that the joint resolution be placed at the end of the calendar.

The VICE PRESIDENT. Without objection, it is so ordered.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLETCHER:

A bill (S. 3327) to authorize the Secretary of Commerce to dispose of certain portions of Anastasia Island Lighthouse Reservation, Fla., and for other purposes; to the Committee on Commerce.

By Mr. ASHURST:

A bill (S. 3328) to provide an official seal for the United States Veterans' Administration, and for other purposes; to the Committee on the Judiciary.

By Mr. LOGAN:

A bill (S. 3329) to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the Fort Knox Military Reservation, Ky., for the construction thereon of certain public buildings, and for other purposes; to the Committee on Military Affairs.

By Mr. McNARY and Mr. STEIWER:

A bill (S. 3330) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Commerce.

By Mr. McNARY (for Mr. DAVIS):

A bill (S. 3331) granting a pension to Katie Yoos; to the Committee on Pensions.



A bill (S. 3332) providing for the advancement on the retired list of the Navy of Louis J. Gulliver; and

A bill (S. 3333) for the relief of DeForest Loys Trautman, lieutenant, United States Navy; to the Committee on Naval Affairs.

PROPOSED FINAL ADJOURNMENT

The VICE PRESIDENT. Resolutions coming over from a previous day are in order.

Mr. McNARY. Mr. President, in order that I may be advised, I desire to submit a parliamentary inquiry. Some days ago the distinguished Senator from Delaware [Mr. HASTINGS] submitted a concurrent resolution providing for the sine die adjournment of Congress. After having been read, the resolution was ordered to lie on the Secretary's desk, where it now may be found, and, I think, under the heading under which the Senate is proceeding, probably comes up for consideration. As I understand the rule, however, it would not automatically come up, but would come up as a result of a motion to that effect.

The VICE PRESIDENT. That is the Chair's understanding of the rule.

Mr. McNARY. I now move that the Senate proceed to the consideration of Senate Concurrent Resolution 21.

Mr. ROBINSON. I move to lay on the table the motion of the Senator from Oregon.

Mr. HASTINGS and Mr. LA FOLLETTE asked for the yeas and nays, and they were ordered.

Mr. McNARY. Mr. President, may we not have the concurrent resolution read?

The VICE PRESIDENT. The clerk will read the concurrent resolution.

The Chief Clerk read the concurrent resolution (S. Con. Res. 21) submitted by Mr. HASTINGS on the 23d instant, as follows:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall adjourn on Saturday, the 10th day of August 1935, and that when they adjourn on said day they stand adjourned sine die.

The VICE PRESIDENT. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. BILBO], who is necessarily absent. I am not advised how he would vote if present. If permitted to vote, I should vote "nay."

Mr. McKELLAR (when his name was called). On this vote I am paired with the Senator from Delaware [Mr. TOWNSEND], who is necessarily absent, and who would vote "nay" if present. I transfer that pair to the senior Senator from North Carolina [Mr. BAILEY] and vote "yea."

The roll call was concluded.

Mr. CHAVEZ. My colleague the senior Senator from New Mexico [Mr. HATCH] is detained on official business. If present, he would vote "yea."

Mr. BULKLEY (after having voted in the affirmative). I have just been advised that my pair, the Senator from Wyoming [Mr. CAREY], is detained on official business and unable to be present. I transfer my pair with that Senator to the junior Senator from Massachusetts [Mr. COOLIDGE] and let my vote stand.

Mr. LOGAN (after having voted in the affirmative). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. I transfer that pair to the junior Senator from New Jersey [Mr. MOORE] and allow my vote to stand.

Mr. METCALF (after having voted in the negative). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. I inquire if he has voted?

The VICE PRESIDENT. The Senator from Maryland has not voted.

Mr. METCALF. In his absence I withdraw my vote.

Mr. AUSTIN. I desire to announce that the Senator from New Hampshire [Mr. KEYES] has a general pair with the Senator from Utah [Mr. THOMAS]. If the Senator from New Hampshire were present, he would vote "nay", and if present the Senator from Utah would vote "yea."

The Senator from Wyoming [Mr. CAREY] is detained on official business. If present, he would vote "nay."

The Senator from New Jersey [Mr. BARBOUR], the Senator from Pennsylvania [Mr. DAVIS], and the Senator from Delaware [Mr. TOWNSEND] are unavoidably detained.

The Senator from Minnesota [Mr. SHIPSTEAD] is detained on official business.

Mr. NYE (after having voted in the affirmative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily detained. I understand if he were present he would vote as I have voted. Therefore I permit my vote to stand.

Mr. DICKINSON. I have heretofore announced my pair with the junior Senator from Mississippi [Mr. BILBO]. I transfer that pair to the Senator from New Jersey [Mr. BARBOUR] and vote "nay."

Mr. LEWIS. I desire to announce the following-named Senators are necessarily detained and if present each would vote "yea":

The Senator from North Carolina [Mr. BAILEY], the Senator from Mississippi [Mr. BILBO], the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. BYRD], the Senator from Texas [Mr. CONNALLY], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from New York [Mr. COPELAND], the Senator from Rhode Island [Mr. GERRY], the Senator from New Jersey [Mr. MOORE], the Senator from Idaho [Mr. POPE], the Senator from Maryland [Mr. RADCLIFFE], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Texas [Mr. SHEPPARD], the Senator from South Carolina [Mr. SMITH], the Senator from Utah [Mr. THOMAS], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS].

I also desire to announce that the senior Senator from Louisiana [Mr. LONG] and the junior Senator from Louisiana [Mr. OVERTON] are necessarily detained.

Mr. LONERGAN. I desire to announce the unavoidable absence of my colleague [Mr. MALONEY]. If present and voting, he would vote "yea."

The result was announced—yeas 52, nays 10, as follows:

YEAS—52

Adams	Chavez	Holt	Neely
Ashurst	Clark	King	Norbeck
Bachman	Costigan	La Follette	Nye
Bankhead	Dieterich	Lewis	O'Mahoney
Barkley	Donahey	Logan	Pittman
Black	Duffy	Lonergan	Robinson
Brown	Fletcher	McAdoo	Russell
Bulkley	Frazier	McCarran	Schwellenbach
Bulow	George	McGill	Thomas, Okla.
Burke	Gore	McKellar	Trammell
Byrnes	Guffey	Minton	Wagner
Capper	Harrison	Murphy	Walsh
Caraway	Hayden	Murray	Wheeler

NAYS—10

Austin	Hale	McNary	Vandenberg
Dickinson	Hastings	Steiwer	White
Gibson	Johnson		

NOT VOTING—34

Bailey	Copeland	Metcalf	Shipstead
Barbour	Couzens	Moore	Smith
Bilbo	Davis	Norris	Thomas, Utah
Bone	Gerry	Overton	Townsend
Borah	Glass	Pope	Truman
Byrd	Hatch	Radcliffe	Tydings
Carey	Keyes	Reynolds	Van Nuys
Connally	Long	Schall	
Coolidge	Maloney	Sheppard	

So the motion of Mr. McNARY was laid on the table.

FARMERS' VISIT TO WASHINGTON

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk proceeded to read the resolution (S. Res. 139) submitted by Mr. HASTINGS on May 15, 1935.

Mr. ROBINSON. Mr. President, I move to lay the resolution on the table.

Mr. McNARY. Mr. President, I am a little confused as to the nature of the resolution.

The VICE PRESIDENT. The clerk will state the resolution by title.

The CHIEF CLERK. Senate Resolution 139, calling on the Secretary of Agriculture for certain information concerning a recent gathering of farmers in Washington, D. C.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas to lay the resolution on the table.

Mr. CLARK. Mr. President, may we have the resolution stated again?

The VICE PRESIDENT. The clerk will read the resolution in full.

The Chief Clerk read the resolution (S. Res. 139), as follows:

Resolved, That the Secretary of Agriculture be, and is hereby, requested to furnish to the Senate any and all correspondence in his Department touching the gathering of some three or four thousand farmers in the city of Washington during the last 2 or 3 days; whether any instructions had been given by him, or any person in his Department, or any of the various county agents or farm organizations receiving Federal aid, with respect to getting these farmers to come to Washington; how the particular group was selected and by whom, and the purpose of having the said farmers come to Washington at this particular time; and

Resolved further, That the Secretary of Agriculture give to the Senate all information in his possession with respect to any cost borne by the Federal Government, directly or indirectly, in meeting the expense of the farmers gathered as aforesaid.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas to lay the resolution on the table.

The motion was agreed to.

WAR DEBTS, DISARMAMENT, CURRENCY STABILIZATION, AND WORLD TRADE

The VICE PRESIDENT. The clerk will state the next resolution coming over from a previous day.

The Chief Clerk read the resolution (S. Res. 141) submitted by Mr. TYDINGS on May 21, 1935, as follows:

Whereas the people of the United States, irrespective of political affiliations, have been desirous of promoting in every practical way the peace of the world and the economic and political welfare of other nations as well as their own, and have never failed to respond to the call of distress of other peoples and countries; and

Whereas the people of the United States are equally desirous of correcting any misapprehensions in this regard and to proclaim that no reason shall exist for questioning their desire to aid in every reasonable way the solution of the acute problems of the world arising from the war and depression; and

Whereas the present administration has frequently declared that national economic recovery and world economic recovery are inextricably bound together and that the principle of the good neighbor should characterize the relationship between the United States and all other nations; and

Whereas similar views have been held by Republican administrations and leading statesmen of the Republican Party, so that these broad views have the endorsement of both our major political parties; and

Whereas it is universally recognized that there is no problem existing today which is operating more directly, constantly, and powerfully to make understanding and good will between nations difficult, and therefore to postpone the return of economic well-being and durable world peace than the chronic problem of intergovernmental debts arising and resulting from the war; and

Whereas the next installment of allied war debts owing to the United States is due and payable on the 15th of June 1935, and no payment on these debts was made when the last installment came due on December 15, 1934, and the value and collectibility of these debts are becoming more and more jeopardized by the passing of time and the failure to devise and consummate a workable and mutually reasonable settlement thereof; and

Whereas such officials and leaders of European public opinion and action as Premier Flandin, of France; Economic and Finance Minister Schacht, of Germany; and the Chancelor of the Exchequer Chamberlain, of Great Britain, have within recent weeks given public indication of their recognition of the gravity of the problem created by the unsettled state of intergovernmental debts and of their desire for an equitable settlement that will promote and not retard world trade and that is in keeping with the present economic and financial conditions of the world; and

Whereas in June and also in December of 1934, in the exchange of notes on the allied-debt subject, both France and Great Britain did not repudiate them but frankly acknowledge that validity and legality of their respective war debts to the United States and expressed a desire and willingness to make a reasonable and feasible settlement of these debts; and

Whereas it is the desire of the people of the United States as indispensable both to economic recovery and to world peace to secure reduction of armaments by all nations and to inaugurate an immediate 5-year holiday in arms construction, in order to facilitate and insure rapid recovery from the ravages of the protracted depression and to prove good faith to one another in their treaty commitments to peace; and

Whereas general and drastic reduction or armaments is vital to both world peace and to economic recovery, the expenditures for armaments and war being by far the largest items in the budgets of the nations; and

Whereas responsible statesmen of all the large nations of the world have repeatedly expressed their willingness to join in a general universal movement for the reduction of armaments, but the disarmament conferences have, during the past few years, failed to reach any substantial accord as to reduction largely because of the ill will, fear, and resentments engendered, particularly in Europe, by the destructiveness of the last war and the treaties resulting therefrom; and

Whereas a strong indication of the sentiment in Great Britain has just been obtained by a popular referendum wherein the vote on the question of all-around drastic reduction of armaments by international agreement showed over 90 percent in favor of such reduction and agreement, a percentage that well represents the overwhelming public opinion of our land; and

Whereas a 5-year holiday in arms construction accompanied by gradual, drastic, and pro rata reduction in arms, agreed to and carried out by the nations of the world, would be not only the sincerest guaranty of world peace but would also result in bringing national income and national expenditures within balance in all nations, would greatly reduce taxation, would vastly increase the buying power of all countries, and consequently would go far toward restoring to normal the benefits of the world trade, both for agriculture and for the industry; and

Whereas for the further advancement of world trade and therefore for the prosperity of all peoples there should be a revival of confidence in the money units of the world, now so disordered and almost chaotic, by a working stabilization of international currencies under international agreement, such as would inspire confidence in business men and producers everywhere, and which would largely restore normal foreign trade, thus tending to relieve unemployment and to reflate our sadly deflated market value of commodities, securities, and real estate; and

Whereas the United States, by reason of its unprecedented contributions to the World War, its unselfish and equally unprecedented abstention from all the spoils of war at the peace table in harmony with the magnanimous pronouncements of President McKinley in 1898, and of President Wilson in 1917, namely, that it is our settled policy not to wage wars of aggression and not to accept the spoils of victory, is in a position to take the lead in a world-wide movement for the solution of these four acute international problems, (1) war debts, (2) disarmament, (3) stabilization of currencies, and (4) a sound revival of world trade, which now so harass the world and retard both economic recovery and world peace, and to the solution of which a world conference should be called to be held at the city of Washington at the earliest convenient and practicable time: Now, therefore, be it

Resolved, That the President of the United States is requested, if not incompatible with the public interest, to advise such governments as he may deem appropriate that this Government desires at once to take up directly with them, with a view to entering into international agreements and treaties with other nations at a conference to be held in the city of Washington the following matters: The settlement of the intergovernmental debts, the means of obtaining a substantial curtailment in world armaments and a holiday in world armament construction, the means of securing a stabilization of the currency systems of the world, and the means for reviving world trade, all to such an extent and under such terms as may be agreed upon.

Mr. TYDINGS. I ask that the resolution may go over.

The VICE PRESIDENT. The resolution will go over. The clerk will state the next resolution coming over from a previous day.

EXTENSION OF THE N. R. A.

The Chief Clerk read the resolution (S. Res. 142) submitted by Mr. NYE on May 21, 1935, as follows:

Whereas an organized group known as the "Industry and Business Committee for N. R. A. Extension" is admittedly seeking to influence legislation by means of mass demonstrations in Washington and by other methods; and

Whereas this group represents itself as speaking for a large section of business and industry; and

Whereas the chairman and/or the members of said group or committee have openly urged and stimulated a concentration of individuals in the Capital to demand that the Congress enact legislation to meet their wishes; and

Whereas the Industry and Business Committee for N. R. A. Extension has issued lists containing the personnel of its several committees: Be it

Resolved, That the National Recovery Administration be, and hereby is, directed to submit to the Senate of the United States within 3 days information showing whether or not any individual or individuals included in these lists, whose names follow, are, or have been, officials or employees of the National Recovery Administration and/or officials or employees of any of the several

code authorities, together with total or annual salaries and/or other compensations paid to these individuals by the United States Treasury or from the funds of the code authorities:

Carl Whitney, Sol Herzog, Thurlow H. Gordon, Sylvan Gotshal, David L. Cole, George Nebolsine, Mitchell Shipman, Howard Heydon, G. H. Dorr, Col. Merrill G. Baker, Eric Calamia, Ward Cheney, A. C. Weigel, William Menke, Leo J. Goldberger, A. K. Hamilton, E. M. Dillhoefer, J. H. Whitehead, Kenneth I. Van Cott, David Orans, Frank L. Grennie, Hugo N. Schloss, Nathan Tufts, H. E. Bishop, A. R. Ludlow, Kurt H. Volk, F. H. Baxter, Otto Grimmer, Harry E. Kenworthy, A. C. Knothe, Arthur Hudson Marks, Sol Mutterperl, John Murphy, Alex G. Ritchie, Jacob Roth, E. W. Palmer, Max J. Schneider, John W. Willmore, and George St. John, Jr.

Mr. NYE. I ask that the resolution go over.

The VICE PRESIDENT. The resolution will go over. The clerk will read the next resolution coming over from a previous day.

APPOINTMENT AND CONFIRMATION OF CERTAIN FEDERAL EMPLOYEES

The Chief Clerk read the resolution (S. Res. 152) submitted by Mr. GORE on June 15, 1935, as follows:

Resolved, That the Comptroller General is hereby directed to submit to the Senate a report showing the names, residence, and annual rate of compensation of all persons who have been appointed or employed under any act of Congress who receive compensation at a rate of $4,000 or more per annum and indicating those who are required by existing law to be appointed by and with the advice and consent of the Senate, who have not been so confirmed and also those who are not required by existing law to be so confirmed; and further indicating in each case the date of the appointment or employment and under what act or by what authority such person was appointed or employed.

Mr. ASHURST. I ask that the resolution may go over.

The VICE PRESIDENT. The resolution will go over.

The clerk will state the next resolution coming over from a previous day.

LEGISLATIVE PROGRAM AND ADJOURNMENT

The Chief Clerk read the concurrent resolution (S. Con. Res. 20) submitted by Mr. MCNARY for Mr. HASTINGS, on the 1st instant, as follows:

Resolved by the Senate (the House of Representatives concurring), That when the Congress shall have completed its legislative program, except the revenue bill, it shall adjourn until noon on Monday, November 18, 1935;

Further resolved, That between the day of adjournment and November 18, 1935, the proper committees of the two Houses are requested to study the financial conditions of the Government as to income and expenses and make such recommendations as they find necessary to balance the Budget and begin the reduction of the national debt;

Further resolved, That when the Congress reconvenes on November 18, 1935, such revenue bill as such committees may recommend shall be the first order of business.

Mr. ROBINSON. I ask that the concurrent resolution go over for the present.

The VICE PRESIDENT. The concurrent resolution will be passed over. The clerk will state the next resolution coming over from a previous day.

CONSTITUTIONALITY OF BITUMINOUS-COAL CONSERVATION BILL

The Chief Clerk read the resolution (S. Res. 167) submitted by Mr. BYRD on the 9th instant, as follows:

Resolved, That the Attorney General is requested to transmit to the Senate, as soon as practicable, his opinion in writing with respect to the constitutionality of the bill (H. R. 8479, 74th Cong., 1st sess.) to stabilize the bituminous coal-mining industry and promote its interstate commerce; to provide for cooperative marketing of bituminous coal; to levy a tax on bituminous coal and provide for a drawback under certain conditions; to declare the production, distribution, and use of bituminous coal to be affected with a national public interest; to conserve the bituminous coal resources of the United States and to establish a national bituminous coal reserve; to provide for the general welfare, and for other purposes; and providing penalties.

Mr. ROBINSON. I ask that the resolution go over.

The VICE PRESIDENT. The resolution will go over. That completes the resolutions coming over from a previous day.

SUBVERSIVE ACTIVITIES OF RUSSIAN COMMUNISTS

Mr. VANDENBERG. Mr. President, I ask leave to have printed in the RECORD a significant article from the front page of the New York Times of this morning, entitled, "Red Penetration in United States Revealed", and, in the same connection, I ask permission to reprint in the RECORD Maxim Litvinoff's letter to the President of the United States, dated November 16, 1933, upon which recognition of Soviet Russia was based. I hope the implications will not escape the attention of the State Department. The country is entitled to authentic information on this subject, and effective protection under the agreement. Otherwise the agreement for recognition should be withdrawn.

The VICE PRESIDENT. Is there objection?

There being no objection, the article and letter were ordered to be printed in the RECORD, as follows:

[From the New York Times of July 29, 1935]

RED PENETRATION IN UNITED STATES REVEALED; COMINTERN STILL SEEKS A REVOLUTION—MOSCOW REPORT SHOWS ORDERS FOR BORING FROM WITHIN UNIONS AND STIRRING DISCONTENT OF FARMERS AND WORKERS—GREAT CREDIT CLAIMED FOR ACTIVITY IN MOST SEVERE STRIKES

By Harold Denny

Moscow, July 28.—Orders from the Comintern (Communist International) to Communist parties in capitalist countries, including the United States, were made public here today.

They specifically direct the American Communist Party to extend its influence in the regular labor unions by boring from within and to take advantage of the discontent of both industrial workers and farmers in order to create a united proletarian front.

The orders were included in the report of the executive committee of the Comintern delivered by William Pieck, German delegate, to the seventh congress, now convening here. The report also contained a suggestion that American church property be confiscated to aid the unemployed.

"In the Soviet Union", it reads, "in the famine of 1921, for example, the people forced the clergy of the reactionary Christian church to turn over to the masses their gold and silver in order to succor the hungry. The people in Germany, the United States, Austria, and other countries should force the wealthy, the church, and the state to open their treasuries for those who are hungry."

Mr. Pieck, in analyzing the position of the Communist Party in the United States said it had grown numerically and in influence among wide masses of workers, farmers, and intelligentsia.

"But in order further to widen its influence among the workers, the masses of the party must grow and strengthen its position in a number of trade-union movements", the report continued, "and must more energetically than before carry on the struggle for the creation of a wide party movement among workers and farmers so as to form a coalition of all worker organizations against the bourgeoisie." In recent Communist activities in the United States, Mr. Pieck said revolutionary workers have succeeded in extending their influence in many organizations affiliated with the American Federation of Labor and have had a decisive hand in the most important strikes of 1934, including the seamen's strike on the Pacific coast and the San Francisco general strike.

Mr. Pieck also said that American Communists had drafted an unemployment insurance law that had won support from trade unions and the advanced intelligentsia.

Referring to the weaknesses in the work of Communists in the United States, however, he said they had succeeded in interesting only 10 to 20 percent of the unemployed and had made no effective use of hunger marches. He also criticized the Communists for not attempting to win support from farmers, who were discontented by low prices, until the farmers' movement was waning.

REVOLUTION NOT RIPE

Mr. Pieck admitted that revolutionary developments in capitalist countries were not yet ripe, but confirmed the fact that the new and more moderate course of the Communist Party was by no means an abandonment of the world revolutionary purpose.

"The victory of socialism on a world scale in a brief historic period is assured if peace is maintained, thus making possible new victories of socialism in the U. S. S. R.", he said. "The capitalist system will not leave the stage without a struggle. Certain capitalist countries may overcome unfavorable conditions temporarily, thus easing the position of bourgeoisie, but this cannot lead to stabilization and to recession of the revolutionary wave.

"No matter what direction the development takes, the world is headed for revolution."

Earl Browder, general secretary of the American Communist Party, spoke at last night's session, saying the party had penetrated all strata of American workers after purging the ranks of Trotskyists and deviationists. He asserted that the Negro membership had grown considerably.

WASHINGTON, *November 16, 1933.*

MY DEAR MR. PRESIDENT: I have the honor to inform you that coincident with the establishment of diplomatic relations between our two Governments it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:

1. To respect scrupulously the indisputable right of the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its Territories or possessions.

2. To refrain, and to restrain all persons in Government service and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act, overt or covert, liable in any way whatsoever to injure the tranquillity, prosperity, order, or

security of the whole or any part of the United States, its Territories or possessions, and, in particular, from any act tending to incite or encourage armed intervention, or any agitation or propaganda having as an aim the violation of the territorial integrity of the United States, its Territories or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories or possessions.

3. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes claim to be the Government of, or makes attempt upon the territorial integrity of, the United States, its Territories or possessions; not to form, subsidize, support, or permit on its territory military organizations or groups having the aim of armed struggles against the United States, its Territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.

4. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories or possessions.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

Mr. FRANKLIN D. ROOSEVELT,
President of the United States of America,
The White House.

IDEALISM OF LINCOLN AND WILSON

Mr. ASHURST. Mr. President, I ask permission to have printed in the RECORD an article I wrote some years ago, exclusively for the Arizona Daily Star, entitled "The Audacious Idealism of Lincoln and Wilson."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Arizona Daily Star of Feb. 14, 1926]

THE AUDACIOUS IDEALISM OF LINCOLN AND WILSON

(Written exclusively for the Arizona Daily Star by HENRY FOUNTAIN ASHURST, United States Senator from Arizona)

The early environments and training of Abraham Lincoln and Woodrow Wilson were wholly dissimilar, yet in the white blaze of their idealism they were alike. Both were self-contained and deliberate; neither seemed to dread the coarse vituperation which is ever the portion of American Presidents. The main purpose of each was to elevate mankind en masse rather than individually, and in directing their efforts toward that end neither was ever disillusioned nor grew cynical, for their flames of idealism were replenished by faith's conquering audacity. A baffling mysticism, never penetrated by any person, surrounded each of them. Each saw events with a sublime authenticity, each had a tongue like a sword, and each spoke and wrote with amplitude and grandeur. Each referred with reluctance and unfeigned diffidence to that subject upon which nearly all public men are fluent—self. Each believed that just as man has bodily senses to lay hold on matter and supply bodily wants, man also has spiritual faculties to lay hold on God and supply spiritual wants.

Woodrow Wilson was born at Staunton, Va., December 28, 1856. He was a son of Rev. Joseph Ruggles Wilson and Jessie Woodrow Wilson, the former a clergyman of the Presbyterian Church of the South. His boyhood was spent in Augusta, Ga., at Columbia, S. C., and Wilmington, N. C. He prepared for college with private tutors and at the schools of these places. His real educator was his father, a scholar of high order.

In 1873 Woodrow Wilson entered Davidson (N. C.) College and in 1879 was graduated from Princeton University. In 1881 he was graduated from the University of Virginia as a law student; from 1883 to 1885 he did post-graduate work in political economy and history at Johns Hopkins University, Baltimore, Md.; from 1885 to 1888 he was professor of history and political economy at Bryn Mawr College, Pa.; from 1888 to 1890 he was professor of the same branches of science at Wesleyan University. In June 1890 he was elected professor of jurisprudence and political economy at Princeton University. In 1895 the department was divided and he was assigned to the chair of jurisprudence. In 1897 he was promoted to the McCormick professorship of jurisprudence and politics. In 1902 he was elected president of the university, resigning both that office and his professorship in October 1910, after his nomination for Governor of New Jersey, to which office he was elected in November 1910. He was the author of the following works: Congressional Government, in 1885; The State—Elements of Historical and Practical Politics, in 1889; Division and Reunion, 1893; An Old Master, 1893; Mere Literature, 1893; George Washington, 1896; History of the American People, 1902; Constitutional Government of the United States, in 1908; and New Freedom, in 1913.

His father, Joseph Ruggles Wilson, who was born in Steubenville, Ohio, on February 28, 1822, was the youngest son of "Judge" James Wilson, who was born in County Down, Ireland, and who migrated to America about the year 1807, finding immediate employment with William Daune, editor of the Aurora, at 15 Franklin Court, Philadelphia, formerly the home of Benjamin Franklin. The Aurora was the leading Democratic journal of its day and was patronized by Thomas Jefferson, although it opposed the Madison administration. From his boyhood, Joseph Ruggles Wilson was noted as a scholar. He was professor of rhetoric, and he seriously took and sedulously practiced the art of words. On June 7, 1849, he was married to Janet Woodrow, daughter of Dr. Thomas Woodrow, a Presbyterian minister, and in the veins of Janet Woodrow flowed the blood of the ancient Woodrow family of Scotland.

Woodrow Wilson's earliest recollection was that while standing at his father's gate on a November day in 1860, he heard a man shout, "Lincoln is elected, and there will be war." He remembered seeing Jefferson Davis, under heavy guard, on the way to Fortress Monroe.

Woodrow Wilson's parents, early companions, and teachers all had a scholastic flair.

Woodrow Wilson's parents were never opulent—they honorably practiced that economy which makes for strength in the national life—but Woodrow never felt the pinch of want. He was well clothed, and well trained, and, most important of all, he had leisure within which to search for the rubies and diamonds of literature.

He opened a law office with Mr. Edward Ireland Renick, in Marietta Street, Atlanta, Ga., in May 1882, but the lawsuits that he probably would have won had they been entrusted to his care never came into his office, and after a few months the partnership was dissolved and he never thereafter actively practiced law.

During the days when the shingle of "Wilson & Renick" was caressed by the southern breezes, Hon. Hoke Smith, giant in frame, in intellect, and in industry, was winning honors and ducats as a lawyer. Hoke Smith later was successful, not only as a lawyer, but as editor, Cabinet minister, Governor, and Senator, and in the Senate it irritated him not a little constantly to be told that he ought to follow Wilson.

Woodrow Wilson never intended to make law his vocation, but he expected to use the legal profession as a bridge to carry him into some other career. Had he made the law his vocation he would have enriched its annals.

Manly courage was conspicuous in both Lincoln and Wilson and each had an aversion to the swarm of sycophants that cluster around a President as iron filings cling to a magnet.

When the Membership of Congress, with but one or two exceptions demanded the removal of Grant just before the Vicksburg victory Lincoln had faith in Grant. In the bleak days of January and February 1918, an anvil chorus demanded the removal of Secretary of War Newton D. Baker, but Wilson clung to Mr. Baker and later was abundantly justified.

Both to Lincoln and to Wilson, dealing out political patronage was like wearing the shirt of Nessus. Lincoln, as Commander in Chief of the Army and Navy of the United States during the Civil War and Wilson as such Commander in Chief during the World War, exercised all the authority granted to the Executive by the Federal Constitution and each was accused of unconstitutional acts. Each was accused of attempting to set up a dictatorship and each was charged with interfering with freedom of the press.

James Madison, James Knox Polk, Abraham Lincoln, and Woodrow Wilson as Commanders in Chief of the Army and Navy of the United States, in the War of 1812, the Mexican War, the Civil War, and the World War, respectively, were each confronted with that vital question which is as old as governments, the solution of which question has never been approximated, to wit:

"To what extent may a citizen or national of a country oppose a war which his own country is waging?"

It cannot be successfully disputed that under our form of government, the citizen must be left at liberty to nominate and support candidates for Congress and for President who may have declared their opposition to the further continuance of an existing war and in favor of immediate negotiations for peace; but where is the limit of such liberty, if, indeed, there be a limit?

May the opposition to an existing war arraign the President as a usurper and eulogize the enemy nation against which the war was declared? If not, where is the freedom of discussion in an election? Madison, Polk, Lincoln, and Wilson each declined to yield to a defeatist policy and it appears that each was convinced that it was neither reasonable nor possible during time of war to safeguard free speech with the same punctilio and exactness as it is safeguarded in times of tranquillity.

Their own individual opinion, however, upon this question, was that whilst the citizen could be arrested for overt acts such as a breach of the peace, or a physical assault upon the Government, no citizen should be jailed for expressing an opinion.

The 8 years of the Wilson Presidency was a period equally as vital as any other period of the same length in American history. It was an epoch crowded with many complex governmental problems either closely following or interlaced with one another; grave international involvements creating desperate emergencies, the surmounting of which ran to the foundations of our national existence; of raising, training, victualizing, and transporting vast armies; of providing and deploying an immense navy; of raising revenue aggregating billions of dollars. In all of these stupendous tasks, Woodrow Wilson was moved by a zeal as warm and as noble as ever inspired the breast or nerved the arm of patriot warrior.

On the rainy morning of February 11, 1861, just before departing for the National Capital, Lincoln, in his farewell speech to his neighbors at Springfield, said:

"I now leave, not knowing when or whether ever I may return, with a task before me greater than that which rested upon Washington."

The catastrophic events of the 4 years and 40 days of his Presidency proved this mournful prophecy to be accurate, but during his troublesome regime his eyes were lights that flashed far; they were the eyes of a man whose soul was regnant and whose life was subservient to high purpose.

The human heart is a harp of a thousand strings. Lincoln could sweep all those strings as masterfully as Mozart swept the harpsichord; and if occasion required, Lincoln, like Nicolo Paganini, could bring forth all the notes from one string. Opportunities are elusive fugitives, but Lincoln realized the importance of seizing them when they flitted near him, as evidenced by his appointment of Edwin M. Stanton to be Secretary of War, notwithstanding Stanton insulted him in the McCormick Reaping Machine lawsuit at Cincinnati.

Both Lincoln and Wilson appointed and removed friend and foe with the sang-froid of chess players who move pawns when and where they should be moved. Americans are divided in their opinion as to the propriety of Woodrow Wilson's going to the Peace Conference at Versailles; Americans were divided in their opinion as to the propriety of Abraham Lincoln's going, at General Grant's request, with Secretary of State Seward, in February 1865, to Hampton Roads to confer with Messrs. Stephens, Hunter, and Campbell, the Confederate commissioners. Horace Greeley gave it as his opinion that Lincoln's visit to Hampton Roads for this conference was one of Lincoln's wisest and noblest acts.

The experience of the ages, however, warns chief magistrates not to attempt such tasks. Negotiations between two governments are conducted with more safety and celerity by diplomatic agents or by ambassadors extraordinary and plenipotentiary.

Presidents should not expose themselves to a posture where they may, by preconceptions and premature committals, deprive themselves of the opportunity of solving without embarrassment each vital question on its own merits as it later arises. In his speech at Philadelphia on May 10, 1915, 3 days after the sinking of the *Lusitania*, when President Wilson uttered the cabalistic words, "There is such a thing as a man being too proud to fight", he had in mind the line in Lord Byron's Lament of Tasso, "Too proud to be vindictive." He really intended to paraphrase it and give it a clearer and fuller exposition.

The squalor of Lincoln's boyhood has often been adverted to, and while it is true that his father, Tom Lincoln, was improvident, it is also true that all pioneering entails hardship. No pioneer ever had a smooth path. In conquering the wilderness, the prairie, and the desert, thousands of American pioneer families underwent the same kind of hardships that Lincoln's family endured. Such hardships were incident to the American pioneer life.

For 60 years the world has been asking whence Abraham Lincoln came; historians and philosophers have been busy trying to explain this man and, at last, it seems that while he is the same to all of us, he is yet different to each of us.

If former Senator Beveridge, who is now writing a life of Abraham Lincoln, shall, as I believe he will, interpret Lincoln to us with the vividness, superb scholarship, and depth of research with which he interpreted John Marshall to us, Mr. Beveridge will have performed a work of importance and transcendent interest to Americans of today and to Americans who are to live in the days that are to come.

Lincoln's ancestors were among the early settlers in Rockingham County, Va. They probably came from Norfolk, England, but the precise time of their settlement in Virginia is uncertain.

Abraham Lincoln's grandfather (named Abraham) was born about 1755, and was a well-to-do farmer. About 1780 he sold his Virginia farm and removed his family to Kentucky. About 1788 he was killed by Indians whilst at work clearing his field; his eldest son, Mordecai, inherited his estate, which, according to the inventory, amounted to £68 16s. 6d. The second son, Josiah, became a farmer, and the third son, Thomas (father of the President), seems not to have shared in the father's estate, but supported himself by various kinds of farm work, and acquired some land in Hardin County, Ky.

Thomas Lincoln was a carpenter by trade but he was employed only occasionally and could do no work that required skill; he made common benches, cupboards and tables. On June 10, 1806, he married Nancy Hanks, niece of Joseph Hanks, of Elizabethtown, Hardin County, in whose shop he learned the carpenter's trade. The marriage ceremony was performed by the Rev. Jesse Head. Prior to his marriage to Nancy Hanks, Thomas Lincoln had courted a girl named Sally Bush, who lived near Elizabethtown, but she rejected his overtures and married one Johnston, the village turnkey. She said her reasons for rejecting Tom Lincoln were because of Tom's lack of industry and his bad luck. Had Nancy Hanks been tenderly bred she would have been beautiful, but pioneer hardships plowed furrows of sorrow in her features long before her death.

The Hanks family came from England to Virginia and moved to Kentucky with the Lincolns. Tom Lincoln took Nancy to live in a ramshackle building, bereft of furniture, at Elizabethtown, but Tom soon wearied of Elizabethtown and carpenter work and removed to a log cabin on Nolin creek near Hodgenville, in which Abraham Lincoln was born on the 12th of February 1809.

Tom Lincoln, touched by the wanderlust, looked for a new country. His decision to leave Kentucky was hastened by disputes which culminated in a desperate fight between himself and one Abraham Enlow. In this affray Tom Lincoln and Abe Enlow fought like wild beasts and Tom Lincoln bit the nose off the face of his antagonist.

That Lincoln's mother, Nancy Hanks, was a woman of ability and strength of character may not be doubted. The mothers of great men have seldom been commonplace. A woman with imagination lights the lamp of genius in the brain of a son.

In the fall of 1818 the "milk sickness" ravaged the community in Indiana to which Tom Lincoln had moved and swept off man and beast alike. After a brief illness from this disease Nancy Hanks Lincoln died on October 5, 1818. If there were any burial ceremonies for her, they were meager. A few months later an itinerant preacher named David Elkin either volunteered or was employed to preach a sermon in which were commemorated the virtues of Nancy Hanks Lincoln.

About a year after the burial of Nancy, Tom Lincoln appeared in Elizabethtown and married Sally Bush Johnson whose turnkey husband had reported to the eternal turnkey. When Sally Bush reached the Indiana cabin she was shocked at the distress of the ragged and hapless little Abe and his sister Sarah. Since their mother's death they had been ill used, but she treated them with a motherly tenderness, and Sally Bush was a woman of industry. She had children by her turnkey husband, but she at once became attached to little Abe, and his love for her was warmly returned and continued until his death. She encouraged him to study as she perceived that he was a youth of uncommon talents. Sally Bush Lincoln lived until 1869. Young Abe was liked by all his neighbors and was noted for his physical strength, his witticisms, and his direct method of solving problems. If a loaded wagon was mired in the mud, Abe furnished the plan to extricate the wagon. If a flatboat ran aground Abe furnished the device for drawing the boat off the snag or sandbar, and the United States Patent Office contains the model of a contrivance he invented to lift boats off rapids and sandbars. For a time he did rough and painful labor, receiving as compensation 25 cents per day. Whether clerking in a store, constructing rail fences, or transporting a cargo to New Orleans by flatboat he exhibited inventive genius and a pronounced facility for obviating practical difficulties. If a drunken bully went on a rampage, it was Abe's devices that trapped the bully. As a mere boy he knew how to take the measurements of fields, dimensions of casks, contents of haystacks, how to chink and daub a cabin, how to fatten and butcher hogs. Upon one occasion, when a cargo of hogs upon his flatboat became obstreperous, he took needle and pack thread and sewed their eyelids together and they remained quiet during the trip.

He was ambitious to be popular and took pains to ascertain the community opinion upon mooted questions. His brain, like a giant sponge, absorbed all that came his way. His schooling would not have totaled 1 year in the aggregate, but genius never requires a tutor; it only needs scope and opportunity. However, there came within his reach Daniel DeFoe's "Robinson Crusoe" and Bunyan's "Pilgrim's Progress." He who would speak English will find but few better books than these to teach him how.

He rescued his name from "Linkhern" into which old Tom had allowed it to be twanged and spelled. When the family removed to Illinois, he struck out for himself but he sent money regularly to his step-mother. He mastered two or three English grammars and learned surveying whilst trying to keep store at New Salem, Ill. He was selected captain in the Black Hawk war in 1832, and when his commission expired, he enlisted as a private. In that same year he was defeated for the State legislature but was elected to that office in 1834 and reelected in '36, '38, and '40.

As a store-keeper he met disaster; the store plunged him eleven hundred dollars in debt and he was 13 years in paying it off.

As a lawyer he measured blades with the versatile Edward D. Baker, sometime Senator from Oregon; with Stephen A. Douglas; with David Davis, who was elected a Senator while serving as Associate Justice of the Supreme Court of the United States; with Orville H. Browning, sometime Senator; with Justin Butterfield; with Judge Logan and a score of others, but unlike Aaron Burr, he did not win every case he tried. Noteworthy above all else was his clarity of statement and when he warmed to his work his power over juries was great.

On November 4, 1842, he was married to Miss Mary Todd, after a zigzag courtship.

He was elected to Congress in 1846, defeating Rev. Peter Cartwright. In Congress he opposed President Polk and the Mexican War but voted with his fellow Whigs for supplies for the Army.

On January 12, 1848, he spoke upon his "spot resolution", which resolution and speech damaged his political prestige at home. The "spot resolution" was a condemnation of Polk and the Mexican War and was an appeal for a Whig victory that fall. After General Taylor's nomination for President, William H. Seward and Abraham Lincoln addressed the same audience in Boston in support of Taylor. "Old Rough and Ready", had scarcely been installed in the Executive Mansion when Lincoln asked to be appointed commissioner of the general land office, but the office went to another. Later, President Fillmore offered Lincoln the governorship of Oregon Territory, but upon the advice of Mrs. Lincoln he declined the same.

He was losing interest in politics when the repeal of the Missouri compromise aroused him and from that hour he was the leader of the Illinois Republicans and antislavery Whigs. He was twice defeated for the United States Senate and in the Republican National Convention in 1856 received 110 votes for the Vice

Presidential nomination. He grew much in character and mental power as time glided on and by 1858 was the best political adviser of his day. He was severely logical and his mental processes operated with accuracy and celerity.

His speech in New York City on February 27, 1860, at the Cooper Institute was delivered in the presence of some of the most cultivated men of that city. The morning papers carried columns of the text of his speech and no attempt was made by the lawyers, North or South, to answer this speech. When he was nominated for President some months later, the Republican National Committee kept a number of men employed for 3 weeks verifying the historical references contained in his Cooper Institute speech.

In every community where he resided he was the celebrity; in every activity in which he engaged (save love affairs and matters financial) his adroitness and inventive genius were matters of common knowledge. He was superb at stratagem. He was frugal and diligent. His love affairs, save with Ann Rutledge, were grotesque, rather than romantic.

Intellectually he was far better equipped than his friends or antagonists or even he himself suspected. He was wary, cautious, and rarely assumed a position in law or statecraft that he could not sustain.

Thousands of jokes are attributed to him. He joked, not because he was happy, but his jokes were labor-saving devices, and with apt stories he drove home the point with unerring aim and crashing force.

The citizenry generally at that time believed that the future was revealed in presentiments, omens, and dreams, and he shared their belief.

His Gettysburg address and his second inaugural are poetry in the blank verse similar to that of Paradise Lost.

When the Republican convention met at Chicago in 1860, William H. Seward, of New York, was the national leader. He was not only one of the ablest men of his day but was one of the most exemplary. Two-thirds of the delegates in that convention were the friends of Mr. Seward and desired to vote for him, but were prevented from doing so by considerations of expediency which many of them reluctantly accepted and which not a few accepted with curses and tears. The Republicans were desperate in their desire to win the presidency. Horace Greeley, editor of the New York Tribune (then called "the Republican Bible"), sounded the first note of warning of the fatality of Mr. Seward's nomination, which fatality lay in these circumstances: Henry S. Lane, Republican nominee for Governor of Indiana, and Andrew G. Curtin, Republican nominee for Governor of Pennsylvania (these States then being October States), asserted that the Democrats would carry these respective States if Seward were nominated for President. They pointed out that the Know-Nothing vote, then strong, would never go into the Seward camp, and this finally put Indiana and Pennsylvania into the Lincoln column. Thus the Republican convention overthrew Seward and nominated Lincoln.

When Fort Sumter was fired on, in April 1861, President Lincoln did not call Congress into extraordinary session at once, although the serious posture of affairs seemed to demand an extra session, for he knew that in both Houses there would be strong differences of opinion. He therefore dealt with the situation in the direct way and postponed convening Congress until the 4th of July that year. Meanwhile he proceeded to raise an army. After the fall of Fort Sumter he issued a proclamation calling for 75,000 State militia to be mustered into the national service for a period of 3 months. He was Commander in Chief of the Army and Navy in all that the word implies. He frequently telegraphed commanders when and where to strike.

For almost a fortnight after the Battle of Gettysburg, Lincoln reproached himself that he had not gone to the front and personally issued orders, regardless of military councils, directing General Meade to pursue General Lee, but time and reflection convinced Lincoln that Meade was a brave and able officer.

On April 4, 1865, President Lincoln visited Richmond, Va. The Union flotilla whilst ascending the James River encountered obstructions to its further progress, whereupon the Presidential party, five in number, was transferred to a barge, rowed by 12 sailors. Upon landing in Richmond neither carriage nor escort was at hand to receive him, so with an improvised guard of 10 sailors armed with carbines, he walked more than a mile to the headquarters of General Godfrey Weitzel, whose astonishment may well be imagined, for never, perhaps, in all history did the commander in chief of a victorious army enter the capital city of his antagonist with such meager ceremony.

On the occasion of the acceptance of a deed of gift to the Nation by the Lincoln farm association of the Lincoln birthplace at Hodgenville, Ky., September 4, 1916, Woodrow Wilson spoke these beautiful words on Abraham Lincoln:

"I have nowhere found a real intimate of Lincoln's. I nowhere get the impression in any narrative or reminiscence that the writer had in fact penetrated into the heart of his mystery or that any man could penetrate to the heart of it. That brooding spirit had no real familiars. I get the impression that it never spoke out in complete self-revelation, and that it could not reveal itself completely to anyone. It was a very lonely spirit that looked out from underneath those shaggy brows and comprehended men without fully communing with them, as if in spite of all its genial efforts at comradeship it dwelt apart, saw its visions of duty where no man looked on. There is a very holy and very terrible isolation for the conscience of every man who seeks to read the destiny in affairs for others as well as for himself, for a nation as well as individuals. That privacy no man can intrude upon. That lonely search of the spirit for the right perhaps no man can assist. This strange child of the cabin kept company with invisible things, was born into no intimacy but that of its own silently assemblying and deploying thoughts."

These two idealists, Lincoln and Wilson, believed that human liberty is like unto a coral isle—built from the deeps, built by the dying of the builders, until at last it greets the surface and the sun. And these two idealists, high above the range of doubt or fear, held steadfastly to their main purpose with the charm of poets and fell as only monuments can fall.

INTERNATIONAL PETROLEUM EXPOSITION, TULSA, OKLA.

Mr. GORE. From the Committee on Finance I report back favorably, without amendment, Senate Joint Resolution 168, and I submit a report (No. 1162) thereon.

I ask unanimous consent for the present consideration of the joint resolution. It merely authorizes the President to invite representatives of foreign countries and of the several States to participate in the International Petroleum Exposition to be held in Tulsa, Okla., in May of next year. A similar joint resolution is passed annually, and this one conforms to those previously passed.

The VICE PRESIDENT. The joint resolution will be read.

The joint resolution (S. J. Res. 168) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 16 to 23, 1936, inclusive, was read, as follows:

Resolved, etc., That the President of the United States is authorized to invite by proclamation, or in such other manner as he may deem proper, the States of the Union and all foreign countries to participate in the proposed International Petroleum Exposition, to be held at Tulsa, Okla., from May 16 to May 23, 1936, inclusive, for the purpose of exhibiting samples of fabricated and raw products of all countries used in the petroleum industry and bringing together buyers and sellers for promotion of trade and commerce in such products.

SEC. 2. All articles that shall be imported from foreign countries for the sole purpose of exhibition at the International Petroleum Exposition upon which there shall be a tariff or customs duty shall be admitted free of the payment of duty, customs, fees, or charges, under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during the exhibition to sell any goods or property imported for and actually on exhibition, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury may prescribe: *Provided*, That all such articles when sold or withdrawn for consumption or use in the United States shall be subject to the duty, if any, imposed upon such articles by the revenue laws in force at the date of withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling and necessary exposure, the duty, if paid, shall be assessed according to the appraised value at the time of withdrawal for consumption or use, and the penalties prescribed by law shall be enforced against any person guilty of any illegal sale, use, or withdrawal.

SEC. 3. That the Government of the United States is not by this resolution obligated to any expense in connection with the holding of such exposition and is not hereafter to be obligated other than for suitable representation thereat.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

Mr. McNARY. Mr. President, the reading of the joint resolution conveys to my mind the impression that more than an invitation is involved. The joint resolution seems to suggest certain forms of legislation. If I am correct in that, I should like to have it go over for the day.

Mr. GORE. No, Mr. President; no legislation is involved. This is the regular form of joint resolution which we have passed year after year for a number of years. Perhaps what attracted the Senator's attention is the fact that these exhibits which come in from foreign countries are to be admitted free of duty, but if they should be disposed of while in the country they would have to pay the duty.

Mr. McNARY. Is not that a modification of the existing practice and statutes?

Mr. GORE. I do not think so.

Mr. McNARY. It is my opinion that the joint resolution does modify existing law. For that reason, I ask that it go over.

Mr. ROBINSON. Mr. President, before the matter is finally disposed of, may I ask the Senator from Oklahoma if this measure is not practically identical in form with the joint resolution which heretofore has passed from year to year?

Mr. GORE. Yes, Mr. President; my understanding is that this joint resolution follows the precedent we established

years ago, and similar measures have passed year after year. The purpose is the assembling from all parts of the world, of exhibits connected with the oil industry showing the various byproducts, and also showing the improved machinery which has been adopted and which is serviceable in the prosecution of the industry.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

Mr. McNARY. Mr. President, a moment ago I expressed my view that the joint resolution should go over for the present. I desire to look into it.

Mr. GORE. I hope the Senator will look into it during the day. I shall consult him about it later in the day.

Mr. McNARY. I shall be glad to confer with the Senator from Oklahoma later in the day, but at this time I do not desire that action should be taken.

The VICE PRESIDENT. Objection is heard. The joint resolution will be placed on the calendar.

STATE ALLOTMENTS UNDER COTTON CONTROL ACT

Mr. LEWIS. Mr. President, I ask the indulgence of the Senate while I call to their attention a matter which I think will not require more than a couple of seconds.

When general legislation was passed touching relief for cotton it was not assumed that the State of Illinois produced any cotton. Two counties of that State produce a small quantity of cotton; but, because of the quantity being so small, it is not provided for in the general bill.

When this fact was discovered the House passed a joint resolution to remedy the matter. The joint resolution is here. I brought the subject to the attention of the Senate when the Agricultural Adjustment Administration bill was before the Senate a few days ago. At that time the chairman of the committee, the Senator from South Carolina [Mr. SMITH], as well as the Senator from Alabama [Mr. BANKHEAD], announced that they were agreeable to the joint resoluton, as it expressed the desires and wishes of the committee. Unhappily, however, I was not present when the subject was reached during the consideration of the agricultural bill.

I therefore ask the privilege of having the joint resolution considered at this time. It has passed the House. I make this request in order that the two counties in the State of Illinois may be included in such distribution as is allowable under the general law in proportion to what they produce.

The VICE PRESIDENT. The Senator from Illinois asks unanimous consent for the present consideration of a joint resolution, which the clerk will state by title.

The CHIEF CLERK. Joint resolution (H. J. Res. 258) to provide for certain State allotments under the Cotton Control Act.

Mr. McNARY. Mr. President, I inquire if the joint resolution is on the calendar?

Mr. LEWIS. I must say to the Senator that I am not aware that it is. I took it for granted that the joint resolution would be incorporated in the general agricultural bill, and I therefore did not ask to have it sent to the calendar. If the Senator feels that it should go to the calendar, I shall not, of course, object.

Mr. McNARY. If it is on the calendar, in the orderly way, later in the day, we shall reach the joint resolution. I think the measure should come up in its proper way and course. I object at this time.

The VICE PRESIDENT. Objection is heard.

Mr. BANKHEAD subsequently, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (H. J. Res. 258) to provide for certain State allotments under the Cotton Control Act, reported it without amendment.

The VICE PRESIDENT. Under the unanimous-consent agreement, the Senate will proceed to the consideration of unobjected-to bills on the calendar. The clerk will state the first business on the calendar.

The bill (S. 944) to amend section 5 of the Federal Trade Commission Act was announced as first in order.

Mr. KING. Let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 213) to amend section 113 of the Criminal Code of March 4, 1909 (35 Stat. 1109; U. S. C. title 18, sec. 203), and for other purposes, was announced as next in order.

Mr. ROBINSON and other Senators. Let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1506) to change the name of the Pickwick Landing Dam to Quin Dam was announced as next in order.

Mr. McKELLAR. Let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

ORDER OF BUSINESS

Mr. BORAH. Mr. President, I desire to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BORAH. Does the unanimous-consent agreement under which we are proceeding provide for the consideration of unobjected bills only?

Mr. ROBINSON. Yes.

The VICE PRESIDENT. The unanimous-consent agreement entered into at the request of the Senator from Arkansas [Mr. ROBINSON] provided that the Senate should take up the calendar under the unanimous-consent rule at the end of the morning business. Morning business having been concluded, the Chair has directed the calendar to be called under that unanimous-consent agreement.

Mr. BORAH. Does the agreement include only unobjected bills?

Mr. ROBINSON. Yes.

Mr. BORAH. I did not know that.

Mr. ASHURST. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Let the Chair state to the Senator from Idaho that unanimous consent was obtained this morning before the roll was called.

Mr. ASHURST. It was my understanding on Friday that on Monday the calendar would be called under rule VIII. Under rule VIII when objection is made to a bill a Member of the Senate has an opportunity to move to proceed to its consideration notwithstanding the objection.

Let me read, on page 11, the paragraph to which I refer.

The VICE PRESIDENT. The Chair will call the attention of the Senator from Arizona to the fact that, while that is the rule governing the procedure on Monday, that rule was set aside by unanimous consent obtained by the Senator from Arkansas [Mr. ROBINSON], as may be done in the case of any of the rules of the Senate.

Mr. ASHURST. I was not aware of that. I beg pardon of the Chair and the Senate. I thought we were proceeding under rule VIII.

The VICE PRESIDENT. The Calendar is being called under the unanimous-consent agreement entered into at the request of the Senator from Arkansas. The Clerk will state the next bill on the Calendar.

BILLS PASSED OVER

The bill (S. 1878) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Mack Copper Co. was announced as next in order.

Mr. KING. Let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 574) relative to Members of Congress acting as attorneys in matters where the United States has an interest was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The resolution (S. Res. 35) authorizing the Committee on the Judiciary to investigate certain phases of the National Recovery Act was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The resolution will be passed over.

The bill (S. 875) for the relief of Michael F. Calnan was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1162) to regulate the business of making small loans in the District of Columbia, and to amend an

act to regulate the business of loaning money, etc., approved February 4, 1913, was announced as next in order.

Mr. McNARY. Mr. President, in the absence of the Senator from Minnesota [Mr. SCHALL], I request that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 509) to prevent the use of Federal official patronage in elections and to prohibit Federal office holders from misuse of positions of public trust for private and partisan ends was announced as next in order.

Mr. ROBINSON. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 24) to assure to persons within the jurisdiction of every State the equal protection of the laws by discouraging, preventing, and punishing the crime of lynching, was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 164) for the relief of Donald L. Bruner was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1452) providing for the employment of skilled shorthand reporters in the executive branch of the Government was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 87) to prevent the shipment in interstate commerce of certain articles and commodities, in connection with which persons are employed more than 5 days per week or 6 hours per day, and prescribing certain conditions with respect to purchases and loans by the United States, and codes, agreements, and licenses under the National Industrial Recovery Act was announced as next in order.

Mr. NYE. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1589) authorizing the purchase of United States Supreme Court Decisions and Digest was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

NAVAJO INDIAN RESERVATION, N. MEX.

The bill (S. 2213) to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes, was announced as next in order.

Mr. NEELY. Let that go over.

Mr. CHAVEZ. Mr. President, I ask unanimous consent that this bill be recommitted to the Committee on Indian Affairs for further consideration.

The VICE PRESIDENT. Is there objection to the request of the Senator from New Mexico? The Chair hears none, and it is so ordered.

BILLS PASSED OVER

The bill (S. 626) to amend the Agricultural Adjustment Act so as to include hops as a basic agricultural commodity was announced as next in order.

Mr. DUFFY. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2481) to stabilize the bituminous coal-mining industry and promote its interstate commerce; to provide for cooperative marketing of bituminous coal; to levy a tax on bituminous coal and provide for a draw-back under certain conditions; to declare the production, distribution, and use of bituminous coal to be affected with a national public interest; to conserve the bituminous-coal resources of the United States and to establish a national bituminous-coal reserve; to provide for the general welfare; and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

COOPERATIVE MARKETING ASSOCIATIONS

The joint resolution (S. J. Res. 38) for the adjustment and settlement of losses sustained by the cooperative marketing associations was announced as next in order.

Mr. McKELLAR. Mr. President, as I understand, the Senator from North Dakota [Mr. FRAZIER] is willing to omit cotton from the terms of this joint resolution. If the measure may be amended by striking out cotton, so far as I am concerned, I am willing to have it passed.

Mr. FRAZIER. Mr. President, I move that the joint resolution be amended by striking out, on page 1, line 9, the words "and/or cotton", and on page 2, in lines 6 and 8, by striking out the words "and/or cotton."

Mr. BARKLEY. Mr. President, may I inquire of the Senator from Tennessee why he wishes to have cotton left out?

Mr. McKELLAR. I will tell the Senator why. There are a number of defunct cotton cooperative associations, and some others are still operating. They owe the Government enormous sums of money. They have not been audited. While we do not know the exact amounts involved, we know that a great deal of money is owed by these cooperative associations; and I do not wish to have the Government shoulder the losses of the cooperative associations until we know what they are.

Mr. ROBINSON. I think the joint resolution had better go over.

The VICE PRESIDENT. Without objection, the amendments offered by the Senator from North Dakota will be agreed to.

Mr. ROBINSON. No, Mr. President; that is one of the reasons why I ask that the joint resolution go over.

The VICE PRESIDENT. Then the joint resolution will be passed over in its original form.

BILL PASSED OVER

The bill (S. 1460) to fix standards for till baskets, climax baskets, round stave baskets, market baskets, drums, hampers, cartons, crates, boxes, barrels, and other containers for fruits or vegetables, to consolidate existing laws on this subject, and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

ISSUANCE AND SALE OF PUERTO RICO BONDS

The Senate proceeded to consider the bill (S. 1227) to authorize the issuance and sale to the United States of certain bonds of municipal governments in Puerto Rico, and for other purposes, which had been reported from the Committee on Territories and Insular Affairs with an amendment to strike out all after the enacting clause and to insert the following:

That bonds or other obligations of Puerto Rico or any municipal government therein, payable solely from revenues derived from any public improvement or undertaking (which revenues may include transfers by agreement or otherwise from the regular funds of the issuer in respect of the use by it of the facilities afforded by such improvement or undertaking), and issued and sold to the United States of America or any agency or instrumentality thereof, shall not be considered public indebtedness of the issuer within the meaning of section 3 of an act approved March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes", as amended.

Mr. KING. Mr. President, I should like an explanation of this bill.

Mr. TYDINGS. Mr. President, the bill is approved by the department which deals with Puerto Rico. It merely provides that the municipalities of Puerto Rico may borrow so as to obtain their share from the Federal funds in order to carry out permanent improvements. Without this bill they will not be able to borrow under the 45-55 arrangement for the distribution of funds. The committee went into the matter on three separate occasions, and, as I recall, on the last vote the committee was unanimously in favor of the bill.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. VANDENBERG. The bill originally went over on my objection. I have inquired into the situation and think the bill is entitled to be passed.

Mr. TYDINGS. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COOPERATIVE AGRICULTURAL EXTENSION WORK

The bill (S. 2228) to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges and agricultural experiment stations was announced as next in order.

Mr. KING. Let the bill go over.

Mr. BANKHEAD. Mr. President, a bill similar to this bill passed the House of Representatives and was substituted on the calendar for the Senate bill. Therefore, I move to strike the Senate bill from the calendar.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

ESTATE OF HARRY F. STERN

The Senate proceeded to consider the bill (S. 2644) for the relief of the estate of Harry F. Stern, which had been reported from the Committee on Claims with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the legal representatives of Harry F. Stern the sum of $18,704.89, but such payment shall not be made unless the Secretary of the Treasury receives evidence satisfactory to him that such legal representatives have paid a like sum (plus any penalty imposed by the Commonwealth of Pennsylvania) to the Commonwealth of Pennsylvania before the expiration of 90 days after the date of the enactment of this act. Such sum, payable to the Commonwealth of Pennsylvania as part of the inheritance tax imposed by the laws of such Commonwealth on the estate of the said Harry F. Stern, was erroneously paid to the United States as part of the Federal tax, and its recovery has been barred by the statute of limitations: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. KING. Mr. President, will not the Senator from Vermont, who reported the bill, give us an explanation of it?

Mr. GIBSON. Mr. President, this bill was introduced by the Senator from Pennsylvania [Mr. DAVIS], and in his absence I will attempt to explain it.

Harry F. Stern died in February 1928. A 2-percent direct inheritance tax, amounting to $20,057, was paid to the State of Pennsylvania very soon thereafter.

The return showed the amount of tax to be paid as $48,452 against which amount a credit was taken for taxes paid to the State of Pennsylvania, leaving $28,395. This amount was paid into the United States Treasury.

At the time of the payment of the tax to the Federal Government there was pending in the Supreme Court the question of the constitutional right of the State to collect 80 percent of the Federal tax. This right was sustained. The State of Pennsylvania now claims from the legal representatives of Harry F. Stern the sum of $18,704.89, which was erroneously paid to the Treasurer of the United States instead of to the State of Pennsylvania.

The attorney for the estate did not learn of the act requiring the payment of 80 percent of the Federal tax until some time after claim could have been made.

The bill provides for the return of the payment to the Government only after proof is furnished to the Secretary of the Treasury that the tax owing to the State of Pennsylvania has been paid.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GIBSON. I yield.

Mr. McKELLAR. Did the Department report in favor of this claim, or against it?

Mr. GIBSON. The Department reported against it on the ground that the Government should have the right to take advantage of the statute of limitations, but the fact is that the Federal Government has $18,000 which will have to be repaid by the claimant to the State of Pennsylvania unless this bill shall be enacted.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 1697) providing old-age pensions for Indian citizens of the United States was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2027) to regulate commerce in petroleum, and for other purposes, was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. ROBINSON. Mr. President, I have been requested by the Senator from New York [Mr. COPELAND] to object, in his absence, to the consideration of this bill. I recognize that it is a measure of importance, as I think the Senator from Oklahoma himself recognizes it to be. It probably could not be disposed of under the present order anyway.

The VICE PRESIDENT. On objection, the bill will be passed over.

The bill (S. 2652) to authorize the President to attach certain possessions of the United States to internal-revenue collection districts for the purpose of collecting processing taxes was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill? If not, I ask that it go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 212) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a Board of Agriculture to supervise the same was announced as next in order.

Mr. KING. Mr. President, this is so important a measure that it will take some time for consideration, and I think it would better go over for today.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1476) to provide for unemployment relief through development of mineral resources; to assist the development of privately owned mineral claims; to provide for the development of emergency and deficiency minerals; and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 738) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof was announced as next in order.

Mr. McKELLAR. Let this bill go over.

Mr. WAGNER. Mr. President, did the Senator from Tennessee ask that the bill go over?

Mr. McKELLAR. I did.

Mr. McNARY. Mr. President, on the request of the senior Senator from California [Mr. JOHNSON], who is absent, I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2288) to provide for the measurement of vessels using the Panama Canal, and for other purposes, was announced as next in order.

Mr. ROBINSON. Mr. President, at the request of the Senator from New York [Mr. COPELAND] I ask that this bill go over.

The VICE PRESIDENT. The bill will be passed over.

PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

The Senate proceeded to consider the joint resolution (S. J. Res. 86) authorizing an annual appropriation of $10,000 to enable the United States to become a member of the Pan American Institute of Geography and History, authorizing the President to invite the institute to hold its second general assembly in the United States in 1935, and authorizing appropriation of $10,000 for expenses of such meeting, which was read, as follows:

Resolved, etc., That to enable the United States to become a member of the Pan American Institute of Geography and History, there is hereby authorized to be appropriated annually the sum of $10,000 for the payment of the quota of the United States.

SEC. 2. That the President be, and he is hereby, requested to extend to the Pan American Institute of Geography and History an invitation to hold the second general assembly of the Institute in the United States in the year 1935.

SEC. 3. That the sum of $10,000, or so much thereof as may be necessary, is hereby authorized to be appropriated for the expenses of such a meeting, including personal services without reference to the Classification Act of 1923, as amended, in the District of Columbia and elsewhere; stenographic reporting and other services by contract, if deemed necessary, without regard to section 3709 of the Revised Statutes (U. S. C., title 4, sec. 5); rent, traveling expenses; purchase of necessary books and documents; newspapers and periodicals; stationery; official cards; printing and binding, entertainment; hire, maintenance, and operation of motor-propelled passenger vehicles; and such other expenses as may be actually and necessarily incurred by the Government of the United States by reason of such invitation in the observance of proper courtesies, to be extended under the direction of the Secretary of State.

Mr. PITTMAN. Mr. President, I hope there will be no objection to this measure, which has been pending for some time. The joint resolution provides for an appropriation of $10,000 for the participation of the United States in the Pan American Institute of Geography and History, which has a membership in South America, Central America, and Mexico and North America.

The VICE PRESIDENT. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

EXEMPTION FROM TAXATION OF REPRESENTATIVES OF FOREIGN COUNTRIES

The Senate proceeded to consider the bill (S. 2762) to exempt from taxation, under certain conditions, on the basis of reciprocity, official compensation of a consular officer, nondiplomatic representative, or employee of a foreign country, which was read, as follows:

Be it enacted, etc., That section 116 of the Revenue Act of 1934 is amended by adding at the end thereof the following new subsection:

"(h) Official compensation of a consular officer, nondiplomatic representative, or employee of a foreign country: Wages, fees, or salary of a consular officer, other nondiplomatic representative, or employee of a foreign country, received as compensation for his official services to such country: *Provided*, That he is not a citizen of the United States, and that the United States sends, accredits, or assigns to such country a consular officer, nondiplomatic representative, or employee of the same class, respectively, to whom a similar exemption is reciprocally accorded by such country.

"The Secretary of State shall certify to the Secretary of the Treasury the name of the foreign country which accords such exemption and the class or classes of consular officers, nondiplomatic representatives, and employees which the United States sends, accredits, or assigns to such country."

Mr. PITTMAN. Mr. President, it is the custom in foreign countries not to tax income in the way of salaries of our consular and diplomatic officers. In this country it has been held by the Attorney General that we must tax foreigners. If we do so, in foreign countries taxes will be imposed on the salaries of our diplomatic and consular officers, and by virtue of the difference in the exchange our representatives will suffer greatly.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 476) relation to promotion of civil-service employees, was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1952) extending the classified executive civil service of the United States was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2405) to provide for a special clerk and liaison officer was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

AMERICAN SURETY CO., OF NEW YORK

The Senate proceeded to consider the bill (H. R. 373) for the relief of the American Surety Co., of New York, which was read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,000 to the American Surety Co., of New York, in full settlement of all claims against the Government of the United States, which sum was paid by it December 31, 1928, to the United States by reason of the forfeiture of the bail bond of Alex Terlizzi, who appeared in court and pleaded guilty of a charge of possession of liquor and paid a fine of $25: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. WHITE. Mr. President, this is a bill which has passed the House of Representatives. It authorizes the Secretary of the Treasury to pay the sum of $2,000 to a surety on a bond.

The facts are, briefly, these: A defendant, whose name I will not undertake to pronounce, was arrested for alleged violation of the prohibition laws. There had been found in his place, and seized, I think, a pint of ale and two-thirds of a quart of wine. He was brought before a United States commissioner, arraigned, and bound over to the Federal court. He gave bond in the sum of $2,000 for his appearance before the United States court.

The defendant was notified to appear at a specified time, and did not do so. The record shows that he did not receive the notice calling for his appearance at the designated time and place.

Subsequently the case was defaulted, and then a scire facias suit was brought on the bond. The surety company paid into court the entire $2,000, the amount of the bond. The respondent came into court, was arraigned, and was found guilty, or pleaded guilty, and paid a fine of $25, the total fine imposed by the court. The $2,000 having been actually paid into court, there was no way in which the surety company could get back the total amount, and this bill is to reimburse them.

Mr. ROBINSON. Mr. President, what amount of costs was incurred in the proceeding on the bond?

Mr. WHITE. I thought at one time no costs had been incurred. I have just found that costs were incurred in the amount of $12, and I should like to amend the bill by reducing the $2,000 to $1,988.

Mr. ROBINSON. I should think that in cases like the one instanced the Government ought at least to be made whole.

Mr. WHITE. Mr. President, I move to amend the bill by striking out "$2,000", in line 5, page 1, and inserting in lieu thereof "$1,988."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILLS PASSED OVER

The bill (H. R. 760) for the relief of John L. Hoffman was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1607) to amend section 109 of the Criminal Code so as to except officers of the Naval and Marine Corps Reserve not on active duty from certain of its provisions was announced as next in order.

Mr. LA FOLLETTE. Mr. President, on behalf of the junior Senator from North Dakota [Mr. NYE] I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

JAMES E. M'DONALD

The bill (S. 2590) for the relief of James E. McDonald was announced as next in order.

Mr. McKELLAR. Mr. President, we should have an explanation of this bill. If none is made, I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. COPELAND subsequently said: Mr. President, I ask the Senate to recur very briefly to Order of Business 734, being Senate bill 2590, for the relief of James E. McDonald, which I understand in my absence was almost passed and then ordered to lie over.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New York to return to the consideration of the bill mentioned by him?

There being no objection, the Senate proceeded to consider the bill (S. 2590) for the relief of James E. McDonald, which was read, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the account of James E. McDonald, former postmaster at Cohoes, Albany County, State of New York, in the sum of $13,723.70, due the United States on account of loss of postal funds, embezzled by Michael A. Walsh, his then deputy postmaster, during the incumbency of said James E. McDonald in said office from April 11, 1922, to October 30, 1930: *Provided, however*, That the crediting of said amount to the account of the said James E. McDonald shall not be deemed to exonerate, and shall not exonerate, the said Michael A. Walsh, or his sureties on any official bond or bonds which he has given to the United States, and that the United States hereby expressly reserves the right to sue the said Michael A. Walsh and his sureties for any and all moneys which may be found to be due from the said Michael A. Walsh.

Mr. COPELAND. Mr. President, I may now say, in answer to the question the Senator from Tennessee [Mr. MCKELLAR] asked me a month ago about this bill, as to whether it related to the indemnity company, that as a matter of fact, the postmaster, Mr. McDonald, did have the employee bonded, and from the indemnity company, the full amount for which the employee had been bonded was collected. The defalcation amounted to about $20,000 and the indemnity company paid $6,417.90. Therefore, the relief sought here is to relieve the postmaster himself from further obligation.

Mr. McKELLAR. None of the money that is involved in this bill was paid by any of the indemnity companies?

Mr. COPELAND. Not any of the amount that is asked for in this bill.

Mr. McKELLAR. Has it been paid by Mr. McDonald?

Mr. COPELAND. No; it has not been paid by Mr. McDonald.

Mr. McKELLAR. Then, why turn over to him $13,000?

Mr. COPELAND. It was an unfortunate circumstance that the defalaction extended over a number of years, and there was a feeling upon the part of some of us that the Post Office Department itself had not been careful enough in checking up on these matters or they would have discovered the defalcation; and so this bill is designed to relieve a man who is now practically penniless.

Mr. McKELLAR. Did he pay this sum?

Mr. COPELAND. The indemnity company paid $6,417.90. The balance is being asked from a man who has not got it; that is about the size of it. This is to relieve him from the payment of that amount of money.

Mr. McKELLAR. It is merely to credit his account and does not authorize the payment of any sum?

Mr. COPELAND. Oh, no; Mr. McDonald will get no money at all. He is merely to be relieved from the obligation.

Mr. McKELLAR. It is merely a bookkeeping matter by which the remainder of the loss is charged off, and none of it goes to the indemnity company?

Mr. COPELAND. That is correct.

Mr. McKELLAR. Very well.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2460) to amend the act of June 6, 1924, entitled "An act to amend in certain particulars the National Defense Act of June 3, 1916, as amended, and for other purposes", was amended as next in order.

Mr. LA FOLLETTE. Mr. President, at the request of the junior Senator from North Dakota [Mr. NYE], I ask that calendar nos. 739, 740, and 741, being, respectively, Senate bills 2460, 1975, and 1976, be passed over.

The PRESIDENT pro tempore. Without objection, Senate bill 2460, Senate bill 1975, and Senate bill 1976 will be passed over.

ADDITIONAL PAY TO UNITED STATES NAVAL PERSONNEL

The Senate proceeded to consider the bill (S. 2257) to amend the act entitled "An act to provide additional pay for personnel of the United States Navy assigned to duty on submarines and to diving duty", to include officers assigned to duty at submarine training tanks and diving units, and for other purposes, which was read as follows:

Be it enacted, etc., That the act entitled "An act to provide additional pay for personnel of the United States Navy assigned to duty on submarines and to diving duty" (45 Stat. 412; U. S. C., Supp. VII, title 34, sec. 886) is hereby amended by inserting after the words "submarine of the Navy" in line 3 of said act the words "including submarines under construction for the Navy from the time builders' trials commence, or on duty at submarine escape training tanks, the Navy Deep Sea Diving School, or the Naval Experimental Diving Unit", and by inserting after the words "submarine of the Navy" in lines 6 and 7 of said act the words "including submarine under construction for the Navy from the time builders' trials commence", so that the said act as amended will read as follows: "That hereafter all officers of the Navy on duty on board a submarine of the Navy, including submarines under construction for the Navy from the time builders' trials commence, or on duty at submarine escape training tanks, the Navy Deep Sea Diving School, or the Naval Experimental Diving Unit, shall, while so serving, receive 25 percent additional of the pay for their rank and service as now provided by law; and an enlisted man of the United States Navy assigned to duty aboard a submarine of the Navy, including submarines under construction for the Navy from the time builders' trials commence, or to the duty of diving, shall, in lieu of the additional pay now authorized, receive pay, under such regulations as may be prescribed by the Secretary of the Navy, at the rate of not less than $5 per month and not exceeding $30 per month, in addition to the pay and allowances of his rating and service: *Provided*, That divers employed in actual salvage operations in depths of over 90 feet shall, in addition to the foregoing, receive the sum of $5 per hour for each hour or fraction thereof so employed.

Mr. TRAMMELL. Mr. President, under the existing law the enlisted men of the Navy engaged in the submarine service and in diving in connection with the submarine service are entitled to additional pay; but since devices for escaping from submarines have been developed and diving schools for the purpose of making tests having been established, the enlisted men assigned to that particular service are not entitled to the additional pay which, if they were assigned to the submarine service, they would receive. The purpose of the bill is to adjust this inequality between these men engaged in practically the same character of hazardous service.

Mr. KING. May I ask the Senator from Florida what the compensation now is, and what additional expense will be incurred per annum under the pending bill?

Mr. TRAMMELL. There are not a great number of enlisted men in that service. The bill is recommended by the Department as an effort to adjust the compensation between men engaged in services of practically equal hazard. That is the whole object of the bill.

Mr. KING. What is the compensation now?

Mr. TRAMMELL. I think those engaged in that service get something like one and one-half pay.

Mr. KING. And the pending bill proposes to give them $30 more?

Mr. TRAMMELL. I believe it is $15 more.

The PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill?

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 5711) to provide pensions for needy blind persons of the District of Columbia was announced as next in order.

Mr. KING. Mr. President, this is a very meritorious bill; but in view of the Security Act, which is under consideration by the conference committee, and which, if passed, as undoubtedly it will be, may call for some little readjustment in this measure, and in view of the fact that we shall have several other measures up for consideration relating to unemployment and old age in the District within a few days, I suggest that this bill go over, to be considered when the other bills are considered.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1152) relating to the carriage of goods by sea was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The joint resolution (S. J. Res. 133) for designation of a street to be known as "Missouri Avenue" was announced as next in order.

Mr. BULKLEY. Let the joint resolution go over.

The PRESIDENT pro tempore. The joint resolution will be passed over.

FRENCH SPOLIATION CLAIMS

The bill (S. 916) to carry into effect the decisions of the Court of Claims in favor of claimants in French spoliation cases not heretofore paid was announced as next in order.

Mr. BURKE. Let the bill be passed over.

Mr. LOGAN. Mr. President, will the Senator withhold his objection for a moment, until an explanation may be made of the bill?

Mr. BURKE. I shall be glad to withhold the objection.

Mr. LOGAN. I think it is a reflection on the American Congress that this bill was not passed many years ago.

This matter grows out of the French spoliation claims, which originated with the beginning of our Government. The matter has been considered from time to time throughout the years until in 1885, I believe, or thereabouts, the whole matter was referred by Congress to the Court of Claims, with the direction that it should ascertain those who were entitled to be paid, and should find the amounts due. The Court of Claims did that, and the major portion of the claims were paid within a few years following. The Court of Claims did not finally hand down its decision until, I think, 1916 or 1917—probably a little earlier than that—finding that the claimants whose names are set out in the bill are entitled to have their claims paid, and fixing the amounts.

Two or three Presidents have asked the Congress of the United States to pay these claims and two or three Secretaries of State have written very earnest letters asking that these claims be paid. There is no question about their validity, and never has been. I hardly see how we can complain about foreign governments not paying their debts when the Congress of the United States fails to pay claimants who have undisputed claims against the Government.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. BURKE. Mr. President, instead of its being a reflection on Congress that this bill has not heretofore been passed, I think it would be a very serious reflection on Congress if the bill were to pass. It is true that a President or two and a Secretary of State or two have, I think ill-advisedly, urged the passage of this bill; but it is also true that three Presidents of the United States have vetoed the action of Congress in attempting to pay claims of this type.

This matter goes back to the period of 1793 to 1800; and Congress is now asked to appropriate three and one-quarter million dollars to pay claims largely held by insurance companies and underwriters, who charged high premiums for insuring American cargoes, and made a very good profit out of their business. Now, almost 150 years later, Congress is asked to appropriate money for this payment.

Mr. LOGAN. Mr. President, will the Senator yield for a question?

Mr. BURKE. I yield.

Mr. LOGAN. Is it not true that the Court of Claims, after an investigation covering nearly 30 years, found the claims to be correct and just; and is it not true that the payment has been recommended by two or three Presidents and by two or three Secretaries of State, and that the bill to which the Senator refers as having been vetoed was passed and vetoed before the facts had been found by the Court of Claims, and that subsequently the facts were found by the Court of Claims under an act passed by Congress directing the court to do that very thing? After being passed on by the Court of Claims, the major portion of the claims was paid. The claims in the pending bill are the only unpaid claims, and they were directed to be paid by a judgment of the Court of Claims which found them to be absolutely correct.

Mr. BURKE. Mr. President, I think it is not true that the Court of Claims found that this bill, or a bill of this type, should be passed, because the act of Congress in 1885 which referred the matter to the Court of Claims expressly denied to the Court of Claims the right to make that final conclusion, but only authorized it to examine the claims and determine whether proper heirs were still living, the amounts of the losses, and so forth. Congress in that act expressly reserved to itself the right to pass judgment on the matter.

I believe the bill to be without merit.

Mr. VANDENBERG. Mr. President, before the bill goes over, I ask leave to offer an amendment in order that it may be pending when the bill subsequently comes up for action. The amendment is, on page 36 of the bill, to strike out the language commencing in line 2 with the words "pay out of any money in the Treasury not otherwise appropriated", and so forth. I move to substitute the following language—

Credit the unpaid debt account of the Government of France with the total amount of these claims which the General Accounting Office shall certify to be due under this act, and to notify the claimants to look to the Government of France for payment.

I ask that that amendment be pending.

The PRESIDENT pro tempore. Without objection, it is so ordered. Objection having been heard to the consideration of the bill, it will be passed over.

BILLS PASSED OVER

The bill (H. R. 4901) to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions was announced as next in order.

Mr. McKELLAR. I should like to ask for an explanation of that bill, or let it go over temporarily, whichever the Chair suggests.

The PRESIDENT pro tempore. The suggestion of the Chair is that the bill be temporarily passed over.

The bill (H. R. 6673) providing for an annual appropriation to meet the share of the United States toward the expenses of the International Technical Committee on Aerial Legal Experts, and for participation in the meetings of the International Technical Committee of Aerial Legal Experts and the commissions established by that Committee was announced as next in order.

Mr. McKELLAR. That bill is substantially similar in its nature to the previous bill, and I ask that it go over.

The PRESIDENT pro tempore. The bill will be temporarily passed over.

PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

The joint resolution (H. J. Res. 182) to provide for membership of the United States in the Pan American Institute of Geography and History, and to authorize the President to extend an invitation for the next general assembly of the institute to meet in the United States in 1935, and to provide an appropriation for expenses thereof, was announced as next in order.

Mr. LA FOLLETTE. Mr. President, I inquire whether this House joint resolution is not identical with Calendar No. 663, being Senate Joint Resolution 86, which has already passed the Senate?

The PRESIDENT pro tempore. It is identical with Senate Joint Resolution 86.

Mr. LA FOLLETTE. I ask unanimous consent for the reconsideration of the vote by which Senate Joint Resolution 86, being Calendar No. 663, was passed, and that there be substituted for it House Joint Resolution 182, and that it be considered and passed.

Mr. McKELLAR. I have no objection.

The PRESIDENT pro tempore. Without objection, the vote by which Senate Joint Resolution 86 was passed is reconsidered, and House Joint Resolution 182 is substituted for the Senate joint resolution. Is there objection to the present consideration of House Joint Resolution 182?

There being no objection, the joint resolution (H. J. Res. 182) was considered, ordered to a third reading, read the third time, and passed.

Mr. LA FOLLETTE. Now I move that Senate Joint Resolution 86 be indefinitely postponed.

The motion was agreed to.

BILL PASSED OVER

The bill (S. 2583) establishing certain commodity divisions in the Department of Agriculture was announced as next in order.

Mr. KING and Mr. LA FOLLETTE. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

RILIEF OF CITY OF NEW YORK

The bill (S. 2689) for the relief of the city of New York was announced as next in order.

Mr. McKELLAR. Mr. President, is that the same claim which has been before the Appropriations Committee?

Mr. COPELAND. No; it has never been before the Appropriations Committee.

Mr. McKELLAR. I have no objection to its consideration.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the city of New York, out of any money in the Treasury not otherwise appropriated, the sum of $764,143.75, expended by said city of New York in enrolling, subsisting, clothing, supplying, arming, equipping, paying, and transporting troops employed in aiding to suppress the insurrection against the United States in 1861 to 1865.

BILL PASSED OVER

The bill (S. 1389) to amend section 7, title I, of the Agricultural Adjustment Act, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

POWERS OF DISTRICT PUBLIC UTILITIES COMMISSION

The bill (H. R. 3462) to amend an act entitled "An act to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1914, and for other purposes, approved March 4, 1913", and for other purposes, was announced as next in order.

Mr. LA FOLLETTE. Mr. President, may we have an explanation of that bill?

Mr. TYDINGS. Mr. President, has the Senator read the report on the bill?

Mr. LA FOLLETTE. No, Mr. President; I have not read the report. I have not had time to do so. That is why I asked for an explanation of the bill.

Mr. TYDINGS. All the bill seeks to do, according to my recollection, is simply to change the District's fiscal year to conform to the Government's fiscal year, so the two will be in consonance. I asked the Senator if he had read the report because I was speaking from memory, but I think my statement is substantially accurate.

Mr. LA FOLLETTE. Mr. President, this is quite a long bill, and because of the pressure of other work I have not had an opportunity to read the report or the bill, nor am I a member of the committee. I think it is quite reasonable, under those circumstances, to ask for a statement. If the Senator from Maryland is correct in saying that the bill is confined wholly to the change of the fiscal year of the District of Columbia to make it conform to that of the Federal Government, I should have no objection.

Mr. VANDENBERG. My notes indicate that the purposes of this bill are to strengthen the arm of the Public Utilities Commission of the District of Columbia in dealing with public-utility matters and to eliminate the excessive delays caused by the present system of retrying in the courts every appealed case.

Mr. TYDINGS. I find the bill I have explained has already passed the Senate. I am familiar with the pending bill and can give the Senator an explanation of it. There was a bill introduced at the request of the people's counsel of the District of Columbia to strengthen the arm of the Public Utilities Commission. A dispute arose over that bill, and the Senator from Utah [Mr. KING], the chairman of the committee, appointed a subcommittee to try to reconcile the differences. Hearings were held, and, after the hearings, an amendment was worked out, which was not satisfactory to either side, but both sides agreed to it. I believe that amendment to be fair to both sides. The bill was then placed on the calendar. The Senator from Utah, however, asked that it go back to the full committee, and my understanding is that the full committee has now endorsed the amendment. It simply gives to the people's counsel, and also to the Public Utilities Commission, more power than they had heretofore In the language in which we framed it, we thought it was fair to all parties concerned.

Mr. LA FOLLETTE. I ask the Senate to let the bill go over without prejudice until I can locate a memorandum which has been received from the people's counsel concerning it.

Mr. TYDINGS. I will be very glad to let it go over, but in order to make the RECORD complete let me say to the Senator from Wisconsin that the people's counsel wanted other language used than the language we used, but the language we employed he agreed to, although he said it was not the language which he would desire.

The PRESIDENT pro tempore. The bill will be passed over.

BILLS PASSED OVER

The bill (S. 2845) to provide for the retirement and retirement annuities of civilian members of the teaching staffs at the United States Naval Academy and the Postgraduate School, United States Naval Academy, was announced as next in order.

Mr. KING. I ask that that bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 379) to provide for the deportation of certain alien seamen, and for other purposes, was announced as next in order.

Mr. McKELLAR and Mr. COPELAND asked that the bill go over.

The PRESIDENT pro tempore. On objection, the bill will be passed over.

PROMOTIONS IN NAVY STAFF CORPS

The bill (H. R. 5382) to provide for advancement by selection in the staff corps of the Navy to the ranks of lieutenant

commander and lieutenant; to amend the act entitled "An act to provide for the equalization of promotion of officers of the staff corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., Supp. VII, title 34, secs. 348 to 348t), and for other purposes, was announced as next in order.

Mr. KING. Mr. President, may I ask the Senator from Florida, the Chairman of the Committee on Naval Affairs, if this is the general retirement and promotion bill which has been under consideration for some time?

Mr. TRAMMELL. This bill provides for promotion by selection in the staff corps just as now prevails in the line of the Navy. It seems that the legislation enacted a year ago last spring only applies to the line. This bill is to provide for the same system of selection in the staff corps. The Department reports to the committee that it will actually work a saving by the retirement of certain officers who would be retained on active duty for a while if this bill should not be enacted.

Mr. KING. A number of persons interested in a retirement bill have communicated with me, claiming that they have been denied retirement to which they are entitled, and that if they should receive the retirement privileges which a bill on the calendar would enable them to enjoy, the situation would be relieved; some of the humps would be eradicated and a freer and better and more equitable flow of promotions would be insured. I ask whether this is that bill?

Mr. TRAMMELL. This particular bill, as I understand, is really for that purpose. The Department reports that it will actually work a saving so far as the expenditures on the part of the Government are concerned.

Mr. KING. If that is the bill I had in mind, I have no objection.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 5382) to provide for advancement by selection in the staff corps of the Navy to the ranks of lieutenant commander and lieutenant; to amend the act entitled "An act to provide for the equalization of promotion of officers of the staff corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., Supp. VII, title 34, secs. 348 to 348t), and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of existing law as amended by this act with reference to advancement in rank by selection in the staff corps are hereby extended to include and authorize advancement to the ranks of lieutenant commander and lieutenant of officers of the next lower ranks who are eligible for consideration by a selection board. Each selection board appointed to recommend staff officers of the ranks of lieutenant and lieutenant (junior grade) for advancement, shall recommend all the eligible officers of said ranks who in the opinion of at least two-thirds of the members of such board are fitted to assume the duties of the next higher rank.

SEC. 2. Boards for the selection of staff officers for recommendation for advancement to the ranks of lieutenant commander and lieutenant shall be composed of not less than 6 nor more than 9 officers above the rank of commander on the active or retired list of the staff corps concerned: *Provided*, That in case there be not a sufficient number of staff officers of the corps concerned legally or physically capacitated to serve on a selection board of such corps as herein provided, officers of the line on the active list above the rank of commander may be detailed to duty on such board to constitute the required minimum membership.

SEC. 3. Staff officers of the ranks of lieutenant and lieutenant (junior grade) who shall not have been recommended for advancement to the next higher rank by the report of a selection board as approved by the President prior to the completion of 14 or 7 years, respectively, of commissioned service in the Navy, shall be ineligible for consideration by a selection board on June 30 of the current fiscal year: *Provided*, That no such officer shall become ineligible for consideration by reason of length of commissioned service until he shall have been twice considered by a selection board for advancement to the next higher rank.

SEC. 4. Except as provided in section 6 of this act, staff officers of the ranks of commander and lieutenant commander who shall not have been recommended for advancement by the report of a selection board as approved by the President prior to the completion of 28 or 21 years, respectively, of commissioned service in the Navy shall be ineligible for consideration by a selection board on June 30 of the current fiscal year: *Provided*, That for the purposes of this section the length of such commissioned service for officers of the ranks of commander and lieutenant commander in the Construction Corps and Civil Engineer Corps shall be 30 or 25 years, respectively: *Provided further*, That no staff officer of the rank of commander or lieutenant commander shall become ineligible for consideration by reason of length of service until he shall have been considered by three selection boards for advancement to the next higher rank, at least two of which boards shall have been appointed after the date of this act.

SEC. 5. All staff officers who have not been recommended for advancement and who, after the completion of the designated periods of service as prescribed for their respective ranks and corps, become ineligible for consideration by a selection board in accordance with this act, or who, if recommended for advancement, undergo the required examinations for advancement and are found not professionally qualified, shall be transferred to the retired list of the Navy.

SEC. 6. When the number of involuntary transfers in any fiscal year from the ranks of commander and lieutenant commander in the staff corps to the retired list pursuant to this act, exclusive of officers who have failed professionally on examination for advancement to the next higher rank, would otherwise exceed the figures in the following tabulation, the selection board concerned shall designate by name such excess of officers for retention on the active list until the end of the next fiscal year, and officers so designated shall retain their eligibility for selection and advancement during said year: Medical Corps, 7 commanders and 12 lieutenant commanders; Supply Corps, 4 commanders and 7 lieutenant commanders; Chaplain Corps, 1 commander and 1 lieutenant commander; Construction Corps, 2 commanders and 3 lieutenant commanders; Civil Engineer Corps, 1 commander and 1 lieutenant commander; Dental Corps, 1 commander and 2 lieutenant commanders. If the officers so designated are not recommended for advancement or again designated for retention on the active list, they shall be transferred to the retired list in accordance with the provisions of this act.

SEC. 7. If at the end of any fiscal year the number of involuntary transfers to the retired list from the ranks of commander or lieutenant commander of the staff corps would exceed the limits set forth in section 6 of this act, and there has been no selection board convened during the fiscal year to recommend officers of those ranks for advancement in the staff corps concerned, special boards shall be convened by the Secretary of the Navy on or about June 1 preceding the end of the fiscal year to designate by name such excess of officers to be retained on the active list as provided in section 6 of this act. Each such board shall be constituted as provided by law for selection boards for the staff corps concerned.

SEC. 8. All transfers to the retired list pursuant to this act shall be made as of June 30 of the current fiscal year. Officers retired pursuant to this act shall receive pay at the rate of 2½ percent of their active-duty pay, multiplied by the number of years of service for which they were entitled to credit in computation of their longevity pay on the active list, not to exceed a total of 75 percent of said active-duty pay: *Provided*, That a fractional year of 6 months or more shall be considered a full year in computing the number of years of service by which the rate of 2½ percent is multiplied.

SEC. 9. As soon as practicable after the date of this act, boards for the selection of staff officers for advancement to the ranks of captain and commander shall be appointed by the Secretary of the Navy in accordance with existing law. Each such board shall recommend for advancement to the ranks hereinafter listed in the corps for which it was appointed, from those staff officers of the next lower rank in said corps who are eligible for consideration, such officers, not to exceed the number furnished it by the Secretary of the Navy. The number furnished the boards appointed in execution of this section, in addition to such numbers, if any, as would otherwise be furnished such boards as the result of computations required by law for the corps and ranks concerned, shall be: For the Medical Corps, 11 for advancement to the rank of captain and 18 for advancement to the rank of commander; for the Supply Corps, 1 for advancement to the rank of captain and 10 for advancement to the rank of commander; for the Civil Engineer Corps, 1 for advancement to the rank of commander; for the Construction Corps, 4 for advancement to the rank of captain. If a selection board does not recommend a number of officers for advancement to any rank equal to the number furnished to that board for that rank by the Secretary of the Navy, the difference between the number actually recommended by the board and the number furnished the board by the Secretary of the Navy may be added by the Secretary of the Navy to the number furnished by him to the next succeeding board.

SEC. 10. That section 10 of the act approved June 10, 1926 (44 Stat. 720–721; U. S. C., Supp. VII, title 34, sec. 348i), is hereby repealed.

If the running mate of a staff officer be promoted to a higher rank and such staff officer be considered by a selection board for such rank but fails to be selected for advancement thereto, by the report of such board as approved by the President, such staff officer shall have assigned as his new running mate the line officer not promoted who was next senior to his former running mate in the rank in which the staff officer remains; if there remain in that rank no line officer who was senior therein to such former running mate, such staff officer shall not have assigned a new running mate, but shall retain his former running mate who has been promoted: *Provided*, That if subsequently selected such staff officer when advanced to the higher rank, shall have assigned as his running mate that line officer who would have been his running mate had said staff officer been recommended by the selection board which first

considered him for the higher rank; except that if the running mate who would be so assigned him be senior to the running mate of an officer in his own staff corps made next senior to him in the higher rank, as determined by the order of their selection for advancement thereto, the running mate assigned him shall be that officer who had been assigned as the running mate of said next senior staff officer on the latter's advancement, and officers of the same staff corps thereby having the same running mate shall have precedence in said higher rank as determined by the order of their selection for advancement thereto: *Provided further*, That those officers of the staff corps with the rank of captain, who when eligible for consideration by a selection board for the rank of rear admiral, are not selected, shall retain their running mates; and if subsequently advanced to the rank of rear admiral shall have running mates assigned as required by the proviso next preceding. The provisions of this section shall be applicable to the cases of all staff officers now on the active list who have been advanced or have been eligible for consideration by a selection board for advancement to the rank of commander and above since June 10, 1926: *And provided further*, That no officer shall, by virtue of this section, receive any increased pay or allowance for any period prior to the date of this act.

SEC. 11. That section 4 of the act approved June 10, 1926 (44 Stat. 719; U. S. C., Supp. VII, title 34, sec. 348c), is hereby amended to read as follows:

"Hereafter all staff officers in the Navy, when of the same rank as their running mates or of the rank for which their running mates have been selected, shall take precedence with all other line and staff officers of the same rank from the dates stated in the commissions or which in due course will be stated in the commissions of their running mates in said rank, and ahead of all line officers junior to their respective running mates. Such staff officers of a higher rank than the rank held by their running mates until their running mates have been selected for such higher rank shall take precedence with all line and staff officers of the rank then held by them in accordance with the date stated in the commission of the junior line officer in such higher rank; staff officers of a lower rank than the rank held by their running mates shall take precedence with all line and staff officers of the same rank in accordance with the dates stated in the commissions that had been held by their running mates in such lower rank, and ahead of all line officers in such rank who were junior therein to their respective running mates: *Provided*, That except as otherwise provided herein, officers having the same rank and the same date of precedence in that rank shall take precedence in the following order: (a) Line officers, (b) medical officers, (c) officers of the supply corps, (d) chaplains, (e) naval constructors, (f) civil engineers, (g) dental officers: *Provided further*, That staff officers assigned running mates in accordance with this act, if thereafter assigned new running mates, shall have with respect to other staff officers who also have as their running mates the new running mates so assigned, the precedence held by them prior to the assignment of such new running mates.

SEC. 12. If any staff officer who has been recommended for advancement to the rank of captain or commander by the report of a selection board as approved by the President fails to receive such advancement by reason of failure to qualify upon examination therefor or because of his removal from the active list for any cause, the number to be furnished the next ensuing selection board for the corps and rank concerned shall be increased accordingly.

SEC. 13. That all laws or parts of laws, so far as they are inconsistent with or in conflict with the provisions of this act, are hereby repealed.

BILL PASSED OVER

The bill (H. R. 4827) for the relief of Don C. Fees was announced as next in order.

Mr. ROBINSON. Mr. President, I should like to have an explanation of that bill. I see it was reported by the Senator from Delaware [Mr. TOWNSEND]. An opportunity has not been afforded to examine it.

Mr. McNARY. Mr. President, the Senator from Delaware [Mr. TOWNSEND] is temporarily detained from the Senate.

Mr. ROBINSON. I suggest that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

JOHN L. SUMMERS

The bill (H. R. 4828) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow in the accounts of John L. Summers, disbursing clerk, Treasury Department, sums aggregating $888.96 now standing as disallowances in his accounts with the General Accounting Office under various Treasury Department appropriations as set forth in House Document No. 342, Seventy-second Congress, first session.

SEC. 2. The Comptroller General of the United States is authorized and directed to allow in the accounts of Frank White and H. T. Tate, former Treasurers of the United States; Guy F. Allen, former Acting Treasurer of the United States; and Robert G. Hilton, former Assistant Treasurer of the United States at Baltimore, Md., the sums of $34,899.70, $92.89, $362.42, and $126.67, respectively, representing unavailable funds as set forth in House Document No. 342, Seventy-second Congress, first session.

SEC. 3. The Comptroller General of the United States is authorized and directed to settle an account to cover the claims of Blanchard Johnson, John Frank Rodzen, and Elizabeth Kennard in the sums of not to exceed $25.74, $26.59, and $126.67, respectively, representing unrecovered amounts due them as referred to on pages —— of House Document No. 342, Seventy-second Congress, first session, and to certify the same to the Secretary of the Treasury for payment.

SEC. 4. The Secretary of the Treasury be, and he is hereby, authorized and directed to adjust discrepancies in certain national-bank note currency accounts in the office of the Comptroller of the Currency, covering the period from April 5, 1912, or immediately prior thereto, to November 21, 1928, as set forth in House Document No. 342, Seventy-second Congress, first session, and the Treasurer of the United States is authorized and directed to charge the sum of $27,630 against his general account with corresponding credit therein to the fund for retirement of national-bank notes established by the act of July 14, 1890 (26 Stat. L. 289; U. S. C., title 12, sec. 122).

LOCUS OF CERTAIN CIVIL SUITS

The bill (S. 2524) amending section 112 of the United States Code, annotated (title 28, subtitle "Civil Suits, Where to be Brought"), was announced as next in order.

Mr. ROBINSON. Mr. President, I should like to have the bill explained by its author.

Mr. TYDINGS. Mr. President, this is one of the most important bills on the calendar. I will try to make a brief explanation of it. As will be noted, it has been reported unanimously by the Judiciary Committee without amendment. It grew out of these circumstances: In the days of consolidations of companies, particularly utility companies, quite often the minority stockholders were in a position where, as they thought, they had been defrauded, and yet, when they filed suit, if they filed in the State court, they could not get the data because that was under another jurisdiction; and if they filed suit in the Federal court, they could not get the data because that was another jurisdiction. So there was no forum where such minority stockholders could go and secure an accounting which they considered rightfully in their interest.

One of the men who was associated with a number of these matters in liquidation as a trustee called this matter to my attention. Between us we had an elaborate brief prepared showing many cases that were unable to be adjudicated because of the circumstances indicated by the explanation I have made. The bill was introduced, a copy of the elaborate brief was given to each member of the Judiciary Committee, and after a very thorough study and several hearings the committee reported the measure unanimously.

If enacted, the bill would simply close a gap in the law so that a man who feels that he has been defrauded by another in the acquisition or sale of property may have his day in court and be entitled to have all the data presented there.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. AUSTIN. Mr. President, at the request of the Senator from Pennsylvania, who is necessarily absent, I object.

Mr. TYDINGS. May I ask at whose request?

Mr. AUSTIN. At the request of the Senator from Pennsylvania [Mr. DAVIS].

Mr. TYDINGS. I am sorry the Senator from Pennsylvania is not present, because I should like to discuss the matter with him. I do not think it is quite fair to the Senate, when a bill of this magnitude, which has been on the calendar for 2 months, comes up to have the Senator from Pennsylvania absent when the call of the calendar has previously been announced.

Mr. AUSTIN. Let me say to the Senator from Maryland that I am informed the Senator from Pennsylvania has been compelled to return to the hospital because of illness.

The PRESIDENT pro tempore. The bill will be passed over.

BILLS PASSED OVER

The bill (S. 2912) to repatriate native-born women who have heretofore lost their citizenship by marriage to an alien, and for other purposes, was announced as next in order.

Mr. KING. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1440) to enroll on the citizenship rolls certain persons of the Choctaw and Chickasaw Nations or Tribes was announced as next in order.

Mr. KING. I also ask that that bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

RELIEF OF ARMY DISBURSING OFFICERS

The bill (H. R. 4838) for the relief of certain disbursing officers of the Army of the United States, and for the settlement of individual claims approved by the War Department, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Capt. K. W. Slauson, Quartermaster Corps, $225.07; Capt. H. M. Denning, Finance Department, $4; Maj. S. R. Beard, Finance Department, $5.63; and Maj. George Z. Eckels, Finance Department, $16.92; said amounts being public funds for which they are accountable and which comprise minor errors in computation of pay and allowances due military personnel who are no longer in the service of the United States, and which amounts have been disallowed by the Comptroller General of the United States.

SEC. 2. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts to Maj. J. B. Harper, Finance Department, $24,882, said amount being public funds for which he is accountable and which represents payments made to the Westinghouse Electric & Manufacturing Co. for electric ranges purchased under specific instructions of the Secretary of War and which amount was disallowed by the Comptroller General of the United States.

SEC. 3. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury, not otherwise appropriated, to R. N. Walker & Co., Nagasaki, Japan, $74.86, being the amount due this company for storage charges for the period June 7, 1930, to October 19, 1930, on household goods of an officer of the Army in transit to his new station in the United States.

SEC. 4. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to W. E. Howard, Island Park, N. Y., $880, being the amount found due him as damages to his property at Island Park, N. Y., by reason of an Army airplane crash on September 8, 1933.

JAMES AKEROYD & CO.

The bill (H. R. 3337) for the relief of James Akeroyd & Co. was announced as next in order.

Mr. KING. Mr. President, will the Senator from Vermont please explain the bill?

Mr. GIBSON. Mr. President, the claimant in this case was an importer of wool. He imported a shipment of wool, the duty on which was fixed at 30 cents a pound. Two or three months later the Department reclassified the wool at 45 cents a pound, and the claimant paid duty at that rate. Then, it was officially determined that the duty should be 30 cents a pound. The claim is for the difference between what the claimant paid and what he should have paid as a duty on the wool. The Treasury Department has no objection except as to the amount. There is a slight difference as to the amount that should be paid.

Mr. KING. Mr. President, will the Senator permit an inquiry?

Mr. GIBSON. Certainly.

Mr. KING. I find that the Secretary of the Treasury, Mr. Morgenthau, in his letter to the chairman of the House committee states:

> I doubt the fairness of granting a greater measure of relief in this case than is granted to importers who obtain judgment for a refund of excessive duties after prolonged litigation.

Mr. GIBSON. I think he refers to the fact that no protest was filed within the time limit. The claimant did not know that a protest was necessary. I think the Secretary of the Treasury refused to grant the claim on the ground that notice was not given within the proper time.

Mr. KING. I think the position of the Secretary rests upon the fact that those who were successful and secured refunds did not obtain interest, and the law does not give them interest, whereas this bill allows the claimant interest. If the Senator would amend the bill so as to eliminate the item of interest, so this claimant would receive no more than others, I should have no objection.

Mr. GIBSON. I think that is right and proper.

Mr. KING. Will the Senator recur to it a little later after ascertaining the amount of interest?

Mr. GIBSON. Very well.

The PRESIDENT pro tempore. The bill will be temporarily passed over.

Mr. GIBSON (subsequently said). I ask unanimous consent that the Senate recur to Calendar No. 906, being House bill 3337, for the relief of James Akeroyd & Co., which was temporarily passed over. I ask for the present consideration of the bill.

There being no objection, the Senate proceeded to consider the bill (H. R. 3337) for the relief of James Akeroyd & Co., which was ordered to a third reading, read the third time, and passed.

MRS. OLIN H. REED

The bill (H. R. 4146) for the relief of Mrs. Olin H. Reed was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Olin H. Reed, of McAlester, Okla., the sum of $5,000. Such sum shall be in full settlement of all claims against the United States on account of the death of Olin H. Reed, the husband of the said Mrs. Olin H. Reed, who, at the request of the officers of the Federal Government, accompanied them and assisted in the apprehension and arrest of one Frank Nash; and the said Olin H. Reed, together with others of the Federal officers, were slain at Kansas City, Mo., on June 17, 1933, by forces of gangdom attempting the release of the prisoner, Frank Nash: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

S. M. PRICE

The bill (S. 2321) for the relief of S. M. Price was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to S. M. Price the sum of $845.87, in full compensation of all claims against the Government for services rendered as caretaker from June 26, 1934, to March 1, 1935, of the automobile parking lot located on Government property, adjoining the new Customhouse, Denver, Colo.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

SELECTION OF PERMANENT ARMY AIR CORPS STATIONS

The bill (H. R. 7022) to authorize the selection, construction, installation, and modification of permanent stations and depots for the Army Air Corps, and frontier air-defense bases generally, was announced as next in order.

Mr. KING. Mr. President, I think this is too important a bill to be passed under the 5-minute rule—certainly without an explanation.

Mr. FLETCHER. Mr. President, this is a House bill which passed the House without a dissenting vote. It is strongly recommended by the War Department, as is indicated by the report accompanying the bill. The report indicates that the Secretary of War stated:

> I desire to advise you that the bill has the full approval of the War Department.



The bill does not provide for any appropriation. It simply authorizes a study and investigation by the War Department in various portions of the country, as stated in the bill, with a view to determining the location and what would be required in the way of additional Air Corps stations, and so forth. The bill clearly states its object, which is to enable the War Department to make a study and investigation respecting the need for air stations in different sections of the country, and then to report to Congress. When the report shall come to Congress it will then be for the Congress to pass upon the subject and make recommendations for the necessary appropriations, if any shall be required.

Mr. KING. Has this bill any relation to the so-called "Wilcox bill" of which we have heard very much and as to which we have been bombarded from various parts of the United States by chambers of commerce and otherwise for enormous appropriations?

Mr. FLETCHER. This bill does not call for any appropriation. As I said, it passed the House without a dissenting vote. The question of outlay and expense is all for the future. The Department would merely be authorized to make an investigation and to report to Congress, and then it would be for the Congress to determine whether an appropriation should be made.

Mr. KING. The Senator knows that both the War Department and the Navy Department, during these times when there is so much talk of war in other countries, are flagellating us almost daily for increased appropriations for the Army and for the Navy. The result will be that before we shall have adjourned we will have appropriated one billion one or two hundred million dollars for the next fiscal year for the Army and the Navy.

Mr. FLETCHER. I appreciate the Senator's position in regard to these matters, but this bill does not call for an appropriation. It simply provides for study and investigation. It would give the Department authority to survey the whole country, including Alaska, and report back to Congress where they think the stations ought to be located and where they are needed for peace-time training of the Air Corps. I think it is a very important bill.

Mr. VANDENBERG. Mr. President, does the Senator from Florida mean there would be no purchases until a subsequent report to Congress?

Mr. FLETCHER. Absolutely.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is hereby authorized and directed to determine in all strategic areas of the United States, including those of Alaska and our overseas possessions and holdings, the location of such additional permanent Air Corps stations and depots as he deems essential, in connection with the existing Air Corps stations and depots and the enlargement of the same when necessary, for the effective peace-time training of the General Headquarters Air Force and the Air Corps components of our overseas garrisons. In determining the locations of new stations and depots, consideration shall be given to the following regions for the respective purposes indicated: (1) The Atlantic Northeast—to provide for training in cold weather and in fog; (2) the Atlantic Southeast and Caribbean areas—to permit training in long-range operations, especially those incident to reinforcing the Panama Canal; (3) the Southeastern States—to provide a depot essential to the maintenance of the General Headquarters Air Force; (4) the Pacific Northwest—to establish and maintain air communication with Alaska; (5) Alaska—for training under conditions of extreme cold; (6) the Rocky Mountain area—to provide a depot essential to the maintenance of the General Headquarters Air Force, and to afford, in addition, opportunity for training in operations from fields in high altitudes; and (7) such intermediate stations as will provide for transcontinental movements incident to the concentration of the General Headquarters Air Force for maneuvers.

In the selection of sites for new permanent Air Corps stations and depots and in the determination of the existing stations and depots to be enlarged and/or altered, the Secretary of War shall give consideration to the following requirements:

1. The stations shall be suitably located to form the nucleus of the set-up for concentrations of General Headquarters Air Force units in war and to permit, in peace, training and effective planning, by responsible personnel in each strategic area, for the utilization and expansion in war, of commercial, municipal, and private flying installations.

2. In each strategic area deemed necessary, there shall be provided adequate storage facilities for munitions and other essentials to facilitate effective movements, concentrations, maintenance, and operations of the General Headquarters Air Force in peace and in war.

3. The stations and depots shall be located with a view to affording the maximum warning against surprise attack by enemy aircraft upon our own aviation and its essential installations, consisting with maintaining, in connection with existing or contemplated additional landing fields, the full power of the General Headquarters Air Force for such close and distant operations over land and sea as may be required in the defense of the continental United States and in the defense and the reinforcement of our overseas possessions and holdings.

4. The number of stations and depots shall be limited to those essential to the foregoing purposes.

SEC. 2. To accomplish the purposes of this act, the Secretary of War is authorized to accept, on behalf of the United States, free of encumbrances and without cost to the United States, the title in fee simple to such lands as he may deem necessary or desirable for new permanent Air Corps stations and depots and/or the extension of or addition to existing Air Corps stations or depots; or, with the written approval of the President, to exchange for such lands existing military reservations or portions thereof; or, if it be found impracticable to secure the necessary lands by either of these methods, to purchase the same by agreement or through condemnation proceedings.

SEC. 3. The Secretary of War is further authorized and directed to construct, install, and equip, or complete the construction, installation, and equipment, inclusive of bombproof protection as required, at each of said stations and depots, such buildings and utilities, technical buildings and utilities, landing fields and mats, and all utilities and appurtenances thereto, ammunition storage, fuel and oil storage and distribution systems therefor, roads, walks, aprons, docks, runways, sewer, water, power, station and aerodrome lighting, telephone and signal communications, and other essentials, including the necessary grading and removal or remodeling of existing structures and installations. He is authorized, also, to direct the necessary transportation of personnel, and purchase, renovation, and transportation of materials, as in his judgment may be required to carry out the purposes of this act. The Secretary of War is further authorized to acquire by gift, purchase, lease, or otherwise, at such locations as may be desirable, such bombing and machine-gun ranges as may be required for the proper practice and training of tactical units.

SEC. 4. There is hereby authorized to be appropriated out of any money in the Treasury of the United States not otherwise appropriated, such sums of money as may be necessary, to be expended under the direction of the Secretary of War for the purposes of this act, including the expenses incident to the necessary surveys, which appropriation shall continue available until expended: *Provided*, That the provisions of section 1136, Revised Statutes (U. S. C., title 10, par. 1339), shall not apply to the construction of the aforesaid stations and depots.

BILL PASSED OVER

The bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes, was announced as next in order.

Mr. ASHURST. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

DEVELOPMENT OF INDIAN ARTS AND CRAFTS

The bill (S. 2203) to promote the development of Indian arts and crafts and to create a board to assist therein, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, I should like to have an explanation of the bill.

Mr. THOMAS of Oklahoma. Mr. President, we have in the United States something like 350,000 Indians. These Indians are found in 20 States. There are something like 200 different tribes. These Indians in times passed have made their living in their native original way. In some reservations they make their living by the manufacture of pottery, at other points by the manufacture of baskets, at other points by the manufacture of silverware, and at some places by painting. So popular has the handiwork of the Indian tribes become that certain companies are imitating it and placing the imitations on the market as if they were genuine.

For several years past the Interior Department has made investigation and tried to devise a plan to give the Indians protection in the matter of the wares and merchandise which they themselves make. The bill is the result of the

study and recommendations of the Department. It provides for the creation of a commission consisting of five men who are to serve without pay, save their expenses. The commission are to make a study of the situation, an investigation and study of the articles made by the several Indian tribes; and, where they find an Indian tribe is in good faith making some article, they would be authorized to stamp that article as having been made by the Indians or to provide a plan of stamping. The bill provides a system of protection and assistance for the Indians who are trying to make the original goods.

I hope the bill will receive the favorable consideration of the Senate.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2203) to promote the development of Indian arts and crafts and to create a board to assist therein, and for other purposes, which had been reported from the Committee on Indian Affairs, with amendments.

The first amendment of the Committee on Indian Affairs was, in section 1, on page 1, line 7, to strike out the word "President" and insert the words "Secretary of the Interior", and in line 11, to strike out the word "President" and insert the words "Secretary of the Interior", so as to make the paragraph read:

That a board is hereby created in the Department of the Interior to be known as "Indian Arts and Crafts Board", and hereinafter referred to as the Board. The Board shall be composed of 5 commissioners, who shall be appointed by the Secretary of the Interior as soon as possible after the passage of this act and shall continue in office, 2 for a term of 2 years, 1 for a term of 3 years, and 2 for a term of 4 years from the date of their appointment, the term of each to be designated by the Secretary of the Interior, but their successors shall be appointed for a term of 4 years except that any person chosen to fill a vacancy shall be appointed for the unexpired term of the commissioner whom he succeeds. Both public officers and private citizens shall be eligible for membership on the Board. The Board shall elect one of the commissioners as chairman. One or two vacancies on the Board shall not impair the right of the remaining commissioners to exercise all the powers of the Board.

The amendment was agreed to.

The next amendment was, in section 2, on page 3, line 7, after the word "Government", to insert the word "trade"; in line 10, after the word "such", to insert the word "trade"; in line 12, after the word "use" and the semicolon, to insert the words "to register them in the United States Patent Office without charge", so as to make the section read:

SEC. 2. It shall be the function and the duty of the Board to promote the economic welfare of the Indian tribes and the Indian wards of the Government through the development of Indian arts and crafts and the expansion of the market for the products of Indian art and craftsmanship. In the execution of this function the Board shall have the following powers: (a) To undertake market research to determine the best opportunity for the sale of various products; (b) to engage in technical research and give technical advice and assistance; (c) to engage in experimentation directly or through selected agencies; (d) to correlate and encourage the activities of the various governmental and private agencies in the field; (e) to offer assistance in the management of operating groups for the furtherance of specific projects; (f) to make recommendations to appropriate agencies for loans in furtherance of the production and sale of Indian products; (g) to create Government trade marks of genuineness and quality for Indian products and the products of particular Indian tribes or groups; to establish standards and regulations for the use of such trade marks; to license corporations, associations, or individuals to use them; and to charge a fee for their use; to register them in the United States Patent Office without charge; (h) to employ executive officers, including a general manager, and such other permanent and temporary personnel as may be found necessary, and prescribe the authorities, duties, responsibilities, and tenure and fix the compensation of such officers and other employees: *Provided*, That the Classification Act of 1923, as amended, shall be applicable to all permanent employees except executive officers, and that all employees other than executive officers shall be appointed in accordance with the civil-service laws from lists of eligibles to be supplied by the Civil Service Commission; (i) as a Government agency to negotiate and execute in its own name contracts with operating groups to supply management, personnel, and supervision at cost, and to negotiate and execute in its own name such other contracts and to carry on such other business as may be necessary for the accomplishment of the duties and purposes of the Board: *Provided*, That nothing in the foregoing enumeration of powers shall be construed to authorize the Board to borrow or lend money or to deal in Indian goods.

The amendment was agreed to.

The next amendment was, in section 4, on page 5, line 3, after the word "may", to strike out the words "make or", so as to make the section read:

SEC. 4. There is hereby authorized to be appropriated out of any sums in the Treasury not otherwise appropriated such sums as may be necessary to defray the expenses of the Board and carry out the purposes and provisions of this act. All income derived by the Board from any source shall be covered into the Treasury of the United States and shall constitute a special fund which is hereby appropriated and made available until expended for carrying out the purposes and provisions of this act. Out of the funds available to it at any time the Board may authorize such expenditures, consistent with the provisions of this act, as it may determine to be necessary for the accomplishment of the purposes and objectives of this act.

The amendment was agreed to.

The next amendment was, in section 5, page 5, line 7, after the word "shall", to strike out the word "reproduce"; in line 8, after the word "Government", to insert the word "trade"; in line 11, after the word "Government", to insert the word "trade"; in line 18, after the word "Government", to insert the word "trade"; in line 19, after the words "misdemeanor and", to insert the words "upon conviction thereof shall be enjoined from further carrying on the act or acts complained of and shall", so as to make the section read:

SEC. 5. Any person who shall counterfeit, or colorably imitate any Government trade mark used or devised by the Board as provided in section 2 of this act, or shall, except as authorized by the Board, affix any such Government trade mark, or shall knowingly, willfully, and corruptly affix any reproduction, counterfeit, copy, or colorable imitation thereof upon any products, Indian or otherwise, or to any labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of such products, or any person who shall knowingly make any false statement for the purpose of obtaining the use of any such Government trade mark, shall be guilty of a misdemeanor, and upon conviction thereof shall be enjoined from further carrying on the act or acts complained of and shall be subject to a fine not exceeding $2,000, or imprisonment not exceeding 6 months, or both such fine and imprisonment.

The amendment was agreed to.

The next amendment was, in section 6, on page 5, in line 24, after the word "willfully", to strike out the words "and falsely represent" and insert in lieu thereof the words "offer or display for sale"; on page 6, line 1, after the word "government", to insert the word "trade"; in line 1, after the word "mark", to strike out the words "to be" and insert the word "as"; and in line 8, after the word "imprisonment", to strike out the words "*Provided*, That the fraudulent corrupt offering or display of any such goods for sale shall be deemed a representation within the meaning of this section", so as to make the section read:

SEC. 6. Any person who shall willfully offer or display for sale any goods, with or without any Government trade mark, as Indian products or Indian products of a particular Indian tribe or group, resident within the United States or the Territory of Alaska, when such person knows such goods are not Indian products or are not Indian products of the particular Indian tribe or group, shall be guilty of a misdemeanor and be subject to a fine not exceeding $2,000 or imprisonment not exceeding 6 months, or both such fine and imprisonment.

It shall be the duty of each district attorney, to whom the Board shall report in writing any violation of the provisions of this section which has occurred within his jurisdiction, to cause appropriate proceedings to be commenced and prosecuted in the proper courts of the United States for the enforcement of the penalties herein provided.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PENSIONS TO SPANISH-AMERICAN WAR VETERANS

The bill (H. R. 6995) granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes, was announced as next in order.

Mr. ROBINSON. Mr. President, on a previous occasion this bill was called in my absence. There was an under-

standing reached that the measure should be taken up during the session. I desire to offer an amendment, and ask that it be printed, and I ask also that the bill go over for the day, so as to afford the chairman of the committee an opportunity to consider the amendment. Then arrangements will be effected at an early date, probably tomorrow, to proceed to the consideration of the bill. It would be impracticable to dispose of a bill of this importance under the arrangement by which we are now proceeding.

Mr. McGILL. Mr. President, I recognize that the measure could not be disposed of under the rule under which we are now proceeding. However, it was my understanding—at least, I gained the impression—that we might take up the bill following the call of the calendar and dispose of it. The measure which is now the unfinished business is in charge of the Senator from Colorado [Mr. ADAMS]. The Senator from Colorado is perfectly willing to have the unfinished business temporarily laid aside at the conclusion of the call of the calendar in order that we may consider this bill. I am wondering if the Senator from Arkansas would not agree to that procedure.

Mr. ROBINSON. I do not wish to agree to take up the bill today. I suggest that the amendment be printed so it may be available and, as I stated, we will arrange to take up the bill at a very early date, probably tomorrow.

In order to obviate the difficulty of limitation of time it would be necessary to move to take up the bill. I shall not resist the motion under the circumstances to which I have referred, but do not believe it practicable to proceed with it today. The call of the calendar under this order will take practically the entire day.

Mr. McGILL. I think the call of the calendar will be concluded before the day is finished.

Mr. ROBINSON. I offer the amendment, ask that it may be printed and lie on the table, and ask that the bill go over.

The PRESIDENT pro tempore. The amendment of the Senator from Arkansas will be printed and lie on the table, and the bill will be passed over.

The amendment offered by Mr. ROBINSON is to strike out all after the enacting clause and in lieu thereof to insert the following:

That all laws in effect on March 19, 1933, granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, are hereby reenacted into law and such laws shall be effective from and after the first day of the month following the date of the enactment of this act: *Provided*, That the rates payable to those veterans who served 90 days or more or who having served less than 90 days were discharged for disability incurred in the service in line of duty and to their widows and/or dependents, shall be 100 percent of the rates in effect on March 19, 1933, and as to those veterans entitled only under section 3 of the act of June 2, 1930 (Public, No. 299, 71st Cong.), the rates payable shall be 75 percent of the rates in effect on March 19, 1933: *Provided further*, That any pension payable under this act shall be subject to the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided further*, That the provisions of this Act shall not apply—

(1) To any veteran whose disability is the result of his own willful misconduct;

(2) To persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive;

(3) To any person during any year following a year for which such person was not entitled to exemption from payment of a Federal income tax;

(4) To a veteran in Federal employ if his salary if single exceeds $1,000 and if married or having a minor child $2,500, except that such veteran if otherwise entitled shall receive $6 per month; and

(5) To any person who enlisted after August 12, 1898, and who did not serve in either the Boxer Rebellion or the Philippine Insurrection unless such person left the continental United States under orders for military or naval service in Guam, Cuba, or Puerto Rico between August 13, 1898, and July 4, 1902, both dates inclusive.

SEC. 2. That all acts and parts of acts in conflict with or inconsistent with the provisions of this act are hereby repealed as of the last day of the month in which this act is enacted: *Provided*, That any pending claim theretofore filed may be adjudicated under such acts, and any such claim shall be considered as a claim under this act: *Provided further*, That where there is entitlement both under this act and any act or acts enacted or Executive orders promulgated since March 19, 1933, the Administrator of Veterans' Affairs is authorized and directed to pay to the claimant the greater benefit.

BILL PASSED OVER

The bill (S. 2998) to control the trade in arms, ammunition, and implements of war was announced as next in order.

Mr. GEORGE. Mr. President, this is a bill of some length, but the subject matter dealt with in it is very limited. In fact, the bill itself undertakes to accomplish but one thing; that is, to create a munitions board for the control of shipments of munitions into and out of the country, and to set up a registration and licensing system for both exports and imports of munitions. Some amendments are recommended by the committee, but the bill has the approval of the Secretary of State and of the Foreign Relations Committee with the amendments suggested. I believe the bill might well be disposed of under the 5-minute rule.

Mr. KING. I think the bill will take some time. Let it go over.

The PRESIDENT pro tempore. The bill will be passed over.

FRED HERRICK

The Senate proceeded to consider the bill (S. 491) for the relief of Fred Herrick, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Fred Herrick, of Spokane, Wash., the sum of $50,000 in recognition of work done by the said Fred Herrick in making more accessible the timber resources of the Malheur National Forest by railroad construction: *Provided*, That the said Fred Herrick shall disclaim and waive all right or claim to any money paid by him and covered into the Treasury in connection with that certain contract for the purchase of timber on the Malheur National Forest, Oreg., dated June 15, 1923.

Mr. STEIWER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to strike out the period and insert a colon and the following proviso:

Provided further, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. KING. Mr. President, I desire an explanation.

Mr. STEIWER. The amendment is merely the conventional amendment limiting the attorneys' fees to 10 percent.

Mr. KING. I am speaking about the bill itself.

Mr. STEIWER. At the time the bill was reached on the previous call of the calendar, the Senator from Tennessee [Mr. MCKELLAR] raised the point that an amendment of that sort ought to be added to the bill. I am in agreement with the Senator. I think it should have been done when the bill was introduced, but for some reason it was not done. For that reason, prompted by the suggestion of the Senator from Tennessee, I have offered the amendment at this time.

Mr. KING. Will the Senator make an explanation of the reason why $50,000 should be paid to Mr. Herrick?

Mr. STEIWER. Yes, Mr. President. Possibly the Senator from Utah was not present at the time the bill was discussed before.

Mr. KING. No; I am not familiar with it.

Mr. STEIWER. It was then explained by the Senator from South Carolina [Mr. SMITH], who had jurisdiction of the bill in his capacity as Chairman of the Committee on Agriculture and Forestry, that this bill is to pay back the amount of certain forfeited bonds to an old man, now, I am

told, past 80 years of age, who at one time held a contract with the United States Government to purchase a body of pine timber in southeastern Oregon. Financial reverses made it impossible for him to carry forward his contract, and the Government finally forfeited $50,000 in Liberty bonds which he had posted as a guarantee of his obligations under the contract. The Government subsequently readvertised the timber, and sold it for more money than he had agreed to pay. The Government's net profit in the matter without this forfeiture was $52,000, and the United States is still enjoying benefits from the expenditures which this old gentleman had made in the construction of a railroad and other improvements. I am sure the bill has much merit, and that the Senator from Utah would not wish to object to its passage.

Mr. WALSH. Mr. President, why did the bill go to the Committee on Agriculture and Forestry rather than to the Committee on Claims?

Mr. STEIWER. It involves a forestry matter; and the Forest Service, which, of course, is in the Department of Agriculture, had familiarity with it. I assume that it is for that reason that the bill went to that committee.

Mr. WALSH. How long has the claim been pending?

Mr. STEIWER. In answer to the Senator's question, I should say that the bill has been before Congress for something like 2 years. The bill passed the Senate at the last session. Hearings have been held on it. Twice, the Committee on Agriculture and Forestry has reported it favorably. I think there is no objection to it.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MINIMUM-WAGE COMPACT, MASSACHUSETTS AND NEW HAMPSHIRE

The joint resolution (S. J. Res. 148) granting the consent of Congress to the minimum-wage compact ratified by the Legislatures of Massachusetts and New Hampshire, was announced as next in order.

Mr. WALSH. I move that the joint resolution be recommitted to the Committee on Education and Labor.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Massachusetts.

The motion was agreed to.

BILL PASSED OVER

The bill (S. 1632) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating in interstate and foreign commerce, and for other purposes, was announced as next in order.

Mr. McNARY. In the absence of the senior Senator from Minnesota [Mr. SHIPSTEAD], I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

HINDS' PARLIAMENTARY PRECEDENTS

The Senate proceeded to consider the bill (H. R. 8297) to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives.

Mr. KING. Mr. President, I should like to ask an explanation of this measure, and the cost to the Government.

Mr. HAYDEN. Mr. President, this is a matter which primarily concerns the House of Representatives.

Hinds' Precedents were originally prepared by a very famous parliamentarian of the House, Hon. Asher Hinds. They became out of date; and nearly 20 years ago a revision of the work was undertaken by the then Parliamentarian of the House, Mr. CANNON.

Anyone who has examined a set of Hinds' Precedents realizes how valuable they are. Presiding officers in the Committee of the Whole in the House of Representatives have there gathered decisions which relate to almost every conceivable proposition that may come before the House of Representatives.

This measure, as the report shows, was unanimously passed by the House of Representatives; and I feel that the Senate owes the House the courtesy of passing it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HAYDEN. Yes.

Mr. BARKLEY. All of us who have served in the House are familiar with the value of Hinds' Precedents. Does the bill provide for a distribution of the reprint among the Members of the House only, or among the Members of the Senate as well?

Mr. HAYDEN. That is one reason why the bill must be passed. The work was authorized about 12 years ago, and the bill passed at that time provided for a distribution among the Members of that Congress. The present bill provides for a distribution to each Senator and Representative in the present Congress.

Mr. KING. I have no objection.

The bill was ordered to a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (H. J. Res. 280) for the designation of a street or avenue in the Mall to be known as "Maine Avenue" was announced as next in order.

Mr. BULKLEY. Let that go over.

The PRESIDENT pro tempore. The joint resolution will be passed over.

JURISDICTION OF CERTAIN UNITED STATES COURTS

The bill (S. 1381) to amend the act approved February 13, 1925, entitled "An act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes", was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subsections (a) and (b) of section 6 of the act of February 13, 1925, entitled "An act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes" (U. S. C., title 28, sec. 463, subsecs. (a) and (b)), be, and they are hereby, amended to read as follows:

"(a) In a proceeding in habeas corpus in the district court, or before a district judge or a circuit judge, the final order shall be subject to review, on appeal, by the circuit court of appeals of the circuit wherein the proceeding is had: *Provided, however*, That there shall be no right of appeal in any case where a writ of habeas corpus has been granted to test the validity of a warrant of removal issued in pursuance of the provisions of section 1014 of the Revised Statutes (U. S. C., title 18, sec. 591) or the detention thereunder, and, after hearing upon said writ, the petitioner has been remanded to custody for removal on said warrant. A circuit judge shall have the same power to grant writs of habeas corpus within his circuit that a district judge has within his district. The order of the circuit judge shall be entered in the records of the district court of the district wherein the restraint complained of is had.

"(b) In such a proceeding in the Supreme Court of the District of Columbia, or before a justice thereof, the final order shall be subject to review, on appeal, by the United States Court of Appeals of that district: *Provided, however*, That there shall be no right of appeal in any case where a writ of habeas corpus has been granted to test the validity of a warrant of removal or the detention thereunder, and, after hearing upon said writ, the petitioner has been remanded to custody for removal on said warrant."

BILL PASSED OVER

The bill (S. 2617) to amend the Judicial Code to permit defendants in criminal cases to waive trial by jury was announced as next in order.

Mr. McGILL. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

PROCEDURE AND FEES IN SUITS IN ADMIRALTY

The Senate proceeded to consider the bill (H. R. 29) to amend the laws relating to proctors' and marshals', fees and bonds, and stipulations in suits in admiralty.

Mr. KING. Mr. President, this bill has passed the House. It came to the Senate Committee on the Judiciary, and was favorably reported. It merely increases the fees which are to be paid to the Government by those who enjoy the benefits of admiralty procedure.

The bill was ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2303) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the

United States, approved July 1, 1898", as amended and supplemented, was announced as next in order.

Mr. KING. I should like an explanation of that bill.

The PRESIDENT pro tempore. An explanation is requested by the Senator from Utah. [A pause.]

Mr. KING. I suggest that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2704) for the relief of Clayton M. Thomas was announced as next in order.

Mr. KING. Will the Senator reporting the bill make an explanation of it, in view of the fact that there is an adverse report by the War Department? [A pause.] Let it go over.

The PRESIDENT pro tempore. The bill will be passed over.

PALA BAND OF MISSION INDIANS, CALIFORNIA

The bill (S. 2877) to reimpose and extend the trust period on lands reserved for the Pala Band of Mission Indians, California, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the period of trust on lands patented to the Pala Band of Mission Indians in California under authority of the act of January 12, 1891 (26 Stat. 712), which trust expired January 5, 1935, is hereby reimposed and extended for a period of 10 years from that date: *Provided*, That further extension of the period of trust may be made by the President, in his discretion, as provided by the act of March 2, 1917 (39 Stat. 976).

THOMAS WALKER GILMER

The bill (H. R. 5532) to provide for the acquisition of a portrait of Thomas Walker Gilmer was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 2118) for the relief of John P. Seabrook was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 2555) to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired) the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 2611) for the relief of John E. Fondahl was announced as next in order.

Mr. McKELLAR. May we have an explanation of the bill?

The PRESIDENT pro tempore. An explanation is requested. [A pause.]

Mr. McKELLAR. If not, let it go over.

The PRESIDENT pro tempore. The bill will be passed over.

AMENDMENT OF EMERGENCY FARM MORTGAGE ACT OF 1933

The Senate proceeded to consider the bill (S. 2470) to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended, which had been reported from the Committee on Banking and Currency with an amendment, on page 2, line 8, after the word "loan", to strike out "and, subject to approval of the Secretary of Agriculture, to undertake a new project without regard to any such limitation or condition", so as to make the bill read:

Be it enacted, etc., That section 36 of the Emergency Farm Mortgage Act of 1933, as amended, is amended by adding the following new paragraph:

"Notwithstanding any limitation hereinbefore contained as to the aggregate amount of loans under this section, the principal and interest collected therefrom, or received from the sale of collateral given as security for such loans, shall constitute a revolving fund which the Reconstruction Finance Corporation is authorized and empowered to use to make further loans under this section; except that loans from such revolving fund may also be made for the purpose of enabling a district, political subdivision, company, or association to repair or rehabilitate a project, without regard to any limitation or condition concerning the bringing of additional lands into production or requiring the completion of a project, or the refinancing of an applicant district, before obtaining a loan."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CHELAN NATIONAL FOREST, WASHINGTON

The bill (H. R. 3061) to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington, was considered, ordered to a third reading, read the third time, and passed.

GIFTS TO THE NAVY DEPARTMENT

The bill (S. 3040) authorizing the Secretary of the Navy to accept gifts and bequests for the benefit of the Office of Navy Records and Library, Navy Department, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to accept, receive, hold, and administer gifts and bequests of personal property, and loans of personal property other than money, from individuals or others for the benefit of the Office of Naval Records and Library, Navy Department, its collection or its services. Gifts or bequests of money shall be deposited in the Treasury of the United States as trust funds under the title "Office of Naval Records and Library Fund."

SEC. 2. Gifts or bequests for the benefit of the Office of Naval Records and Library, Navy Department, its collection or its services shall be exempt from all Federal taxes.

SEC. 3. The Secretary of the Treasury is authorized, upon the request of the Secretary of the Navy, to invest, or reinvest, the trust funds, or any part thereof, deposited in the Treasury pursuant to section 1 of this act, in securities of the United States Government or in securities guaranteed by the United States Government. The interest accruing from such securities shall be deposited to the credit of the Office of Naval Records and Library Fund.

BRIDGE OVER NEW YORK AVENUE, DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H. R. 6656) to authorize the Pennsylvania Railroad Co., by means of an overhead bridge to cross New York Avenue NE., to extend, construct, maintain, and operate certain industrial sidetracks, and for other purposes, which was read, as follows:

Be it enacted, etc., That the Pennsylvania Railroad Co., operating lessee of all of the railroads and appurtenant properties of the Philadelphia, Baltimore & Washington Railroad Co. in the District of Columbia, be, and it is hereby, authorized to establish switch and siding connections with its existing siding tracks in square no. 4263 (also known as parcel 154/44) to cross West Virginia Avenue into and through square no. 4105 along and adjacent to the existing main-line tracks, thence into and through squares nos. 4104 and 4099 crossing New York Avenue by means of a suitable overhead bridge thence to and through square no. 4099 and the parcels of land known and identified on the plat books of the Surveyor's Office of the District of Columbia as parcels 153/44, 143/25, 142/25, and 142/28, to and through the square known as and no. 4038 (portions of which are included in parcel 142/28), 4093, south of 4093, and 4098, with all switches, crossings, turnouts, extensions, spurs, and sidings as may be or become necessary for the development of the squares and parcels of land above indicated for such uses as may be permitted in the use district or districts in which said squares and parcels of land are now or may hereafter be included as defined in the zoning regulations of the District of Columbia and shown in the official atlases of the Zoning Commission.

SEC. 2. Before any of the work above authorized shall be begun on the ground a plan or plans thereof shall be prepared and submitted to the Commissioners of the District of Columbia for their approval and only to the extent that such plans shall be so approved shall said work or any portion thereof be permitted or undertaken.

SEC. 3. Subject only to the approval of the Commissioners of the District of Columbia the crossing of any public street or alley other than New York Avenue, within the limits of the total area above noted may be at or on grade. The said railroad shall, when and as directed by the Commissioners of the District of Columbia, construct at its entire cost and expense, an additional overhead bridge for the track hereby authorized to be established over such other street located between Montello Avenue and New York Avenue, as such street may now or may hereafter be shown on the Plan of the Permanent System of Highways.

SEC. 4. Nothing herein contained shall be construed as limiting or abridging the authority of the Commissioners of the District of Columbia under the act of Congress approved March 3, 1927 (44 Stat. L. 1353), entitled "An act to provide for the elimination of grade crossings of steam railroads in the District of Columbia, and for other purposes."

SEC. 5. That Congress reserves the right to amend, alter, or repeal this act.

Mr. KING. Mr. President, this measure has the support of the Commissioners of the District of Columbia and the District Committee of the Senate.

The bill was ordered to a third reading, read the third time, and passed.

UNION RAILROAD STATION, DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H. R. 7447) to amend an act to provide for a union railroad station in the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments, on page 2, line 18, before the word "connecting", to strike out the words "and above New York Avenue"; after the word "connecting", to strike out the words "the intersection of"; on line 19, after the word "with", to insert the words "New York Avenue at such point as may be determined by the said Commissioners between Fourth Street NE. and"; on line 22, after the word "Northeast", to strike out the words "at its intersection with New York Avenue"; on page 3, line 1, after the word "bridge", to insert the words "said viaduct bridge either to connect directly with New York Avenue at grade or to pass over said avenue with connections thereto as the said Commissioners may direct"; on page 4, line 25, after the word "said", to strike out the words "subway or underpass structure, retaining walls, and"; on page 5, line 2, after the word "Columbia", to insert the words "the cost of maintenance of said subway or underpass structure and the retaining walls is to be borne entirely by said railroad companies", so as to make the bill read:

Be it enacted, etc., That so much of section 5 of an act of Congress entitled "An act to provide for a Union Railroad Station in the District of Columbia, and for other purposes", approved February 28, 1903 (Public, No. 122, 32 Stat. 909), which reads:

"No streets or avenues, except Ninth, Twelfth, and Fifteenth Streets, and New York Avenue, shall be opened across the railroads constructed under authority of this act between Florida and Montana Avenues, and said Ninth, Twelfth, and Fifteenth Streets, when and as opened, shall be carried above the railroads by suitable viaduct bridges the cost whereof, with their approaches within the limits of the right-of-way, shall be paid by the terminal company, but shall be maintained as in the case of other public highways in the District of Columbia", be, and the same is hereby, amended to read as follows:

"No streets or avenues shall be opened across the railroads constructed under the authority of this act between Florida Avenue and an extension of the west line of Twenty-second Street NE. from Bryant Street to New York Avenue, except New York Avenue and except as hereinafter provided; the Baltimore & Ohio Railroad Co. and the Philadelphia, Baltimore & Washington Railroad Co. shall construct, within 2 years after being directed so to do by the Commissioners of the District of Columbia, a suitable viaduct bridge above the said railroads connecting Brentwood Road and T Street NE., with New York Avenue at such point as may be determined by the said Commissioners between Fourth Street NE. and the extension of Mount Olivet Road NE., as the same may be shown on the plan of the permanent system of highways at the time the said Commissioners direct the construction of said viaduct bridge, said viaduct bridge either to connect directly with New York Avenue at grade or to pass over said avenue with connections thereto as the said Commissioners may direct; the Baltimore & Ohio Railroad Co. and the Philadelphia, Baltimore & Washington Railroad Co. shall pay in equal shares the entire cost and expense of the bridge structure, including the necessary retaining walls and approaches in connection therewith, between the southerly line of New York Avenue as now publicly owned, and the southerly line of Brentwood Road as now publicly owned; the Baltimore & Ohio Railroad Co. and the Philadelhpia, Baltimore & Washington Railroad Co. shall dedicate or cause to be dedicated to the District of Columbia such land lying between the southerly line of Brentwood Road and the northerly line of New York Avenue NE., as now publicly owned, as may be necessary for the location of such bridge structure and the approaches thereto in accordance with the plan of the permanent system of highways as said plan may be established at the time the Commissioners direct the construction of said viaduct bridge; the cost of maintenance of said viaduct bridge, retaining walls, and approaches is to be borne entirely by the District of Columbia; and said viaduct bridge, retaining walls, and approaches shall be constructed in accordance with plans and specifications and at a location approved by the Commissioners of said District; and the Baltimore & Ohio Railroad Co. and the Philadelphia, Baltimore & Washington Railroad Co. shall construct, within 2 years after being directed so to do by the Commissioners of the District of Columbia, a suitable subway or underpass beneath the tracks of said companies within the lines of the street connecting the intersection of New York Avenue and West Virginia Avenue NE., as the same may be shown on said plan of the permanent system of highways at the time said Commissioners direct the construction of said subway or underpass; the said railroad companies shall pay in equal shares the entire cost and expense of the subway or underpass structure, including the necessary retaining walls in connection therewith, and in addition thereto, so much of the approaches to said subway or underpass as lie within the limits of the said railroad companies' properties; each of said railroad companies shall dedicate or cause to be dedicated to the District of Columbia such land lying within the limits of said railroad companies' properties as may be necessary for said street in accordance with the plan of the permanent system of highways as said plan may be established at the time the Commissioners direct the construction of said subway or underpass; the cost of maintenance of said approaches is to be borne entirely by the District of Columbia; the cost of maintenance of said subway or underpass structure and the retaining walls is to be borne entirely by said railroad companies; and the said subway or underpass and the retaining walls and approaches shall be constructed in accordance with the plans and specifications and at a location approved by the Commissioners of said District."

SEC. 2. Congress reserves the right to alter, amend, or repeal this act.

SEC. 3. If this amendatory act or any part thereof shall be declared invalid, so much of this act as forbids the opening of Ninth, Twelfth, and Fifteenth Streets shall be void, and the duty of the terminal company referred to in said act of Congress approved February 28, 1903, to construct suitable viaduct bridges and the approaches thereto to carry said streets over the railroads as required by said section 5 of said act of February 28, 1903, as originally enacted, shall remain in full force and effect and unimpaired by this amendatory act.

The amendments were agreed to.

Mr. KING. Mr. President, I desire to state that this bill has the support of the Commissioners of the District of Columbia and of the Committee on the District of Columbia of the Senate.

Mr. McNARY. Mr. President, I have been asked by the Senator from Delaware to confirm the statement made by the Senator from Utah, and to express the hope that this bill and the one just passed will be enacted.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

HUSBAND OR WIFE AS COMPETENT WITNESS

The bill (S. 1314) to make the husband or wife of accused a competent witness in all criminal prosecutions, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in any proceeding or examination before any grand jury, judge, justice, United States Commissioner, or any court, in any criminal prosecution under any statute of the United States, the husband or wife of the accused shall be a competent witness, but such husband or wife shall not be permitted to testify as to any confidential communication made by the husband or wife to the other, during the existence of the marriage relation, except as provided by section 4 of the Act of February 5, 1917, entitled "An Act to regulate the immigration of aliens to, and the residence of aliens in, the United States" (U. S. C., title 8, sec. 138).

CAPT. ARTHUR L. BRISTOL, UNITED STATES NAVY

The bill (H. R. 3760) for the relief of Capt. Arthur L. Bristol, United States Navy, was considered, ordered to a third reading, read the third time, and passed.

MARINE CORPS LEAGUE

The Senate proceeded to consider the bill (S. 2504) to incorporate the Marine Corps League, which was read, as follows:

Be it enacted, etc., That Maj. Gen. John A. Lejeune, retired, United States Marine Corps, honorary national commandant; John F. Manning, national commandant; William C. Sutton, senior national vice commandant; A. E. Gilbertson, junior national vice commandant; T. H. Rogerson, national chief of staff; John B. Hinckley, Jr., national adjutant and paymaster; Donald Gottwald, national judge advocate; Rev. John H. Clifford, national chaplain; James W. Rikeman, national sergeant at arms; Henry Ruskofsky, national aide de camp; and Edward Foody, national aide de camp, and their associates and successors, are hereby created a body corporate by the name of "Marine Corps League."

SEC. 2. That the purposes of this corporation shall be: (a) To maintain an organization to render assistance to all marines; (b) to aid the widows and orphans of all deceased marines; (c) to solicit and obtain members, consisting of those who are now serving in the United States Marine Corps, and those who have been honorably discharged from that branch of the military service; (d) to charge and collect membership dues, and to receive contributions of money to be devoted to carrying out the purposes of the organization.

SEC. 3. That the corporation (a) shall have perpetual succession; (b) may sue or may be sued; (c) may adopt a corporate seal and alter it at pleasure; (d) may adopt and alter bylaws not inconsistent with the Constitution and laws of the United States or of any State; (e) may establish and maintain offices for the conduct of its business; (f) may appoint or elect officers and agents; (g) may choose a board of trustees, consisting of not more than 15 persons, nor less than 5 persons, to conduct the business and exercise the powers of the corporation; (h) may acquire by purchase, devise,

bequest, gift, or otherwise, and hold, encumber, convey, or otherwise dispose of such real and personal property as may be necessary or appropriate for its corporate purposes; and (l) generally may do any and all lawful acts necessary or appropriate to carry out the purposes for which the corporation is created.

SEC. 4. That the corporation shall, on or before the 1st day of December in each year, transmit to Congress a report of its proceedings and activities for the preceding calendar year, including the full and complete statement of its receipts and expenditures. Such reports shall not be printed as public documents.

SEC. 5. That the right to alter, amend, or repeal this act at any time is hereby expressly reserved.

Mr. KING. Mr. President, will not the Senator from Massachusetts give us an explanation of this bill?

Mr. WALSH. Mr. President, the bill provides for the incorporation of an organization to assist the marines and widows and orphans of deceased marines. It is recommended by the Navy Department, and the league is to be headed by General Lejeune.

Mr. KING. It involves no expense to the Government?

Mr. WALSH. There will be no expense to the Government at all.

The PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CHIEF CARPENTER WILLIAM F. TWITCHELL, UNITED STATES NAVY

The Senate proceeded to consider the bill (S. 2682) for the relief of Chief Carpenter William F. Twitchell, United States Navy, which was read, as follows:

Be it enacted, etc., That the President of the United States is hereby authorized to appoint, by and with the advice and consent of the Senate, Chief Carpenter William F. Twitchell, United States Navy, a naval constructor with the rank of lieutenant on the retired list of the Navy, with pay at the rate of 2½ percent of the active-duty pay of a lieutenant of his length of service multiplied by the number of years of service for which he is entitled to credit in computation of his longevity pay on the active list, not to exceed 75 percent of said active-duty pay.

Mr. WALSH. Mr. President, I wish to state that this bill also is recommended by the Navy Department.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 696) for the relief of Sylvan M. Levy was announced as next in order.

Mr. McKELLAR. May we have an explanation of this? The Department opposes it, and for that reason, in the absence of explanation, I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

CLAIMS OF TURTLE MOUNTAIN BANDS OF CHIPPEWA INDIANS

The Senate proceeded to consider the bill (S. 1786) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement, which had been reported from the Committee on Indian Affairs with an amendment to strike out all after the enacting clause and to insert the following:

That the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota, including the band of Chief or Thomas Little Shell and other isolated bands of Chippewa Indians of North Dakota and Montana, of whatsoever nature, not heretofore determined and adjudicated on their merits by the Court of Claims or the Supreme Court of the United States, arising under or as the result of violation of any treaty, act of Congress, agreement, Executive order, or treaty with any other tribes or nations of Indians, or relating to, affecting or otherwise violating the land occupancy or other rights, as recognized by the officials of the United States, of said band or bands of Indians are hereby referred to the Court of Claims, and jurisdiction is hereby conferred upon said Court of Claims to proceed, according to the principles of law and equity, to find the facts with reference to any claim or claims presented hereunder and report the same to the Congress, together with recommendations hereinafter referred to. The said court shall consider all such claims de novo, without regard to any decision, finding, or settlement heretofore had in respect of any of such claims.

SEC. 2. That any and all claims against the United States under this act shall be forever barred unless the said Turtle Mountain Band or Bands of Indians shall within 3 years from the date of the approval of this act file a petition or petitions in said court setting forth said claims. The claim or claims of the band or bands aforementioned may be presented separately or jointly by petition or petitions, subject, however, to amendment in the discretion of the court at any time prior to final hearing in the matter. The petition or petitions shall be verified by the respective attorney or attorneys employed to prosecute such claim or claims under contract with the Turtle Mountain Band or Bands of Chippewa Indians, approved by the Commissioner of Indian Affairs and the Secretary of the Interior, as provided by law. Official letters, papers, documents, reports, and records, or certified copies thereof, may be used in evidence; and the departments of the Government shall give access to the attorney or attorneys of said Turtle Mountain Band or Bands to such treaties, agreements, papers, reports, correspondence, or records as may be needed by the attorney or attorneys of said band or bands of Indians.

SEC. 3. That said court shall determine the facts as to all claims submitted hereunder, and shall make findings of fact and recommendations to the Congress thereon, notwithstanding lapse of time or statutes of limitation; any payment which may have been made by the United States upon any claim so submitted shall not be pleaded as an estoppel, but my be pleaded as a set-off; and the United States shall be allowed credit for any sum or sums proved to have been heretofore paid or expended directly for said band or bands of Indians, subsequent to the date of any law, treaty, agreement, or Executive order under which the claims arise.

SEC. 4. That said court is hereby authorized and empowered to make findings of fact and to report the same to the Congress of the United States, together with recommendations, (1) relative to any loss sustained by said Indians by reason of the delay in ratification of the agreement of 1892 (33 Stat. 189); (2) as to the acceptance of the amendments made by Congress to said agreement of 1892, whether the acceptance of said amendments by the Indians was voluntary or whether made under compulsion or duress, and as to the loss or damage sustained by said Indians by reason of any action on the part of the United States in securing said acceptance; (3) whether said agreement of 1892 was consented to and ratified by the band of Chief or Thomas Little Shell and the amount of any loss to said band resulting from actions taken under said agreement without the consent of said band; (4) whether said lands to which the band of Chief or Thomas Little Shell had title by occupancy were taken from it without the consent of said band and the value thereof; (5) as to any losses, as near in amount as can be determined, sustained by said Indians by reason of the appropriation of lands ceded by said agreement of 1892 prior to its ratification, and the failure of the United States to reserve sufficient lands to enable the said Indians, including the band of Chief or Thomas Little Shell, to obtain suitable and adequate allotments as provided in said agreement; (6) the costs incurred by said Indians in acquiring allotments on the public domain as a result of any violation of said agreement; (7) as to whether, under said agreement of 1892, the said band or bands of Indians by mistake or otherwise ceded lands which were intended to be retained as a reservation, in particular an area lying about 30 miles west of Red River, being 15 miles in width, for a distance of 65 miles along the Canadian border, and the value of said tract at the time of said cession; (8) as to whether the United States, by Executive order, set aside approximately 1,000,000 acres of the territory occupied by said Indians as a reservation for any other Indian tribe or tribes, without compensating said Indians for the land so taken; (9) whether said Indians had legal or equitable title to said lands so set aside for any other tribe or tribes of Indians, and the reasonable value of said lands at the time of the issuance of the said Executive order; (10) as to the negotiation and execution of said agreement of 1892, and whether the United States obtained cessions of land thereunder from said band or bands of Indians in violation of or contrary to the terms of said agreement authorizing said cession of lands; (11) whether the United States obtained lands from said Indians under mistake of fact; (12) whether the consideration paid by the United States under said agreement of 1892 was adequate and whether any lands were taken from said band or bands of Indians without paying any consideration therefor. Said court shall make its findings with respect to all claims presented hereunder, including any and all other claims which may be presented to the court by said band or bands of Indians not specifically hereinabove set forth, and shall report said findings to the Congress, and shall determine the value of said lands under said claims at the time they were ceded to or taken from said Indians by the United States, and shall recommend to the Congress such amount as may appeal to the conscience of said court under the principles of equity and justice as proper to be paid to said band or bands of Indians in payment for the lands so taken, and damages suffered, including interest thereon from the date of such taking, and in full satisfaction of all claims determined pursuant to this act.

SEC. 5. Upon the final determination of such suit or suits the Court of Claims shall have jurisdiction to recommend a reasonable fee, not to exceed 10 percent of the recovery in each instance, together with all necessary and proper expenses incurred in preparation and prosecution of the suit or suits, to be paid to the respective attorneys employed by the said band or bands of Indians under contracts approved by the Commissioner of Indian Affairs and the Secretary of the Interior as provided by law, and the same shall be included in the findings of said court and shall be paid out of any sum or sums appropriated by the Congress pursuant to this act. The court shall have jurisdiction and is hereby further authorized to determine and recommend to the Congress what amounts, if any, shall be awarded to the respective bands who bring suit or suits hereunder.

SEC. 6. The Court of Claims shall have full authority by proper orders and process to bring in and make parties to such suit or suits any other tribe or band of Indians deemed by it necessary or proper to the final determination of the matters in controversy. A copy of the petition or petitions shall, in such case, be served upon the Attorney General of the United States, and he, or some attorney from the Department of Justice to be designated by him, is hereby directed to appear and represent the interests of the United States in such case.

SEC. 7. The proceeds of all amounts, if any, found to be due said Indians and duly appropriated by the Congress, less fees and expenses, shall, upon said appropriation, be deposited in the Treasury of the United States to the credit of the said band or bands of Indians as found by said court to be entitled thereto.

Mr. KING. Mr. President, may I ask the Senator from North Dakota whether this bill is approved by the Indian Bureau and by the Secretary of the Interior? I note that it may involve an expenditure of $2,500,000.

Mr. FRAZIER. Mr. President, the bill is approved by the Secretary of the Interior, but not by the Budget. It merely authorizes the Court of Claims to hear these claims of the Chippewa Indians of North Dakota, and make recommendations of fact to the Congress. It is not a regular jurisdictional bill, but allows them to go into the Court of Claims.

Mr. KING. Is it a claim based upon the alleged taking of lands belonging to the Indians by the Federal Government, or for the breach of some treaty negotiated between the Government and the Indians?

Mr. FRAZIER. Both. It relates to land that belongs to the Indians that was taken by the Government, and a treaty which has not been carried out.

Mr. McKELLAR. Mr. President, is this somewhat similar to the claim which has been before the Committee on Appropriations in the last few days?

Mr. FRAZIER. This matter has never been before the Committee on Appropriations. It has been before the Committee on Indian Affairs. A similar bill, a regular jurisdictional bill, was passed at the last session, but was vetoed by the President.

Mr. McKELLAR. A great many jurisdictional bills were passed recently authorizing that certain Indian claims be heard before the Court of Claims. Does this add to the number, and if so, in what amount?

Mr. FRAZIER. The Secretary of the Interior states in his report that it will likely amount to about two and a half million dollars.

Mr. McKELLAR. The Indians have about $3,000,000,000 of claims before the court now, have they not?

Mr. FRAZIER. I do not know the exact amount.

Mr. KING. I think there are claims under jurisdictional bills which have been passed amounting to something like $3,000,000,000.

Mr. FRAZIER. I know there are pending cases involving quite a large amount, but I do not know how much. However, there is nothing pending for these particular Indians.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for finding of fact and recommendations to the Congress."

CLAIMS OF KIOWA, COMANCHE, AND APACHE INDIANS

The Senate proceeded to consider the bill (S. 2463) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claim which Kiowa, Comanche, and Apache Tribes of Indians may have against the United States, and for other purposes, which had been reported from the Committee on Indian Affairs with amendments, on page 2, line 18, after the word "approved", to strike out the words "by the Commissioner of Indian Affairs and the Secretary of the Interior; and said contract shall be executed in their behalf by a committee chosen by them under the direction and approval of the Commissioner of Indian Affairs and the Secretary of the Interior" and to insert in lieu the words "and in accordance with existing law"; on page 3, line 10, after the word "suit", to insert the words "and the United States shall be allowed credit for any payment which may have been made or moneys expended for the benefit of the Kiowa, Comanche, and Apache Indians of Oklahoma under specific appropriations for the benefit of the Indians under the Kiowa, Comanche, and Apache jurisdiction of Oklahoma"; on page 4, line 5, after the word "to", to strike out "10" and to insert in lieu thereof "7½"; on page 4, line 12, at the beginning of the line, to strike out "Sec. 7" and to add a new section at the end of the bill, so as to make the bill read:

Be it enacted, etc., That jurisdiction be, and is hereby, conferred upon the Court of Claims of the United States, notwithstanding the lapse of time or statutes of limitations, to hear, examine, determine, adjudicate, and render judgment in the matter of any and all claims of the Kiowa, Comanche, and Apache Tribes of Indians, for the purpose of compensating said tribes for the taking of lands ceded to them by treaty or treaties with the United States but taken from them by act of Congress without compliance with the terms of the treaty or treaties under which such lands were ceded to such tribes or taken without proper compensation for the value of the lands so taken, or arising under or growing out of any act of Congress in relation to Indian affairs, which claims have not heretofore been determined or adjudicated on their merits by the Court of Claims or the Supreme Court of the United States.

SEC. 2. Any and all claims against the United States within the purview of this act shall be forever barred unless suit be instituted or petition filed as herein provided in the Court of Claims within 5 years from the date of approval of this act, and such suit shall make the Kiowa, Comanche, and Apache Indian Tribes parties plaintiff and the United States party defendant. The petition shall be verified by the attorney or attorneys employed to prosecute such claim or claims under contract with the said tribes approved and in accordance with existing law. Official letters, papers, documents, and records, or certified copies thereof, may be used in evidence, and the departments of the Government shall give access to the attorney or attorneys of said Indian tribes to such treaties, papers, correspondence, or records as may be needed by the attorney or attorneys of said Indian tribes.

SEC. 3. In said suit the court shall also hear, examine, consider, and adjudicate any claims which the United States may have against said Indian tribes, but any payment which may have been made by the United States upon any claim against the United States shall not operate as an estoppel, but may be pleaded as an offset in such suit, and the United States shall be allowed credit for any payment which may have been made or moneys expended for the benefit of the Kiowa, Comanche, and Apache Indians of Oklahoma under specific appropriations for the benefit of the Indians under the Kiowa, Comanche, and Apache jurisdiction of Oklahoma.

SEC. 4. That, from the decision of the Court of Claims in any suit prosecuted under the authority of this act, an appeal may be taken by either party, as in other cases, to the Supreme Court of the United States.

SEC. 5. That upon the final determination of any suit instituted under this act, the Court of Claims shall decree such amount or amounts as it may find reasonable to be paid the attorney or attorneys so employed by said Indian tribes for the services and expenses of said attorneys rendered or incurred prior or subsequent to the date of the approval of this act: *Provided*, That in no case shall the aggregate amounts decreed by said Court of Claims for fees be in excess of the amount or amounts stipulated in the contract of employment, or in excess of a sum equal to 7½ percent of the amount of recovery against the United States.

SEC. 6. The Court of Claims shall have full authority by proper orders and process to bring in and make parties to such suit any or all persons deemed by it necessary or proper to the final determination of the matters in controversy.

A copy of the petition shall, in such case, be served upon the Attorney General of the United States, and he, or some attorney from the Department of Justice to be designated by him, is hereby directed to appear and defend the interests of the United States in such case.

SEC. 7. The net amount of any judgment recovered shall be placed in the Treasury of the United States to the credit of the said Indians, and shall draw interest at the rate of 4 percent per annum and shall be thereafter subject to appropriation by Congress for the benefit of said Indians, including the purchase of lands and building of homes, and be prorated among enrolled members of the Kiowa, Comanche, and Apache Indians for their individual uses, subject to the discretion of the Secretary of the Interior, and no part of said judgment shall be paid out in per capita payments to said Indians.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATIONAL PLANNING BOARD

The Senate proceeded to consider the bill (S. 2825) to provide for the establishment of a National Planning Board and the organization and functions thereof, which was read, as follows:

Be it enacted, etc., That there is hereby established a National Planning Board (hereinafter referred to as the "Board") to be composed of five members to be appointed by the President. Each member shall receive a salary at the rate of $12,000 a year.

SEC. 2. The Board shall determine the rules of its own proceedings and a majority of its members shall constitute a quorum for the transaction of business.

SEC. 3. The Board is authorized, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to appoint for such period or periods of full or part-time service a director and such officers, consultants, attorneys, experts, and research assistants, and to fix the compensation of each on such annual, per diem, or other basis as may be necessary in carrying out the functions of the Board under this act, and the Board may, subject to the civil-service laws, appoint such other employees as are necessary in the execution of its functions and fix their salaries in accordance with the Classification Act of 1923, as amended. The Board may make such expenditures (including expenditures for personal services and travel and for office rent and equipment at the seat of government and elsewhere, and for law books, books of reference, and periodicals) as may be necessary for the administration of this act, and as may be provided for by the Congress from time to time. There is hereby authorized to be appropriated annually such sums as may be necessary for the expenses of the Board.

SEC. 4. The Board is authorized (a) to investigate, examine, study, analyze, assemble, and coordinate, and periodically to review and revise basic information and materials appropriate to plans or planning policies for the conservation and development of the natural, human, and other resources of the Nation, and on the basis thereof to initiate and propose in an advisory capacity such plans and planning policies; (b) to consult with, cooperate, and participate in the work of any existing or future agencies of the Federal Government and of any State or local government, as well as with any public or private planning or research agencies and institutions; (c) to prepare and submit studies, reports, and recommendations upon matters within its jurisdiction under this act whenever the President may request a study, report, or recommendation from the Board upon any such matter; and (d) to set up a special advisory council and to constitute such other agencies as the Board may deem necessary or appropriate to assist in the carrying out of its work.

SEC. 5. The Board shall prepare and present each year to the President a report setting forth and summarizing its work during the preceding year, and shall include therein such information, data, and recommendation for further legislation as the Board may deem advisable with regard to matters within its jurisdiction under this act.

SEC. 6. The National Resources Committee created by Executive Order No. 7065, dated June 7, 1935 (hereinafter referred to as the "old board"), shall cease to exist at such time as the President shall determine; and thereafter all records, papers, property, and funds of the old board shall be transferred to the Board; and such employees of the old board as shall be designated by the Board and shall pass noncompetitive tests of fitness prescribed by the Civil Service Commission shall acquire classified civil-service status and shall become employees of the Board at the grades and salaries specified in their respective examinations: *Provided*, That this section shall not be construed to impair any obligation incurred by the old board.

SEC. 7. This act may be cited as the "National Planning Board Act of 1935."

Mr. McNARY. Mr. President, I should be delighted to have an explanation of the bill; but I have a notation here that I am requested to object, by a Senator who is compelled to be absent. I have no objection to an explanation being made, however.

Mr. COPELAND. Mr. President, perhaps I had better make an explanation of the bill. It was prepared in response to two messages of the President. It will be recalled that in his message last December, and in a special message on the 24th of January, the President recommended the continuance of the National Planning Board, or the National Resources Board, which he had set up under his special powers.

We had a hearing on the bill. The Secretary of the Interior was present, together with Colonel Delano, and other gentlemen who had served on the old board. It was strongly urged by the Committee on Commerce that the Board should be continued.

I wish to say, for myself, that I have great sympathy for this advance planning. I presented a bill here 10 years ago for planning, which if it had been carried out, I think would have been very helpful during the emergency. But here is a bill which is much more comprehensive than any I had in mind. Indeed, we can go back into our own history and find that Hamilton, Jefferson, Gallatin, Clay, and others recommended this very system of advance planning with respect to our natural resources.

Mr. McKELLAR. To all natural resources?

Mr. COPELAND. All natural resources.

Mr. McKELLAR. I have very great sympathy with the idea of planning as to some of them, especially our forests. I think they ought to be taken care of. Does it include the forests?

Mr. COPELAND. It includes the forests and mineral resources. Furthermore, it is contemplated that there shall be a division with the States, so that the States shall profit by it as they have in the past under the emergency operations.

The bill is very enthusiastically supported by the administration, as evidenced not alone by the messages of the President but by the personal appearance of the Secretary of the Interior before the committee.

Mr. McKELLAR. I may say that I was very much astonished not long ago to find that governmental agencies dealing with our forests number 8 or 10, with several subbureaus and divisions in many departments. I recall that in as many as three instances, each one was pulling its own way. I think a little planning so far as our Forestry Service is concerned would be highly in order, but how it would apply to other natural resources I am not prepared to say. I am glad to have the Senator's explanation.

Mr. KING. Mr. President, let me say to the Senator from Tennessee that there would be no trouble if the Executive, exercising the power we have given him in one of the bills we have passed, would consolidate the various activities in one bureau.

Mr. COPELAND. There can be no question, however, that it is advantageous to the country to have planning proceed.

I was impressed in the Committee on Appropriations recently by a statement made by a Representative from Nevada, Governor SCRUGHAM, about the importance of advanced planning regarding mineral resources which were needed by the Navy and in time of emergency might be greatly needed. Certainly any planning which has to do with the future and the preservation of our natural resources in connection with our future must be very wise planning indeed.

Mr. McKELLAR. I am inclined to think the Senator is correct, especially so far as forestry is concerned, in view of the fact that our forests are being so rapidly depleted. In order to carry out my views I recently introduced a bill, which I should be glad to have the Senator read, to consolidate all the forestry activities into one organization.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BORAH. Does the Senator from New York [Mr. COPELAND] think we ought to pass this bill under the 5-minute rule?

Mr. COPELAND. Yes; I think so.

Mr. BORAH. Then I shall have to look into the matter. The bill provides:

> There is hereby established a National Planning Board * * * to be composed of five members to be appointed by the President.

Is that "by and with the advice and consent of the Senate"?

Mr. COPELAND. Yes.

Mr. BORAH. Where does that appear in the bill? The language is:

> Each member shall receive a salary at the rate of $12,000 a year.

I move to strike out "$12,000" and to insert in lieu thereof "$10,000."

Mr. McNARY. Mr. President, I suggested earlier, when the matter was brought up, that at the request of an absent Senator I should object to the present consideration of the bill; and I do not think I desire to yield for the purpose of an amendment being attached to the bill. In view of the objection, I ask that the bill go over.

Mr. KING. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The regular order is called for. The clerk will state the next bill on the Calendar.

BILL PASSED OVER

The bill (H. R. 3109) for the relief of Herman W. Bensel was announced as next in order.

Mr. McKELLAR. I should like to have an explanation of that bill. If the Senator in charge of the bill is not present, I ask that the bill be passed over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. GOLDSBOROUGH, and Mr. HOLLISTER were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BUCHANAN, Mr. TAYLOR of Colorado, Mr. OLIVER, Mr. SANDLIN, Mr. TABER, and Mr. BACON were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3059. An act to authorize the acquisition of land on McNeil Island; and

H. R. 7980. An act to protect the revenue of the United States and provide measures for the more effective enforcement of the laws respecting the revenue, to prevent smuggling, to authorize customs-enforcement areas, and for other purposes.

SEVENTEENTH NATIONAL CONVENTION OF AMERICAN LEGION

The Senate proceeded to consider the bill (H. R. 6768) to authorize the Secretary of War to lend War Department equipment for use at the Seventeenth National Convention of the American Legion at St. Louis, Mo., during the month of September 1935, which was ordered to a third reading, read the third time, and passed.

RIGHT-OF-WAY UPON JEFFERSON BARRACKS MILITARY RESERVATION, MO.

The bill (H. R. 7902) to provide a right-of-way was considered, ordered to a third reading, read the third time, and passed.

VETERANS OF FOREIGN WARS 1935 ENCAMPMENT CORPORATION

The bill (H. R. 8400) providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

ROBERT L. MONK

The bill (S. 1683) for the relief of Robert L. Monk was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. BLACK. Mr. President, this is a bill to give a military status to Robert L. Monk. Mr. Monk, according to his statement, served during the Spanish-American War. The commander of his company has testified under oath that he served during that time.

Mr. McKELLAR. The War Department has no record of his service.

Mr. BLACK. The War Department has no record of him, but has a record of a man named Robert L. Marks—M-a-r-k-s. The records at that time seemed to have been kept in handwriting. The commanding officer of the company has testified that there was no Robert L. Marks in the service at any time, and the evidence of Robert L. Monk is supported not only by himself and his commanding officer, but by a number of others, including Raymond Boyd, of Birmingham, Ala., who served with him, and who is known by the Senator from Tennessee. That is this case.

Mr. McKELLAR. I have no objection to the present consideration of the bill.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Robert L. Monk, of Gadsen, Ala., shall be held and considered to have served honorably in the First Regiment Alabama Volunteer Infantry from May 6, 1898, to October 31, 1898, and to have been honorably discharged from such service: *Provided*, That no compensation, retirement pay, back pay, or other benefit shall be held to have accrued prior to the passage of this act.

ELZA BENNETT

The bill (H. R. 4274) correcting date of enlistment of Elza Bennett in the United States Navy was considered, ordered to a third reading, read the third time, and passed.

GEORGE BRACKETT CARGILL, DECEASED

The bill (H. R. 4623) for the relief of George Brackett Cargill, deceased, was considered, ordered to a third reading, read the third time, and passed.

STATE OF MAINE

The bill (S. 1194) for the relief of the State of Maine was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the State of Maine is hereby relieved from accountability for certain property belonging to the United States, of the value of $175, which was loaned by the United States Property and Disbursing Officer of the State of Maine, at the request of the municipal officers of the city of Ellsworth, Maine, for emergency relief work at the fire which destroyed a part of the city of Ellsworth, Maine, on May 8, 1933, such property having been unavoidably lost or destroyed in the course of such work, and listed as property shortages in the report of survey dated June 26, 1933.

BILL PASSED OVER

The bill (S. 2330) authorizing the Virgin Islands Co. to settle valid claims of its creditors, and for other purposes, was announced as next in order.

Mr. McNARY. Mr. President, there ought to be some explanation of that bill.

The PRESIDING OFFICER. Is the Senator in charge of the bill prepared to make an explanation of it? [A pause.]

Mr. KING. Let the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

FARM MORTGAGE RELIEF

The bill (S. 3002) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto was announced as next in order.

Mr. HALE. I ask that the bill be passed over.

Mr. McCARRAN. Mr. President, will the Senator withhold his objection for a moment?

The PRESIDING OFFICER. Does the Senator who made objection withhold his objection?

Mr. HALE. I withhold the objection temporarily.

Mr. McCARRAN. There is nothing which will come up at this stage of the congressional proceedings which is more important to the great farming community of this Nation than the bill now under discussion—Senate bill 3002, Calendar No. 1031.

Mr. McKELLAR. Mr. President, will the Senator yield for a question?

Mr. McCARRAN. I yield.

Mr. McKELLAR. Was the bill reported favorably from the Committee on the Judiciary?

Mr. McCARRAN. Yes.

Mr. McKELLAR. Did the Judiciary Committee satisfy itself concerning the constitutionality of the bill? The former bill of a similar character was declared to be unconstitutional by the Supreme Court.

Mr. McCARRAN. A part of the bill.

Mr. McKELLAR. A part of the bill?

Mr. McCARRAN. Yes, Mr. President; the committee satisfied itself on that point.

Mr. McKELLAR. Does the Senator believe this amended bill to be constitutional?

Mr. McCARRAN. Mr. President, I was chairman of the subcommittee which had the bill under consideration. We held hearings on it, and the subcommittee reported it favorably to the full committee. Then it was considered by the full committee, and the full committee reported it favorably to the Senate. I can only affirm our faith in its constitutionality.

That is all I can say. We sought, and the author of the bill sought, to relieve the bill of those provisions which had been declared to be unconstitutional by the Supreme Court. Then the committee sought to clarify the bill so as to make it more uniform, in order that the various district courts throughout the country might look and act upon it with a uniformity of decision.

I should not take the time of the Senate—and I am grateful to the Senator from Maine [Mr. HALE] for the opportunity to say a few words concerning the bill—except for my desire to say that the report we have presented expresses the full view of the committee. In other words, if any bill can be enacted which will be constitutional it will be a bill along these particular lines.

Let me say to the Senator from Maine that after the Supreme Court declared the former act partially unconstitutional, and therefore set it all aside, there was a flood of foreclosures throughout the length and breadth of the country the like of which I do not think has ever occurred before; and today the farming community of America is looking for some enactment such as this which will relieve the situation. The committee has studied the question carefully, and has inserted in the bill a number of amendments seeking to have it conform to what we believe to be constitutional requirements.

Mr. McKELLAR. I will say to the Senator that I am very much in favor of the purposes of the bill. The only question which arose in my mind was as to the constitutionality of the measure. I hope we shall not pass another bill which is unconstitutional, because I am a great believer in the courts.

Mr. McCARRAN. I am just as much a believer in the courts, and I am a great believer in the organic law. I cannot vouch for the constitutionality of the bill, except to say that I believe we have obviated the features which might verge upon unconstitutionality.

I hope the Senate may see fit to pass the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HALE. I ask that the bill be passed over.

Mr. ASHURST. Mr. President, will the Senator from Maine withhold his objection?

The PRESIDING OFFICER. Does the Senator withhold his objection?

Mr. HALE. Yes.

Mr. ASHURST. After the clear statement of the learned Senator from Nevada [Mr. McCARRAN]—who, as he said, was the chairman of the subcommittee of the Senate Committee on the Judiciary which considered this bill—it is needless for me to make a statement, but I emphasize the fact that the Judiciary Committee examined many authorities, and the committee carefully considered this bill.

I am bound to confess that I misguessed the original Frazier-Lemke bill. I believed that under the Constitution, which gives Congress the power—

> To establish * * * uniform laws on the subject of bankruptcies—

The Court would hold that law to be constitutional; but the Court took the view that the old Frazier-Lemke law violated the fifth amendment, which provides that—

> No person shall * * * be deprived of life, liberty, or property without due process of law.

This bill is an earnest and, I believe, an able effort to meet the objection announced by the Court when it declared the old Frazier-Lemke law to be unconstitutional. In other words, without any attempt to defy the Court or to circumvent the Constitution, I believe the learned members of the Judiciary Committee have done a good work on this bill. If it be within the power of Congress to pass a law upon the subject, I believe this bill will meet the objections of the Supreme Court.

I recognize the right of any Senator to object, but I wish to say that if Congress can constitutionally pass such a law at all it would be similar to this one; and I hope the able Senator from Maine may see fit to withdraw his objection. I fully respect his right to object if he sees fit.

Mr. HALE. I have no objection to the bill. I do not know anything about it. It merely seems to me that a bill of this importance ought to be studied and ought to be debated on the floor; and I therefore did not think action ought to be taken on it at this time.

Mr. KING. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The Senator from Utah [Mr. KING] asks for the regular order. Is there objection to the present consideration of the bill?

Mr. HALE. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

LAND IN CEDAR CITY, UTAH

The Senate proceeded to consider the bill (S. 382) to provide for the purchase of a certain lot of land in Cedar City, Utah, which had been reported from the Committee on Public Buildings and Grounds, with amendments, on page 1, line 3, after the word "is", to strike out "authorized and directed to purchase" and insert "authorized, in his discretion, to acquire by purchase, condemnation, or otherwise, for such sums as he may deem reasonable"; and on page 2, line 4, after the word "thence", to strike out "east 197½ feet, thence south 29 feet, thence west 197½ feet to the place of beginning" and insert "north 29 feet, thence west 197 feet to a point on the east side of Main Street, thence south 29 feet to the point or place of beginning", so as to make the bill read:

> *Be it enacted, etc.*, That the Secretary of the Treasury is authorized, in his discretion, to acquire by purchase, condemnation, or otherwise, for such sum as he may deem reasonable, as an addition to the grounds of the post office at Cedar City, Utah, the following-described lands, containing 5,727.5 square feet, more or less, adjoining the present grounds of such post office: Beginning at a point 3 feet north of the southwest corner of lot 3, block 37, plat B, Cedar City town survey as platted in the official map of said survey filed in the office of the county recorder of Iron County, east 197½ feet, thence north 29 feet, thence west 197 feet to a point on the east side of Main Street, thence south 29 feet to the point or place of beginning.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONSIDERATION OF CALENDAR UNDER RULE VIII

Mr. BORAH. Mr. President, I wish to take this opportunity to suggest that at some time in the near future we have a day on the calendar under rule VIII, so that such meas-

ures as the one that has just been passed over and other measures may have an opportunity to be heard. I hope that an arrangement will be made to the effect.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived——

Mr. McNARY. Mr. President, an agreement was made on Friday last, when I objected to the consideration of the unfinished business, to lay aside the unfinished business temporarily, so that the call of the calendar might be proceeded with.

The PRESIDING OFFICER. The Chair is advised that the Senate is acting under that unanimous-consent agreement, and the clerk will report the next bill on the calendar.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LEWIS. Will the Senate now continue with the consideration of bills which may be considered under the 5-minute rule, or, the hour of 2 o'clock having arrived, does that limit the consideration under that order?

The PRESIDING OFFICER. The Chair is advised that by unanimous consent it was agreed that the ordinary rule for discontinuing the call of the calendar at 2 o'clock was set aside, and that the call of the calendar should continue.

Mr. LEWIS. Therefore, the bill discussed by the Senator from Arizona and the Senator from Nevada cannot now be called up under rule VIII?

The PRESIDING OFFICER. The Chair is advised that the agreement was that unobjected bills on the calendar should be called, and there should not be a call under rule VIII in the ordinary sense.

Mr. KING. I ask for the regular order.

The PRESIDING OFFICER. The regular order is called for. The clerk will state the next bill in order on the calendar.

LAND IN LYONS, N. Y.

The bill (S. 2958) authorizing the Secretary of the Treasury to execute a quitclaim deed of certain land located in the village of Lyons, N. Y., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and empowered to sell and convey by the usual quitclaim deed to the owner of record of the land abutting the northwesterly side of the post-office site at Lyons, N. Y., a parcel of land forming a part of said site on which there encroaches a portion of a building now or formerly designated as the "Hotel Wayne"; the land covered by the encroachment being described as lying and being in the village of Lyons, county of Wayne, State of New York: Beginning at a point in the northwesterly side of the present post-office site, which point is 100.05 feet northwesterly and 140 feet southwesterly from the intersection of the southwesterly side of Pearl Street with the northwesterly side of Williams Street; running thence in a southwesterly direction along the northwesterly boundary of the post-office site a distance of approximately 14 feet to a point; thence in a southeastwardly direction a distance of approximately 6 feet to a point; thence in a northeasterly direction parallel with the northwesterly boundary of the post-office site a distance of approximately 14 feet to a point; thence in a northwesterly direction a distance of approximately 6 feet to the point or place of beginning.

LAND IN STROUDSBURG, PA.

The bill (H. R. 5920) to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, empowered and authorized to convey, by the usual quitclaim deed, to the Borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498 and no other, that portion of the post-office site in said borough, bounded and described as follows, to wit: Beginning at the southwest corner of the intersection of Seventh and Ann Streets, in the Borough of Stroudsburg, said corner being opposite station 1244 plus 97 and 16 feet from the center line of the said Seventh Street; thence along the west side of said Seventh Street, south 20°36' east 124.44 feet to a point; thence by land of United States Government, of which this parcel is a part along a curved line to the right having a radius of 186.6 feet, a distance of 57.54 feet and subtended by a chord north 29°26' west 57.31 feet to a point on tangent; thence by the same, north 20°36' west, 67.96 feet to a point on the south line of Ann Street; thence along the same, north 70°24' east 8.8 feet to the beginning, containing twenty-one one-thousands acre: *Provided*, That the land conveyed shall be used for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498 and no other, to be cared for and maintained as are other public streets in said borough; and in the event that the premises shall cease to be so used as herein stated, the right, title, and interest in the land herein authorized to be conveyed shall revert to the United States, and the deed or instrument of conveyance shall recite such limitation and reversionary right.

LAND IN ANDERSON, S. C.

The bill (H. R. 6983) to provide for the transfer of certain land in the city of Anderson, S. C., to such city, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to transfer to the city of Anderson, S. C., all the right, title, and interest of the United States in and to a certain portion of the post-office site in such city, described as follows: A strip of land, 7 feet in width, fronting on north Main Street and extending for a distance of 150 feet from Federal Street (being the entire length of the post-office site fronting on north Main Street), upon the payment by the city to the United States of such amount as the Secretary of the Treasury in his discretion considers to be the fair value of the land conveyed to the city for the street-widening purposes. Such strip of land is required by such city for the widening of north Main Street.

BILL PASSED OVER

The bill (S. 1820) to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy, was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill? If not, I ask that it go over.

The PRESIDING OFFICER. Objection is heard and the bill will be passed over.

FISHING CHANNELS IN SILTCOOS AND TAKENITCH RIVERS, OREG.

The bill (S. 620) to authorize the periodic construction of channels for fishing purposes in the Siltcoos and Takenitch Rivers, in the State of Oregon, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Bureau of Fisheries, under the direction of the Secretary of Commerce, is authorized and directed to construct and maintain channels in the Siltcoos and Takenitch Rivers, in the State of Oregon, at such times and in such manner as may be necessary to enable spawning fish to reach the Siltcoos and Takenitch Lakes through such rivers from the Pacific Ocean, and thereby improve such lakes for fishing purposes. The Forest Service, Department of Agriculture, and the Chief of Engineers, War Department, shall cooperate with the Bureau of Fisheries in the construction and maintenance of such channels.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,000 annually, or so much thereof as may be necessary, to carry out the provisions of this act.

LOAD LINES FOR AMERICAN VESSELS

The bill (S. 2002) to provide for the establishment of load lines for American vessels in the coastwise trade, and for other purposes, was announced as next in order.

Mr. LA FOLLETTE. I ask that the bill go over.

Mr. COPELAND. Mr. President, will the Senator withhold his objection for a moment?

Mr. LA FOLLETTE. I shall have to insist upon my objection; but if the Senator from New York wishes to make an explanation, I will withhold it temporarily.

Mr. COPELAND. Oh, no; I have no desire to waste my oratory.

The PRESIDENT pro tempore. The bill will be passed over.

BILL PASSED OVER

The bill (S. 3071) providing for the placing of improvements on the areas between the shore and bulkhead lines in rivers and harbors, was announced as next in order.

Mr. SHIPSTEAD. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

REGULATION OF COMMERCE IN FIREARMS

The bill (S. 3) to regulate commerce in firearms was announced as next in order.

Mr. McNARY. Mr. President——

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. Objection is heard.

Mr. COPELAND. I inquire who made the objection?

The PRESIDING OFFICER. Objection was raised by several Senators. The Chair was unable to determine which Senators objected.

Mr. McNARY. Mr. President, I did not object; I simply rose to request a formal and definite statement as to the purposes of the bill.

Mr. COPELAND. Mr. President, I shall be glad to make such a statement. A very extensive hearing was accorded, indeed, several hearings, were accorded this bill. As originally reported, it incurred the opposition of sportsmen and other respectable citizens who are the owners of firearms, but finally the bill was worked out by a committee consisting of the Rifle Association, the Pistol Association, members of the so-called "Crime Committee", and our own experts. A bill has now been formulated which seeks to protect, so far as it is possible to do so, against the crook, by making it difficult for him to gain possession of arms and ammunition, but, at the same time, not interfering with the honest man.

The bill provides that wherever the State law requires a license as a prerequisite to an individual carrying a gun, in order to buy ammunition the owner of such gun must present his credentials, his card, showing that he has a license to carry the gun. That would militate against the crook, because the crook would not have such a license, and, therefore, he could not buy ammunition. So, largely, it is through the control of the ammunition that we seek to make it safe for the community and for the honest man.

I may assure the Senator that, so far as those forces are concerned which were in bitter opposition to the previous bill—and every Senator here last year, no doubt, received innumerable letters indicating such opposition—that opposition has entirely evaporated, and, on the contrary, it has developed into support of the bill.

Mr. McKELLAR. Mr. President, to what kind of firearms does the bill apply? Does it apply to all kinds? If a man wanted to carry a shotgun, for instance, for hunting, would it apply to him?

Mr. COPELAND. No; it applies chiefly to small arms.

Mr. McKELLAR. If it applies to revolvers, that would be one thing, but if it applies to all firearms there might be objection to it.

Mr. KING. Mr. President, will the Senator from New York yield?

Mr. COPELAND. Yes.

Mr. KING. The Senator will bear in mind that we have a constitutional provision that right of the people to keep and bear arms shall not be infringed. I was wondering if this bill was not in contravention of the constitutional provision?

Mr. COPELAND. I do not think so at all. The Senator will recall that when we had before the Senate committee a bill introduced by the Senator from Kansas [Mr. CAPPER], all those constitutional questions were considered at the time.

I wish to make clear to the Senate if I can—and if I misstate the fact word will come back very soon—that this bill is now supported by all those who have heretofore objected to such control as it provides, and it does not apply at all in the States where there is no law. If a State does not choose to have a licensing law, the bill does not apply to such State, but it does apply to those States which have licensing laws.

Mr. McKELLAR. How does the Senator avoid the second amendment to the Constitution, which provides:

> A well-regulated militia, being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed.

I am in sympathy with the bill of the Senator——

Mr. COPELAND. Will not the Senator read it all together? The part relating to militia is important; the statement as to the militia is, of course, in the first part of the constitutional provision.

Mr. McKELLAR. Yes; but, while it refers to the militia, the provision is all-inclusive and provides that the right of the people to keep and bear arms shall remain inviolate.

Mr. COPELAND. There is not a thing in the bill which interferes with any constitutional right.

Mr. McKELLAR. If it does not interfere with that right, that presents a different situation.

Mr. COPELAND. I am sure, from the long argument that has been had by the constitutional lawyers in connection with the hearings on the bill, the Senator need have no anxiety. Let me again impress upon the Senate the thought that the bill does not apply to those States which have no law on the subject. It does apply to a State such as my own, where a man must have a license in order to have a firearm, and when he buys ammunition he must present that license in order to make sure that he has a right to buy it. This bill is aimed at the crook who can now buy ammunition without any restriction whatever, without any regard to the rights and safety of the people. When we realize that since the war a million pistols have been imported into this country and that 500,000 have been made and sold, so that now, almost without any means of protection, a pistol may be had and used in violence against the person of the honest citizen, we can understand the great need for a bill of this character.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BORAH. Mr. President, I should like to ask the Senator from New York a question regarding this bill. It is a long bill, embracing about 10 pages. Does it provide, in effect, that no one may acquire arms shipped in interstate commerce unless he has a license to secure them?

Mr. COPELAND. If a gun is shipped into a State where a license is required to have possession of a firearm, it can not be lawfully received except by a person who has such a license. It does not apply at all to other States which do not require licenses.

Mr. BORAH. In other words, it is simply in aid of the States to enforce their law?

Mr. COPELAND. That is correct.

Mr. BORAH. And is nothing more than that?

Mr. COPELAND. That is its purpose.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3) to regulate commerce in firearms, which had been reported from the Committee on Commerce, with amendments.

The first amendment was in section 1, on page 2, line 5, after the word "explosive", to strike out "or expanding gases"; on line 13, after the word "or", to strike out "component parts thereof" and insert "cartridge cases, primers, bullets, or propellent powder"; in line 20, after the word "manufacturing", to strike out "special barrels, stocks, or trigger mechanisms which are fitted to guns for the purpose of improving their accuracy" and insert "or fitting special barrels, stocks, trigger mechanisms, or breech mechanisms to firearms"; and on page 3, line 8, after the word "who", to strike out "is fleeing" and insert "has fled from any State, Territory, the District of Columbia, or possession of the United States", so as to make the section read:

That as used in this act—

(1) The term "person" includes an individual, partnership, association, or corporation.

(2) The term "interstate or foreign commerce" means commerce between any State, Territory, or possession (including the Philippine Islands), or the District of Columbia, and any place outside thereof; or between points within the same State, Territory, or possession (including the Philippine Islands), or the District of Columbia, but through any place outside thereof; or within any Territory or possession or the District of Columbia.

(3) The term "firearm" means any weapon, by whatever name known, which is designed to expel a projectile or projectiles by the action of an explosive; and a firearm muffler or firearm silencer.

(4) The term "machine gun" means any weapon which shoots or is designed to shoot automatically more than one shot, without manual reloading, by a single function of the trigger.

(5) The term "manufacturer" means any person engaged in the manufacture or importation of firearms, or ammunition or cartridge cases, primers, bullets, or propellent powder for purposes of sale or distribution; and the term "licensed manufac-

turer" means any such person licensed under the provisions of this act.

(6) The term "dealer" means any person engaged in the business of selling firearms at wholesale or retail, or any person engaged in the business of repairing such firearms or of manufacturing or fitting special barrels, stocks, trigger mechanisms, or breech mechanisms to firearms, and the term "licensed dealer" means any such person licensed under the provisions of this act.

(7) The term "crime of violence" means murder, manslaughter, rape, mayhem, kidnaping, burglary, housebreaking; assault with intent to kill, commit rape, or rob; assault with a dangerous weapon, or assault with intent to commit any offense punishable by imprisonment for more than 1 year.

(8) The term "fugitive from justice" means any person who has fled from any State, Territory, the District of Columbia, or possession of the United States to avoid prosecution for a crime of violence or to avoid giving testimony in any criminal proceeding.

(9) The term "ammunition" shall include all pistol or revolver ammunition except .22-caliber rim-fire ammunition.

The amendment was agreed to.

The next amendment was, in section 2, page 3, at the beginning of line 24, to strike out "firearm to have been so transported or shipped" and insert "firearms or ammunition to have been transported or shipped in violation of subdivision (a) of this section"; on page 4, at the beginning of line 13, to strike out "who is under indictment or who has been convicted in any" and insert "knowing or having reasonable cause to believe that such person is under indictment or has been convicted in any"; in line 18, after the word "or", to strike out "who"; on page 5, line 7, after the word "transported", to insert "or received, as the case may be, by such person"; on line 12, after the word "believe", to insert "the", and in line 13, after the word "been", to strike out the word "so"; in line 23, after the word "or", to insert the word "knowingly"; and on page 6, line 3, after the word "received", to insert "as the case may be, by the possessor", so as to make the section read:

SEC. 2. (a) It shall be unlawful for any manufacturer or dealer, except a manufacturer or dealer having a license issued under the provisions of this act, to transport, ship, or receive any firearm or ammunition in interstate or foreign commerce.

(b) It shall be unlawful for any person to receive any firearm or ammunition transported or shipped in interstate or foreign commerce in violation of subdivision (a) of this section, knowing or having reasonable cause to believe such firearms or ammunition to have been transported or shipped in violation of subdivision (a) of this section.

(c) It shall be unlawful for any licensed manufacturer or dealer to transport or ship any firearm or ammunition in interstate or foreign commerce to any person other than a licensed manufacturer or dealer in any State the laws of which require that a license be obtained for the purchase of such firearm, unless such license is exhibited to such manufacturer or dealer by the prospective purchaser.

(d) It shall be unlawful for any person to ship, transport, or cause to be shipped or transported in interstate or foreign commerce any firearm or ammunition to any person knowing or having reasonable cause to believe that such person is under indictment or has been convicted in any court of the United States, the several States, Territories, possessions (including the Philippine Islands), or the District of Columbia of a crime of violence or is a fugitive from justice.

(e) It shall be unlawful for any person who is under indictment or who has been convicted of a crime of violence or who is a fugitive from justice to ship, transport, or cause to be shipped or transported in interstate or foreign commerce any firearm or ammunition.

(f) It shall be unlawful for any person who has been convicted of a crime of violence or is a fugitive from justice to receive any firearm or ammunition which has been shipped or transported in interstate or foreign commerce, and the possession of a firearm or ammunition by any such person shall be presumptive evidence that such firearm or ammunition was shipped or transported or received, as the case may be, by such person in violation of this act.

(g) It shall be unlawful for any person to transport or ship or cause to be transported or shipped in interstate or foreign commerce any stolen firearm or ammunition knowing, or having reasonable cause to believe, the same to have been stolen.

(h) It shall be unlawful for any person to receive, conceal, store, barter, sell, or dispose of any firearm or ammunition or to pledge or accept as security for a loan any firearm or ammunition moving in or which is a part of interstate or foreign commerce, and which while so moving or constituting such part has been stolen, knowing, or having reasonable cause to believe, the same to have been stolen.

(i) It shall be unlawful for any person to transport, ship, or knowingly receive in interstate or foreign commerce any firearm from which the manufacturer's serial number has been removed, obliterated, or altered, and the possession of any such firearm shall be presumptive evidence that such firearm was transported, shipped, or received, as the case may be, by the possessor in violation of this act.

The amendment was agreed to.

Mr. KING. Mr. President, I think I shall object. There are so many provisions which are broader than those indicated by my friend from New York. For instance, subdivision 8 attempts to define fugitives from justice and incorporates in this bill relating to firearms matters that are not pertinent and not relevant and not cognate to the question under consideration. While I have great sympathy with the bill, I think I shall object.

The PRESIDING OFFICER. Objection is made.

Mr. COPELAND. Mr. President, I hope the Senator will not object. In this country practically every crime of violence is committed by the use of the pistol.

Mr. McKELLAR. Why should not the Senator confine his bill to pistols and machine guns?

Mr. COPELAND. Machine guns have already been taken care of by another bill.

Mr. McKELLAR. Why should it not be confined to the particular kinds of weapons which are used to take life? We rarely hear of a man being killed by a shotgun or a rifle.

Mr. KING. Mr. President, if the Senator will pardon me, I know that he will not be angry with me for insisting on my right. However, the bill, for instance, attempts to define the term "crime of violence" and other offenses. Such definitions ought not to be included, it seems to me, in a bill of this character. I insist on my objection.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over. The clerk will state the next bill in order on the calendar.

BILLS PASSED OVER

The bill (H. R. 1714) for the relief of Russell H. Lindsay was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. TRAMMELL. Mr. President, this is a House bill for the relief of Russell H. Lindsay. The circumstances were that when he entered the naval service he was examined on two or three occasions at different posts and given a perfect record as to health and physical condition. Sometime after he had entered the service there was another examination, and at that time it was reported that there was a slight appearance of tubercular trouble. The case was then taken up at a later time by a general board, and when the hearing was held certain members of the board found, according to their opinion, that he was not in good health at the time he entered the service and that his disability was not acquired after entering the service. Other members of the board held to the contrary.

Mr. McKELLAR. The Department recommends very strongly against the bill.

Mr. TRAMMELL. Yes; the Department recommends against it, but the facts are pretty fully set out. No doubt the circumstances actuated the House in passing the bill, and the Senate committee thought we might give the young man the benefit of the doubt in recommending the bill.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Is there objection to the present consideration of the bill?

Mr. KING. I object.

The PRESIDING OFFICER. The bill will be passed over.

BRIG. GEN. EDWARD R. CHRISMAN

The Senate proceeded to consider the bill (S. 2021) to recognize the service of Brig. Gen. Edward R. Chrisman.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. BORAH. Mr. President, this is a bill introduced by my colleague [Mr. POPE], who is necessarily absent today. The bill provides as follows:

That the President of the United States is hereby authorized and directed to designate Brig. Gen. Edward R. Chrisman, retired, as professor of military science and tactics emeritus at the University of Idaho, at Moscow, Idaho, during the remainder of his natural life.

Mr. McKELLAR. Will it bring about any charge against the Government?

Mr. BORAH. Not a cent.

Mr. McKELLAR. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PETTUS H. HEMPHILL

The bill (S. 2558) for the relief of Pettus H. Hemphill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to appoint, by and with the advice and consent of the Senate, Pettus H. Hemphill, late a captain in the Air Service, United States Army, to be captain, Air Service, and to take rank as if he had remained continuously in the service.

CRIMINAL PROCEDURE FOR ALASKA

The Senate proceeded to consider the bill (S. 2867) to reenact section 463 of the act of Congress entitled "An act to define and punish crime in the District of Alaska, and to provide a code of criminal procedure for said District", approved March 3, 1899, and for other purposes, which had been reported from the Committee on the Judiciary with amendments.

The first amendment was on page 2, in line 15, after the word "may" to strike out "prescribe: *And provided further*, That chapter 12 of title I of said first above-mentioned act be amended by adding after section 138 another section to be numbered 139, and to read as follows", and to insert the word "prescribe", so as to make the section read:

That section 463 of the act of Congress entitled "An act to define and punish crime in the District of Alaska and to provide a code of criminal procedure for said District", approved March 3, 1899 (30 Stat. 1337, 1338, as amended by the act of June 6, 1900 (31 Stat. 332), is hereby reenacted; said section as reenacted reading as follows:

"SEC. 463. That the licenses provided for in this act shall be issued by the clerk of the district court or any subdivision thereof in compliance with the order of the court or judge thereof duly made and entered; and the clerk of the court shall keep a full record of all applications for license and of all recommendations for and remonstrances against the granting of licenses and of the action of the court thereon: *Provided*, That the clerk of said court and each division thereof shall give bond or bonds in such amount as the Secretary of the Treasury may require and in such form as the Attorney General may approve, and all moneys received for licenses by him or them under this act shall, except as otherwise provided by law, be covered into the Treasury of the United States, under such rules and regulations as the Secretary of the Treasury may prescribe."

The amendment was agreed to.

The next amendment was, on page 2, beginning in line 20, to strike out the following paragraph:

SEC. 139. That no person shall break, take from the nest, or have in possession the eggs of any crane, wild duck, brant, or goose; nor shall any person transport or ship out of said Territory the eggs or the contents of the eggs of any crane, wild duck, brant, or goose; nor shall any person, common carrier, or other transportation company carry or receive for shipment such eggs or the contents of said eggs, and any person or company who shall have in possession or receive for shipment or transportation any eggs or the contents of any eggs of the crane, wild duck, brant, or goose shall be guilty of a misdemeanor and upon conviction be punished as provided in this section. Any person or company violating the provisions of this section shall be punished by a fine not exceeding $500 or imprisonment not exceeding 6 months.

Mr. ROBINSON. Mr. President, will the Senator who is the author of the bill state its effect and purpose?

Mr. BURKE. Mr. President, the Attorney General reported favorably on the bill, setting out the fact that in the repeal of certain prohibitory laws in the district of Alaska a certain section was repealed by inadvertence. The bill is merely to correct the action heretofore taken by mistake.

Mr. ROBINSON. Very well; I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INDIAN CLAIMS COMMISSION

The Senate proceeded to consider the bill (S. 2731) to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes, which had been reported from the Committee on Indian Affairs with amendments.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. THOMAS of Oklahoma. Mr. President, the bill has to do with claims of Indian tribes against the Government. At the present time such claims are given a status by act of Congress. The claims are filed with the Court of Claims. It takes 5 to 15 years to get a case ready, have it tried, and get it adjudicated before it comes back to Congress. For years the departments interested have been trying to find some plan to shorten the time involved. The bill embodies the plan recommended by the Indian Bureau, by the Department of the Interior, by the Bureau of the Budget, by the Department of Justice, and by the General Accounting Office. The bill has been amended to conform to the amendments suggested by the Department of Justice.

Mr. McKELLAR. Does it change the rule of the present law as to how the claims shall be adjudicated?

Mr. THOMAS of Oklahoma. No; it does not. It provides a plan for getting the claims into court and having them tried. It provides for three commissioners to be appointed by the President and confirmed by the Senate. These commissioners would be the agents of the Congress to consider the claims and report to the Congress for its consideration.

Mr. McKELLAR. The Senator will recall that before the committee, of which he and I are both members, it has been stated that more than $3,000,000,000 have been claimed, and if the claims were allowed and their payment expedited it would be rather a severe strain on the Treasury.

Mr. THOMAS of Oklahoma. Yes. The claims are filed in the maximum amount and the offsets are not anticipated.

The record shows that when the claims are filed, investigation is made which oftentimes discloses that nothing is due the Indian tribe. Even though a claim is filed in a large amount, usually a small amount has been found to be due the Indians. While it may be true the Indians claim $3,000,000,000, yet in the final adjudication if they should get a few million dollars they would be lucky.

Mr. McKELLAR. Have all the amendments asked for by the Department of Justice been incorporated in the bill?

Mr. THOMAS of Oklahoma. They have.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. The amendments will be stated.

The first amendment of the Committee on Indian Affairs was, in section 2, on page 2, line 19, after the word "all", to insert the words "claims arising under the Constitution, laws, or treaties of the United States and all"; on page 3, line 16, to strike out the word "complainant" and insert the word "complainants"; in line 18, to strike out the words "commission, and" and insert the words "commission; and in connection with claims so transferred"; in line 21, after the words "regardless of the", to strike out the words "terms of any", and insert the words "provisions of any other law or of any"; and in line 23, after the word "claims" to insert the words:

Provided, That in cases now pending in the Court of Claims the transfer thereof to the Commission shall be made upon motion of the attorney of record for claimant in each case with the approval of the Secretary of the Interior and such attorney or attorneys shall proceed under his or their approved existing contract according to its terms.

So as to make the section read:

SEC. 2. It shall be the duty of the Commission to investigate all claims against the United States of any Indian tribe, band, or other communal group of American Indians residing within the territorial limits of the United States or Alaska, to ascertain and determine all of the facts relating thereto and all questions of mixed law and fact as may be incidental to such determination, and, on the basis of the facts found by it, to ascertain and determine the merits of all such claims and to make findings with reference thereto. Such claims shall include all claims arising

under the Constitution, laws, or treaties of the United States and all those whether sounding in contract or tort or otherwise with respect to which the claimant would have been entitled to redress in any court of the United States if the United States were subject to suit; and all claims of whatsoever nature on account of any breach of duty committed by any officer or agent while purporting to act in the name or on behalf of the United States; and all further claims under all treaties heretofore negotiated between the claimant and the United States but not formally ratified or executed by all of the parties thereto; and those claims of whatsoever nature which would arise on a basis of fair and honorable dealings unaffected by rules of law, and those which would result if the treaties, contracts, and agreements between the claimant and the United States were revised on the ground of fraud, duress, or mutual or unilateral mistake whether of law or fact. Any such claim now pending in the Court of Claims, and any such claim previously referred by Congress to the Court of Claims and not yet filed in such court may be transferred, together with all the documents and certified copies of all the records relating thereto, by the complainants to the Commission at any time within the period provided for presentation of claims to the Commission; and in connection with claims so transferred all further proceedings with respect thereto shall be had under the provisions of this act regardless of the provisions of any other law or of any act giving jurisdiction of such claims to the Court of Claims: *Provided*, That in cases now pending in the Court of Claims the transfer thereof to the Commission shall be made upon motion of the attorney of record for claimant in each case with the approval of the Secretary of the Interior and such attorney or attorneys shall proceed under his or their approved existing contract according to its terms. No claim shall be excluded because of the provisions of any other statute; nor because it has already been presented to the Congress; nor on the ground that it has become barred under any rule of law or equity, or by reason of any treaty or statute; nor on the ground of a prior adjudication with respect thereto in any judicial, administrative, or other proceeding between the same parties: *Provided, however*, That the Commission, when ascertaining the merits of any claim, shall take into consideration, and may inquire into, all previous adjudications or settlements of such claim and all payments made by the United States on its account. In any case wherein the Commission determines that a claim has merit under the provisions of this act, the General Accounting Office and the Indian Office, upon request of the Commission, shall furnish such information as in the judgment of the Commission is required for the determination of set-offs.

The amendment was agreed to.

The next amendment was, in section 3, on page 4, line 25, after the period, to insert the words "such report shall show how each Commissioner voted upon such claims", so as to make the section read:

SEC. 3. The Commission shall make a detailed report to the Congress of its findings of the facts of each claim, the conclusions reached as to the merits of such claim and the reasons therefor, together with an appropriate recommendation for action or nonaction by that body. Such report shall show how each Commissioner voted upon such claims. If any claim shall be ascertained to be without merit in law or in fact, the Commission shall so report. If any claim shall be found to rest on some legal, equitable, or sound moral obligation, the recommendation shall be for a direct appropriation by the Congress in a specific amount, or other adequate relief, or for the passage of an act giving jurisdiction of such claim to the Court of Claims.

In all proceedings brought pursuant hereto in the Court of Claims all determinations of fact by the Commission shall be accorded prima facie weight.

The amendment was agreed to.

The next amendment was, in section 6, on page 6, line 17, after the words "Commission an", to strike out the words "attorney at law", and insert the words "attorney or attorneys at law", so as to make the section read:

SEC. 6. The recognized representatives of each such tribe, band, or other communal group of Indians may retain to represent its interests in the presentation of claims before the Commission an attorney or attorneys at law, whose employment and the terms thereof shall be subject to the provisions of sections 2103, 2104, 2105, and 2106 of the Revised Statutes, and whose practice before the Commission shall be governed by rules and regulations hereby authorized to be formulated by the Commission. The Attorney General or his assistants shall represent the interests of the United States in connection with all matters pertaining to this act.

The amendment was agreed to.

The next amendment was, on page 7, line 7, after the words "United States", to insert the words "or Alaska", so as to make the section read.

SEC. 7. The Commission shall make a complete and thorough search for all evidence affecting such claims, utilizing all documents and records in the possession of the Court of Claims and the several Government bureaus and offices. The Commission or any of its members or authorized agents may hold hearings, examine witnesses, and take depositions in any place in the United States or Alaska, and any of the commissioners may sign and issue subpenas for the appearance of witnesses and the production of documents from any place in the United States or Alaska at any designated place of hearing. In case of disobedience to a subpena, the Commission may obtain an order from any court of the United States requiring obedience to that subpena; and any failure to obey such order shall be punished by such court as a contempt thereof. Witnesses subpenaed to testify before the Commission, witnesses whose depositions are taken pursuant to this act, and the officers or persons taking the same, shall be severally entitled to the same fees and mileage as are paid for like services in the courts of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SURPLUS REAL PROPERTY ACQUIRED BY FEDERAL AGENCIES

The Senate proceeded to consider the bill (S. 2888) to provide for the disposition, control, and use of surplus real property acquired by Federal agencies, and for other purposes, which was read as follows:

Be it enacted, etc., That notwithstanding any other provisions of law, whenever any real property located outside of the District of Columbia, exclusive of military or naval reservations, heretofore or hereafter acquired by any Federal agency, by judicial process or otherwise in the collection of debts, purchase, donation, condemnation, device, forfeiture, lease, or in any other manner, is, in whole or in part, declared to be in excess of its needs by the Federal agency having control thereof, or by the President on recommendation of the Secretary of the Treasury, the Director of Procurement, with the approval of the Secretary of the Treasury, is authorized (a) to assign or reassign to any Federal agency or agencies space therein: *Provided*, That if the Federal agency to which space is assigned does not desire to occupy the space so assigned to it, the decision of the Director of Procurement shall be subject to review by the President; or (b) to lease such real property on such terms and for such period not in excess of 5 years as he may deem in the public interest; or (c) to sell the same at public sale to the highest responsible bidder upon such terms and after such public advertisement as he may deem in the public interest.

SEC. 2. Whenever after investigation it is determined by the Director of Procurement that any such real property should be used for the accommodation of any Federal agency or agencies, the Director of Procurement is authorized to make any repairs thereto or alterations thereof which he deems necessary or advisable and to maintain and operate the same. To the extent that the appropriations of the Procurement Division not otherwise allocated are inadequate for such repairs, alterations, maintenance, or operation, the Director of Procurement may require each Federal agency to which space has been assigned therein pursuant to the provisions of section 1 of this act to pay promptly by check to the Procurement Division out of its appropriation for rent, either in advance of or upon or during occupancy of such space, all or part of the estimated or actual cost of such repairs, alterations, maintenance, and operation: *Provided*, That the total amount so to be paid shall be determined and equitably apportioned by the Director of Procurement among the Federal agencies to whom space has been so assigned: *Provided further*, That the amount so charged against any Federal agency shall be computed at a rate not in excess of that paid as rent by such agency immediately preceding such assignment for space in lieu of which space is so assigned to it, and if it is less, the difference shall be deposited in the Treasury as miscellaneous receipts: *And provided further*, That in the event such space is not assigned in lieu of existing space, the amount so charged shall be computed at a rate not in excess of that which the Director of Procurement determines, with the approval of the Secretary of the Treasury, would have been paid as rent for corresponding space during the current fiscal year, and if it is less, the difference shall be deposited in the Treasury as miscellaneous receipts. If a Federal agency subject to this proviso disagrees with the amount the Director of Procurement so determines would have been paid as rent, the determination of the Director of Procurement shall be subject to review by the President.

SEC. 3. The Director of Procurement, with the approval of the Secretary of the Treasury, is further authorized to procure space by lease, on such terms and for such period not in excess of 5 years as he may deem in the public interest, for the housing of any Federal agency or agencies outside of the District of Columbia, and to assign and reassign space therein in the same manner as is authorized with respect to surplus real property by section 1 of this act, and to require the Federal agencies to whom space is assigned therein to pay the total expenditures required under such lease during its entire term in the manner specified in section 2 of this act.

SEC. 4. The Director of Procurement, with the approval of the Secretary of the Treasury, is authorized to make such regulations as may be necessary to carry out the provisions of this act.

SEC. 5. The term "Federal agency", as used in this act, means any executive department, independent establishment, commission, board, bureau, division, or office in the executive branch, or other agency of the United States, including corporations wholly owned by the United States.

Mr. ROBINSON. Mr. President, I observe the author of the bill is present. This appears to be a measure of considerable importance. I should like to have an analysis of it.

Mr. CLARK. Mr. President, the purpose of the bill is simply a measure of economy to enable the Director of Procurement to utilize for various activities of the Government surplus building space owned by the Government in various communities outside of the city of Washington. Perhaps I can best illustrate the purpose of the bill by stating to the Senator from Arkansas and to the Senate the way my attention happened to be directed to the question.

For many years, as the Senator from Arkansas knows, the Government has occupied a rather large and commodious building on Olive Street in the city of St. Louis for all Federal purposes, including the Federal court and a branch of the Post Office Department. This building finally became inadequate for housing the Government activities, and with the increase of Government activities in the city of St. Louis it was necessary for various branches of the Government, such as the Home Owners' Loan Corporation and other activities, to go outside of the Federal building and rent space at Government expense.

In the meantime the Government authorized and has now completed a new Federal building in the city of St. Louis which will adequately house the ordinary activities of the Government in that city—that is, the courts and the ordinary permanent activities. On the other hand, the new Federal building is not large enough to house many of the extraordinary activities which have grown up in recent years.

Under existing law it would be impossible to maintain a down-town branch post office which has been of great advantage to the people of St. Louis unless the Post Office Department should be willing to take over the support of the whole of the old Federal building. At the same time the other activities would be scattered all over town paying rent at Government expense.

My connection with the measure came about in checking up with the Treasury Department and with the Post Office Department the matter of maintaining that branch post office at Eighth and Olive Streets in the city of St. Louis, which is of great advantage to the down-town business section. I was advised that unless the Post Office Department should be willing to take over the whole support of the Federal building, the Treasury Department would be unable under existing law to permit them to maintain a branch post office in the building, so we would have a situation with the Government paying rent, and very large rent, too, in some of the office buildings of St. Louis, and the great old Federal building, a very commodious structure, remaining unoccupied in large part.

The whole purpose of the bill is to authorize the Director of Procurement to utilize such surplus structures as may develop from time to time for the housing of Government activities, with the proviso that if there is any particular reason why it is more desirable for any particular Government activity to rent space outside the surplus Federal buildings, they shall have a right of appeal to the President. The only purpose of the bill is, in the interest of economy, to utilize the surplus Government structures, rather than to pay rent all over the various cities.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ENCOURAGEMENT OF TRAVEL IN THE UNITED STATES

The bill (S. 33) to encourage travel to and within the United States by citizens of foreign countries, and for other purposes, was announced as next in order.

Mr. ROBINSON. Mr. President, what does this bill provide?

Mr. McNARY. Mr. President, I think I can cut the matter short. The Senator from Pennsylvania [Mr. DAVIS] is detained at home today, and he asked that the bill go over.

Mr. COPELAND. Mr. President, may I say a word about the bill before it goes over?

This bill has been proposed by the Hotel Men's Association of the United States, a very large and powerful group, who are much concerned over the fact that travel goes to Europe, with little travel coming this way from Europe. It is estimated that $8 of American money is spent in Europe for every dollar of foreign money spent in the United States.

If Senators have paid any attention to the sailing this year, they have noted the fact that every steamship has been crowded with Americans going to Europe. One reason why so many Americans go to Europe is because of the attractive literature which is sent out from Europe under the auspices of the various European governments. I have seen great quantities of it which have been sent out by Italy, Germany, Great Britain, France, and other countries.

The purpose of this bill, which is urged upon us by the Hotel Men's Association, is that a commission shall be established, consisting of the Secretary of State and the Secretary of Commerce, who will set up an organization to do some advertising for the United States. It will show how appealing are the beauties of California, and of the Grand Canyon, and of the Yosemite, and of Arizona, and of the Rio Grande, and of Florida, and of every other part of the country, in order to attract tourists who will come here from abroad and spend their money. It is thought that this sort of a plan would, perhaps, bring some business which would be good for everybody in our country; or, as we say in New York, it would be "good for the Bronx."

So this bill has been introduced. I will say to the Senator from Oregon that the Senator from Pennsylvania [Mr. DAVIS] has sent his secretary to me to say that so far as he is concerned he would withhold any objection. But if there are other objections, of course I shall have to let the bill go over.

Mr. McNARY. Does the Senator from Pennsylvania report to the Senator from New York that it is satisfactory to him to have the bill considered?

Mr. COPELAND. Yes. I will not say that the Senator from Pennsylvania is enthusiastic over the bill, but he said he would not wish to be the one in opposition to it.

Mr. McNARY. My information was otherwise; but I am very glad to recall the objection if the Senator has been advised that the bill is not objectionable to the Senator from Pennsylvania.

The PRESIDING OFFICER. Without objection, the bill——

Mr. ROBINSON. Mr. President, I have not examined the bill, but it appears to me to put the Government into the business of advertising, and I doubt the advisability of passing it; so I shall ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

APPOMATTOX COURT HOUSE NATIONAL HISTORICAL PARK

Mr. GLASS. Mr. President, I have to leave the Senate Chamber in a few moments for a conference on an important public matter. I wondered if I might ask unanimous consent to have the Senate take up House bill 4507, Calendar No. 1186, and consider it at this time. It is on page 32 of the calendar.

The PRESIDING OFFICER. The clerk will state the title of the bill.

The CHIEF CLERK. A bill (H. R. 4507) to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Military Affairs, with amendments.

Mr. GLASS. Mr. President, some years ago, upon recommendation of the War Department, the Congress appropriated $100,000 to erect a monument at Appomattox Court House in commemoration of the termination of the War

between the States. It is among the most historic spots in America, if not the most historic one; but on account of certain disagreements it was found impracticable to erect a monument. This bill, which has passed the House, proposes to establish a small memorial park at Appomattox Court House at the same cost that would have been involved in the erection of a monument.

The PRESIDING OFFICER. The amendments of the committee will be stated.

The amendments were, on page 2, line 4, after the words "distance of", to strike out "five" and insert "one and one-half"; in line 7, after the word "for", to strike out "national park" and insert "national-monument"; in line 11, after the word "public", to strike out "park" and insert "monument"; in line 13, after the word "Historical", to strike out "Park" and insert "Monument"; in line 16, after the words "provisions of", to strike out "section 1"; on page 3, line 3, after the word "thereof" to insert "within the limits of the appropriation as authorized in section 2"; and in line 8, after the word "Historical", to strike out "Park" and insert "Monument"; so as to make the bill read:

Be it enacted, etc., That sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, are hereby amended to read as follows:

"That when title to all the land, structures, and other property within a distance of one and one-half miles from the Appomattox Court House site, Virginia, as shall be designated by the Secretary of the Interior in the exercise of his discretion as necessary or desirable for national-monument purposes, shall have been vested in the United States in fee simple, such area or areas shall be, and they are hereby, established, dedicated, and set apart as a public monument for the benefit and enjoyment of the people and shall be known as the 'Appomattox Court House National Historical Monument.'

"SEC. 2. That there is hereby authorized to be appropriated the sum of $100,000, or so much thereof as may be necessary, to carry out the provisions of this act as amended hereby.

"SEC. 3. That the Secretary of the Interior be, and he is hereby, authorized to accept donations of land and/or buildings, structures, and so forth, within the boundaries of said park as determined and fixed hereunder and donations of funds for the purchase and/or maintenance thereof: *Provided*, That he may acquire on behalf of the United States, by purchase when purchasable at prices deemed by him reasonable, otherwise by condemnation under the provisions of the act of August 1, 1888, such tracts of land within the said park as may be necessary for the completion thereof within the limits of the appropriation as authorized in section 2."

SEC. 2. Such act of June 18, 1930, is amended by adding at the end thereof a new section to read as follows:

"SEC. 4. The administration, protection, and development of the Appomattox Court House National Historical Monument shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled 'An act to establish a National Park Service, and for other purposes', as amended."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend sections 1, 2, and 3 of the act entitled 'An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.', approved June 18, 1930, and to establish the Appomattox Court House National Historical Monument, and for other purposes."

RED HILL, THE ESTATE OF PATRICK HENRY

Mr. GLASS. Mr. President, there is one other little bill, not of great consequence, which I should like to have taken up at this time. It has been reported by the Senator from Wyoming [Mr. O'MAHONEY] from the Committee on Public Lands and Surveys. It is to authorize the acquisition by the United States as a Government park of Red Hill, the estate of Patrick Henry, where he lived and is now buried, and to authorize the appropriation of the necessary sums to carry out the provisions of the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 997) to provide for the acquisition by the United States of Red Hill, the estate of Patrick Henry, which had been reported from the Committee on Public Lands and Surveys with amendments, after the enacting clause to strike out:

That the Secretary of the Interior is authorized and directed to acquire, on behalf of the United States, the estate known as Red Hill (the estate of Patrick Henry), located in Charlotte County, Va., and in the event the said Secretary is unable to purchase the property at a reasonable price, he is authorized and directed to acquire such property by condemnation in the manner provided by law.

SEC. 2. The property acquired under the provisions of this act shall constitute the Patrick Henry National Monument and shall be a public national memorial to Patrick Henry. The Director of the National Park Service, under the direction of the Secretary of the Interior, shall have the supervision, management, and control of such national monument and shall maintain and preserve it for the benefit and enjoyment of the people of the United States, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes", as amended.

And in lieu thereof to insert the following:

That when title to the estate known as Red Hill, the estate of Patrick Henry, located in Charlotte County, Va., together with such buildings and other property located thereon as may be designated by the Secretary of the Interior as necessary or desirable for national-monument purposes shall have been vested in the United States, said area and improvements shall be designated and set apart by proclamation of the President for the preservation as a national monument for the benefit and inspiration of the people, and shall be called the "Patrick Henry National Monument."

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized to accept donations of land, interests in land and/or buildings, structures, and other property within the boundaries of said national monument as determined and fixed hereunder, and donations of funds for the purchase and/or maintenance thereof, the title and evidence of title to lands acquired to be satisfactory to the Secretary of the Interior: *Provided*, That he may acquire on behalf of the United States out of any donated funds, by purchase at prices deemed by him reasonable, or by condemnation under the provisions of the act of August 1, 1888, such tracts of land within said national monument as may be necessary for the completion thereof.

SEC. 3. That the administration, protection, and development of the aforesaid national monument shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes", as amended.

And to renumber the remaining sections, so as to make the bill read:

Be it enacted, etc., That when title to the estate known as Red Hill, the estate of Patrick Henry, located in Charlotte County, Va., together with such buildings and other property located thereon as may be designated by the Secretary of the Interior as necessary or desirable for national-monument purposes shall have been vested in the United States, said area and improvements shall be designated and set apart by proclamation of the President for the preservation as a national monument for the benefit and inspiration of the people, and shall be called the "Patrick Henry National Monument."

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized to accept donations of land, interests in land and/or buildings, structures, and other property within the boundaries of said national monument as determined and fixed hereunder, and donations of funds for the purchase and/or maintenance thereof, the title and evidence of title to lands acquired to be satisfactory to the Secretary of the Interior: *Provided*, That he may acquire on behalf of the United States out of any donated funds, by purchase at prices deemed by him reasonable, or by condemnation under the provisions of the act of August 1, 1888, such tracts of land within said national monument as may be necessary for the completion thereof.

SEC. 3. That the administration, protection, and development of the aforesaid national monument shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes", as amended.

SEC. 4. The Secretary of the Interior is authorized and directed to make such alterations and repairs to the cottage used as a law office by Patrick Henry and to install therein such furniture and furnishings as may be necessary to (1) restore such cottage to the approximate condition and appearance possessed by it at the time of Patrick Henry's death, and (2) permit the use of such cottage as a museum for relics and records pertaining to Patrick Henry, and for other articles of national and patriotic interest. The Secretary of the Interior is authorized, in his discretion, to accept on behalf of the United States, for installation in such cottage, articles which may be offered as additions to the museum.

SEC. 5. The Secretary of the Interior is authorized, in his discretion, to mark with monuments, tablets, or otherwise, historical

points of interest within the boundaries of the Patrick Henry National Monument.

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for the establishment of a national monument on the site of Red Hill, estate of Patrick Henry."

BILL PASSED OVER

The PRESIDING OFFICER. The clerk will state the next bill on the calendar.

The bill (H. R. 3019) to amend sections 1, 3, and 15 of "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes", approved June 28, 1934 (48 Stat. 1269), was announced as next in order.

The PRESIDING OFFICER. This bill, being the unfinished business, will be passed over.

CHARLES L. WYMORE

The Senate proceeded to consider the bill (S. 2564) to grant an honorable discharge to Charles L. Wymore, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 9, after the word "the", to strike out "11th day of July 1928" and insert "26th day of July 1902", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Charles L. Wymore, who was a member of Company L, Eighteenth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 26th day of July 1902: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Charles L. Wymore."

CONSTANTIN GILIA

The bill (S. 3077) for the relief of Constantin Gilia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay from funds on deposit to the credit of the Chippewa Indians of Minnesota, the sum of $330 to Constantin Gilia in full and final settlement of his claim for the transportation of laundry to and from Hackensack, Minn., and the Consolidated Chippewa Sanatorium, at Onigum, Minn., during the period from July 1930 to June 30, 1931.

C. R. WHITLOCK

The bill (S. 3078) for the relief of C. R. Whitlock was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated the sum of $53.83 to C. R. Whitlock, of Toppenish, Wash., to reimburse him for a deposit in that amount which he made in the Treasury on January 22, 1935, to satisfy disallowances by the General Accounting Office of payments made to one Ira Hinkle, an employee engaged in emergency conservation work.

ORDINANCE OF 1787, ETC.

The joint resolution (H. J. Res. 208) to provide for the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the Ordinance of 1787 and the settlement of the Northwest Territory was considered, ordered to a third reading, read the third time, and passed, as follows:

Whereas the famous ordinance known as the "Ordinance of 1787", adopted by the Federal Congress for the government of the territory now embracing the States of Ohio, Indiana, Michigan, Illinois, Wisconsin, and part of Minnesota, and then known as the "Northwest Territory", was so far-reaching in its effects, making such a complete change in the method of governing new communities formed by colonization, that it will always rank as one of the greatest civil documents of all time; and

Whereas the settlement of, and establishment of government in, the Northwest Territory in 1788 marked the beginning of the resistless march of the people of the United States from the eastern seaboard to the Pacific Ocean; and

Whereas the adoption of the Ordinance of 1787 followed by the settlement of the Northwest Territory under the system of government provided by such ordinance vitally shaped and determined the pattern of development of our Nation, its ideals, its Constitution, and its government; and

Whereas there is an indicative analogy between the national problems of 150 years ago and those of the present day, making the study of the accomplishments of those early days of value to our people today; and

Whereas the one hundred and fiftieth anniversary of these two great focal events in American history occurs in 1937 and 1938: Therefore be it

Resolved, etc., That there is hereby established a commission to be known as the "Northwest Territory Celebration Commission" (hereinafter referred to as the "Commission") and to be composed of 14 commissioners, as follows: The President of the United States; 2 Members of the Senate, 1 from each of the 2 major parties, to be appointed by the President of the Senate; 2 Members of the House of Representatives, 1 from each of the 2 major parties, to be appointed by the Speaker of the House of Representatives; the Regent of the State chapter of the Daughters of the American Revolution of each of the 6 States formed from the Northwest Territory, namely, Ohio, Indiana, Michigan, Illinois, Wisconsin, and Minnesota; and 3 individuals from private life, to be appointed by the President of the United States. The commissioners shall serve without compensation and shall select a chairman from among their number.

SEC. 2. It shall be the duty of the Commission to prepare and carry out a comprehensive plan for the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the Ordinance of 1787 and the settlement of the Northwest Territory. In the preparation of such plan, the Commission shall cooperate, insofar as is possible, with the several States and particularly with the States of Ohio, Indiana, Michigan, Illinois, Wisconsin, and Minnesota, and shall take such steps as may be necessary in the coordination and correlation of plans prepared by State commissions, by agencies appointed by the governors of the several States, and by representative civic organizations.

SEC. 3. (a) Without regard to the civil-service laws or the Classification Act of 1923, as amended, the Commission is authorized to appoint and prescribe the duties and fix the compensation (not to exceed $5,000 per annum) of a director and such other employees as are necessary in the execution of its functions.

(b) The Commission may make such expenditures as are necessary to carry out the intent and purposes of this resolution, including all necessary traveling expenses and subsistence expenses incurred by the commissioners.

(c) The Commission shall cease to exist within 6 months after the date of the expiration of the celebration.

SEC. 4. There is authorized to be appropriated the sum of $100,000, or so much thereof as may be necessary to carry out the purposes of this joint resolution.

The preamble was agreed to.

EXEMPTION OF VIRGIN ISLANDS FROM COASTWISE LAWS

The bill (S. 754) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States, was announced as next in order.

Mr. ROBINSON. Mr. President, this is a very important bill. It is not possible to dispose of it under this order. I suggest that it go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. COPELAND subsequently said: Mr. President, I was called from the floor a moment ago, at the time Senate bill 754 came up. I ask to return to the bill for just a moment, so that I may make an explanation.

This bill relates to the Virgin Islands. The Secretary of the Interior has called attention to the fact that almost the only shipping business which is being done in the Virgin Islands is by foreign shipping; that the ships bunker there and get supplies there, and without this particular action that would not be allowable under the coastwise laws.

The Department, therefore, has recommended that the bill be enacted. Of course, at any time, by proclamation of the President, the Virgin Islands may be made subject to the laws governing the coastwise trade; so we are not at all shutting the door to what may be done in the future.

I hope the bill may pass.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 21 of the act approved June 5, 1920 (41 Stat. L. 997), entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", is hereby amended by adding thereto the following proviso: *"And provided further*, That the coastwise laws of the United States shall not extend to the Virgin Islands of the United States until the President of the United States, after a full investigation of the local needs and conditions, shall, by proclamation, declare that an adequate shipping service has been established to such islands and fix a date for going into effect of the same."

WILSON G. BINGHAM

The Senate proceeded to consider the bill (S. 1991) for the relief of Wilson G. Bingham, which was read as follows:

Be it enacted, etc., That in the administration of the benefits and privileges of the Emergency Officers' Retirement Act of May 24, 1928 (45 Stat. 735), Wilson G. Bingham, late captain of Infantry, United States Army, shall be held to have been honorably discharged as an emergency officer and in the grade of captain of Infantry on December 15, 1922: *Provided*, That no back pay or allowances shall be held to have accrued prior to the passage of this act.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill? The Department does not recommend its passage.

The PRESIDING OFFICER. The bill was introduced by the Senator from California [Mr. McADOO].

Mr. McADOO. Mr. President, I will read from the report of the committee, which fully explains the bill:

The purpose of this measure is to consider Wilson G. Bingham, late captain of Infantry, United States Army, to have been honorably discharged as an emergency officer and in the grade of captain of Infantry on December 15, 1922. During the Seventy-third Congress, second session, both Houses of Congress acted favorably on H. R. 2632, which had for its purpose the summoning of Wilson G. Bingham before a retiring board with a view to determining all facts covering the nature of his disabilities, whether such disabilities were an incident of service, and to retiring him as a captain, Regular Army. This bill, H. R. 2632, was vetoed by the President on the grounds that the claimant had voluntarily resigned 4 years after the close of the World War, and should not be reinstated and retired as a captain. In vetoing H. R. 2632, however, the President stated he would approve a bill to extend to the claimant the benefits of the Emergency Officers' Retirement Act. Therefore, S. 1991 was drafted and introduced for the purpose of granting Mr. Bingham this form of relief.

That explains the entire purpose of the bill, which is meritorious; and I hope it may be passed.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CLAIMS OF HENRY W. BIBUS AND OTHERS

The Senate proceeded to consider the bill (S. 2734) to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania, which had been reported from the Committee on Claims with an amendment, on page 2, line 21, after the word "Government", to strike out the words, "together with interest thereon at the rate of 6 percent per annum from the date of the Government's entry upon the land, to wit, October 1, 1918, until paid", so as to make the bill read:

Be it enacted, etc., That the Court of Claims of the United States be, and it is hereby, given jurisdiction to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County,, Commonwealth of Pennsylvania, and severally to award judgments covering compensation for losses and/or damages arising through the seizure, condemnation, and sale of those certain lands, theretofore belonging to them, more specifically described in the decree of the District Court of the United States for the Eastern District of Pennsylvania, on June 9, 1921, in a proceeding entitled "United States of America against Certain Tract of Land in Falls Township and Borough of Tullytown, Bucks County, Pennsylvania", December term, 1918, no. 5860, notwithstanding the fact that said claimants executed and delivered deeds pursuant to the said decree of the court in the above-entitled matter, and, notwithstanding that said claimants were paid the respective amounts set forth in said decree, the said losses and/or damages to be awarded to be the difference between the entire amount paid for the purchase by the Government of the whole tract and the amount for which the Government subsequently sold the tract, said total difference to be distributed to the respective claimants herein, prorated in accordance with the number of acres taken by the Government.

SEC. 2. Suit hereunder may be instituted at any time within 4 months after the approval of this act, notwithstanding lapse of time or any statute of limitations, and proceedings herein shall be had as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code as amended.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PAN AMERICAN EXPOSITION, TAMPA, FLA.

The joint resolution (S. J. Res. 153) providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in commemoration of the four-hundredth anniversary of the landing of Hernando De Soto in Tampa Bay, and to permit articles imported from foreign countries for the purpose of exhibition at such exposition to be admitted without payment of tariff, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Pan American Exposition, which will be appropriately produced under the auspices and on the grounds of the Florida Fair and Gasparilla Association, Inc., at Tampa, Fla., in 1939, in commemoration of the 400th anniversary of the landing of Hernando De Soto in Tampa Bay, is hereby approved.

SEC. 2. All articles which shall be imported from foreign countries for the purpose of exhibition at the international exposition to be held at Tampa, Fla., in 1939, by the Florida Fair and Gasparilla Association, Inc., or for use in constructing, installing, or maintaining foreign buildings or exhibits at the said exhibition, upon which articles there shall be a tariff or customs duty shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition to sell within the area of the exposition any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles, which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at any time during or within 3 months after the close of the exposition any aricle entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: *Provided further*, That articles, which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond, and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition, under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That the Florida Fair and Gasparilla Association, Inc., shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for, articles imported under the provisions of this act, shall be reimbursed by Florida Fair and Gasparilla Association, Inc., to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930.

SEC. 3. The heads of the various executive departments and independent establishments of the Government are authorized to collect and prepare, and lend, upon request, to the Pan

American Exposition articles, specimens, and exhibits which, in their judgment, it may be in the interest of the United States to exhibit at such exposition.

SEC. 4. The Secretary of Commerce is authorized and directed to make such rules and regulations as may be necessary to provide for participation by the United States in such exposition. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000 for such participation to be expended under the direction of said Secretary.

TERMS OF UNITED STATES DISTRICT COURT, PENNSYLVANIA

The Senate proceeded to consider the bill (H. R. 7050) to amend the act of June 27, 1930 (ch. 634, 46 Stat. 820), which was read as follows:

Be it enacted, etc., That the act of June 27, 1930, entitled "An act to provide for terms of the United States District Court for the Eastern District of Pennsylvania" (ch. 634, 46 Stat. 820) is amended to read as follows:

"Terms of the United States District Court for the Eastern Judicial District of Pennsylvania shall be held at Easton, Pa., on the first Tuesdays in June and November of each year: *Provided, however*, That all writs, precepts, and processes shall be returnable to the terms at Philadelphia and all court papers shall be kept in the clerk's office at Philadelphia unless otherwise specially ordered by the court, and the terms at Philadelphia shall not be terminated or affected by the terms herein provided for at Easton."

Mr. LA FOLLETTE. Mr. President, it is impossible to tell from reading the title what this bill is. I ask the Senator from Arizona to give us a brief explanation of it.

Mr. ASHURST. Mr. President, in response to the question of the able Senator, this is a bill which was prepared by the Department of Justice. It merely provides as to the terms of the district court in Pennsylvania. There is no other purpose. It meets the approval of the Senators from Pennsylvania and is a departmental bill.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

PAYMENT TO SAN CARLOS APACHE INDIANS

The bill (S. 2523) authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. HAYDEN subsequently said: Mr. President, I did not understand whether there was objection, or, if there was, who objected, to the consideration of Senate bill 2523.

Mr. McKELLAR. Mr. President, there was no objection to that. It was passed, I believe. There was objection, however, to the next bill on the calendar, because nobody was here to explain it.

The PRESIDING OFFICER. Request was made that Senate bill 2523 go over.

Mr. McKELLAR. I did not make that request.

Mr. HAYDEN. May we not recur to the bill, if there is no objection?

There being no objection, the Senate proceeded to consider the bill, which was read as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, as payment in full to the San Carlos Apache Indians, at the rate of $1.25 per acre for 232,320 acres ceded by them under the agreement of February 25, 1896, ratified by the act of June 10, 1896 (29 Stat. L. 358), less $12,433.63 received by the Indians as royalty under mining permits, the sum of $277,966.37 to be deposited in the Treasury of the United States to the credit of the San Carlos Apache Indians, and to be available for expenditure for the benefit of such Indians: *Provided*, That none of the funds herein authorized to be appropriated shall be subject to the payment of any claims, judgments, or demands against the San Carlos Apache Indians accruing prior to the approval of this act.

Mr. VANDENBERG. Mr. President, I notice that this bill is not in accord with the President's financial program, and I dislike to have any wrenches thrown into that program.

Mr. HAYDEN. Mr. President, there was a favorable report from the Department, but not in the amount fixed in the bill. As stated in the report, either the Indians are entitled to the amount specified in the bill, or to nothing.

Mr. VANDENBERG. Will the Senator take full responsibility for answering to the President for this attack upon his financial program?

Mr. HAYDEN. I should be glad to do that, if we pass the bill.

Mr. VANDENBERG. Then, I withdraw the objection. [Laughter.]

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WELLPINIT SCHOOL DISTRICT NO. 49, WASHINGTON

The bill (S. 2849) to provide funds for cooperation with Wellpinit School District No. 49, Stevens County, Wash., for the construction of a public-school building to be available for Indian children of the Spokane Reservation, was announced as next in order.

Mr. McKELLAR. May we have an explanation of this bill? If not, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

BRIG. GEN. C. E. NATHORST, PHILIPPINE CONSTABULARY

The joint resolution (S. J. Res. 110) authorizing Brig. Gen. C. E. Nathorst, Philippine Constabulary, retired, to accept such decorations, orders, medals, or presents as have been tendered him by foreign governments was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That Brig. Gen. C. E. Nathorst, Philippine Constabulary, retired, be, and he is hereby, authorized to accept such decorations, orders, medals, or presents as have been tendered him by foreign governments.

MRS. JACK J. O'CONNELL

The bill (S. 2833) for the relief of Mrs. Jack J. O'Connell was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the payment of the 6 months' gratuity under the act of December 17, 1919 (41 Stat. 367), Capt. Jack J. O'Connell, late of the Air Corps, United States Army, who died on December 2, 1934, shall be considered to have been qualified by examination for and to have accepted appointment to the grade of captain on October 1, 1934, the date upon which he was promoted to the grade of captain: *Provided*, That the amount of any gratuity already paid the widow of Captain O'Connell shall be deducted from the gratuity paid under the provisions of this act.

IRA W. PORTER

The Senate proceeded to consider the bill (S. 2834) to provide for the appointment of Ira E. Porter as a second lieutenant, United States Army, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 4, to strike out the initial "E" and to insert in lieu thereof the initial "W", so as to make the bill read:

Be it enacted, etc., That the President is authorized to appoint as a second lieutenant, United States Army, Ira W. Porter, who resigned from the Regular Army on April 7, 1934, while a second lieutenant: *Provided*, That such appointment shall be contingent upon the successful completion of a mental and physical examination to be prescribed by the Secretary of War.

Mr. ROBINSON. Mr. President, I inquire what is the occasion for this appointment?

Mr. SHEPPARD. Mr. President, the bill authorizes the President to reappoint Ira W. Porter as a second lieutenant in the Army.

Mr. ROBINSON. What is the occasion for this special authorization?

Mr. SHEPPARD. It is necessary to reinstate him by act of Congress, the War Department having no authority to take such action. It was on account of unfortunate family conditions that this young man was virtually compelled to leave the Army. He took this course very reluctantly. Now those conditions are somewhat cleared up, and he is anxious to resume his life career.

Mr. ROBINSON. How long has he been out?

Mr. SHEPPARD. About a year and four months.

Mr. ROBINSON. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for the appointment of Ira W. Porter as a second lieutenant, United States Army."

ADMINISTRATION OF FEDERAL PRISONS

The Senate proceeded to consider the bill H. R. 3430, an act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails; and for other purposes", which was read, as follows:

Be it enacted, etc., That section 9 of the act approved May 14, 1930, chapter 274 (U. S. C., title 18, sec. 753h), be, and the same is hereby, amended to read as follows:

"SEC. 9. Any person committed to the custody of the Attorney General or his authorized representative, or who is confined in any penal or correctional institution pursuant to the direction of the Attorney General, or who is in custody by virtue of any process issued under the laws of the United States by any court, judge, or commissioner, or who is in custody of an officer of the United States pursuant to lawful arrest, who escapes or attempts to escape from such custody or institution, shall be guilty of an offense. If the custody or confinement is by virtue of an arrest on a charge of felony, or conviction of any offense whatsoever, the offense of escaping or attempting to escape therefrom shall constitute a felony and any person convicted thereof shall be punished by imprisonment for not more than 5 years or by a fine of not more than $5,000, or both; and if the custody or confinement is by virtue of an arrest or charge of or for a misdemeanor, and prior to conviction, the offense of escaping or attempting to escape therefrom shall constitute a misdemeanor and any person convicted thereof shall be punished by imprisonment for not more than 1 year or by a fine of not more than $1,000, or both. The sentence imposed hereunder shall be in addition to and independent of any sentence imposed in the case in connection with which such person is held in custody at the time of such escape or attempt to escape. If such person be under sentence at the time of such offense, the sentence imposed hereunder shall begin upon the expiration of, or upon legal release from, any sentence under which such person is held at the time of such escape or attempt to escape."

Mr. ROBINSON. Mr. President, what is this bill? It seems to be a House bill authorizing the reorganization of the administration of Federal prisons.

Mr. ASHURST. Mr. President, as the able Senator from Arkansas has remarked, this is a House bill. I shall not read the entire memorandum from the Attorney General in support of the bill, but shall, with the permission of the Senate, read the letter of the Attorney General addressed to the Chairman of the Committee on the Judiciary of the Senate. It is as follows:

DECEMBER 18, 1934.

Hon. HENRY F. ASHURST,
Chairman Committee on the Judiciary,
United States Senate.

MY DEAR SENATOR: I enclose a draft of a bill making it a criminal offense for a person to escape while in custody on a Federal charge.

Under the existing law, escape after conviction is a criminal offense. I feel that prisoners who are held in lawful custody, even before conviction, should likewise be subject to punishment if they escape or attempt to escape. In a number of States such escapes are punishable offenses. I therefore shall be glad if you will introduce the enclosed bill and lend your support to its enactment.

For your convenience a draft of the proposed bill is enclosed, in which the suggested new language is shown by underscoring and the language of existing law proposed to be eliminated is stricken through. There is also enclosed a copy of an office memorandum referring to existing Federal statutes on the general subject of escape and also State statutes similar in effect to the bill presented herewith.

Sincerely yours,

HOMER CUMMINGS,
Attorney General.

Mr. ROBINSON. Mr. President, I am satisfied with the explanation made by the Senator from Arizona. I wish to add that the provisions of the bill are hardly responsive to the title of the bill. The language employed in the title is "An act to reorganize the administration of Federal prisons", and so forth. I make no objection to the bill.

Mr. ASHURST. The Senator is quite correct. With his usual acumen he perceived at once the apparent discrepancy he has just mentioned. But let me say that the act we are amending bears this particular title, and that is undoubtedly the reason why this strange title is employed.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

HAROLD DUKELOW

The Senate proceeded to consider the bill (S. 2657) for the relief of Harold Dukelow, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 6, after the words "sum of", to insert "$2,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Harold Dukelow, of Pierre, S. Dak., the sum of $2,500, in full satisfaction of his claim against the United States for compensation for the loss of an eye and other bodily injuries received by him in June 1923 as a result of the explosion of a fuze left on a firing range used by the One Hundred and Forty-seventh Field Artillery, South Dakota National Guard, at Pierre, S. Dak.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TRAVELING EXPENSES AND PER DIEM, UNITED STATES ATTORNEYS

The Senate proceeded to consider the bill (S. 478) to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U. S. C., title 28, sec. 592), which was read, as follows:

Be it enacted, etc., That that paragraph of section 1 of the act of May 27, 1908, chapter 200, at the bottom of page 375 of volume 35 of the Statutes at Large, as amended (U. S. C., title 28, sec. 592), be, and the same is hereby, amended to read as follows:

"The necessary traveling expenses and a per diem in lieu of subsistence, as provided by the Subsistence Expense Act of 1926, as amended (U. S. C., title 5, ch. 16), shall be allowed United States attorneys and assistant United States attorneys while absent from their respective official residences on official business. The expense accounts of United States attorneys, when verified on oath before an officer authorized to administer oaths, and the expense accounts of assistant United States attorneys, when so verified on oath and approved by the United States attorney, may be paid by the marshal, who shall include them in his accounts with the United States."

SEC. 2. All laws and parts of laws in conflict herewith are hereby repealed.

Mr. ASHURST. Mr. President, I might explain this bill. It is a bill also asked by the Department of Justice. At the present time district judges are required to certify to having examined the expense accounts of United States attorneys and their assistants. The pending bill relieves the district judge from the burden of certifying such accounts. The Department of Justice says that it is an unnecessary duty thrust upon Federal judges, and that inasmuch as the Comptroller himself has full power and authority the judges should not be required to perform this work.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TERMS OF UNITED STATES CIRCUIT COURTS OF APPEALS

The Senate proceeded to consider the bill (S. 479) to amend section 126 of the Judicial Code as amended, which was read as follows:

Be it enacted, etc., That section 126 of the Judicial Code, as amended (U. S. C., title 28, sec. 223), be, and the same is hereby, amended to read as follows:

"SEC. 126. A term shall be held annually by the circuit courts of appeals in the several judicial circuits at the following places, and at such times as may be fixed by said courts, respectively: In the first circuit, in Boston, and when in its judgment the public interests require in San Juan, Puerto Rico; in the second circuit, in New York; in the third circuit, in Philadelphia; in the fourth circuit, in Richmond and in Asheville, N. C.; in the first circuit, in New Orleans; in the sixth circuit, in Cincinnati; in the seventh circuit, in Chicago; in the eighth circuit, in St. Louis, Kansas City, Omaha, and St. Paul; in the ninth circuit, in San Francisco, and each year in two other places in said circuit to be designated by the judges of said court; in the tenth circuit, in Denver, Wichita, and Oklahoma City: *Provided*, That suitable rooms and accommodations for holding court at Oklahoma City are furnished free of expense to the United States; and in each of the

above circuits terms may be held at such other times and in such other places as said courts, respectively, may from time to time designate."

Mr. ASHURST. Mr. President, as to this bill, it merely provides for the terms of court in the various circuits of the United States, fixing the places, and also providing that the circuit judges in the various circuits may agree as to where they will hold court, with the understanding that in certain cases where it is not authorized there shall be no expense to the Federal Government, but that suitable rooms and accommodations for holding court shall be free of expense to the United States.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FEES FOR DEPOSITIONS TAKEN BY THE UNITED STATES

The Senate proceeded to consider the bill (S. 2340) to authorize the Attorney General to determine the fees to be paid in connection with the taking of depositions on behalf of the United States, which was read as follows:

Be it enacted, etc., That the Attorney General be, and he is hereby, authorized to prescribe the fees to be charged and allowed for services rendered by any commissioner, notary public, stenographer, typist, or other person in connection with the taking of depositions on behalf of the United States; and his determination of the fees allowable and payable in any case shall be final and conclusive.

Mr. ASHURST. Mr. President, this bill was examined by the subcommittee of which the able Senator from Nebraska [Mr. BURKE] was the chairman, and I shall ask him to be so kind as to make an explanation of it.

Mr. BURKE. Mr. President, this measure was recommended by the Attorney General, who states that in the matter of taking depositions in Federal cases the Department has followed the practice of paying the fees of notaries public and other officers as they prevail in the States, but that very frequently they have difficulties in that respect. So he asks that the Attorney General be authorized to fix the fees of notaries public and commissioners who take depositions in Federal matters. There seems to be no plausible objection to the bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CLAIMS FOR DAMAGES AGAINST THE GOVERNMENT

The Senate proceeded to consider the bill (S. 2603) to authorize the Attorney General to determine and pay certain claims against the Government for damage to person or property in sum not exceeding $500 in any one case, which was read, as follows:

Be it enacted, etc., That the Attorney General is hereby authorized to consider, ascertain, adjust, determine, and pay any claim accruing after January 1, 1934, on account of damages to any person or damages to or loss of privately owned property, where the amount of the claim does not exceed $500, caused by the Director, any Assistant Director, inspector, or special agent of the Federal Bureau of Investigation of the Department of Justice acting within the scope of his employment: *Provided*, That no claim shall be considered or paid under the provisions of this act unless presented to the Attorney General within 1 year from the date of accrual of said claim; except that any claim accruing between January 1, 1934, and the date of approval of this act may be presented within 3 months after the date of such approval.

SEC. 2. Appropriations to carry into effect the provisions of this act are hereby authorized.

Mr. ASHURST. Mr. President, this bill also was referred to a subcommittee of the Senate Committee on the Judiciary of which the able Senator from Nebraska [Mr. BURKE] was the chairman. I shall ask him to be so courteous as to make to the Senate an explanation of the bill.

Mr. McKELLAR. Mr. President, the bill gives to the Department of Justice the same power other departments have, to pay claims up to $500.

Mr. ASHURST. I did not know that.

Mr. BURKE. Yes; very many of the departments have similar authority to that granted in this bill to the Attorney General. In his report the Attorney General calls attention to the fact that in activities now being so vigorously prosecuted by the Department of Justice, such as the capture of Dillinger, very frequently innocent people suffer from injuries, and that the Department of Justice is without any authority to pay any compensation, necessitating private bills be passed through Congress, and the Department asks that they be given authority to settle claims in amounts not exceeding $500.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SETTLEMENT OF WORLD WAR CONTRACTS

The Senate proceeded to consider the bill (S. 1567) for the relief of certain claimants in cases of contracts connected with prosecution of the World War, which had been reported from the Committee on Mines and Mining with an amendment, on page 2, line 13, after the word "claimant", to strike out the words "In any case where by order of any competent court any claimant has heretofore at any time passed into receivership or where claims have been assigned by operation of law, the claim shall survive and the Secretary of the Interior is authorized to review such claim and make an award either to the original claimant or to the assignee thereof as the Secretary may deem warranted and proper", so as to make the bill read:

Be it enacted, etc., That no person who filed a claim in accordance with the provisions of section 5 of the act entitled "An act to provide relief in cases of contracts connected with prosecution of the war, and for other purposes", approved March 2, 1919, shall be deprived of any of the benefits of said act as amended by the act of February 13, 1929, by reason of failure to file suit under said amendment in the Supreme Court of the District of Columbia, or through abatement of any suit so filed.

Upon petition to the Secretary of the Interior in such abated suits and in claims wherein no suits were filed under the said amendment, the Secretary is hereby authorized and directed to review all such claims upon matters of fact and in the light of decisions of the Supreme Court of the District of Columbia in similar cases; and, in accordance with the provisions of the said act, as amended, to make awards or additional awards in said claims as he may determine to be just and equitable.

SEC. 2. The rights of any deceased claimant under section 5 of said act shall be held and considered to descend to the legal representatives as personal property of such deceased claimant.

SEC. 3. This act shall not authorize payment to be made of any claim not presented to the Secretary of the Interior within 6 months after its approval.

Mr. KING. I should like to have an explanation of this bill.

Mr. HAYDEN. Mr. President, this affects a total of 93 claimants who have small claims, and, as the report states, if the bill should pass, the total liability against the United States would not exceed $75,000. I doubt whether it will exceed $50,000. The claimants are poor people, who were not aware of their rights, and did not properly file their claims in time.

Mr. KING. Claims for what?

Mr. HAYDEN. War mineral relief claims, for mining manganese and other metals.

We paid the large companies. The great corporations which were adequately represented by attorneys have collected. This is the last remnant of that character of claims. There are a number of small claims; and, in the aggregate, as stated in the report, I think $75,000 is the outside limit. I doubt, as I have said, if the obligation which would accrue under this bill would amount to $50,000. However, the bill will benefit some poor and deserving people who will be given a further opportunity to file their claims and have them considered. It does not provide for payment of their claims. The claims must be settled in the usual way in the Department of the Interior. The claimants are now foreclosed by a statute of limitations which prevents them from filing claims of this character.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. McCARRAN. Does the bill name the claimants?

Mr. HAYDEN. No. It describes a class of claims which the records in the Department show do not involve to ex-

ceed 93 persons. They are persons who have heretofore filed claims, and were given an opportunity to perfect them by a certain date. The date has passed. Now, we ask that the Secretary of the Interior shall again look at these claims. That is all the bill amounts to.

Mr. KING. Mr. President, the Senator will remember that soon after the war we passed the original bill on this subject, and a former Senator from Colorado, Mr. Shafroth, took charge of the matter. My recollection is that ten or twenty million dollars was appropriated, which was alleged to be all the money that would be needed. I took quite a little interest in the matter, because some of the claimants were residents of my State. After that appropriation had been made, and years had gone by, another bill was enacted, and then another bill was enacted, and this is the fourth one.

Mr. HAYDEN. If the Senator will pardon me, the original appropriation is by no means exhausted. The amount appropriated in the original bill has not all been expended. These claims will amount to about $50,000, divided among ninety-odd people.

Mr. KING. I am not sure as to the appropriation, but I know several bills on the subject have been passed.

Mr. HAYDEN. That is true.

Mr. KING. Ample time has been given. The claimants had 12 or 14 years in which to perfect their claims.

Mr. HAYDEN. As stated in the committee's report, notices of one kind or another were mailed to a number of these people, but the notices were not received and were returned to the department. This bill gives the claimants one last chance to come in with small claims. In cases where there were large amounts involved the claimants were well represented by attorneys, and the claims have long since been collected. However, I believe these small claimants are entitled to one more day in court, because they are poor and worthy people.

Mr. KING. Mr. President, I know some of them, and they have been beseeching me in favor of this bill. Personally I think the bill is unfair to the Government, in view of the opportunities which have been given the claimants time and time again. There was no lack of publicity in regard to the matter. I do not think there is any merit in the claims of most of the claimants.

Mr. HAYDEN. Does not the Senator feel that if there were no merit in the claims the Secretary of the Interior would so find? All the bill does is to give these persons an opportunity to tell their story once more to the Secretary of the Interior.

Mr. KING. Mr. President, being soft-hearted, I shall not object.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend section 5 of the act of March 2, 1919, generally known as the 'War Minerals Relief Act.'"

CULTIVATION OF HOMESTEAD ENTRIES

The Senate proceeded to consider the bill (S. 2577) to repeal the provisions of the homestead laws requiring the cultivation of homestead entries, which had been reported from the Committee on Public Lands and Surveys with an amendment, to strike out all after the enacting clause and to insert:

That, exclusive of Alaska, the provisions of the homestead laws requiring cultivation of the land entered shall not be applicable to existing homestead entries made prior to February 5, 1935, or thereafter if based upon valid settlement prior to said date, and no patent shall be withheld for failure to cultivate such lands: *Provided*, That this act shall not be construed to affect any provision of law requiring the cultivation of lands subject to the reclamation laws, nor to apply to entries made under the Forest Homestead Act of June 11, 1906 (34 Stat. 233).

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to eliminate the requirement of cultivation in connection with certain homestead entries."

UNITED STATES COURT FOR CHINA

The bill (H. R. 7909) to amend the act creating a United States Court for China and prescribing the title thereof, as amended, was considered, ordered to a third reading, read the third time, and passed.

LAKE CHAMPLAIN BRIDGE

The bill (S. 3050) granting the consent of Congress to the States of New York and Vermont to construct, maintain, and operate a bridge across Lake Champlain between Rouses Point, N. Y., and Alburg, Vt., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the States of New York and Vermont, their successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across Lake Champlain at a point suitable to the interests of navigation, between Rouses Point, N. Y., and Alburg, Vt., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the States of New York and Vermont, their successors and assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is located, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation and expropriation of property in such State.

SEC. 3. The said States of New York and Vermont, their successors and assigns, are hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge, the same shall be so adjusted as to provide a fund sufficient to pay for the cost of maintaining, repairing, and operating the bridge and its approaches, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches as soon as possible under reasonable charges, but within a period of not to exceed 30 years from the completion thereof. After a sinking fund sufficient to pay the cost of constructing the bridge and its approaches shall have been provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper care, repair, maintenance, and operation of the bridge and its approaches. An accurate record of the cost of the bridge and its approaches, the expenditures for operating, repairing, and maintaining the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

TENNESSEE RIVER BRIDGE, SHEFFIELD-FLORENCE, ALA.

The bill (S. 3105) to amend the act approved June 12, 1934, relating to the granting of the consent of Congress to certain bridge construction across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act granting the consent of Congress to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge, and approaches thereto, across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation", approved June 12, 1934, is amended to read as follows:

"That the consent of Congress is hereby granted to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., and to the Highway Bridge Commission, Inc., of Alabama, or to any two of them, or to either of them, to construct, maintain, and operate a bridge, and approaches thereto, across the Tennessee River, at a point suitable to the interests of navigation, between Colbert County and Lauderdale County in the State of Alabama, in accordance with the provisions of an act entitled 'An

act to regulate the construction of bridges over navigable waters', approved March 2, 1906.

"SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved."

FRANK I. OTIS

The Senate proceeded to consider the bill (S. 2929) for the relief of Frank I. Otis, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 5, after "Otis", to insert the word "deceased", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers Frank I. Otis, deceased, who was a first lieutenant, Fourth Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the United States Army as of January 3, 1906: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Margaret McCandlass Otis."

BILL PASSED OVER

The bill (H. R. 7680) to amend the act of May 18, 1934, providing punishment for killing or assaulting Federal officers was announced as next in order.

Mr. KING. Mr. President, I should like an explanation of that bill. The Senator from Arizona [Mr. ASHURST] knows there has been more or less objection to measures of this kind, because they are an attempt on the part of the Federal Government to supersede the powers of the States. If we follow such suggestions, we shall soon have a criminal code for everything from stealing a chicken up to homicide.

Mr. ASHURST. That is true.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

DEPARTMENT OF AGRICULTURE EXTENSIBLE BUILDING

The bill (S. 3192) to increase the limit of cost for the Department of Agriculture Extensible Building was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized to modify the contract no. T1 SA-3167 for the construction of the Department of Agriculture Extensible Building in the District of Columbia to reimburse the contractor for increased costs incurred as a result of the failure of the Government to deliver the site to the contractor in its entirety within the time specified, the amount of the adjustment determined upon to be subject to prior review by the Comptroller General of the United States.

SEC. 2. The limit of cost for the site and construction of such building as authorized in the Second Deficiency Act, fiscal year 1931 (46 Stat. 1604) is increased to $13,150,000 in lieu of $12,800,000, and there is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

GRANT OF EASEMENT TO STATE OF LOUISIANA

The bill (S. 3111) to authorize the Secretary of Commerce to grant to the State of Louisiana an easement over certain land of the United States in Natchitoches Parish, La., for highway purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of Commerce be, and he is hereby, authorized and directed to grant to the State of Louisiana an easement over a strip of land situated in the western portion of the Natchitoches (La.) fisheries station property in Natchitoches Parish in said State for State highway purposes; said strip of land, which consists of 3.41 acres, more or less, to be particularly described in said grant.

LYNN BROTHERS' BENEVOLENT HOSPITAL

The Senate proceeded to consider the bill (S. 423) for the relief of Lynn Brothers' Benevolent Hospital, which had been reported from the Committee on Indian Affairs with amendments, on page 1, line 6, after the words "sum of", to strike out "$6,737.76" and to insert in lieu thereof "$6,485.07, or so much thereof as may be necessary", and on page 2, line 1, after "Idaho", to insert the following proviso:

Provided, That before payment hereunder the Secretary of the Interior shall certify that no part of the amount claimed has heretofore been paid.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Lynn Brothers' Benevolent Hospital, of Pocatello, Idaho, the sum of $6,485.07, or as much thereof as may be necessary, in payment for hospital care and doctors' services rendered certain Indians on the Fort Hall Indian Reservation, Idaho: *Provided*, That before payment hereunder the Secretary of the Interior shall certify that no part of the amount claimed has heretofore been paid.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COMPENSATION OF POST-OFFICE INSPECTORS

The bill (H. R. 3612) to provide for adjusting the compensation of post-office inspectors and inspectors in charge to correspond to the rates established by the Classification Act of 1923, as amended, was considered, ordered to a third reading, read the third time, and passed.

AIR MAIL SERVICE IN ALASKA

The Senate proceeded to consider the bill (H. R. 5159) to authorize the Postmaster General to contract for air mail service in Alaska, which had been reported from the Committee on Post Offices and Post Roads with an amendment, on page 1, line 8, after the word "advisable", to strike out "without advertising therefor", so as to make the bill read:

Be it enacted, etc., That the act of February 21, 1925 (43 Stat. 960; 39 U. S. C. 488), is amended to read as follows:

"The Postmaster General may provide difficult or emergency mail service in Alaska, including the establishment and equipment of relay stations, in such manner as he may think advisable; and he is authorized, in his discretion, to contract, after advertisement in accordance with law, for the carriage of all classes of mail within the Territory of Alaska by airplane, payment therefor to be made from the appropriation for star-route service in Alaska."

Mr. McKELLAR. Mr. President, the Department objects to the amendment on page 1 of the bill, "without advertising therefor."

Mr. LA FOLLETTE. If the Department objects to it, I am going to object to it.

Mr. McKELLAR. I am inclined to think the amendment ought to go to conference anyway. I think the amendment is good, and I am asking to have it go through as it is.

Mr. LA FOLLETTE. I do not wish the bill to be passed on the understanding that the amendment is simply going to conference. I wish to have it passed on the understanding that the Senate conferees shall put up a good fight for the amendment. I do not think we ought to go into the business of permitting the establishment of these stations. This has nothing to do with the emergency carrying of mails in Alaska. It has to do with the establishment of stations, and there is no reason why they should not be advertised according to law. If we shall relinquish the requirements for advertisements in other States on regular contract or construction work, we will be in trouble.

Mr. McKELLAR. I am in entire accord with the Senator from Wisconsin, and for that reason I reported the amendment. I merely made the statement that the Department is opposed to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

HOURS OF DUTY OF POSTAL EMPLOYEES

The Senate proceeded to consider the bill (H. R. 6990) to fix the hours of duty of postal employees, and for other purposes, which had been reported from the Committee on Post Offices and Post Roads with an amendment, to strike out all after the enacting clause and to insert:

That when the needs of the service require supervisory employees, special clerks, clerks, and laborers in first- and second-class post offices, and employees of the motor-vehicle service, and carriers in the city delivery service and in the village delivery service, and employees of the Railway Mail Service, employees of the mail-equipment shops, cleaners, janitors, telephone operators, and elevator conductors, paid from appropriations of the First Assistant Postmaster General, and all employees of the custodial service except

charwomen and charmen and those working part time, to perform service on Saturday they shall be allowed compensatory time for such service on 1 day within 5 working days next succeeding the Saturday on which the excess service was performed: *Provided*, That employees who are granted compensatory time on Saturday for work performed the preceding Sunday or the preceding holiday shall be given the benefits of this act on 1 day within 5 working days following the Saturday when such compensatory time was granted: *Provided further*, That the Postmaster General may, if the exigencies of the service require it, authorize the payment of overtime for service on the last 3 Saturdays in the calendar year in lieu of compensatory time, except cleaners, janitors, telephone operators, and elevator conductors paid from the appropriation of the First Assistant Postmaster General, and custodial employees who shall be given compensatory time in lieu of overtime pay within 30 days next succeeding: *And provided further*, That for the purpose of extending the benefits of this act to railway postal clerks, the service of said railway postal clerks assigned to road duty shall be based on an average not exceeding 8 hours per day for 254 days per annum, including a proper allowance for all service required on lay-off periods as provided in Post Office Department Circular Letter No. 1348, dated May 12, 1921, and railway postal clerks required to perform service in excess of an average of 8 hours per day as herein provided, shall be paid in cash at the annual rate of pay or granted compensatory time, at their option, for such overtime.

SEC. 2. The ratio of substitute post-office clerks, substitute city letter carriers, substitute laborers, substitutes in the motor-vehicle service, and substitutes in the Railway Mail Service shall be not more than 1 substitute for 8 regular employees: *Provided*, That at post offices with receipts of more than $500,000 per annum and less than $10,000,000 per annum the ratio of substitutes shall not be more than 1 substitute for 10 regular employees: *Provided further*, That at post offices with receipts of less than $500,000 the ratio shall be not more than 1 substitute for 12 regular employees, and at offices having less than 12 employees 1 substitute shall be provided: *Provided further*, That where the ratio of substitutes on the date of the enactment of this act is in excess of the ratio provided for herein no additional substitutes shall be appointed until these ratios are established: *And provided further*, That the provisions of this act shall not operate to furlough or dismiss any regular substitute.

SEC. 3. This act shall take effect October 1, 1935.

Mr. ROBINSON. Mr. President, may I ask what changes in the existing law this bill proposes to make?

Mr. McKELLAR. It reduces the number of hours per week from 44 hours to 40 hours. It is very strongly recommended by the Department, and was unanimously reported by the Committee on Post Offices and Post Roads.

Mr. BYRNES. Mr. President, I understand there is no objection to the consideration of the bill, and I desire to offer an amendment to the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 4 it is proposed to strike out lines 19 to 23, both inclusive, as follows:

And railway postal clerks required to perform service in excess of an average of 8 hours per day, as herein provided, shall be paid in cash at the annual rate of pay or granted compensatory time, at their option, for such overtime.

And in lieu thereof to insert the following:

Or not to exceed an aggregate annual mileage of 44,450 on lines 350 miles or less in length, or not to exceed an aggregate annual mileage of 50,800 miles on lines over 350 miles in length, and railway postal clerks required to perform service in excess of the standards herein provided shall be paid in cash at the annual rate of pay or granted compensatory time, at their option, for such overtime.

Mr. McKELLAR. Mr. President, the committee considered that question, and declined to recommend that amendment.

Mr. BYRNES. I wish to say to the Senator from Tennessee that the amendment considered by the committee was the House language. This is a modification of the House language which the railway mail clerks contend is absolutely essential if justice is to be done to them under the provisions of the bill. It is a modification of the House language, and I hope the Senate will accept it.

Mr. McKELLAR. I have no objection to taking the amendment to the conference of the two Houses, but I shall not make any promise about its retention.

Mr. BYRNES. Then I should rather ask for the consideration of the amendment by the Senate. A change is made from the language of the House bill. The House bill provided—Senators will find it on page 2—that the basis for the pay of railway mail clerks shall be—

Or not in excess of an average of 175 miles per day for 254 days per annum.

The position of the railway mail clerk is that by reason of introduction of faster schedules, particularly in the centers of population, where additional mail trains have been placed in service during the past year, and where it is proposed to place in service even more such trains in the near future, unless this provision is made a factor, as it is with the railway employees, the railway mail clerks will be discriminated against.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BYRNES. I will yield in a moment. The Senate committee has eliminated that provision from the bill. The amendment I have offered is a modification of the language of the House text. The railway mail clerks believe that it will give them some chance to secure that to which they are entitled, according to their view.

Mr. WALSH. Did the Senate committee eliminate the two provisions relating to railway mail clerks?

Mr. BYRNES. No; it eliminated from the House bill the provision as to mileage.

Mr. WALSH. The Senator is seeking to restore it in a modified form?

Mr. BYRNES. That is exactly the situation. I now yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I think there may be some inequalities upon which at the proper time the committees of the two Houses could pass, but I do not think that we ought to adopt an amendment the cost of which to the Government we do not know. The Department is not in favor of it, and for that reason I shall have to object. I am perfectly willing to attempt to work out something and take it to conference for that purpose, but I would not want the Senator to be aggrieved if there his amendment should not be agreed to.

Mr. BYRNES. I know that the House committee gave most careful consideration to this measure. The chairman of the House committee, the Representative from New York [Mr. MEAD], has been on the committee for a long time, and he is of the opinion that this provision is absolutely essential. From my opportunity to investigate the situation, I believe he is correct, and I think that the amendment ought to be adopted. Then, of course, if there shall be a difference, the conferees will have to reach an agreement. I do not like, however, to have the Senator from Tennessee state that he would not want to do the best he could to retain the Senate amendment.

Mr. LA FOLLETTE. Mr. President——

Mr. BYRNES. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I wish to appeal to the chairman of the committee to accept the amendment and let it go to conference, for the reason that it is designed, as I understand, to take care of the situation created by the very fast trains which are being put into operation on many of the main lines of class I railroads throughout the United States. Unless some protection for the railway mail clerks on such trains shall finally be incorporated in the law, great discrimination is going to result as between employees, simply because some of the trains are operating on very fast schedules, and it will require a tremendous amount of additional work on the part of certain crews that are operating on those very fast trains compared with the crews that have to work upon the same trackage on trains operating on a very much slower schedule.

Therefore I appeal to the Senator from Tennessee to accept the amendment, because there will then be placed in conference language which may very well serve as an excellent compromise between the position of the House and the position taken by the Senate committee.

Mr. McKELLAR. That is the very trouble. Upon examination, I find that the amendment is to strike out lines 19 to 23, inclusive, and to insert the language proposed. If that should go to conference, the conferees would not have very much discretion about it; they would have to take one provision or the other or a combination of the two. I would very much prefer if the Senator would merely move to strike out the language on page 4, in lines 19 to 23, inclusive. That would throw the whole matter in conference. I think that would be the better way to work it out; I should be glad to

attempt to do it; but if the language is inserted as proposed, and the House text should be stricken out, there would be very little for the conferees to pass on.

Mr. BYRNES. Let me call the attention of the Senator from Tennessee to the fact that the House language provides for a basis "not in excess of a period 175 miles per day for 254 days per annum, and hours of service shall control until the daily average miles is exceeded." It is entirely different language, and in conference the conferees could take the two proposals and work out some plan which would be just to these clerks.

Mr. McKELLAR. I think we would have a great deal more leeway if the Senator would just move to strike out lines 19 to 23, inclusive.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. McKELLAR. Mr. President, I wish to say that the Department is not in favor of this amendment. It is a very liberal bill to the employees who are affected, and I do not think too much ought to be attempted by the bill. This other matter is very important. If the railway postal clerks are put at a disadvantage by the enactment of this bill or are put out of line with any other employees, that matter can be determined at a later time, and I shall take a great deal of pleasure in bringing it before the committee. But the very character of the two amendments offered—one to the House text and the other the amendment of the Senator from South Carolina—shows how difficult it is to work out the difficulty in this way. I hope the amendment will be defeated.

Mr. LA FOLLETTE. Mr. President, I am sorry to disagree about this matter with my friend the Senator from Tennessee, the Chairman of the Committee on Post Offices and Post Roads; but the House bill has a more liberal provision so far as the railway mail clerks are concerned than has the amendment offered by the Senator from South Carolina. In all justice, it seems to me that there ought to be consideration given to a situation which has developed because of the tremendous increase in the speed and the shortening of the schedules of many main-line through trains.

Senators are aware of the fact that the run, for instance, between Omaha and the North Pacific coast has been reduced by a great number of hours. On the same line there will be trains operating on a slower schedule, as well as one or two very fast trains. It seems to me that the Senate can well afford to go on record in favor of some provision being made for the protection of those who are in the Railway Mail Service. If the amendment offered by the Senator from South Carolina shall be agreed to, it simply commits the Senate conferees to taking this matter into conference and giving some relief; but, at the same time, it will give them a latitude between the more generous provisions of the House bill and the less generous provisions of the amendment offered by the Senator from South Carolina.

Therefore, in order to make certain that some protection will be given to those who are in the Railway Mail Service against exploitation and discrimination, which may result because of these very fast passenger-train schedules on some of the main lines, I hope the amendment offered by the Senator from South Carolina will be agreed to.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina [Mr. BYRNES] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. McKELLAR. Mr. President, I wish to say if this amendment shall defeat the measure that will not be my responsibility.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. McKELLAR subsequently said: Mr. President, referring to Calendar 1087, being House bill 6990, I give notice that I shall enter a motion to reconsider the vote by which the bill was passed.

EXEMPTIONS IN BANKRUPTCY CASES

The Senate proceeded to consider the bill (S. 2297) to amend section 17, as amended, of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, which was read as follows:

Be it enacted, etc., That section 17, as amended, of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, is amended by striking out "A discharge in bankruptcy shall release a bankrupt from all of his provable debts, except such as (first) are due as a tax levied by the United States", and inserting in lieu thereof the following: "A discharge in bankruptcy shall release a bankrupt from liability for taxes due the United States and from all his provable debts, except such as (first) are due as a tax levied by."

Mr. ASHURST. Mr. President, frankness and candor require me to say that at this moment I do not believe I can furnish an explanation of this bill which would enlighten the Senate. The memorandum regarding the bill which I had in my desk does not seem to be here. Fortunately, however, the able Senator from California [Mr. McADOO], who introduced the bill, is present, and I will ask him to make a short statement concerning it.

Mr. McADOO. Mr. President, this is a very simple measure. I think the report filed by the Committee on the Judiciary probably explains the measure in more compact form than I could do extemporaneously, and I will read a portion of the report:

The portion of section 17 that would not be affected by S. 2297 provides that a discharge in bankruptcy shall not release the bankrupt from (1) State and local taxes; (2) liabilities resulting from fraud, etc.; (3) claims not scheduled in time (unless the creditor had notice or knowledge of the bankruptcy proceedings); or (4) wages, etc., due.

There would seem to be a special reason based on public policy for each of these exceptions, other than the first one.

That is, State and local taxes.

In the case of State and local taxes, it might also be regarded as a matter of public policy that the Federal Government should not, by a proceeding in a Federal court, restrict in any way the right of a State to enforce claims for State and local taxes. On the other hand, the refusal to permit discharge of claims for Federal taxes would seem to be based on nothing except the sovereign power of the Government to insist on its claims, irrespective of the general policy of the Bankruptcy Act to permit bankrupts to start over with a clean slate, and irrespective of whether or not the retention of such claims might result in peculiar hardship, e. g., where a once prosperous business man has suffered a total loss of his business but owes the United States several thousand dollars in income tax for the last year of his period of prosperity.

The sole purpose of the bill is merely to deprive the Federal Government of its preference in maintaining a claim against a bankrupt and refusing to give him a discharge from Federal taxes as well as other claims which I have referred to in the report.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Massachusetts?

Mr. McADOO. I yield.

Mr. WALSH. Does the present law discharge the bankrupt from the payment of Federal taxes?

Mr. McADOO. It does not; but this bill is designed to discharge him from Federal taxes.

Mr. WALSH. Is it the opinion of the Senator and of the committee that that is a wise policy?

Mr. McADOO. It certainly is, in my opinion, and the bill has been favorably reported by the committee, which should indicate the opinion of the committee.

Mr. WALSH. I understand State and local taxes are not discharged on the discharge of a bankrupt, but that Federal taxes are discharged?

Mr. ASHURST. Yes; for this reason: A man may lose his entire fortune and owe the Government a considerable amount of taxes. The policy of the bankruptcy law, as I understand, is to ameliorate his condition, allow him to make a new start, but if the Federal Government holds over him a threat for a large amount of taxes which he cannot pay he really is not getting the benefit of the bankruptcy law.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. ASHURST. I have not the floor. The Senator from California has the floor.

Mr. McADOO. I yield.

Mr. SHIPSTEAD. As I understand, under the present law the Government frees a man going into the bankruptcy court from paying any creditors except the Government?

Mr. McADOO. Except the Government and except State and local taxes and the other items I mentioned a moment ago.

Mr. WALSH. Were State and local taxes always excepted?

Mr. McADOO. Always.

Mr. WALSH. I presume that was done on constitutional grounds.

Mr. KING. Mr. President, will the Senator from California yield?

Mr. McADOO. Certainly.

Mr. KING. Several persons have made objection to the bill, calling attention to the fact that a comparatively large number of persons who have taken advantage of the bankruptcy act and been freed from their obligations by decree of the court have had concealed assets; that it was impossible to discover the fact that they had concealed assets, and they blossomed out with considerable property within a year or two, and had gone ahead and accumulated considerable property thereafter.

I am wondering if there is any protection so that in the event of fraud, though it may not be discovered until after the bankruptcy proceedings, perhaps a considerable time afterward, the Government may then have revived, notwithstanding this measure, its claim for taxes which the bankrupt escaped?

Mr. ASHURST. Mr. President, after careful reflection, I now recall the discussion in the committee. My opinion is that in the instance to which the able Senator from Utah refers, the Government would not lose or waive its claim, and could reassert any claim where there was any fraud or concealment shown. Am I correct?

Mr. McADOO. Precisely. This would not apply in case of fraud. The instance referred to by the Senator from Utah would be an obvious case of fraud, and therefore there would be no protection afforded.

Mr. KING. However, the fraud in the case to which my attention was called was not discovered for a considerable time, as I recall—2 or 3 years.

Mr. ASHURST. We are all familiar with the saying, "Nullum tempus occurrit regi"—Time does not run against the sovereign.

Mr. KING. I am not so sure about that in a case of this kind.

Mr. WALSH. Mr. President, will the Senator from California yield?

Mr. McADOO. Certainly.

Mr. WALSH. Is this merely an amendment to the general bankruptcy law rather than a general revision?

Mr. McADOO. Yes.

Mr. WALSH. Has the subcommittee of the Committee on the Judiciary, which has been inquiring into the administration of the bankruptcy laws, made a report?

Mr. McADOO. We have made a report, but the work of the committee is not as yet completed.

Mr. WALSH. I hope the committee will find early opportunity to recommend some drastic changes to prevent the wide-spread fraud involved, as well as the exorbitant fees which have been charged by attorneys and others in bankruptcy cases.

Mr. McADOO. I may say to the distinguished Senator from Massachusetts that the committee is impressed by the facts disclosed by the preliminary investigation it has thus far made under the resolution of the Senate authorizing the investigation of the administration of equity receiverships and bankruptcies in Federal courts. We feel that there is very great necessity for such an investigation. Recently the Senate has enlarged the powers of the committee so that it may go into the question of the administration of justice, which, of course, enters into the problem.

I regret to have to say that the Senate has thus far supplied the committee with such a small amount of money that our progress has been very slow. I think the opportunity exists for remedial legislation of the most beneficial character. Never since the foundation of the Government have the Federal courts been investigated in any manner whatsoever.

The PRESIDING OFFICER. The Chair regrets to notify the Senator from California that his time has expired. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed.

INFORMATION RELATIVE TO FROZEN SWORDFISH

The Senate proceeded to consider the resolution (S. Res. 100) submitted by Mr. WALSH on the calendar day of March 11, 1935, which had been reported from the Committee on Finance with an amendment in line 4, after the word "section", to strike out the numerals "359" and insert the numerals "336", so as to make the resolution read:

Resolved, That the United States Tariff Commission be, and hereby is, requested to complete, as soon as practicable, and report to the President upon its investigation under section 336 of the Tariff Act of 1930 with respect to frozen swordfish.

The amendment was agreed to.

The resolution as amended was agreed to.

RUTH RELYEA

The bill (H. R. 419) for the relief of Ruth Relyea was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to Ruth Relyea, of Albany, N. Y., in full settlement against the Government for all claims resulting from injuries sustained when struck by a United States War Department motor vehicle: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

HENRY DINUCCI

The bill (H. R. 1864) for the relief of Henry Dinucci was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Henry Dinucci, out of any money in the Treasury not otherwise appropriated, the sum of $500 in full settlement of all claims against the Government of the United States for cash bail deposited with former United States Commissioner Arthur G. Fisk at San Francisco, Calif., and misappropriated by said official: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

MRS. CLARENCE J. M'CLARY

The bill (H. R. 6825) for the relief of Mrs. Clarence J. McClary, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Clarence J. McClary, of Alexandria, Va., the sum of $75 per month in an amount not to exceed $10,000. Such sum shall be in full settlement of all claims against the United States on account of the death of Clarence J. McClary, the husband of the said Mrs. Clarence J. McClary, who, at the request of the officers of the Federal Government, accompanied them and assisted in the apprehension and arrest of one Tom Quesenberry, and the said Clarence J. McClary was slain in Loudoun County, Va., March 17, 1935, by the said Tom Quesenberry:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

MAYME HUGHES

The Senate proceeded to consider the bill (H. R. 3090) for the relief of Mayme Hughes, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out the numerals "$2,500" and insert the numerals "$1,448.24", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Mayme Hughes, widow of Henry M. Hughes, deceased, of the city of Chicago, State of Illinois, the sum of $1,448.24, out of any money in the Treasury not otherwise appropriated, as compensation for, and in full satisfaction of, all claims for damages against the United States for injuries sustained by her late husband, Henry M. Hughes, on September 13, 1919, by being struck by a United States mail truck while attempting to cross a street in said city of Chicago: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

STATE OF PENNSYLVANIA

The Senate proceeded to consider the bill (S. 2810) for the relief of the State of Pennsylvania, which was read, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 3646, as amended, of the Revised Statutes of the United States, the chief disbursing officer of the Treasury Department is authorized and directed to issue, without the requirement of an indemnity bond, a duplicate of original check no. 65451, symbol no. 79088, drawn January 25, 1935, in favor of "State Treasurer of Pennsylvania, trust fund" for $11,315.93, and lost, stolen, or miscarried in the mails.

Mr. McKELLAR. Mr. President, I should like an explanation of the bill.

Mr. GUFFEY. Mr. President, the bill merely authorizes the disbursing officer of the Treasury to issue a duplicate voucher to replace one which was lost in transit. The amount involved is a little over $11,000.

Mr. McKELLAR. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 2325) for the relief of James P. Whalen was announced as next in order.

Mr. KING. Mr. President, may I ask why action on this claim was not taken at an earlier period? It was in 1917 when it is alleged the explosion occurred which it is claimed caused some impairment of hearing. It seems to me that to waive the statute of limitations for 10 or 12 years after an alleged accident occurred, when the Government, perhaps, and doubtless is placed at a great disadvantage in obtaining evidence in support of its adverse recommendation, is not the proper thing.

Mr. GIBSON. Mr. President, I cannot answer the Senator's question directly at the present moment.

Mr. KING. Will the Senator let the bill go over, and I shall confer with him later?

Mr. GIBSON. Very well.

The PRESIDING OFFICER. The bill will be passed over.

CLAIMS OF MILITARY PERSONNEL FOR DAMAGES

The bill (H. R. 4850) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the General Accounting Office be, and is hereby, authorized and directed to pay the following claims of military personnel and civilian employees in the amounts shown, which have been approved and recommended for payment by the Secretary of War, for damages to and loss of private property of such personnel incident to the training, practice, operation, or maintenance of the Army, and that such payments be made from the present appropriation of the War Department, entitled "Claims for damages to and loss of private property, in accord with conditions therein stated.": Edith Alward, wife of staff sergeant Henry J. Alward, $43.50; R. G. Ayers, captain, Infantry, $55.15; Miss G. M. Anderson, civilian employee, $22.30; Harrison B. Beavers, captain, Infantry, $14.85; James H. Blackwell, major, Medical Corps, $45; Clifford Bunting, sergeant, $7.30; Carl B. Byrd, captain, Cavalry, $21.50; Frank T. Balke, lieutenant, Infantry Reserve, $160; Michael J. Byrne, captain, Infantry, $32; Marion Budnick, civilian employee, $22.67; Jasper E. Brady, lieutenant, Infantry, $7.60; M. E. Barker, captain, Chemical Warfare Service, $37.75; Warren R. Carter, first lieutenant, Air Corps, $250; Paul J. Chesterton, sergeant, $146.50; Thomas E. Christ, civilian employee, $21.25; Harvey G. Clark, sergeant, $40; Robert M. Copeland, captain, Corps of Engineers, $3.85; W. A. Copthorne, major, Chemical Warfare Service, $50; James A. Corcoran, sergeant, $4; T. M. Chambliss, major, Infantry, $122.35; Floyd M. Crutchfield, technical sergeant, $17.10; Harvey T. Davis, private (first-class), and Mrs. Davis, $108; Willie A. Dennis, staff sergeant, $6.43; Edward F. Durnham, civilian employee, $15.70; John H. Daniels, sergeant, $39.75; Gust Ehen, civilian employee, $15.20; Timothy F. Foley, civilian employee, $43.25; Valentine P. Foster, captain, Coast Artillery Corps, $6; Gustav H. Franke, major, Field Artillery, $13.50; John M. Fray, captain, Field Artillery, $17; George Giebler, sergeant, $35.75; Burgo D. Gill, second lieutenant, Field Artillery, $54.75; Alexander O. Gorder, captain, Infantry, $27.30; William Grant, master sergeant, $17.64; Chris Gunther, civilian employee, $228.90; L. Perry Hammond, civilian employee, $26.17; Lee W. Haney, first lieutenant, Infantry, $20; Glenn W. Hanna, civilian employee, $30.25; David Heidler, private, $5.15; R. L. Harris, first lieutenant, Signal Reserve, $24.25; Francis W. Honeycutt, lieutenant colonel, Field Artillery, $19.10; L. P. Hudson, second lieutenant, Air Corps, $85; M. E. Jennings, first lieutenant, Chemical Warfare Service, $46; Joseph S. Johnson, captain, Infantry, $300; H. D. Jones, sergeant, $14.80; George W. Jones, sergeant, $18.75; Robert F. Keiper, civilian employee, $12.50; George A. Knight, civilian employee, $15; Lewis M. Krostag, private, $104.50; Frank L. Kopp, sergeant, $92.50; C. H. Larrabee, warrant officer, $38; Lyle R. Lappin, sergeant, $44.15, Joe D. Lunday, civilian employee, $71; the estate of Alexander W. Maish, late major, United States Army, retired, $37.95; B. G. Marchi, second lieutenant, Infantry Reserve, $64.50; Frank Monroe, sergeant, $4; Winfield R. McKay, captain, Infantry, $13; Harry J. Mills, private, $55; Timothy M. Montgomery, civilian employee, $11; W. F. O'Neill, civilian employee, $59; Walter E. Prosser, major, Signal Corps, $14; Hartley C. Powell, civilian employee, $139.55; Alexander Phillips, sergeant, $15; Basil H. Perry, captain, Field Artillery, $55.65; Robert K. Perrine, second lieutenant, Infantry, $49.95; J. C. Raaen, first lieutenant, Infantry, $8.75; William T. S. Roberts, first lieutenant, Infantry, $16; August A. Reekast, civilian employee, $17.50; B. L. Robinson, first lieutenant, Corps of Engineers, $10; J. M. Harmon, first lieutenant, Corps of Engineers, $6.85; David W. Schueler, private, $35.35; A. D. Sanders, first lieutenant, Infantry, $41.05; James H. Skinner, second lieutenant, Field Artillery, $38.20; B. R. Slater, second lieutenant, Infantry Reserve, $174.26; Charles M. Smith, first lieutenant, Infantry, $18.50; I. B. Smock, major, Medical Corps, $100; Allen R. Springer, second lieutenant, Air Corps, $50; Charles G. Stein, sergeant, $40; John A. Sterling, major, Infantry, $50; Robert E. Swab, captain, Infantry, $33.60; Roy J. Taylor, civilian employee, $188.75; John P. Temple, first lieutenant, Air Corps, $15; Willie Thompson, sergeant, $12; Arthur R. Trabold, warrant officer, $4.25; S. C. Vestal, colonel, Coast Artillery Corps, $27.35; P. A. Wakeman, first lieutenant, Signal Corps, $200; E. T. Williams, first lieutenant, Field Artillery, $47.50; Stella E. Williams, second lieutenant, Army Nurse Corps, $82.10; Fremon Wright, private, $127.50; George H. Zautner, captain, Quartermaster Corps, $12.

JANE B. SMITH AND DORA D. SMITH

The Senate proceeded to consider the bill (H. R. 351) for the relief of Jane B. Smith and Dora D. Smith, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, to strike out "$7,500" and insert "$5,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to Jane B. Smith, of Plattsburg, N. Y., and $750 to her daughter Dora D. Smith, in full settlement against the Government for all claims resulting from injuries sustained when struck by a United States

War Department motor vehicle: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

GRIER-LOWRANCE CONSTRUCTION CO., INC.

The bill (S. 2808) for the relief of Grier-Lowrance Construction Co., Inc., was announced as next in order.

Mr. KING. Mr. President, will the Senator from Vermont [Mr. GIBSON] explain the purpose of the bill?

Mr. GIBSON. Mr. President, this is a claim for damages under a contract for the construction of foundations for some of the structures of the Arlington Memorial Bridge. It confers jurisdiction on the Court of Claims to hear and determine the matter.

A bill involving the same matter passed the Congress at the last session for relief of the claimant, providing for payment in full of the amount claimed to be due. That bill was vetoed by the President. Later the President wrote to Representative DOUGHTON, Chairman of the Ways and Means Committee of the House, as follows:

While only the Congress may grant relief with respect to claims based on equity and where the law is not such as to permit judicial determination through the procedure of a suit against the United States, it appears the claim of the Grier-Lowrance Construction Co., Inc., is not based on matters of equity but rather is based on the facts therein and the laws applicable thereto, being claimed that administrative officials of the Government erred in finding and determining certain material facts. Such being the situation and it being difficult for the Congress to conduct such investigation, hear witnesses for and against the claimant's contention, and otherwise secure the material necessary to a determination of the controversy, and likewise for the Executive to inform himself, it is believed the claimant should be left to the procedure established by the Congress to secure judicial determination of such matters.

From that letter it is apparent that the President recommended that the matter be referred to the Court of Claims for determination. I assume he would have no objection to the bill if passed in this form.

Mr. KING. Mr. President, did the committee make an investigation, and from that investigation believe that the contractor had any valid claim based upon the actual facts?

Mr. GIBSON. We believed that the contractor did have some claim based on the facts.

Mr. KING. What is the amount of the claim?

Mr. GIBSON. The claim, I think, is for $74,000.

Mr. McKELLAR. What was the amount of the bill as it passed before, which bill the President vetoed?

Mr. GIBSON. I shall have to refresh my memory from the record, but I think it was $74,000.

Mr. McKELLAR. Just the same amount that is now sought?

Mr. GIBSON. Yes. In this bill we are merely conferring on the Court of Claims jurisdiction to hear and determine the matter.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the claim of Grier-Lowrance Construction Co., Inc., for losses and damages suffered under contract no. AMB 28, dated May 18, 1929, for the construction of the foundation for the several structures of the Arlington Memorial Bridge project be, and the same is hereby, referred to the United States Court of Claims with jurisdiction to hear the same to judgment, said claim to be adjudicated upon the basis of all losses and/or damages suffered by the said company due to acts of the Government and/or to delays caused by the Government and/or subsurface conditions unknown to the contractor and not disclosed by the Government before contract was entered into, notwithstanding failure on the part of the claimant company to file written protests, and/or any, finding or decision heretofore made by any Government official with reference to said claim or any other technical defense: *Provided*, That suit hereunder is instituted within 4 months from the approval of this act.

MAJ. EDWIN F. ELY AND OTHERS

The bill (S. 2343) for the relief of Maj. Edwin F. Ely, Finance Department; Capt. Reyburn Engles, Quartermaster Corps; and others was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the accounts of Maj. Edwin F. Ely, Finance Department, United States Army, in the sum of $708.12, being payments made by Capt. Reyburn Engles, Quartermaster Corps, his agent officer at Fort Oglethorpe, Ga., in 1931 and 1932, to certain enlisted men on duty at Fort Oglethorpe, Ga., for additional work performed by them in repairing and maintaining the post utilities at Fort Oglethorpe, Ga.: *Provided*, That any and all such portions of this sum as may have been refunded to the United States by reason of the payments made as above shall be, and are hereby, authorized and directed to be repaid to the individuals involved, out of any money in the Treasury not otherwise appropriated: *Provided further*, That no charges shall be made against Captain Engles or any of the enlisted men involved, on account of these transactions.

J. A. JONES

The bill (S. 2875) for the relief of J. A. Jones was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to J. A. Jones, of Glen Elder, Kans., an amount equal to 6 months' pay at the rate received by his son, Arthur R. Jones, former second lieutenant, First Regiment United States Cavalry, who died at Camp Gregg, Pangasinan, P. I., on July 4, 1908.

NACIONAL DESTILERIAS CORPORATION

The Senate proceeded to consider the bill (S. 2666) for the relief of the Nacional Destilerias Corporation, which had been reported from the Committee on Claims with an amendment at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Nacional Destilerias Corporation, a corporation organized under the laws of the State of Indiana, the sum of $2,530, in full satisfaction of its claim against the United States for a refund of tariff duties assessed and paid by such corporation during the year 1934 on 1,265 gallons of Popular gin, inadvertently shipped to such corporation from the Philippine Islands although manufactured for shipment to France: *Provided*, That the said Nacional Destilerias Corporation shall first return all such Popular gin to the original shipper in the Philippine Islands: *Provided further*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HAUSER CONSTRUCTION CO.

The Senate proceeded to consider the bill (S. 470) for the relief of the Hauser Construction Co., which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the words " sum of ", to strike out " $272,926.51 " and insert " $192,400 ", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Hauser Construction Co., of Portland, Oreg., the sum of $192,400, in full satisfaction of all claims of such company against the United States arising out of a certain rivers and harbors contract (No. W698 eng.-428) for the restoration and extension of the north and south jetties

at the Yaquina Bay entrance, Newport, Oreg., entered into by such company with the office of the Chief of Engineers, United States Army, under date of January 11, 1933, such sum representing the additional stone costs, equipment rentals, depreciation charges, and miscellaneous expenses incurred by such company in order to obtain and place sufficient stone to meet contract specifications when the quarry approved by such contract proved inadequate: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill by the Senator from Oregon [Mr. McNARY], who introduced it?

Mr. McNARY. Mr. President, this bill arises out of the construction of north and south jetties at Yaquina Harbor, near Newport, on the Oregon coast. There was a substitution of a form of granite for sandstone, which was a very great improvement, on account of the greater resistance of granite to water and wind, which the engineers claim gave a great deal of additional strength to the jetties and improved them.

The amount involved in the substitution was $272,000 in excess of the contract. An agreement was had whereby the contractor agreed to take the amount allowed by the committee, $192,400. The bill has been favorably reported from the committee by the Senator from Kentucky [Mr. LOGAN]. It has the favorable report of the engineers.

A similar bill has been favorably reported by the House committee and is on the House Calendar. The amount recommended in the committee amendment is $80,000 less than the actual losses as ascertained by the Government engineers.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HORTON & HORTON

The bill (H. R. 6549) for the relief of Horton & Horton was considered, ordered to a third reading, read the third time, and passed.

GEORGE R. JONES CO.

The bill (S. 1957) for the relief of the George R. Jones Co., a corporation organized under the laws of the State of New Hampshire was announced as next in order.

Mr. KING. Mr. President, unless the Senator from Tennessee [Mr. McKELLAR], who introduced the bill, can give us an explanation of it, I shall object to its consideration. I find that the Treasury Department opposes the passage of the bill for a number of reasons indicated in a rather comprehensive letter addressed to the Chairman of the Committee on Claims of the House of Representatives in 1934.

Mr. McKELLAR. Mr. President, I cannot better state what the facts are than to read from the report:

This bill proposes to pay to the George R. Jones Co., a former corporation of Manchester, N. H., the sum of $63,927.75, which represents the amount paid by the company to the Treasury Department as taxes for the year 1919, as disclosed by the corporation's income-tax return for that year, which is in the files of the committee.

In September 1919, the company sold to Krohn & Co., Molde, Norway, a bill of shoes amounting to $253,226.50. The Romsdalske Vexel og Landmandsbank of Norway on November 6, 1919, gave a bank guaranty to the Jones Co. in the amount of $253,000, which amount, on January 13, 1920, was corrected by the same bank to the extent of increasing the bank guaranty to the amount of $253,226.50.

The shoes, I see from the report, were to be paid for in kroner; and because of the Government's action the claimant, the George R. Jones Co., lost the sum of $163,226.50. It seems to me the company is entitled to the amount.

Mr. KING. Mr. President, the Secretary of the Treasury disputes the contention made by the claimant. I object to the consideration of the bill.

The PRESIDING OFFICER. Objection being made, the bill will be passed over.

PAUL KIEHLER

The bill (H. R. 2606) for the relief of the estate of Paul Kiehler was considered, ordered to a third reading, read the third time, and passed.

BAUSCH & LOMB OPTICAL CO.

The Senate proceeded to consider the bill (S. 2268) for the relief of Bausch & Lomb Optical Co., which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Bausch & Lomb Optical Co., a corporation, of Rochester, N. Y., the sum of $33,487.34, in full settlement of all claims against the Government of the United States on account of expenditures made by said Bausch & Lomb Optical Co., pursuant to an arrangement between said Bausch & Lomb Optical Co. and representatives of the War and Navy Departments of the United States, in the maintenance of special guards for the protection of its plant and property against violence and espionage of enemy aliens from December 4, 1917, through December 7, 1918: *Provided*, That no part of the funds appropriated in this act shall be delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any portion of the funds appropriated in this act on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. KING. Mr. President, let us have an explanation of this bill.

Mr. COPELAND. Mr. President, I will ask the Senator from Washington [Mr. SCHWELLENBACH], who reported the bill, to explain it.

Mr. SCHWELLENBACH. Mr. President, during the war the claimants, Bausch & Lomb Manufacturing Co., were manufacturing war material for the Government. Shortly after the outbreak of the war the Navy Department issued an order requiring concerns which were manufacturing materials for them to provide extra guards at their plants. Immediately thereafter a meeting was held between the representatives of the company and a representative of the Navy Department, a commander, and a representative of the Army, a lieutenant colonel, and a plan was arranged whereby the company put on extra guards. Provision was made that the company should pay one-fourth, the county should pay one-fourth, the Navy should pay one-fourth, and the Army should pay one-fourth.

Neither the Army nor the Navy paid the amount. Both of them were willing to pay it, but objection was made, because it was claimed that these officers, the commander of the Navy and the lieutenant colonel of the Army, did not have the right to enter into such an agreement; but between the time the agreement was made and December 1918, during which time these extra guards were maintained, both the Army and the Navy participated in directing the method in which the guards should be maintained. The Army commended the company for their course; and it is my opinion, upon examining the claim, that certainly the Army and Navy Departments ratified the action of these two officers.

The company went into the Court of Claims; and purely upon the technical basis that these two officers were acting beyond the scope of their authority the Court of Claims turned down the claim. They now present this bill, which the Navy Department approves. The Army reports unfavorably on it; but the only ground the Army has is that the Court of Claims has rejected the claim. If the Court of Claims was wrong, insofar as being too technical is concerned, and if the company is entitled to relief from Congress, the objection of the Army certainly does not hold good. The purpose of consideration of bills of this kind by the Congress is to take care of cases where, because of

some technical rule, the claimants have not a right to present their claims to the Court of Claims.

Mr. KING. In view of the former ruling of the Court of Claims and the position now taken by the Army, does not the Senator feel that the matter ought to be referred back to the Court of Claims, perhaps relieving the plaintiff of the claim of the statute of limitations?

Mr. SCHWELLENBACH. I have no quarrel with the Court of Claims. They decided the matter upon the purely technical ground that these officers did not have authority to enter into this contract. The Navy Department, however, issued the order. The company certainly had to provide the guards. I do not think it is fair for the Government to issue an order to a company, continue for a year and a half ratifying it, and then, just because some officer did not have the technical right to make the arrangements, say, "We will not pay the claim because this officer did not have the necessary authority."

Mr. KING. Does the Senator think the amount of the claim is equitable?

Mr. SCHWELLENBACH. There is no dispute about the amount of the claim.

Mr. KING. I have no objection to the consideration of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BANKERS RESERVE LIFE CO., AND OTHERS

The Senate proceeded to consider the bill (S. 1118) to authorize the Secretary of the Treasury of the United States to refund to the Bankers Reserve Life Co., of Omaha, Nebr., and the Wisconsin National Life Insurance Co., of Oshkosh, Wis., income taxes illegally paid to the United States Treasury, which had been reported by the Committee on Claims with an amendment to strike out all after the enacting clause and to insert the following:

That jurisdiction is hereby conferred upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of the Bankers Reserve Life Co., of Omaha, Nebr., and the Wisconsin National Life Insurance Co., of Oshkosh, Wis., for a refund of income taxes paid by said companies for the years 1923, 1924, and 1925, in excess of the amount due, and pursuant to the provisions of section 245, A–2, Revenue Acts of 1921 and 1924, which section was subsequently held unconstitutional by the Supreme Court of the United States in the case of National Life Insurance Co. against United States (277 U. S. 508), notwithstanding the bars or defense of any alleged settlement heretofore made or of res judicata, lapse of time, laches, or any statute of limitations. Suit hereunder may be instituted at any time within 4 months from the approval of this act, and proceedings in any suit brought in the Court of Claims under this act, appeals therefrom, and payment of any judgment therein shall be had as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code, as amended.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to confer jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of the Bankers Reserve Life Co., of Omaha, Nebr., and the Wisconsin National Life Insurance Co., of Oshkosh, Wis."

JULIUS CRISLER

The Senate proceeded to consider the bill (S. 1950) for the relief of Julius Crisler, which had been reported by the Committee on Finance with an amendment to strike out all after the enacting clause and to insert the following:

That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Julius Crisler, of Jackson, Miss., the sum of $1,525.31, in full satisfaction of his claim against the United States, such sum representing the amount of taxes assessed against the said Julius Crisler as transferee of the Jackson Sanatorium and Hospital Co. (Board of Tax Appeals Dockets Nos. 3089 and 26637), and paid by him under protest.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

A. N. ROSS

The bill (S. 1359) for the relief of A. N. Ross was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the payment by A. N. Ross, disbursing clerk of the Federal Trade Commission, located at Washington, D. C., of the sum of $1,390, representing an amount paid by him to Hugh E. White as per diem in lieu of subsistence during the period from April 10, 1922, to October 29, 1923, inclusive, which payments were made in good faith in connection with and pursuant to a contract made between said Commission and said White, the legality of which has been questioned by the United States, be, and the same is hereby validated.

SEC. 2. That the Comptroller General of the United States is hereby authorized and directed to credit the accounts of A. N. Ross, disbursing clerk of the Federal Trade Commission, located at Washington, D. C., the amount of $1,936, representing an amount paid by him in good faith to Hugh E. White as per diem in lieu of subsistence during the period from February 1, 1924, to June 15, 1925, both inclusive, which payment was made in connection with and pursuant to the terms of temporary employment and disallowed by the Comptroller General as having been paid in contravention of the act of April 6, 1914 (38 Stat., pp. 312, 318), or the rulings of the General Accounting Office.

MAJ. JOSEPH H. HICKEY

The Senate proceeded to consider the bill (S. 2741) for the relief of Maj. Joseph H. Hickey, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Maj. Joseph H. Hickey, United States Army, retired, the sum of $3,880.28, in full settlement of all claims against the Government of the United States for a shortage in public funds due to irregularities in the accounts of a noncommissioned officer, now deceased, which officer was in charge of the commissary, New Orleans general depot, September 1920 to August 1921, and for which shortage Major Hickey has accounted to the United States Government: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. KING. Mr. President, with reference to this bill, I notice that the Department reports adversely.

Mr. COSTIGAN. Mr. President, may I say with reference to this essentially meritorious measure that a similar bill is on the calendar of the House of Representatives. Both bills have been unanimously and favorably reported by the respective committees which have considered the claim. Furthermore, there were three investigations of this claim under the War Department and in each instance a report favorable to the claimant resulted.

It is true, as the Senator from Utah has suggested, that a former Secretary of War recommended that the bill be not passed. Though I may be in error, I think no one will carefully read this record without concluding that the natural purpose of that former Secretary in making that recommendation was to pass to Congress both the primary and final responsibility for authorizing payment.

The claim was filed on behalf of a retired major in the United States Army, Joseph H. Hickey, who about 1920 was in technical charge of the commissary of the Army, at a time when there was acting under him, in direct charge of the commissary, by order of Major Laubach, of the Quartermaster Corps, Sgt. W. I. Pillans. Pillans embezzled commissary funds, accompanying his embezzlement by certain forgeries, while engaging in other concealed practices in disregard of the orders of Major Hickey.

Later Pillans was court-martialed. He temporarily escaped successful prosecution. Charges were again being preferred against Pillans by the dissatisfied commanding officer when those charges were ended by Pillans' death. There was no charge of personal knowledge of or participation in Pillans' acts by Major Hickey.

The entire amount of the embezzlement was repaid by Major Hickey. The reports and investigations made by the representatives of the Army make entirely clear that Hickey was not in a position reasonably to take other precautions than those he employed to guard the Government funds. and that he was misled by his subordinate, who under a special order was in direct charge of those funds, and who, in defiance of orders, as suggested a moment ago, embezzled the amount paid by Major Hickey, for which reimbursement is now asked.

An exceptionally fair and persuasive report on the claim has been filed by the committee and its chairman, the Senator from Maine [Mr. WHITE], I am satisfied it will confirm what I have said, but I hope the Senator from Maine will supplement my statement with his confirming or disapproving judgment, as the case may be.

Mr. KING. Mr. President, I am satisfied with the explanation the Senator from Colorado has made.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RELIEF OF THE STATE OF MAINE

The bill (S. 3043) for the relief of the State of Maine, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 3646, as amended, of the Revised Statutes of the United States, the chief disbursing officer of the Treasury Department is authorized and directed to issue, without the requirement of an indemnity bond, a duplicate of original check no. 66562 and a duplicate of original check no. 66563, drawn February 12, 1935, under his symbol 79088, in favor of "Treasurer, State of Maine (trust fund)" for $7,075 and $11,275, respectively, and lost, stolen, or miscarried in the mails.

THE VIRGIN ISLANDS CO.

Mr. TYDINGS. Mr. President, Senate bill 2330, Calendar No. 1030, was passed over a moment ago. I have an amendment which I believe will meet the objection of the Senator from Tennessee [Mr. MCKELLAR].

The PRESIDING OFFICER. Is there objection to returning to Calendar 1030?

There being no objection, the Senate proceeded to consider the bill (S. 2330) authorizing the Virgin Islands Co. to settle valid claims of its creditors, and for other purposes.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Maryland.

The LEGISLATIVE CLERK. On page 1, line 11, after the figures "$1,736.81", it is proposed to strike out all down to and including the word "corporation" on line 7, page 2, and strike out the comma and insert a colon after the figures on line 11 and the following proviso:

Provided, That the Comptroller General of the United States is hereby authorized in his discretion to approve the use of moneys appropriated by the Congress or made available by any agency of the United States for the operation of such corporation, and to allow credit for items not otherwise allowable in accordance with law if and when established to be reasonably necessary to a proper functioning of the legally authorized activities of the corporation.

Mr. TYDINGS. Mr. President, a brief word of explanation.

The Virgin Islands Co., in putting in a bookkeeping system, hired some accountants, as I recall, and contracted an expense of about $1,000, which they attempted to pay out of the fund referred to in this bill. That was subsequently turned down by the Comptroller General. There was no fraud; the thing was done honestly. This is simply a corrective measure.

I am sure that if Senators knew all the facts, there would not be a single objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HOMER H. ADAMS

The Senate proceeded to consider the bill (S. 85) for the relief of Homer H. Adams, which had been reported from the Committee on Claims with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Homer H. Adams, of Tarrytown, Ga., the sum of $1,000 in full satisfaction of all claims of such Homer H. Adams against the United States for damages resulting from injuries received by him when shot by one John Alford on November 13, 1918, while such Homer H. Adams was assisting J. Ben Wilson, late United States deputy marshal for the southern district of Georgia, to serve a warrant on one J. A. Alford, father of such John Alford: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

J. P. NAWRATH & CO., INC.

The Senate proceeded to consider the bill (S. 1120) for the relief of J. P. Nawrath & Co., Inc., which had been reported from the Committee on Claims with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to J. P. Nawrath & Co., Inc., of New York City, N. Y., the sum of $555.96, in full satisfaction of all claims of such corporation against the United States, such sum representing an amount in excess of the contract price of certain mop twine sold to the Office of Public Buildings and Public Parks of the National Capital, by such claimant, such amount being the increased cost to claimant because of the imposition of a Federal processing tax on the cotton which entered into the manufacture of such twine: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INTEREST RATE ON DELINQUENT TAXES

The Senate proceeded to consider the bill (S. 2296) to reduce the interest rate on delinquent taxes, which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and to insert the following:

That notwithstanding any provision of law to the contrary, interest accruing during any period of time after the date of enactment of this act upon any delinquent internal-revenue tax or customs duties, shall be at the rate of 6 percent per annum.

Mr. KING. Mr. President, I wish to ask the Senator from Kentucky whether this bill will not lead to some discrimination and some complaint by persons who are not delinquent, or, if they are delinquent, it is because of some contest as to the validity of the tax claims against them.

Mr. BARKLEY. Mr. President, I will say, in explanation of the bill, that at present the rate of interest of 1 percent a month, which amounts to 12 percent a year, runs against all delinquent taxes. That provision was made as a sort of penalty, in a way, to prevent delinquency in the payment of taxes, but the Secretary of the Treasury reports that it has not operated as a penalty.

The fact is that the Supreme Court held that it was not a penalty anyway. It is reported that it has operated as a burden upon the smaller taxpayers, who would not be delinquent if they could help it; and in line with the general reduction of the rate of interest which has been in vogue recently, the Treasury Department recommends the passage of the pending bill so as to provide a straight 6-percent interest on delinquent taxes of all concerned. It seems to me it is in the interest of justice. The Department holds that this heavy penalty of 12 percent has not really deterred anyone to speak of from becoming delinquent or shortened the period of delinquency.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

USE OF PARKS, ETC., BY ORDER OF ELKS

The Senate proceeded to consider the joint resolution (S. J. Res. 140) authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by Washington (D. C.) 1935 Improved, Benevolent, and Protective Order of Elks of the World, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments, on page 3, line 8, after the word "occupation", to insert the words "and the said Improved, Benevolent, and Protective Order of Elks of the World Committee shall execute and deliver to the Commissioners of the District of Columbia a satisfactory bond with penalty of $10,000 to secure such prompt restoration and such indemnification"; on line 23, strike out "25th" and to insert in lieu thereof "16th"; on page 4, line 8, to strike out "25th" and insert in lieu thereof "16th"; and to add two new sections at the end of the joint resolution, so as to make the joint resolution read:

Resolved, etc., That the Secretary of the Interior, the Secretary of the Treasury, the Commissioners of the District of Columbia, the Board of Education of the District of Columbia, and the Architect of the Capitol are hereby severally authorized to grant permits to the Washington (District of Columbia) 1935 General Entertainment Committee of the Improved, Benevolent, and Protective Order of Elks of the World, hereinafter referred to as the "I. B. P. O. E. of W. Committee", for the use of any buildings, parks, rivers, waterways, reservations, sidewalks, or other public spaces in the District of Columbia, under his, their, or its control, respectively, on the occasion of the annual session of the Improved, Benevolent, and Protective Order of Elks of the World in the month of August 1935: *Provided*, That such use will inflict no serious or permanent injury upon any such buildings, parks, rivers, waterways, reservations, sidewalks, or other public spaces, or any portion or the contents thereof, in the opinion of the person granting any such permit, in accordance with this authority: *Provided further*, That all stands, arches, or platforms that may be erected on the public spaces aforesaid, including such as may be erected in connection with any display of fireworks, shall be under the supervision of the said Washington (District of Columbia) Improved, Benevolent, and Protective Order of Elks of the World and in accordance with plans and designs to be approved by the Architect of the Capitol, the Engineer Commissioner of the District of Columbia, and the Superintendent of National Capital Parks, and that no person or corporation shall be authorized to erect or use any such stands, arches, or platforms without permission of said committee: *And provided further*, That any such buildings, parks, reservations, or other public spaces which shall be used or occupied, by the erection of stands or other structures, or otherwise, shall be promptly restored to their condition before such occupancy, and the said committee shall indemnify the United States or the District of Columbia, as the case may be, for all damage of any kind whatsoever sustained by reason of any such use or occupation, and the said Improved, Benevolent, and Protective Order of Elks of the World Committee shall execute and deliver to the Commissioners of the District of Columbia a satisfactory bond with penalty of $10,000 to secure such prompt restoration and such indemnification.

SEC. 2. That the Commissioners of the District of Columbia are hereby authorized to designate, set aside, and regulate the use of such streets, avenues, and sidewalks in the District of Columbia, under their control, as they may deem proper and necessary, for the purpose of said session, and to make such special regulations regarding standing, movement, and operation of vehicles of whatever kind or character, and all reasonable regulations necessary to secure the preservation of public order and the protection of life and property, from the 16th day of August 1935 to the 2d day of September 1935, both inclusive.

SEC. 3. That the Public Utilities Commission of the District of Columbia is hereby granted authority to make such special regulations as in the opinion of said Commission may be necessary or desirable, regulating the standing, movement, and operation of taxicabs, street cars, busses, and other vehicles of conveyance under the regulation or control of said Commission, for the period commencing the 16th day of August 1935 and ending on the 2d day of September 1935, both inclusive.

SEC. 4. That the Secretary of War and the Secretary of the Navy are hereby authorized to loan to said committee such tents, camp appliances, trucks, motor equipment, benches, chairs, hospital furniture and utensils of all description, ambulances, horses, drivers, stretchers, Red Cross flags and poles, and other property and equipment, belonging to the United States, as in their judgment may be spared at the time of said session, consistent with the interests of the United States: *Provided*, That the said committee shall indemnify the United States for any loss or damage to any and all such property not necessarily incidental to such use: *And provided further*, That the said committee shall give approved bond to do the same.

SEC. 5. That the Secretary of War and the Secretary of the Navy are authorized to loan to the said committee such ensigns, flags, decorations, lighting equipment, and so forth, belonging to the United States (battle flags excepted) as are not then in use, and may be suitable and proper for decorations and other purposes, which may be spared without detriment to the public service, such ensigns, flags, decorations, lighting equipment, and so forth, to be used by the committee under such regulations and restrictions as may be prescribed by the said Secretaries, or either of them: *Provided*, That the said committee shall, within 5 days after the close of said session, return to the said Secretaries all such ensigns, flags, decorations, lighting equipment, and so forth, thus loaned; and said committee shall indemnify the United States for any loss or damage not necessarily incident to such use.

SEC. 6. That the Superintendent of National Capital Parks, subject to the approval of the Director of National Parks Service, is hereby authorized to permit the use of any or all public parks, reservations, or other public spaces in the District of Columbia, including the Monument Grounds and the Ellipse, for use by said committee for the erection of grand stands, reviewing stands, platforms, and other structures for reviewing parade or other purposes; and said committee is hereby authorized to charge reasonable fees for the use of the same provided such fees are used to aid in meeting the necessary expenses incident to the said session.

SEC. 7. That the Superintendent of National Capital Parks, subject to the approval of the Director of National Parks Service, is hereby authorized to permit the use of such public parks, reservations, or other public spaces in the District of Columbia, under the control of the said Superintendent of National Capital Parks, as in the opinion of said Superintendent of National Capital Parks may be necessary, for the use by said committee for the parking of automobiles, the temporary erection of tents for entertainment, hospitals, and other purposes; and the said committee is hereby authorized to charge reasonable fees for the use of the same provided such fees are used to aid in meeting the expenses incident to the said session.

SEC. 8. That the Commissioners of the District of Columbia are hereby authorized to permit said committee to stretch suitable overhead conductors, with sufficient supports, wherever necessary and in the nearest practicable connection with the present supply of light, for the purpose of effecting special illumination: *Provided*, That the said conductors shall not be used for the conveying of electrical currents after September 2, 1935, and shall, with their supports, be fully and entirely removed from the public spaces, streets, and avenues of the said city of Washington on or before September 25, 1935: *Provided further*, That the stretching and removing of the said wires shall be under the supervision of the Commissioners of the District of Columbia, who shall see that the provisions of this resolution are enforced; that all needful precautions are taken for the protection of the public; and that the pavement of any street, avenue, or alley disturbed is replaced in as good condition as before entering upon the work herein authorized: *And provided further*, That no expense or damage on account of or due to the stretching, operation, or removing of the said temporary overhead conductors shall be incurred by the United States or the District of Columbia, and that if it shall be necessary to erect wires for illuminating or other purposes over any park or reservation in the District of Columbia the work of erection and removal of said wires shall be under the supervision of the officer in charge of said park or reservation.

SEC. 9. That the Commissioners of the District of Columbia are hereby authorized to grant, subject to approval of said committee and under such conditions as they may impose, special licenses to peddlers, merchants, and vendors to sell goods, wares, and merchandise on the streets, avenues, and sidewalks in the District of Columbia during said session, and to charge for such privileges such fees as they may deem proper.

SEC. 10. That the Commissioners of the District of Columbia are hereby authorized to permit the telegraph and telephone companies to extend overhead wires to such points as shall be deemed necessary by the said committee, the said wires to be taken down within 10 days after the conclusion of the session.

SEC. 11. That the Secretary of the Interior and the Secretary of the Treasury are hereby authorized to assign to said committee for use and occupancy during said session such unoccupied public buildings or portions thereof in the District of Columbia as, in its discretion, may appear advisable: *Provided*, That any and all buildings so assigned shall be surrendered within 10 days after the

close of the said session: *Provided further*, That the said committee shall furnish a bond or other satisfactory assurance of indemnity against damage to said property while in its possession, incidental wear and tear excepted.

SEC. 12. None of the authority herein granted shall be exercised by any of the officials herein mentioned in such manner as to conflict with permits granted or arrangements heretofore made with the Boy Scouts of America under the terms of Public Act No. 29, Seventy-fourth Congress, approved April 1, 1935, or any amendments thereto, or with any other permits heretofore regularly granted for the use of such public space, reservations, parks, streets, or buildings.

SEC. 13. All provisions of this act shall apply to the Thirty-fifth Annual Session of the Imperial Council Ancient Egyptian Arabic Order Nobles of the Mystic Shrine, to be held in the District of Columbia from August 16 to August 23, 1935, and to the general committee of arrangements of such session.

The amendments were agreed to.

Mr. KING. Mr. President, the next bill, Calendar No. 1118, being Senate Joint Resolution 145, is a companion measure to this one. It makes an appropriation of $35,000 to carry into effect the provisions of Senate Joint Resolution 140. I ask for its consideration.

The PRESIDING OFFICER. The Chair will call attention to the fact that Calendar No. 1202, being House Joint Resolution 351, apparently is the same as the measure now under consideration.

Mr. ROBINSON. Mr. President, I suggest that the House joint resolution be substituted for the Senate joint resolution.

The PRESIDING OFFICER. Without objection, House Joint Resolution 351 will be substituted for the pending Senate joint resolution, and the amendments which have been agreed to in the Senate joint resolution will be considered as having been made in the House joint resolution. Is there objection?

The Chair hears none, and it is so ordered.

Mr. KING. Mr. President, may I ask whether these two measures are textually the same?

The PRESIDING OFFICER. The Chair is advised that the Senate committee made one or two small textual amendments which were not included in the House joint resolution.

Is there objection to substituting the House joint resolution for the Senate joint resolution, and to the insertion in the House joint resolution of the perfecting amendments included in the Senate joint resolution?

The Chair hears none, and it is so ordered.

The question is on the engrossment of the amendments and the third reading of the joint resolution.

The amendments were ordered to be engrossed and the joint resolution to be read the third time.

The joint resolution was read the third time and passed.

The PRESIDING OFFICER. Without objection, Senate Joint Resolution 140 will be indefinitely postponed.

CONVENTION OF ORDER OF ELKS

The Senate proceeded to consider the joint resolution (S. J. Res. 145) authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the convention of the Improved Benevolent and Protective Order of Elks of the World in the District of Columbia August 25, 1935, to August 31, 1935, both inclusive, which had been reported from the Committee on the District of Columbia with an amendment, on page 1, line 7, after the words "from the", to strike out "25th" and insert in lieu thereof "16th", so as to make the joint resolution read:

Resolved, etc., That the sum of $35,000, or so much thereof as may be necessary, is hereby authorized to be appropriated, payable wholly from the revenues of the District of Columbia, to maintain public order and protect life and property in the District of Columbia from the 16th day of August 1935 to the 31st of August 1935, both inclusive, including the employment of personal service, the payment of allowances, traveling expenses, hire of means of transportation, and other incidental expenses in the discretion of the said Commissioners. There is hereby further authorized to be appropriated the sum of $4,000, or so much thereof as may be necessary, payable as aforesaid, for the construction, rent, maintenance, and for incidental expenses in connection with the operation of temporary public-convenience stations, first-aid stations, and information booths, including the employment of personal service in connection therewith during such period.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "Joint resolution authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the period August 16, 1935, to August 31, 1935, both inclusive."

NATIONAL MONUMENT ON SITE OF FORT STANWIX, N. Y.

The Senate proceeded to consider the bill (S. 739) to provide for the establishment of a national monument on the site of Fort Stanwix, in the State of New York, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 1, line 3, after the word "site", to strike out "and/or" and to insert in lieu thereof "or"; and in line 5, after the word "located", to strike out "therein" and to insert in lieu thereof "thereon", so as to make the bill read:

Be it enacted, etc., That when title to the site or portion thereof at Fort Stanwix, in the State of New York, together with such buildings and other property located thereon as may be designated by the Secretary of the Interior as necessary or desirable for national monument purposes, shall have been vested in the United States, said area and improvements, if any, shall be designated and set apart by proclamation of the President for preservation as a national monument for the benefit and inspiration of the people and shall be called the "Fort Stanwix National Monument": *Provided*, That such area shall include at least that part of Fort Stanwix now belonging to the State of New York.

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized to accept donations of land, interests in land and/or buildings, structures, and other property within the boundaries of said national monument as determined and fixed hereunder, and donations of funds for the purchase and/or maintenance thereof, the title and evidence of title to lands acquired to be satisfactory to the Secretary of the Interior: *Provided*, That he may acquire on behalf of the United States out of any donated funds, by purchase at prices deemed by him reasonable, or by condemnation under the provisions of the act of August 1, 1888, such tracts of land within the said national monument as may be necessary for the completion thereof.

SEC. 3. That the administration, protection, and development of the aforesaid national monument shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes", as amended.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

VETERANS' ADMINISTRATION

The Senate proceeded to consider the bill (S. 3060) to amend section 6 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, as amended, which had been reported from the Committee on Finance with an amendment, on page 2, after line 23, to insert sections nos. 2, 3, 4, and 5, so as to make the bill read:

Be it enacted, etc., That section 6 of the act of March 20, 1933 (Public, No. 2, 73d Cong.), as amended by the act of June 16, 1933 (Public, No. 78, 73d Cong.), and the act of March 28, 1934 (Public, No. 141, 73d Cong.) (38 U. S. C. 706), is hereby amended to read as follows:

"SEC. 6. In addition to the pensions provided in this title the Administration facility, within the limitations existing in such limitations as he may prescribe and within the limits of existing Veterans' Administration facilities, to furnish to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty or to those in receipt of pension for service-connected disability, and to veterans of any war, including the Boxer Rebellion and the Philippine Insurrection, domiciliary care where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments and medical and hospital treatment for diseases or injuries: *Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses."

SEC. 2. Subdivisions (b) and (c) of section 302, section 311, and subdivision (b) of section 604 of the World War Adjusted Com-

pensation Act, as amended, are amended, to take effect as of January 2, 1935, by striking out "January 2, 1935", wherever it appears in such subdivisions and section, and inserting in lieu thereof "January 2, 1940".

SEC. 3. Section 602 of the World War Adjusted Compensation Act, as amended, is amended, to take effect as of January 2, 1935, by striking out "January 2, 1935", wherever it appears in such section, and inserting in lieu thereof "January 2, 1940".

SEC. 4. Subdivision (b) of section 312 of the World War Adjusted Compensation Act, as amended, is amended, to take effect as of January 2, 1935, by striking out "January 2, 1935", wherever it appears in such subdivision, and inserting in lieu thereof "January 2, 1940".

SEC. 5. This act shall not invalidate any payments made or application received, before the enactment of this act, under the World War Adjusted Compensation Act, as amended. Payments under awards heretofore or hereafter made shall be made to the dependent entitled thereto regardless of change in status, unless another dependent establishes to the satisfaction of the director a priority of preference under such act, as amended. Upon the establishment of such preference the remaining installments shall be paid to such dependent, but in no case shall the total payments under title VI of such act, as amended (except section 608), exceed the adjusted-service credit of the veteran.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend section 6 of title I of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, as amended; to extend the time within which applications for benefits under the World War Adjusted Compensation Act, as amended, may be filed; and for other purposes."

PROTECTION OF ESTATES OF VETERANS

The Senate proceeded to consider the bill (H. R. 3979) to safeguard the estates of veterans derived from payments of pension, compensation, emergency officers' retirement pay, and insurance, and for other purposes, which had been reported from the Committee on Finance with amendments.

The first amendment was, in section 1, page 1, line 6, after the word "compensation", to insert "adjusted compensation", so as to make the paragraph read:

Be it enacted, etc., That section 21 of the World War Veterans' Act, 1924, as amended (U. S. C., Supp. VII, title 38, sec. 450), is hereby amended to read as follows:

"SEC. 21. (1) Where any payment of compensation, adjusted compensation, pension, emergency officers' retirement pay, or insurance under any act administered by the Veterans' Administration is to be made to a minor, other than a person in the military or naval forces of the United States, or to a person mentally incompetent, or under other legal disability adjudged by a court of competent jurisdiction, such payment may be made to the person who is constituted guardian, curator, or conservator by the laws of the State of residence of claimant, or is otherwise legally vested with the care of the claimant or his estate: *Provided*, That where in the opinion of the Administrator any guardian, curator, conservator, or other person is acting as fiduciary in such a number of cases as to make it impracticable to conserve properly the estates or to supervise the persons of the wards, the Administrator is hereby authorized to refuse to make future payments in such cases as he may deem proper: *Provided further*, That prior to receipt of notice by the Veterans' Administration that any such person is under such other legal disability adjudged by some court of competent jurisdiction, payment may be made to such person direct: *Provided further*, That where no guardian, curator, or conservator of the person under a legal disability has been appointed under the laws of the State of residence of the claimant, the Administrator shall determine the person who is otherwise legally vested with the care of the claimant or his estate.

The amendment was agreed to.

Mr. ROBINSON. Mr. President, I see that the Senator who reported the bill is present. I should like to have him explain what changes the bill makes in existing law.

Mr. GEORGE. Mr. President, I desire to call attention to the fact that the amendment on page 4 is one of some importance. I believe that is the next committee amendment to be submitted to the Senate. That amendment strikes from the House bill a provision which would require the Treasury to pay interest at the rate of not less than 2 percent upon the funds deposited in the Treasury for the benefit of incompetent, insane veterans. That provision was stricken out by the Finance Committee, and that is the important amendment in the bill.

The reason for that action is found in the fact that the Treasury charges nothing by way of fees or commissions or expenses for carrying the accounts of the veterans who fall within the class in question, and whose compensation or other benefit is deposited with the Treasury. The amounts for each individual veteran vary almost constantly; that is to say, they are increased by accretions and diminished by withdrawals. The account is constantly shifting, and the bookkeeping is a very considerable burden upon the Treasury. The Treasury also reports that it is contrary to the fixed and established policy of the Government to pay interest upon accounts of this kind. No injustice is done to the veterans, because if these small amounts payable to the veterans who are insane or laboring under disability should be charged with the ordinary expense of administering under the State law, that expense would exceed the small amount of interest which it is desired to have the Government pay on these accounts.

The primary purpose of this bill, I may say, is to give to the Veterans' Administration power over the estates of insane veterans. At the present time the Veterans' Administrator has the power to object to what we discovered and denominated a few years back as "racketeering" here upon the part of guardians in the District of Columbia; and the Administrator was given the authority to seek and obtain the removal of a guardian who seemed to have made a practice of handling the affairs of veterans. At the time it was disclosed, as Senators will remember, that certain guardians were actually in receipt of enormous sums of money in the aggregate, and seemed to have lived by that kind of practice.

This bill enlarges the power of the Veterans' Administrator over the estates of insane veterans in the various States, and gives him much the same general power as that which he was given over the administration of such estates in the District of Columbia. It also gives to the Veterans' Administrator the power to go into the courts. At the present time he has the power to go into the trial courts for the purpose of asking the removal of a guardian who is non compos mentis. The bill gives to him the express power to do what he is now doing—that is, to appear in all the courts—and expressly ratifies and legalizes the expenditure of money for such appearances.

The bill also brings together in one section, so to speak, the various embezzlement statutes and acts fixing criminal responsibility on the guardians or other trustees for embezzlement of the several benefits which have been accredited and awarded from time to time to veterans of the World War and other wars. That is simply a codification, so to speak, of the various criminal acts. It is done for the purpose of facilitating indictments and of making more certain the terms of indictments, and of facilitating the prosecution of guardians or trustees who have failed to account for the assets of insane and disabled veterans.

I may also say that the bill gives to the Administrator of Veterans' Affairs power over the funds in the hands of the Treasury. In a case where there would be a lapse of title of the veteran's estate to any given State the bill gives the Administrator himself the power to withhold the funds for the benefit of the Treasury of the United States. That seems to be eminently just.

Those are the principal, if not all, the provisions of this particular bill.

I may say that with the exception of the amendment on page 4, beginning in line 21, down to and including the period in line 2 on page 5, the bill has the approval of the Veterans' Administration. It likewise has the approval of the Treasury, with this amendment. It is a bill which has the administration's approval so far as expenditures of money are concerned.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 4, line 21, after the word "beneficiary", to strike out "to accumulate at such rate of interest as the Secretary of the Treasury may determine but at a rate never less than 2 percent per annum, except

that in those cases where a veteran with no dependents has been found insane by the Administrator and is being maintained by the United States or any political subdivision thereof, in an institution, no interest will be paid", so as to make the paragraph read:

(3) All or any part of the compensation, pension, emergency officers' retirement pay, or insurance the payment of which is suspended or withheld under this section may, in the discretion of the Administrator, be paid temporarily to the person having custody and control of the incompetent or minor beneficiary to be used solely for the benefit of such beneficiary, or in the case of an incompetent veteran, may be apportioned to the dependent or dependents, if any, of such veteran. Any part not so paid and any funds of a mentally incompetent or insane veteran not paid to the chief officer of the institution in which such veteran is an inmate nor apportioned to his dependent or dependents may be ordered held in the Treasury to the credit of such beneficiary. All funds so held shall be disbursed under the order and in the discretion of the Administrator for the benefit of such beneficiary or his dependents. Any balance remaining in such fund to the credit of any beneficiary may be paid to him if he recovers and is found competent, or, if a minor attains majority, or otherwise to his guardian, curator, or conservator, or, in the event of his death, to his personal representative, except as otherwise provided by law: *Provided*, That payment will not be made to his personal representative if, under the law of the State of his last legal residence, his estate would escheat to the State: *Provided further*, That any funds in the hands of a guardian, curator, conservator, or person legally vested with the care of the beneficiary or his estate, derived from compensation, automatic or term insurance, emergency officers' retirement pay, or pension, payable under said acts, which under the law of the State wherein the beneficiary had his last legal residence would escheat to the State, shall escheat to the United States and shall be returned by such guardian, curator, conservator, or person legally vested with the care of the beneficiary or his estate, or by the personal representative of the deceased beneficiary, less legal expenses of any administration necessary to determine that an escheat is in order, to the Veterans' Administration, and shall be deposited to the credit of the current appropriations provided for payment of compensation, insurance, or pension.

The amendment was agreed to.

The next amendment was, in section 2, page 6, line 13, after the word "amended", to insert "Public Law No. 484, Seventy-third Congress"; in line 15, after the word "amendatory", to strike out "thereto" and insert "of such acts"; on page 7, line 6, after the word "committed", to strike out the comma and the words, "or any action begun thereunder" and insert "before the enactment of this act"; and in line 9, after the word "terms", to strike out "thereof" and insert "of such sections", so as to make the section read:

SEC. 2. Whoever, being a guardian, curator, conservator, committee, or person legally vested with the responsibility or care of a claimant or his estate, or any other person having charge and custody in a fiduciary capacity of money paid under the War Risk Insurance Act, as amended, the World War Veterans' Act, 1924, as amended, the Emergency Officers' Retirement Act, as amended, the World War Adjusted Compensation Act, as amended, the pension laws in effect prior to March 20, 1933, Public Law No. 2, Seventy-third Congress, as amended, Public Law No. 484, Seventy-third Congress, or under any act or acts amendatory of such acts, for the benefit of any minor, incompetent, or other beneficiary, shall lend, borrow, pledge, hypothecate, use, or exchange for other funds or property, except as authorized by law, or embezzle or in any manner misappropriate any such money or property derived therefrom in whole or in part and coming into his control in any manner whatever in the execution of his trust, or under color of his office or service as such fiduciary, shall be fined not exceeding $2,000 or imprisoned for a term not exceeding 5 years, or both. Any willful neglect or refusal to make and file proper accountings or reports concerning such money or property as required by law, shall be taken to be sufficient evidence, prima facie, of such embezzlement or misappropriation. Section 505 of the World War Veterans' Act, 1924, section 16 of Public Law No. 2, Seventy-third Congress, and section 4783 of the Revised Statutes are hereby repealed; but any offense committed before the enactment of this act may be prosecuted and punishment may be inflicted in accordance with the terms of said sections notwithstanding the repeal of said sections.

The amendment was agreed to.

The next amendment was, in section 5, page 8, line 11, after the word "passage", to insert "but the provisions hereof shall apply to payments made heretofore under any of the acts mentioned herein", so as to make the section read:

SEC. 5. That this act shall take effect and be in force from and after its passage, but the provisions hereof shall apply to payments made heretofore under any of the acts mentioned herein.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

UNITED POCAHONTAS COAL CO.

The bill (S. 2697) for the relief of the United Pocahontas Coal Co., Crumpler, W. Va., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions and limitations of the revenue laws relating to refunds of overpayments of taxes, the Secretary of the Treasury and/or the Commissioner of Internal Revenue is authorized and directed to receive and consider the claim for refund of overpayment of income and excess-profits taxes assessed for the year 1919 against the United Pocahontas Coal Co., of Crumpler, W. Va., which claim was disallowed for failure to file within the statutory period of limitations: *Provided*, That in considering the claim for refund of overpayment of income and excess-profits taxes assessed for the year 1919 the Secretary of the Treasury and/or the Commissioner of Internal Revenue shall take into consideration any offset or collection of any tax found to be due from the said United Pocahontas Coal Co. Such claim may be instituted within 6 months after the date of enactment of this act.

BADGE OF THE AMERICAN LEGION

The Senate proceeded to consider the bill (H. R. 4410) granting a renewal of Patent No. 54296, relating to the badge of the American Legion.

Mr. ROBINSON. Mr. President, I see there are two bills on the calendar, House bill 4410 and House bill 4413, which have the same title. What is the object of passing two bills with the same title?

Mr. McADOO. These two bills have passed the House. One of them relates to the badge of the American Legion, and the other relates to the badge of the American Legion Auxiliary. That is the only difference between the two bills.

Mr. ROBINSON. The titles as printed in the calendar do not reflect that fact.

The PRESIDING OFFICER. The Chair calls attention to the fact that the numbers of the patents in the two bills are different.

Mr. ROBINSON. If the language of the bills is satisfactory to the Senator, of course, I have no objection to the consideration of the bill. I merely wished to know the reason for the two bills having similar titles.

The bill was ordered to a third reading, read the third time, and passed.

BADGE OF THE AMERICAN LEGION AUXILIARY

The bill (H. R. 4413) granting a renewal of Patent No. 55398, relating to the badge of the American Legion Auxiliary, was considered, ordered to a third reading, read the third time, and passed.

ANNA FARRUGGIA

Mr. McADOO. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 1145, on page 28, being House bill 4406, for the relief of Anna Farruggia.

The bill has passed the House of Representatives. This woman was arrested in 1930, before the repeal of the prohibition amendment, and was required to deposit $1,000 cash bail with the United States Commissioner. He subsequently converted the money to his own use, and was indicted, and is now in the penitentiary. This is a bill to reimburse her for the loss. Bills for the relief of similar claims have heretofore been passed by the Senate. This woman is in very destitute circumstances, and I should be glad if the bill could be taken up at this time. There is no controversy with reference to the merits of the case.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

WALTER S. BRAMBLE

The bill (H. R. 3558) for the relief of Capt. Walter S. Bramble was considered, ordered to a third reading, read

the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the claim of Capt. Walter S. Bramble, Quartermaster Corps, United States Army, in the sum of $1,174.19, on account of stoppage of pay as the result of the loss of public funds due to financial irregularities and frauds against the Government, in the handling of public funds by a civilian employee of the Quartermaster Corps at Camp Custer, Mich., during the period from April 1924 to October 1927, for part of which Captain Bramble has been held responsible, and to certify the same to Congress for an appropriation.

JOHN F. HATFIELD

The bill (H. R. 1073) for the relief of John F. Hatfield was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers John F. Hatfield, who was a member of Troop C, Sixth Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 14th day of September 1898: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

RELIEF OF PUBLIC-SCHOOL DISTRICTS

The Senate proceed to consider the bill (S. 3123) to provide for the relief of public-school districts and other public-school authorities, and for other purposes.

Mr. ROBINSON. Mr. President, in order to effectuate an arrangement made with the Reconstruction Finance Corporation, sundry amendments, which I submit as a single amendment, become necessary. These amendments for the most part correct the language of the bill and make clearer the terms upon which the loans authorized to be made by the Reconstruction Finance Corporation shall be granted. The bill authorizes loans in the aggregate of $10,000,000 to be made to school districts or other school authorities for the purpose of refinancing their outstanding obligations. The bill is very carefully safeguarded. The final draft was made at the suggestion and with the approval of the Reconstruction Finance Corporation.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent that the several amendments which he has submitted may be considered as one. Is there objection?

Mr. AUSTIN. Mr. President, on account of the nature of the amendments as I understand them, I think we should have a little time for their consideration. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pittman
Ashurst	Copeland	La Follette	Radcliffe
Austin	Costigan	Lewis	Robinson
Bachman	Dickinson	Logan	Russell
Bankhead	Dieterich	Lonergan	Schall
Barbour	Donahey	McAdoo	Schwellenbach
Barkley	Duffy	McCarran	Sheppard
Black	Fletcher	McGill	Shipstead
Bone	Frazier	McKellar	Steiwer
Borah	George	McNary	Thomas, Okla.
Brown	Gibson	Metcalf	Townsend
Bulkley	Glass	Minton	Trammell
Bulow	Gore	Moore	Truman
Burke	Guffey	Murphy	Tydings
Byrd	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hastings	Norbeck	Wagner
Caraway	Hatch	Norris	Walsh
Carey	Hayden	Nye	Wheeler
Chavez	Holt	O'Mahoney	White
Clark	Johnson	Overton	

Mr. LEWIS. Mr. President, I merely reannounce the absence of Senators and the reasons therefor as announced by me on the previous roll call.

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present. Is there objection to the request of the Senator from Arkansas to consider the amendments en bloc? The Chair hears none, and it is so ordered. The amendments will be stated.

The amendments were, on page 2, line 4, before the word "outstanding", to strike out "its"; on page 3, line 8, after the word "other", to strike out "charges" and insert "funds"; on the same page, line 22, after the word "finance", to strike out the comma; on page 4, line 1, after the word "section" and the semicolon, to strike out "(b) has been satisfied that an agreement has been entered into between the borrower and the holders of its outstanding bonds, notes, and/or other obligations which have been incurred for the benefit of public schools, under which agreement it will be able to purchase, reduce, or refund all or a major portion of such indebtedness or obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of the evidences of such indebtedness or obligations over the 6-month period ended January 1, 1935, and under which a substantial reduction will be brought about in the aggregate of such outstanding indebtedness and obligations; and" and in lieu thereof to insert "(b) has been satisfied that an agreement has been entered into with the holders of outstanding bonds, notes, and/or other obligations incurred by or for the benefit of the tax-supported public-school district or other similar public-school authority in charge of public schools, which indebtedness or obligations are to be reduced and refinanced in connection with a loan from the Corporation, under which agreement it will be possible to purchase, reduce, or refund all or a major portion of the aggregate of outstanding indebtedness and obligations incurred by or on behalf of such district or authority at a price determined by the Corporation to be reasonable after taking into consideration the average market price of the evidences of the indebtedness or obligations to be reduced and refinanced over the 6-month period ending January 1, 1935, and under which a substantial reduction will be brought about in the aggregate of such outstanding indebtedness and obligations; and"; on page 4, line 17, after the word "facilities", to strike out the comma; on page 5, to strike out lines 7 to 13, inclusive, as follows:

The proceeds of any loan applied for by a borrower under this section may be paid either to such borrower or to the holders or representatives of the holders of the outstanding obligations of the borrower, and such loans may be made upon promissory notes collateraled by the obligations of such borrower, or through the purchase of securities issued or to be issued by such borrower.

And in lieu thereof to insert the following:

The proceeds of any loan applied for by a borrower under this section may be paid either to such borrower or to the holders or representatives of the holders of the bonds, notes, and/or other obligations to be reduced and refinanced in connection with such loan, and such loans may be made upon promissory notes collateraled by such bonds, notes, and/or other obligations, or through the purchase of securities issued or to be issued by such borrower.

And on page 5, line 16, after the word "section", to strike out "6" and insert "16", so as to make the bill read:

Be it enacted, etc., That the Reconstruction Finance Corporation is hereby authorized and empowered to make loans out of the funds of the Corporation in an aggregate amount not exceeding $10,000,000 to or for the benefit of tax-supported public-school districts or other similar public-school authorities in charge of public schools, organized pursuant to the laws of the several States, Territories, and the District of Columbia. Such loans shall be made for the purpose of enabling any such district or authority which, or any State, municipality, or other public body which, is authorized to incur indebtedness for the benefit of public schools (herein referred to as the "borrower") to reduce and refinance outstanding indebtedness or obligations which have been incurred prior to the enactment of this act for the purpose of financing the construction, operation, and/or maintenance of public-school facilities.

Such loans shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended, except that (1) the term of any such loans shall not exceed 33 years; (2) each such loan shall, in the opinion of the Corporation, be reasonably and adequately secured, and, in respect to the type of security, shall be secured (a) by bonds, notes, or other obligations for the payment of which shall be pledged the full faith and credit and taxing power of the borrower or of such taxing authority as may be authorized pursuant to State law to levy assessments, taxes, or other charges for the benefit of public schools, and/or (b) by bonds, notes, or other obligations which are a lien on real property of the borrower, and/or (c) by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any other obligations so secured, and insofar as it may lawfully do so, shall agree not to assume during such term

any further indebtedness for the benefit of public schools, except with the consent of the Corporation; (4) the borrower shall agree, insofar as it may lawfully do so, that so long as any part of such loan shall remain unpaid the borrower will in each year apply to the repayment of such loan or to the purchaser or redemption of the obligations issued to evidence such loan, an amount equal to the amount by which the assessments, taxes, and other funds received by it for the benefit of public schools exceeds (a) the cost of operation and maintenance of the public-school facilities which are financed in whole or in part by such amount of assessments, taxes, or other charges, received by it; (b) the debt charges on its outstanding obligations; and (c) provisions for such reasonable reserves as may be approved by the Corporation.

No loan shall be made under this section until the Corporation (a) has caused an appraisal to be made of the taxpaying ability of the taxing district or other territory throughout which assessments, taxes, or other charges are authorized to be levied for the purpose of paying the costs of, or for the purpose of securing funds to repay indebtedness incurred to finance the construction, operation, and/or maintenance of the public-school facilities on account of which the indebtedness was incurred or obligations assumed which are to be reduced and refinanced in connection with a loan from the Corporation made under this section; (b) has been satisfied that an agreement has been entered into with the holders of outstanding bonds, notes, and/or other obligations incurred by or for the benefit of the tax-supported public-school district or other similar public-school authority in charge of public schools, which indebtedness or obligations are to be reduced and refinanced in connection with a loan from the Corporation, under which agreement it will be possible to purchase, reduce, or refund all or a major portion of the aggregate of outstanding indebtedness and obligations incurred by or on behalf of such district or authority at a price determined by the Corporation to be reasonable after taking into consideration the average market price of the evidences of the indebtedness or obligations to be reduced and refinanced over the 6 months' period ending January 1, 1935, and under which a substantial reduction will be brought about in the aggregate of such outstanding indebtedness and obligations; and (c) has determined, in view of such appraisal of taxpaying ability and of such substantial reduction in the aggregate of such outstanding indebtedness and obligations, that the operation of the public-school facilities to refinance indebtedness or obligations incurred for the benefit of which a loan from the Corporation is applied for under this section is economically sound and will promote the general welfare of the community.

When any loan is authorized pursuant to the provisions of this section and it shall then or thereafter appear that repairs and necessary extensions or improvements to the public-school facilities to refinance the indebtedness or obligations incurred for the benefit of which such loan is authorized are necessary or desirable for the further assurance of the ability of the borrower to repay such loan, the Corporation, within the limitation as to total amount provided in this section, may make an additional loan or loans to such borrower for such purposes.

The proceeds of any loan applied for by a borrower under this section may be paid either to such borrower or to the holders or representatives of the holders of the bonds, notes, and/or other obligations to be reduced and refinanced in connection with such loan, and such loans may be made upon promissory notes collateraled by such bonds, notes, and/or other obligations, or through the purchase of securities issued or to be issued by such borrower.

SEC. 2. No loan shall be made by the Corporation under this act where any part of the proceeds of such loan are to be used for purposes authorized by section 16 of the act approved June 19, 1934 (Public, No. 417, 73d Cong.).

The PRESIDING OFFICER. Without objection, the amendments are agreed to.

Mr. McNARY. Mr. President, before final action is taken I should like to have the Senator from Arkansas explain what effect the amendments have upon the original text of the bill.

Mr. ROBINSON. Mr. President, prior to the call of the Senate I made a brief statement concerning the amendments.

Most of the amendments are merely verbal, and do not effect any substantial change in the provisions of the bill. There are two amendments which are substantial. They are offered in order to make the bill conform to the final draft as suggested by the Reconstruction Finance Corporation officials.

The loans are to be adequately and reasonably secured, and are for the purpose of enabling the school authorities to refinance their obligations. Under a similar statute passed with reference to the refinancing of drainage, irrigation, and levee district organizations, refinancing has progressed to the extent that an aggregate reduction of approximately $30,000,000 has been made in the obligations which have been refinanced.

There are a number of States in which the obligations of school districts are in default. In most of them with which I am familiar, prior to the depression, the revenues of the district were ample to cover the service charges; but with the depression there came a decline in the amount of revenues available for these purposes. This proposed legislation is necessary in order to avoid closing down the schools for a part of the year in some of the States. The funds which are essential to the operation of the schools might be used in paying the service charges on their obligations.

The discretion of the Reconstruction Finance Corporation is unlimited as to making the loans. That is to say, the bill requires that the security shall be adequate and that there shall be such other restrictions and regulations as the Reconstruction Finance Corporation may impose consistent with the terms of the act.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ROBINSON. Certainly.

Mr. VANDENBERG. I am wondering about the figure of $10,000,000. If we are going to invade this field, it seems to me a vastly greater sum will be involved.

Mr. ROBINSON. The Senator is entirely correct in the assumption that $10,000,000 may not prove adequate, and probably will not prove adequate, for the consummation of the purposes of the bill; but it is believed that $10,000,000 is all that may be required during the next year, and that if the bill justifies itself—as the drainage, irrigation, and levee act to which I have already referred appears to have done—other loans may be authorized when this fund shall have been exhausted, if Congress shall see fit to authorize them.

Mr. VANDENBERG. I am wondering whether this precedent may extend itself into very large sums, into a billion dollars or more.

Mr. ROBINSON. Oh, no; it is not expected that anything like that will occur. Probably a sum much larger than $10,000,000 may be used in future years if conditions make necessary the legislation. If the school district revenues should be increased by reason of improved conditions in the country, further authorizations may be entirely unnecessary.

I wish to state frankly that the situation was this: I sought to authorize, and so did a Member of the House who first introduced a bill on the subject, aggregate loans in the amount of $50,000,000. The Budget Bureau approved that sum on the condition that the proposed legislation did not contemplate any increase in the loaning powers of the Reconstruction Finance Corporation. The Reconstruction Finance Corporation probably would have approved an aggregate authorization of $50,000,000, but did not feel justified in doing it without an expansion of their loaning power. So it was finally agreed, after much consideration and discussion with the appropriate authorities—the Budget Bureau and the Reconstruction Finance Corporation—and by the Representative and myself, that $10,000,000 would be adequate for present and immediate purposes.

Mr. DICKINSON. Mr. President——

Mr. ROBINSON. I yield to the Senator from Iowa.

Mr. DICKINSON. If this proposed law had been on the statute books I am wondering whether or not the Reconstruction Finance Corporation would have been required or would have been able to meet the situation in a city like Chicago, where the teachers were not paid for some 2 years or more. Is that the purpose of the bill?

Mr. ROBINSON. No; this bill does not authorize the use of funds loaned under it for the payment of teachers or for the construction of school facilities. It merely permits loans to be made, in the discretion of the Reconstruction Finance Corporation, for the purpose of refinancing the outstanding obligations of school districts; but it might be true that the effect of such loans would be to permit the continuance of school operations, in this way: The schools might be able to use for operating purposes funds which, but for the loans, they would have been required to employ in meeting service charges on their obligations.

Mr. DICKINSON. The thought I had in mind was that, if I read the bill correctly, it would authorize the Reconstruction Finance Corporation to rediscount in such amounts as it might see fit the warrants of a school district like the city of Chicago.

Mr. ROBINSON. The bill authorizes loans by the Reconstruction Finance Corporation for the purpose of enabling the school authorities to refinance their outstanding obligations, whether they are bonds or other obligations.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Massachusetts?

Mr. ROBINSON. Certainly.

Mr. WALSH. As I understand, there are large numbers of school districts in certain parts of the country which have issued obligations of one kind or another for the purpose of erecting and maintaining schools; and the Senator's purpose is to permit these municipalities or school districts to reduce and refinance their obligations by borrowing money from the Reconstruction Finance Corporation.

Mr. ROBINSON. The Senator has correctly stated the purpose of the bill.

Mr. WALSH. There are large numbers of municipalities which do not segregate their school obligations from those issued to defray their general governmental expenses. I do not understand that the provisions of the bill would apply to any general municipal loans which might include school purposes.

Mr. ROBINSON. No; I do not so understand the bill.

Mr. WALSH. It is limited to school districts which issue obligations specifically for educational purposes?

Mr. ROBINSON. Yes; and for obligations already existing.

Mr. WALSH. It will help them to maintain their credit, or to refinance their obligations when they are unable to do so from private sources?

Mr. ROBINSON. I think that is a correct statement.

Mr. LEWIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Illinois?

Mr. ROBINSON. Certainly.

Mr. LEWIS. Has the Senator had an opportunity to ascertain how the bill would apply to the situation in Chicago, where there is an existing loan to the city from which teachers were paid?

I will say to the Senator that there is on file security which delivers to the Reconstruction Finance Corporation certain liens on real estate controlled by the Board. Should the Board not be able to pay the debt from any returns which come in from the tax warrants, would not this measure allow them to refinance upon their own securities in some manner by which they may pay this debt?

Mr. ROBINSON. I will answer the Senator by reading the language of the bill which is applicable. Of course, I shall not read all of the bill, but only the language which is applicable:

> No loan shall be made under this section until the Corporation * * * has been satisfied that an agreement has been entered into between the borrower and the holders of its outstanding bonds, notes, and/or other obligations which have been incurred for the benefit of public schools, under which agreement it will be able to purchase, reduce, or refund all or a major portion of such indebtedness or obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of the evidences of such indebtedness or obligations over the 6-month period ended January 1, 1935, and under which a substantial reduction will be brought about in the aggregate of such outstanding indebtedness and obligations.

Mr. LEWIS. As I understand, the readjustment would be a mutual adjustment between the board controlling the schools of Chicago and the R. F. C. controlling the finances here.

Mr. ROBINSON. An agreement must be entered into between the school authorities and the holders of the obligations, and when the Reconstruction Finance Corporation is satisfied that that agreement meets the terms of the pending bill, it may make the loan.

Mr. GORE. Mr. President, is this limited to long-term obligations or does it apply to current expenditures, teachers' salaries, and so forth?

Mr. ROBINSON. The language of the bill I have just read is:

> Outstanding bonds, notes, and/or obligations incurred by or for the benefit of the tax-supported public-school districts or other similar public-school authority—

And so forth.

Mr. GORE. That means warrants issued to pay the salaries of teachers. My only concern is that we should not establish a precedent to come back to plague us, that would prove an unbearable drain on the Federal Treasury or invite Federal interference with our local schools, or impair the independence of our common-school system.

Mr. ROBINSON. The Senator may make his own construction as to the legal effect of the language. As suggested to me by the Senator from Massachusetts [Mr. WALSH], the important word is "outstanding" obligations, and it is provided that no part of the funds loaned shall be used to pay teachers.

The PRESIDING OFFICER (Mr. MCGILL in the chair). The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I send to the desk an amendment to which I feel there will not be any objection.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 1, line 10, after the period, it is proposed to insert the following new sentence:

> Such aggregate amount shall be allocated equitably among the several States and Territories and the District of Columbia, on the basis of the demonstrated need, but not more than 10 percent of such amount shall be loaned to any one State or Territory or to the District of Columbia.

Mr. ROBINSON. Mr. President, this is the first time the amendment proposed by the Senator from Montana has been brought to my attention. The first part of the amendment down to the word "need", in line 4, is not objectionable to me. The latter part I think the Senator on reflection would not wish to insist upon. It provides that "not more than 10 percent of such amount shall be loaned to any one State or Territory or to the District of Columbia." That would mean that not in excess of a million dollars could be loaned in any State on account of the proposed act, and it might mean that a large part of the aggregate fund would not be used. I suggest to the Senator from Montana that he modify his amendment by striking out all after the word "need." I would have no objection to the amendment if he will do that.

Mr. WHEELER. I suggested the amendment so that the whole amount could not be loaned to some one State.

Mr. ROBINSON. The Senator's thought, I take it, is that for one reason or another all the loans might be made in one or two States, while other States equally in need would be deprived of any loan.

Mr. WHEELER. That is my thought in offering the amendment.

Mr. ROBINSON. That is amply safeguarded in the language which would be preserved in the Senator's amendment if he would strike out the words I have suggested, namely—

> but not more than 10 percent of such amount shall be loaned to any one State or Territory or to the District of Columbia.

The language retained requires that it be equitably allocated among the several States, and so forth.

Mr. WHEELER. I have no particular objection. I would have liked to limit the amount. For instance, the State of New York and the State of Illinois might come in and say, "We need all of this $10,000,000", and they might demonstrate their need, whereas some of the smaller States which needed loans just as badly would not be able to get anything from the fund because it would be exhausted.

Mr. ROBINSON. I do not think any other limitation than the first provision would be required to accomplish the purpose the Senator has in mind. The language which would remain in the amendment would be the following:

Such aggregate amount shall be allocated equitably among the several States and Territories and the District of Columbia on the basis of demonstrated need.

Mr. WHEELER. I accept the modification.

Mr. ROBINSON. Mr. President, I move to strike out of the amendment all after the word "need", in line 4, and to insert a period after the word "need."

Mr. WHEELER. I accept the suggestion of the Senator.

Mr. WALSH. Mr. President, may we have the revised amendment reported?

The PRESIDING OFFICER. The clerk will state the amendment as modified.

The CHIEF CLERK. On page 1, line 10, after the period, it is proposed to insert the words "Such aggregate amount shall be allocated equitably among the several States and Territories, and the District of Columbia, on the basis of demonstrated need."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana, as modified.

The amendment as modified was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

J. R. COLLIE AND ELEANOR Y. COLLIE

The Senate proceeded to consider the bill (S. 1042) for the relief of J. R. Collie and Eleanor Y. Collie, which had been reported from the Committee on Claims with amendments, on page 1, line 7, to strike out "$10,000" and to insert in lieu thereof "$5,000", and to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to J. R. Collie and Eleanor Y. Collie, father and mother of J. R. Collie, Jr., deceased, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 in full compensation for the death of said J. R. Collie, Jr., a civilian employee, who was killed while in the employment of the United States Motor Transport Corps by an Army truck, no. 225, at the Army supply base, Norfolk, Va., on August 15, 1919: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RESIDENCE OF MEMBERS OF THE DISTRICT OF COLUMBIA FIRE DEPARTMENT

The Senate proceeded to consider the bill (H. R. 3641) to amend section 559 of the Code of the District of Columbia as to restriction on residence of members of the fire department, which had been reported from the Committee on the District of Columbia with an amendment, on page 1, line 3, after the word "of" to insert the words "title 20 of", so as to make the bill read:

Be it enacted, etc., That section 559 of title 20 of the Code of the District of Columbia be amended to read as follows:

"Restrictions on members of department leaving District; leaves of absence: No member of the fire department shall, unless on leave of absence, go beyond the confines of the District of Columbia, or be absent from duty without permission, except that nothing in this act shall be construed to limit the right of members of the department to reside anywhere within the Washington, D. C., metropolitan district; and leaves of absence exceeding 20 days in any one year shall be without pay and require the consent of the Commissioners, and such year shall be from January 1 to December 31, both inclusive, and 30 days shall be the term of total sick leave in any year without disallowance of pay; and leave of absence with pay of members of the fire department of the District of Columbia may be extended in cases of illness or injury incurred in line of duty, upon recommendation of the board of surgeons approved by the Commissioners of the District of Columbia, for such period exceeding 30 days in any calendar year as in the judgment of the Commissioners may be necessary: *Provided*, That for the purposes of this act, Washington, D. C., metropolitan district, shall be held to include the District of Columbia and the territory adjacent thereto within a radius of 12 miles from the United States Capitol Building: *And provided further*, That any member of the fire department living outside the District of Columbia shall have and maintain a telephone at all times in his residence."

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend section 559 of title 20 of the Code of the District of Columbia as to restriction on residence of members of the fire department."

CHANGE OF NAME OF DEPARTMENT OF THE INTERIOR

Mr. LEWIS. Mr. President, I invite the attention of the Senate to the fact that there is on the calendar Senate bill 2665, a bill to change the name of the Department of the Interior and to coordinate certain governmental functions, a measure introduced by me. The bill has been reported favorably by the Committee on Public Lands, but there are Senators who wish to be heard on the question who are not at present in the Chamber, and I take the liberty of asking whether the bill cannot go over until some day in the future, when we may have an understanding about it, so the Senators interested may be present to debate it.

Mr. McKELLAR. It is Calendar No. 1204?

Mr. LEWIS. Yes.

Mr. McKELLAR. A bill to change the name of the Interior Department?

Mr. LEWIS. Yes. It provides for incorporating certain other matters into the Department and to change the name of the Department. It is a measure in which Secretary Ickes is interested. I do not think it should be taken up under the 5-minute rule. There are many who are interested but who are not at present in the Chamber, and I am anxious to keep faith with them. I ask unanimous consent that it may go over.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the bill will be passed over.

RESIDENCE OF MEMBERS OF THE DISTRICT OF COLUMBIA POLICE DEPARTMENT

The Senate proceeded to consider the bill (H. R. 3642) to amend section 483 of the Code of the District of Columbia as to residence of members of the police department, which had been reported from the Committee on the District of Columbia with an amendment, on page 1, line 3, after the numerals "483", to insert the words "title 20 of", so as to make the bill read:

Be it enacted, etc., That section 483 of title 20 of the Code of the District of Columbia be amended to read as follows:

"Residence of members of police force: There shall be no limitation or restriction of place of residence to any member of the police force, other than residence within the Washington, D. C., metropolitan district: *Provided*, That for the purposes of this act, Washington, D. C., metropolitan district, shall be held to include the District of Columbia and the territory adjacent thereto within a radius of 12 miles from the United States Capitol Building: *And provided further*, That any member of the police department living outside of the District of Columbia shall have and maintain a telephone at all times in his residence."

Mr. LA FOLLETTE. Mr. President, I should like to have an explanation of this bill. I shall be obliged to object in the absence of an explanation. I am not at all familiar with the bill except by title. It is entitled "An act to amend section 483 of the Code of the District of Columbia as to residence of members of the police department."

Mr. McKELLAR. Mr. President, the Senator who reported the bill is not present.

Mr. COPELAND. Mr. President, I think I can answer the question.

The purpose of these two bills is to permit firemen and policemen to live outside the District—of course, in the very neighborhood of Washington—and when they do that they must provide themselves with telephones, so as to be within

call. Some of them have homes outside of the District which are more suitable for bringing up their children. So these matters were considered by the District of Columbia Committee, and the bills were given favorable reports.

Mr. LA FOLLETTE. Mr. President, what is the attitude of the District Commissioners toward the pending bill?

Mr. COPELAND. I think there was no opposition to it.

Mr. TYDINGS. May I ask if this bill permits policemen to live outside of the District or takes that privilege away from them?

Mr. COPELAND. It permits them to live outside of the District.

Mr. TYDINGS. As a matter of fact, do not some of them now live outside of the District?

Mr. COPELAND. Yes; they do.

Mr. TYDINGS. How could they do that if that restriction had been enforced?

Mr. COPELAND. Apparently it has been a dead letter, but the question has been raised of late in other cities also.

Mr. TYDINGS. The Senator has in mind the same thing I have—that in the case of those who are buying homes outside of the District, in the surrounding suburbs which are being built up so that it is virtually all one city, it would be an injustice to compel them to sell their homes and move into the District.

Mr. COPELAND. That is true.

Mr. LA FOLLETTE. Mr. President, my information from the Summary of the Calendar prepared by the minority conference is that the Commissioners of the District are opposed to the principle on which these bills are predicated. I do not wish to do any injustice to the members of the fire and police departments; but in view of the fact that Senators do not seem to be well informed on this measure, and as I understand that the Senator from Arkansas is about to move a recess, I suggest to the Senator from New York that we leave off at this point, so as not to jeopardize the case of the police and firemen, and give me an opportunity to look into the matter.

Mr. COPELAND. I have no objection to that. I find that the majority of the Board of Commissioners favored the bill, so I take it there is no objection.

The PRESIDING OFFICER. At the request of the Senator from Wisconsin, House bill 3642 will be passed over for the day.

SECOND DEFICIENCY APPROPRIATIONS

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ADAMS. I move that the Senate insist on its amendments, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ADAMS, Mr. GLASS, Mr. MCKELLAR, Mr. HALE, and Mr. DICKINSON conferees on the part of the Senate.

ORDER FOR CONSIDERATION OF CALENDAR TOMORROW

Mr. ROBINSON. Mr. President, I ask unanimous consent that when the Senate meets tomorrow it proceed with the pending business, being the call of the Calendar of Unobjected Bills, the unfinished business being temporarily laid aside for that purpose.

Mr. COPELAND. Beginning with Calendar No. 1130?

Mr. ROBINSON. Is that the number?

Mr. COPELAND. Yes.

Mr. ROBINSON. Very well.

Mr. MCNARY. Mr. President, I have no objection to that.

Mr. BARKLEY. Mr. President, the unfinished business was not to be taken up until the completion of the calendar, either today or tomorrow.

Mr. ROBINSON. Very well.

BONNEVILLE DAM

Mr. MCNARY. Mr. President, earlier in the day, during the routine morning business, I presented a bill with reference to the construction of a project known as the "Bonneville Dam", on the Columbia River, in the States of Oregon and Washington. I now ask unanimous consent to have printed in the RECORD a letter from the President of the United States concerning the bill and giving his views thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

THE WHITE HOUSE,
Washington, July 26, 1935.

Hon. ROYAL S. COPELAND,
Chairman Committee on Commerce,
United States Senate, Washington, D. C.

MY DEAR SENATOR COPELAND: Senator McNary has introduced a bill authorizing the completion, maintenance, and operation of certain navigation facilities on the Columbia River, now under construction, known as the Bonneville Dam.

The bill has been considered by the Chief of Engineers, the Federal Power Commission and the Attorney General. All agree that the proposed legislation is desirable and necessary to the development of the project.

In this view I concur. May I ask that your committee give early and favorable consideration to the bill.

Very sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT.

INTERNATIONAL PETROLEUM EXHIBITION AT TULSA, OKLA.

Mr. GORE. Mr. President, this morning I reported favorably from the Committee on Finance, Senate Joint Resolution 168, and asked to have it placed upon the calendar. The consideration of the joint resolution went over at the instance of the Senator from Oregon [Mr. MCNARY]. The Senator had no objection to the joint resolution, but he wished to have time to consider it before agreeing to have it considered. He is willing to have the measure taken up at this time.

The PRESIDING OFFICER. Is the joint resolution on the calendar?

Mr. ROBINSON. Mr. President, the joint resolution is not on the calendar. It was reported this morning.

Mr. MCNARY. A request was made by the Senator from Oklahoma that it might be placed on the calendar, which was done by unanimous consent. I have no objection to its present consideration.

Mr. GORE. Mr. President, I ask for the present consideration of Senate Joint Resolution 168.

There being no objection, the Senate proceeded to consider the joint resolution (S. J. Res. 168) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exhibition at Tulsa, Okla., to be held May 16 to May 23, 1936, inclusive, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the President of the United States is authorized to invite by proclamation, or in such other manner as he may deem proper, the States of the Union and all foreign countries to participate in the proposed International Petroleum Exposition, to be held at Tulsa, Okla., from May 16 to May 23, 1936, inclusive, for the purpose of exhibiting samples of fabricated and raw products of all countries used in the petroleum industry and bringing together buyers and sellers for promotion of trade and commerce in such products.

SEC. 2. All articles that shall be imported from foreign countries for the sole purpose of exhibition at the International Petroleum Exposition upon which there shall be a tariff or customs duty shall be admitted free of the payment of duty, customs, fees, or charges, under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during the exhibition to sell any goods or property imported for and actually on exhibition, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury may prescribe: *Provided*, That all such articles when sold or with-

drawn for consumption or use in the United States shall be subject to the duty, if any, imposed upon such articles by the revenue laws in force at the date of withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling and necessary exposure, the duty, if paid, shall be assessed according to the appraised value at the time of withdrawal for consumption or use, and the penalties prescribed by law shall be enforced against any person guilty of any illegal sale, use, or withdrawal.

SEC. 3. That the Government of the United States is not by this resolution obligated to any expense in connection with the holding of such exposition and is not hereafter to be obligated other than for suitable representation thereat.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. MCGILL in the chair) laid before the Senate a message from the President of the United States nominating Findley B. Howard, of Nebraska, to be Envoy Extraordinary and Minister Plenipotentiary to Paraguay, which was referred to the Committee on Foreign Relations.

EXECUTIVE REPORTS OF COMMITTEES

Mr. WAGNER, from the Committee on Public Lands and Surveys, reported favorably the nomination of Charles West, of Ohio, to be Under Secretary of the Interior.

Mr. DIETERICH, from the Committee on the Judiciary, reported favorably the nomination of Edward D. Bolger, of Michigan, to be United States marshal, western district of Michigan, to succeed Martin Brown, resigned.

Mr. BURKE, from the Committee on the Judiciary, reported favorably the nomination of Cleon A. Summers, of Oklahoma, to be United States attorney, eastern district of Oklahoma, vice W. F. Rampendahl, resigned.

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination on the calendar.

BOARD OF TAX APPEALS

The legislative clerk read the nomination of William W. Arnold, of Illinois, to be a member.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

Mr. ROBINSON. I ask that the nominations in the Public Health Service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. MCKELLAR. I ask that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 36 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Tuesday, July 30, 1935, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate July 29, 1935

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Findley B. Howard, of Nebraska, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Paraguay.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 29, 1935

BOARD OF TAX APPEALS

William W. Arnold to be a member of the Board of Tax Appeals.

PUBLIC HEALTH SERVICE

TO BE MEDICAL DIRECTORS

James P. Leake
Lawrence Kolb
Hermon E. Hasseltine

TO BE SENIOR SURGEONS

William S. Bean, Jr.
Gleason C. Lake
Thomas B. H. Anderson
Herbert A. Spencer

TO BE ASSISTANT SURGEON

Dr. Thornburn S. McGowan.

TO BE PASSED ASSISTANT PHARMACISTS

Edgar B. Scott
Edwin M. Holt

POSTMASTERS

CALIFORNIA

Lutheria F. Cunningham, Saratoga.

COLORADO

Zebulon M. Pike, Golden.
Esther M. Stanley, Gypsum.

MINNESOTA

Ralph J. Dolan, Arlington.
Colette F. Grutsch, Avon.
Harriett M. Eleeson, Beaver Creek.
Edward S. Scheibe, Cloquet.
Ole J. Leding, Cook.
Hazel W. Brown, La Crescent.
William C. Ackerman, Lakeville.
William Pennar, Laporte.
Vern Weaver, Lowry.
Cora E. McAlpine, Marble.
Conrad B. Diekman, Ogema.
Charles E. Gravel, Onamia.
Leslie R. Lisle, Royalton.
May E. Aukofer, Welcome.
Louis I. Bullis, Winnebago.

MISSOURI

Louis H. Barker, Willow Springs.

NEBRASKA

Argyle M. Knapp, Ansley.
R. Elmer Harmon, Auburn.
John L. Delong, Bushnell.
Halford J. Mayes, Rushville.
William P. Cowan, Stanton.

NORTH DAKOTA

Herbert J. Simon, Lakota.

OHIO

Charles C. Reynolds, Blanchester.
Dwight C. Banbury, Danville.
Burl A. Louderbaugh, Gambier.
Glenn D. Keeney, Rock Creek.
Leroy Brown, Saint Paris.

VERMONT

Daniel B. Hufnail, Reading.

WEST VIRGINIA

Marguerite E. Whiting, Glenville.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 29, 1935

The House met at 12 o'clock noon.

Rev. William A. Keese, pastor of the Metropolitan Memorial Methodist Episcopal Church of Washington, D. C., offered the following prayer:

Almighty God, infinite Father of our spirits, sovereign Ruler of all nations, hear us, we humbly beseech Thee, and grant us Thy favor. Continue Thy gracious guidance of this Congress and of all who sit in authority, that liberty and law, righteousness and peace may everywhere prevail. Ennoble us with the consciousness that the service of the people is the service of God. Unite our hearts to do Thy law, that so we may lead the nations in the paths of good will and understanding. May justice bring forth contentment in every home and tolerance grow to fellowship between all groups. Make us sensible of our union one with another as thy children that we may strive wisely to order all things according to Thy perfect will. Build strong the bulwarks of the State with brotherhood and enrich our national life with godly fear.

"From war's alarms, from deadly pestilence,
Be Thy strong arm our ever sure defense;
Thy true religion in our hearts increase,
Thy bounteous goodness nourish us in peace."

In the time of plenty thou didst not forsake us; and now, in the day of adversity, suffer not our trust in Thee to fail. We pray in the spirit of Thy children. Amen.

The Journal of the proceedings of Thursday, July 25, 1935, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On July 25, 1935:

H. R. 7590. An act to create a Central Statistical Committee and a Central Statistical Board, and for other purposes.

On July 26, 1935:

H. R. 6323. An act to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 7980. An act to protect the revenue of the United States and provide measures for the more effective enforcement of the laws respecting the revenue, to prevent smuggling, to authorize customs-enforcement areas, and for other purposes.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7617. An act to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House thereon, and appoints Mr. GLASS, Mr. FLETCHER, Mr. BULKLEY, Mr. MCADOO, Mr. NORBECK, and Mr. TOWNSEND to be the conferees on the part of the Senate.

SECOND DEFICIENCY BILL

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BUCHANAN, TAYLOR of Colorado, OLIVER, SANDLIN, TABER, and BACON.

AMENDMENT OF THE AGRICULTURAL ADJUSTMENT ACT

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. TABER. Mr. Speaker, according to my understanding, there are two or three items involved that are rather unusual on a bill of this character; for instance, an appropriation of $40,000,000 in connection with cattle and an appropriation of $50,000,000 with respect to marginal lands, in addition to various legislative matters. Will the gentleman assure us that these matters will be brought back to the House for a separate vote?

Mr. JONES. It is my understanding we are required to do so where there is a separate amendment carrying an appropriation. However, there are so many changes I do not like to give assurance with respect to specific items. The Senate took out a good many things and put in a good many things. However, I can assure the gentleman that they kept the same number on the bill. There are so many items of change that they involve about as much as the original bill and I do not like to make a specific agreement to bring back various propositions for separate votes. On appropriations I think we would probably be required to bring them back for a separate vote.

Mr. TABER. Can the gentleman give us such assurance as to the appropriations?

Mr. JONES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. JONES. When an amendment carries an appropriation, such amendment being attached by the Senate to a legislative bill originating in the House, is it necessary that it be brought back for a separate vote on that particular amendment?

The SPEAKER. The Chair thinks so, under the rules.

The rule, with which the gentleman is familiar, reads:

No amendment of the Senate to a general appropriation bill which would be in violation of the provisions of clause 2 of rule XXI, if said amendment had originated in the House, nor any amendment of the Senate providing for an appropriation upon any bill other than a general appropriation bill, shall be agreed to by the managers on the part of the House unless specific authority to agree to such amendment shall be first given by the House by a separate vote on every such amendment.

The Chair thinks it is very clear, therefore, that the amendment would have to be brought back to the House for a separate vote.

Mr. JONES. I had so understood.

Mr. SNELL. Mr. Speaker, will the gentleman from Texas yield for a question?

Mr. JONES. I yield.

Mr. SNELL. What is the amendment affecting the potato growers of the country requiring that each individual potato grower must get an assignment of the amount he may grow and providing a processing tax on the farmers throughout the country?

Mr. JONES. I understand that is what is known as the "Warren potato bill" which is pending on the House Calendar. I have not read it specifically, but I understand it is practically identical with the House bill.

Mr. SNELL. This is a matter that is very important to the people in the northern part of my State and I wish the gentleman would give us a chance at least to have a sep-

arate vote on such an important amendment affecting so generally the people of the United States.

Mr. JONES. There are a great many amendments. I may state to the gentleman, there are 78 pages of amendments. I am going to try to be fair and I am sure the other members of the conference will be fair, but the gentleman knows the impracticability of having definite committals for separate votes on every item that may come up before consideration has been given to the amendments by the conference.

Mr. SNELL. I would not think of asking the gentleman for a separate vote on every amendment, but when you pass such an important piece of legislation affecting so many people with respect to such a necessary food product as potatoes, I think the House ought to have an opportunity to pass on the matter.

Mr. JONES. I would rather not make a definite committal, but I will state to the gentleman that I shall take that up with the conference group and we will try to work out what is fair with respect to the matter.

Mr. SNELL. I think the average Member of the House would like to have an opportunity to express himself on such an important proposition.

Mr. JONES. That may be true; and I shall consult with the other members of the committee, as well as the conference group, about it.

Mr. RICH and Mr. GILCHRIST rose.

Mr. RICH. Mr. Speaker, reserving the right to object, may I interrogate the gentleman with respect to the $50,000,000 that is proposed to be spent for acquiring additional land? Can the gentleman tell me why the House should not have a separate vote on that proposition, and are we going to have an opportunity to vote on the question of building additional dams in the Northwest, where we are putting into cultivation now millions of acres of additional ground, by reason of the fact we are building such dams?

It certainly is a foolhardy proposition to go out and buy lands and put them out of business, then go out West and build dams costing hundreds of millions of dollars, and putting those additional lands into cultivation.

Mr. JONES. I do not know that the gentleman heard the Speaker, but he ruled that it is necessary, where a specific appropriation is put on a legislative bill, if we agree to it, that it must come back for authority from the House.

Mr. RICH. I hope the gentleman will give consideration to the fact that we are asked, notably in the river and harbor bill, to buy additional lands costing the country hundreds of millions of dollars, and put the Government into the business of cultivation, irrigating millions of acres of land. It is ridiculous when we cannot get money enough into the Treasury to pay our bills.

Mr. GILCHRIST. Reserving the right to object, the chairman stated that the Warren potato bill is on the House Calendar. I would like to ask the gentleman if the bill has been reported from the committee?

Mr. JONES. I think it has. It was ordered reported.

Mr. GILCHRIST. I understand it was ordered reported by one vote. The statement was made at the time that those who objected to the bill might file minority views. It was reported out by a majority of one, as I recall. Has the bill been reported without the privilege of the minority filing views?

Mr. JONES. I suspect that is my fault. I recall the gentleman having said something about that, but Mr. COOLEY made the report, and it was overlooked. It was my fault and not the fault of the gentleman from Iowa. I will be glad to join in a request that the minority views may be filed at this time.

Mr. GILCHRIST. I thank the gentleman for that frank statement.

Mr. ANDRESEN. Reserving the right to object, I understand that the Warren bill attached in the Senate was the original Warren bill.

Mr. JONES. No; I understand it carries the latest amendments; but if not, that could be adjusted in conference.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Chair appointed the following conferees: Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER.

THE WARREN POTATO BILL

Mr. JONES. Mr. Speaker, I ask unanimous consent that any member of the Committee on Agriculture may have three legislative days within which to file minority views on what is known as the "Warren potato bill."

The SPEAKER. Is there objection?

There was no objection.

THE BANKING BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, disagree to the Senate amendments, and agree to the conference asked for.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Chair appointed as conferees on the part of the House Mr. STEAGALL, Mr. GOLDSBOROUGH, and Mr. HOLLISTER.

THE CONSOLIDATION OF THE ARMY AND NAVY FOR THE PROMOTION OF PEACE AND ECONOMY

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to insert therein a radio address that I delivered.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEFAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered recently over the radio, on July 25, 1935:

I am very happy to be the guest speaker of the National Council for Prevention of War. It was through the request of that noble woman, Miss Jeannette Rankin, who has done so much for the cause of peace, that I succumbed to accepting this invitation. The subject assigned me is the Consolidation of the Army and Navy for the Promotion of Peace and Economy. To discuss in detail such a tremendous question in the short time assigned me is an impossibility. Consolidation of business of any kind by the cutting down of the overhead always works out in economy. I wish to repeat what has been previously said—but not too often—that the Constitution provides that the Constitution, the acts of Congress, all treaties, are the supreme law of the land. I want to quote from the treaty outlawing war, signed by our Government and 61 other nations:

"ARTICLE I. The high contracting parties solemnly declare in the names of their respective peoples that they condemn recourse to war for the solution of international controversies, and renounce it as an instrument of national policy in their relations with one another.

"ART. II. The high contracting parties agree that the settlement or solution of all disputes or conflicts of whatever nature or of whatever origin they may be, which may arise among them, shall never be sought except by pacific means."

You who are listening to me; you who have felt the suffering which followed the last war, take heed. What has happened to that treaty? The latest war is Italy in Abyssinia, with Japan on Italy's trail. You have, since those treaty words were written, read much about the distrust which has been mutual among nations. You have seen the League of Nations ignored; you have seen Manchuria conquered; you have seen the Versailles Treaty repudiated, and you have seen the defalcation of debts to the United States which run into $11,000,000,000. The warning comes to us in big headlines, reading "America, Keep Out." You can see the spirit of George Washington still warning America against European entanglements. The United States is not responsible to any country in the world, but is responsible to the people and the possessions of the United States. I feel that a majority of Members of the House of Representatives will ever bear this in mind and that a majority are pledged to their conscience and to their constituents that never again will the United States set foot on foreign soil for war purposes.

Our Army and Navy are among the biggest buyers and spenders in our Nation. These two branches of our Government are spending about a billion dollars of your money during the next 12 months and that won't be enough. They will both be able to show a deficit. The War Department appropriations for military activities for 1936 total approximately $341,000,000. The 1936 Navy Department appropriations total approximately $459,000,000. This is the largest Navy appropriation for 7 or more years past and next to the largest military activities or war appropriations in the same or more number of years. You are spending $3,000,000 a

day for the Army and Navy. The War Department and the Navy Department have shown a strong opposition against any plan to consolidate these expensive branches of our Government.

In the Seventy-second Congress the War Department, in a report on H. R. 7012, said:

"In the matter of economies that might be expected under the reorganization, it does not appear possible to make an estimate in the absence of more exact information as to the details of the proposed department of national defense. While some savings might be made in the elimination of minor duplications, particularly in the performances of the administrative functions, these would, to a certain extent at least, be counterbalanced by greatly increased costs in overhead."

The Navy Department, in a report on H. R. 4742, Seventy-second Congress, denies that there would be any savings effected by merging the War and Navy Departments. They said:

"The economy of the suggested change cannot be proven either by deductive reasoning or by experience in this country or any other; * * *.

"In conclusion, this Department believes that the proposed department of national defense is certain to cause extra expense rather than economy; * * *."

But the ever-increasing appropriations for these two services are astounding. The annual appropriations for the War and Navy for the past few years are:

Year	Navy	War (military activities)
1930	$365,736,056.32	$332,250,918.50
1931	399,587,100.70	346,655,078.61
1932	360,101,593.00	334,781,865.00
1933	328,906,141.00	304,739,924.00
1934	310,169,558.93	278,104,974.22
1935	286,173,632.00	255,619,047.00
1936	459,000,000.00	341,000,000.00

The Adjutant General's Office in the War Department reports the cost of educating a cadet at West Point for 4 years is $9,715.48. A total of $12,630,124 on a basis of 1,300 cadets.

The Navy Department reports that the cost of educating a midshipman for 4 years at Annapolis is approximately $15,000. A total of $25,000,000 on basis of 1,700 midshipmen.

The annual cost of maintaining an average officer in the Army per year is estimated at $4,420.40; in the Navy, $4,500.

The average cost of maintaining an enlisted man in the Army is estimated at $809.86 per year; in the Navy, $1,100 per year.

Estimating the resources of the United States for an emergency war force is a complex problem. Some idea of the status of our armed or trained forces may be gained from the following figures:

Unit:	*Strength*
Army, Regular	135,011
National Guard	185,925
C. M. T. C.	247,753
R. O. T. C.	127,565
Reserve forces	124,513
Navy	88,655
Naval Reserve	40,867
Marine Corps	16,068
Marine Corps Reserve	9,384
Total	975,741

No account is taken in the above tabulation of trained Regular Army men who have been discharged, but who might be available for an emergency army; likewise, there are large numbers of trained National Guardsmen, uncommissioned R. O. T. C. students, discharged Navy and Marine Corps men, etc., who would probably be available for an emergency army.

And this is peace time. And when our national expenditures are over three and a half billion dollars more than the amount we take in and at a time when our national debt has passed the $29,000,000,000 mark. At a time when we are taking $5,000,000,000 of taxpayers' money in an effort to put three and a half million unemployed people to work. At a time when we estimate that we have 20,000,000 unemployed people. At a time when another bonus army has come to Washington begging for some of those billions in pay for adjusted-service certificates on the grounds that these former veterans fear the money so easily appropriated may be easily wasted. By the consolidation of the two most expensive branches of our Government the argument is put forward that great savings could be made through the purchases and expenditures through one efficient organization and by the elimination of many offices now doing duplicate work. All of us believe in preparedness to the extent of being prepared against invasion of our shores by a foreign enemy. But to build up an Army and Navy to such an extent that both branches become competing forces and grow beyond reasonable proportions at the expense of suffering taxpayers is wrong. It becomes a source of much waste in money and becomes the parade ground which borders closely on war propaganda and invites war. The people of the United States have had enough of war and will be suffering and paying the war debt for many years to come. They will be paying that in money and human suffering. Along with that their struggles against the depression with its ever-growing debt burden is becoming unbearable.

Already the voice of the people comes to Washington from all parts of the land urging some cessation of the wasting of public funds and a plea for the sane expenditures of people's money, with the ultimate hope of Budget balancing. Tremendous expenditures for war machinery in these times is unreasonable, and serious consideration should be given toward any movement which would promote consolidation of these two branches of the Government for the promotion of peace and economy.

This identical question was promoted in Congress in 1932 by the gentleman who is now Speaker of the House of Representatives, and on the same grounds. It was then urged to consolidate these two branches into a single department to be known as the "Department of National Defense", with a Secretary of National Defense who would have an assistant for the Navy, Army, and aviation.

The effort of JOE BYRNS in 1932 to consolidate the Departments of the War and the Navy into one single department failed because tremendous pressure was brought against the plan from the Chief Executive of that time, and also because of the attacks of powerful Army and Navy propagandists. This man, who now occupies the Speaker's chair and for whom every Member of the House has great respect, realized the ever-mounting appropriation for these two great branches of our service—namely, the Army and Navy. Even in 1932, with the appropriation for the fiscal year for 1933 amounting to $643,000,000, this statesman with his many years of experience as a legislator realized that unless something was done to halt these tremendous expenditures we would be spending more of taxpayers' money for the Army and Navy than for any other necessity of our national life.

At that time Mr. BYRNS explained that there were numerous items of expense which could be excluded should a consolidation be brought about. He called attention of Congress to the fact that each department has maintained an air service, and under a merger these would be brought together under the control of one head, and he was certain that greater efficiency and considerable savings are bound to result from such a consolidation. A centralized purchase of large quantities of planes and accessories, unified operation of fields and stations, and the elimination of duplication of facilities for repair, supply, etc., would logically follow. The War and Navy Departments each have a service of purchase and supply which expend very large sums of money in the procurement and distribution of huge quantities of commodities of all kinds for the maintenance and operation of its forces and facilities. Operating separately, the Army and Navy often are in the market competing with each other for large quantities of identical items of supply. It was believed then, as it is now by many, that a consolidation would enable their reorganized purchasing agencies to buy, store, and distribute at considerably less cost than the two now can do it.

The departments necessarily use supplies and equipment that are common to each. The storage and size of the stocks of such supplies and equipment might very well result in decreases when placed under a single control and direction, thus reducing the amount invested in these stocks and the losses due to obsolescence. The present use of existing stocks should be a factor of saving immediately.

Each department is the purchaser and, to some extent, the manufacturer of munitions and armaments of various kinds. For this purpose each also maintains considerable establishments for the repair of such equipment. It seems to me that there is a large field that would yield results under a properly organized consolidation.

Transportation of materials, equipment, and personnel is also a very large expense common to both departments. The movement of men and materials both by land and water is expensive, and if not coordinated with a view to the most economical needs of both agencies can result in great waste as well as in preventing savings that a well-directed business organization would regard as essential to its proper management.

Each separate organization now maintains depots, warehouses, posts, stations, magazines, and other facilities for supply, repair, and maintenance purposes. It is believed that a survey of the joint aims of the two departments is bound to lead to consolidations, eliminations, and increased efficiency.

Each department maintains educational institutions and is carrying on courses of training for both the regular organizations and the reserve forces from civil life. While the field for joint use of these branches may be considerably limited some possible decreases may come from a proper unification of them.

The two departments maintain in Washington quite sizable organizations for the direction of the field operations and activities. Each department maintains in the field district or area organizations for the direction of its field activities. It is inconceivable that substantial economies should not result from a reorganization under a single head of all these directing and service offices.

The consolidation of these services has been discussed before. This is a time when drastic action is necessary in the interest of the taxpayer. If economies can be effected by a rearrangement of our national defense organizations and by greater efficiency the occasion demands the submergence of individuals and service prejudices.

The world is staggering today under the load of armaments. Approximately three-fourths of the ordinary expenditures of our Federal Government are to pay for past wars and the maintenance of a national defense. This huge proportion of the total cost of government and its burden on our people ought to be reduced in every possible manner.

Many of you have heard of Miss Jeannette Rankin. Some of you perhaps have not. She has devoted many years of her life toward peace and woman suffrage. She was the only woman in Congress on that memorable Good Friday morning in 1917. She voted against war. There have been many statements regarding the vote of this wonderful woman who has dedicated her life to the peace of humanity. I feel that I should not close this address without quoting a word or two from the lips of this famous woman. These words are given to me in reply to my direct query as to her reactions on that historic occasion. I asked Miss Rankin this question:

"Just how and what did you feel when you were asked to vote on the question of the last war?"

And here is her reply:

"It is very difficult for people to realize how seriously the vote was taken by the overwhelming majority of the Members. Very few really wanted to vote for war. Many said if it were a secret vote it would not carry. The bearing down of the superpatriots and the militarists, together with their accusations, seem so fantastic in a period when reason controls that it is only by reading the speeches of that date that one can get an understanding of the atmosphere.

"My experience was different from many of the men, for I had been speaking against war for 7 years during the campaign for woman suffrage. Many times I said that war was a problem of great importance to women, that their life work of producing human beings was sacrificed for property.

"I knew that we were asked to vote for a commercial war; that none of the idealistic hopes would be carried out, and I was aware of the falseness of much of the propaganda. It was easy to stand against the propaganda of the militarists, but very difficult to go against friends and dear ones who felt that I was making a needless sacrifice by voting against war, since my vote would not be a decisive one. In trying to be fair I said I would listen to only those who wanted war and would not vote until the very last opportunity, and if I could see any reason for going to war I would try to change. It was my first vote on an issue. The responsibility of the war vote was so overwhelming that I was unconscious of my conspicuousness as the first woman Member, and did not vote on the first roll call. When my name was called I did not answer. I unconsciously felt the psychological pressure from Members and the galleries. And when my name was called a second time, without premeditation, I said:

"I wish to stand by my country, but I cannot vote for war. I vote 'no.'

"The unprecedented act of speaking in a roll call caused such confusion that all sorts of stories have been told as to what happened.

"The military necessity required that women should not have my vote as a precedent for questioning the righteousness of the war. Ridicule is often an effective weapon when reason fails. Newspapers made a great ado about tears. Claude Kitchen, the leader of the Democrats, who voted against war, shed tears openly as all the right-feeling Members did several times during the debate. Before 3 o'clock on Good Friday morning, when the vote was taken, all the tears that I had were shed. But that was only the beginning of the tears that were shed by the mothers who made great sacrifices for the war profiteers."

That is the story of one who has passed through many great battles for mankind. May God keep the United States of America out of all future wars. May He in His wisdom give to the legally elected representatives of 126,000,000 people of our Republic the strength and wisdom to break down the ever-growing menace of the war lords, and may we have everlasting peace in this land of the free and the home of the brave. For defense; yes. For war of aggression; never. Americans, keep out.

LEAVE TO ADDRESS THE HOUSE

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes when other requests have been disposed of.

The SPEAKER. Is there objection?

PRIVILEGE OF THE HOUSE

Mr. HUDDLESTON. Mr. Speaker, I have a matter of importance that I wish to present immediately, and I hope these gentlemen will withhold their requests until I can do so.

The SPEAKER. The gentleman from Alabama reserves the right to object to the request of the gentleman from Maryland.

Mr. HUDDLESTON. Mr. Speaker, it is a matter of importance of a current nature which I wish to present to the House.

Mr. GOLDSBOROUGH. Immediately?

Mr. HUDDLESTON. Immediately.

Mr. GOLDSBOROUGH. Mr. Speaker, I defer my request.

Mr. HUDDLESTON. Mr. Speaker, I rise to a question of the privilege of the House and present a resolution, which I send to the desk and ask to have read.

Mr. DIES. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER. The Chair will count. [After counting.] Evidently there is no quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 144]

Andrews, N. Y.	Ellenbogen	Knutson	Russell
Bankhead	Engel	Lamneck	Ryan
Bell	Fenerty	Lee, Okla.	Sadowski
Berlin	Ferguson	Lewis, Md.	Sanders, La.
Brown, Mich.	Fernandez	Lloyd	Schuetz
Buckley, N. Y.	Fitzpatrick	Lucas	Shannon
Bulwinkle	Frey	Lundeen	Sirovich
Burnham	Gasque	McGroarty	Smith, Conn.
Carter	Gassaway	McLean	Smith, Wash.
Casey	Gifford	McMillan	Smith, W. Va.
Chapman	Gildea	McSwain	Snyder
Claiborne	Gingery	Marcantonio	Somers, N. Y.
Clark, Idaho	Goodwin	Marshall	Stewart
Clark, N. C.	Gray, Ind.	May	Stubbs
Cochran	Green	Montague	Sullivan
Collins	Greenway	Norton	Sutphin
Connery	Hancock, N. Y.	O'Connell	Sweeney
Corning	Hancock, N. C.	Oliver	Thomas
Cox	Hartley	Palmisano	Thomason
Crosby	Healey	Perkins	Tobey
Dempsey	Hennings	Peyser	Treadway
Dickstein	Higgins, Conn.	Pfeifer	Umstead
Dietrich	Higgins, Mass.	Rabaut	Underwood
Dockweiler	Hollister	Ransley	White
Doutrich	Johnson, W. Va.	Rayburn	Wigglesworth
Drewry	Kennedy, Md.	Reilly	Wilson, Pa.
Duffey, Ohio	Kennedy, N. Y.	Richardson	Withrow
Dunn, Miss.	Kimball	Rogers, N. H.	Wolcott
Eicher	Kniffin	Rudd	

The SPEAKER. Three hundred and fourteen Members have answered to their names, a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

Mr. HUDDLESTON. Mr. Speaker, I present a resolution, which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry. Is this a privileged motion?

The SPEAKER. It is presented as a privileged motion.

Mr. RANKIN. Under what head?

The SPEAKER. The gentleman from Alabama can make his own statement.

Mr. RANKIN. I want to know what it is.

The SPEAKER. Let us hear the resolution read.

Mr. RANKIN. Unless it is a privileged motion, or unless the gentleman rises to a question of the privilege of the House, he has no right to present a resolution and have it read, unless, as I say, it is a privileged resolution.

The SPEAKER. The gentleman from Alabama can make his statement as to why he rises.

Mr. HUDDLESTON. Mr. Speaker, before the call of the roll I rose and stated I rose to a question of the privilege of the House and presented the resolution at that time.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Mr. HUDDLESTON submitted the following resolution:

"House Resolution 311

"Whereas on July 12, 1935, upon the request of the Senate for a conference upon the disagreement between the House and Senate over the amendment adopted by the House to S. 2796, a bill to provide for the control and elimination of public-utility companies, etc., such conference was agreed to, and managers upon the part of the House were appointed.

"And whereas it was the duty of such managers to secure that the conference between themselves and managers upon the part of the Senate should be held under fair and free conditions, favorable to a just and reasonable agreement and a composition of such disagreement between the votes of the House and the Senate, and in pursuance of such duty such managers upon the part of the House asked the managers on the part of the Senate to hold such conference in executive session, which request the managers upon the part of the Senate refused, and have continued to refuse, and have insisted and continue to insist upon the presence in the conference of a person who is not a manager upon the part of either House or Senate and who is not an employee of Congress, but is an employee of the executive branch, and the managers upon the part of the Senate have declined to hold such conference without the presence of such person.

"And whereas the managers upon the part of the House verily believe and are of opinion that the presence of such person is in

violation of their right to an executive session, and will interfere with their deliberations, and will prevent a just, fair, and free consideration of the subject of the conference and the reaching of a proper and just decision thereon, and for these reasons the managers upon the part of the House have declined to proceed with the conference in the presence of such person so objected to.

"And whereas, such measure in conference, S. 2796, is of great public importance, and the public interest requires that it should promptly become a law in the form and manner as amended by the House, in which form it will serve to correct serious abuses in the practices and activities connected with the management of holding companies and otherwise, and it would be detrimental to the public interest if such measure should fail of passage in such form, and would result, not only in the continuation of such abuses, but in detrimental economic and political agitation.

"And whereas the managers on the part of the Senate are obdurate and persistent in their refusal to hold such conference under fair and just conditions, and in their refusal to hold a conference other than in the presence of such outside person, to whose presence the managers upon the part of the House have objected, and the managers upon the part of the Senate, by such unyielding position, may defeat such measure and prevent its enactment into law, all with resulting injury to the public interest:

"*Be it resolved by the House of Representatives*, That the managers on the part of the House in the conference upon S. 2796 be, and they are hereby, instructed to further insist upon such conference being held under free, fair, and just conditions, and to insist that all persons who are not managers for either House or Senate be excluded from such conference.

"*Resolved further*, That a copy of this resolution be transmitted to the Senate."

During the reading of the resolution the following occurred:

Mr. RANKIN. Mr. Speaker, I think the resolution has been read far enough to indicate that it is not a privileged resolution, and I make the point of order that the resolution does not state a question of the privilege of the House.

The SPEAKER. The Chair thinks the resolution ought to be read in full.

The Clerk concluded the reading of the resolution.

Mr. RANKIN. Mr. Speaker, I make the point of order that the resolution does not state a question of the privilege of the House.

The SPEAKER. The Chair will hear the gentleman.

Mr. RANKIN. Mr. Speaker, in the first place, the House has no control over the Senate conferees. In the second place, the House has no authority to demand that the Senate conferees agree to an executive session or to a secret session. In the third place, the House has no authority and no power to regulate the Senate conferees as to the experts or advisers they shall have with them in the conference.

The practice is as old as the House of Representatives that conferees or committees, whether in executive session or not, call in advisers, technical or expert advisers; and in executive session the only restraint laid upon these advisers has been that they shall keep inviolate whatever occurred in the executive session.

We have appointed conferees on the part of the House. They have a right to say whom they shall take into the conference. They have a right to say what advisers they shall select. If a question arose on that proposition, it might furnish a question of privilege or a question that would go to the integrity of the proceedings of the House.

That is the point, Mr. Speaker, on which this privilege hinges—whether or not it involves a question that goes directly to the integrity of the proceedings of the House of Representatives. To say that the Senate committee, when it brings its experts to advise them and to assist them in working out the parliamentary or the legislative problems involved, is a matter that goes to the integrity of the proceedings of the House of Representatives I submit does not meet the requirement; and therefore the resolution is not privileged. If they want to come in and ask new instructions, and give the House the right to vote on the instructions or what those instructions are to be, that might be a different proposition, but that would not be a question of the privilege of the House.

It would not be a question that goes directly to the integrity of the proceedings of the House, but only to the instructions of our own conferees.

So I submit, Mr. Speaker, that it is far-fetched, far-fetched indeed, to say that the advisers that the Senate conferees shall have, whether they shall have any at all or not, or who those advisers are, goes to the integrity of the proceedings of the House of Representatives. I submit that is too far-fetched and too fine-spun to meet the requirements that, in order to constitute a question of privilege, it must involve a question that goes to the very heart of the integrity of the proceedings of the House of Representatives.

So I submit, Mr. Speaker, that the resolution is not privileged.

Mr. BLANTON. Mr. Speaker, I desire to make a further point of order, so that the Chair may have the entire matter before him.

The SPEAKER. The gentleman will state the point of order.

Mr. BLANTON. I make the point of order that under rule XXVIII of the House of Representatives, after the Speaker appoints conferees, until the conferees make a report and file their report and statement here and have it printed, or unless 20 days have elapsed, and a proper motion is made under rule XXVIII to discharge the conferees, the House loses jurisdiction entirely over the conferees until one of those two events happen.

I cite the Chair to rule XXVIII, especially to subdivision 2 of it. Subdivision 1½a of Rule XXVIII provides:

After House conferees on any bill or resolution in conference between the House and Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees, or to instruct said House conferees; and, further, during the last 6 days of any session of Congress, it shall be a privileged motion to move to discharge, appoint, or instruct House conferees after House conferees shall have been appointed 36 hours without having made a report.

Subsection 2 of rule XXVIII provides:

It shall not be in order to consider the report of a committee of conference until such report and the accompanying statement shall have been printed in the RECORD, except on either of the 6 days preceding the end of a session.

I submit in that connection that this is not a report from the managers on the part of the House respecting matters connected with a conference, and that the House has no control over the conferees until 20 days have elapsed, or until a conference report is signed and printed in the RECORD.

We have no control whatever over the Senate conferees. They are controlled by Senate rules under Senate jurisdiction and Senate domination. We have control only over House conferees, our own managers, and not over them until they make a report or until 20 days elapse after appointment.

Mr. RANKIN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. RANKIN. And then when they have to bring a question before the House the chairman of the House conferees or somebody authorized by him must come back and report a disagreement.

Mr. BLANTON. There must be some kind of a conference report filed or a disagreement. This is not a report.

Mr. RAYBURN. Will my colleague from Texas yield?

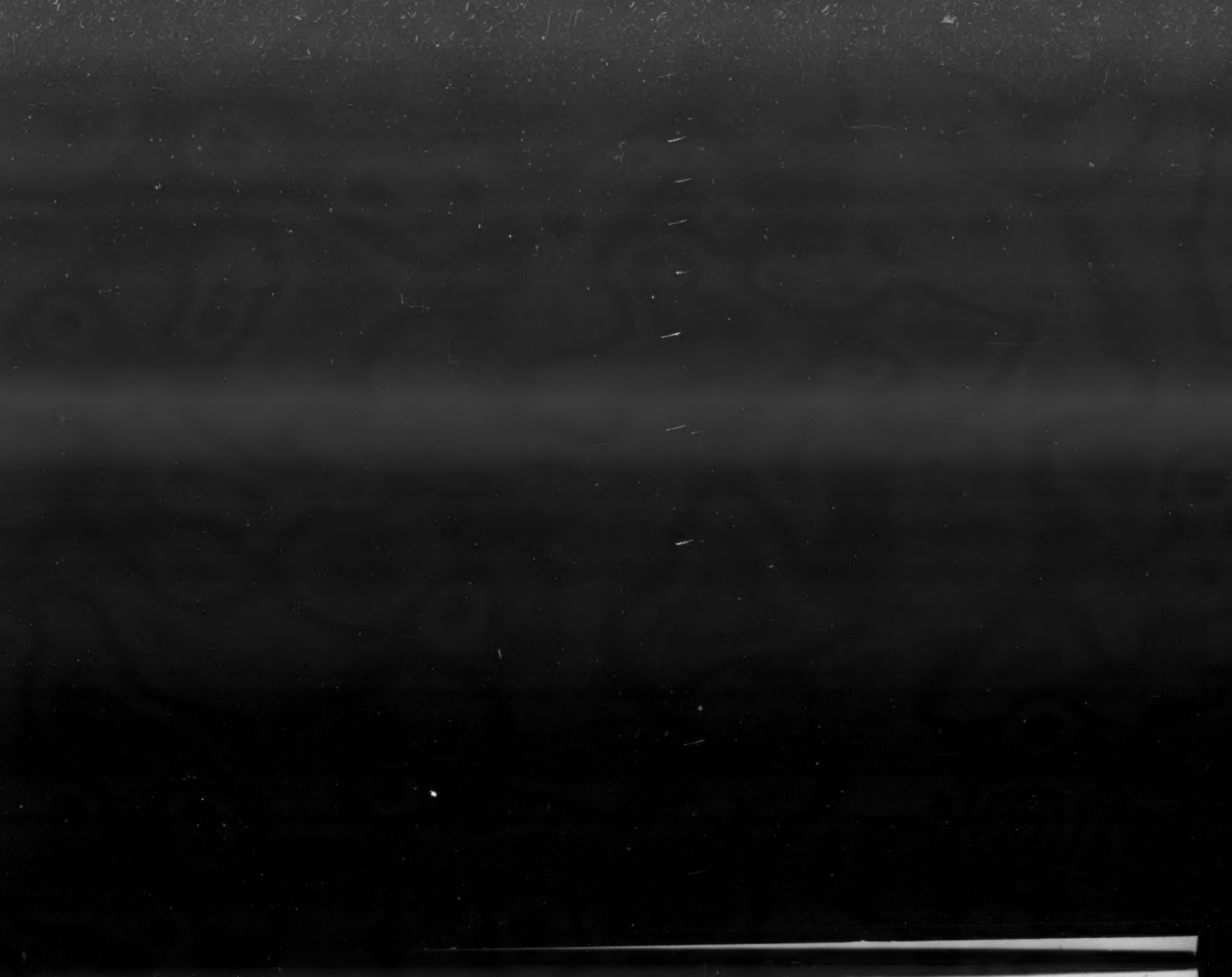
Mr. BLANTON. I yield.

Mr. RAYBURN. Not only did I not do that, but I had no knowledge whatever that this resolution was going to be introduced. [Applause.]

Mr. BLANTON. This resolution is an interference with our House conferees, managers on the part of the House, before their 20 days have expired. We have lost control of our House managers until 20 days have expired. The 20 days will not expire in this case until the 31st day of July, and there can be no motion made until the 1st of August, because these conferees were not appointed until July 12, hence, clearly this resolution is not privileged, but is out of order, and the point of order against it should be sustained.

The SPEAKER. The Chair will hear from the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Speaker, the resolution is submitted in my capacity as a Member of the House and not as one of the conferees. It is such a resolution as might have been submitted by any Member of the House, if, as a matter



of fact, there is a question of the privilege of the House involved.

So much for the point made by the gentleman from Texas [Mr. BLANTON]. I do not care to say anything further on that.

With reference to the objection raised by the point of order that this resolution does not present a question of privilege of the House, let me say this:

First, unfortunately, this is a case of first impression. There is no precedent either for or against it. We have only the processes of logic and the general understanding of the principles upon which our parliamentary practice is founded to guide us. We must necessarily approach this question from that point of view.

Managers appointed by the House are functionaries of the House. They act for the House. They are its agents. They are performing duties imposed upon them by the House. It is their duty to uphold the dignity, prestige, and independence of the House. It is their duty to bring back, as far as they reasonably can, the bill which the House has adopted.

Any interference with the managers in the performance of their duty is an interference with the agents of the House; with the functionaries of the House—in short, an interference with the House. Any interference which prevents the conferees from performing their function is a matter involving the prestige, dignity, and independence of the House and of the integrity of its proceedings. It seems to me that this must be obvious to all.

If the managers should be coerced or intimidated, if they should be assaulted, if they should be subjected to corruption or other influence tending to defeat their efforts to represent the House and to perform their duties as functionaries of the House, it would obviously affect the integrity of the proceedings of the House.

It is the duty of the managers to see that conferences are held under fair and just conditions, under conditions which are proper, and under conditions which will enable them to function—under conditions which will enable them to do that which the House has commissioned them to do. Any different conditions tend to thwart the will of the House as any interference with the performance of these duties is an interference with the House. The managers are, in a sense of the word, the House in action performing the thing which they are performing. They are as much a functionary and an official of the House as though the House had sent its Sergeant at Arms to serve its process. If he was not permitted to serve the process, the quality of the act is the same as an interference with the managers.

If, for illustration, the conferees should not be permitted to convene with the Senate conferees—if the managers on the part of the House should meet with the refusal of the managers on the part of the Senate to convene or to have sessions or to consider the subject of the conference, this would be a matter affecting the integrity of the proceedings of the House.

Your managers in this case appreciated the grave importance of the duty that had been imposed upon them. This bill did not go to conference under any ordinary and usual conditions; the conditions were extraordinary. We had considered the bill in the House during a period of public agitation; the passions and prejudices of the country had been inflamed, apparently, with deliberation. Not a newspaper in the country so obscure but had paid some attention to the controversy that was going on in the House over this bill. Personally, I felt the gravest responsibility, because of the fact that of the five House managers I was the only manager who had supported House section 11, over which most of the controversy arose. At once, as soon as the House had taken action, committees were appointed to investigate alleged undue influence which had been brought to bear in connection with the passage of the legislation, and those committees set themselves to work. One of the committees proceeded to investigate alleged improper activities upon the part of governmental officials. Another committee set itself to investigate alleged improper practices upon the part of those who might be affected by the legislation. The headlines were full of it, the air was charged with it, and, as I said, the passions and the prejudices of the country were inflamed by these proceedings and the notice which had been taken of them.

Your managers, therefore, went to conference under extremely unfavorable conditions. It must have been realized by everybody that it would be a task of supreme difficulty to bring about an agreement between the disagreeing votes of the two Houses. I may refer even, Mr. Speaker, to the fact that one who knew that he would subsequently become a conferee was quoted in the press as saying that there would be no agreement in conference unless the agreement was in opposition to the position which the House had taken.

In this fog of agitation, suspicion, propaganda, and inflamed public sentiment your managers came to meet with the Senate conferees. For some reason which has never been explained to me that meeting was delayed from the time of our appointment on the 12th day of July until the 22d day of July before any attempt was made to have a meeting. In the meantime these disclosures went on. The newspapers were full of them. Headlines 2 inches high were displayed; Members of Congress found their actions called into question; reputations were recklessly besmirched; and, generally, may I say that a situation was produced which tended to defeat fair, equitable, reasonable consideration of the subject of the conference.

Your managers went to conference with the Senate when they were finally permitted to do so. Necessarily, we approached that conference with an unusual sense of the seriousness of the situation and of the importance of the bill being considered under circumstances which would be favorable to a proper, a just, and a fair agreement.

When the House conferees were finally permitted to meet with the Senate conferees, we found present two gentlemen representing departments of the Government and not connected with the legislative branch. Thereupon, feeling that it would be detrimental to the success of the conference and to the calm, free, fair, and just deliberation and consideration of this bill, I requested that we have an executive session. I was promptly assured by the chairman of the Senate conferees that we would have an executive session. Then, noticing that these gentlemen remained, I asked what was meant by an "executive session", and he then informed me that he expected these gentlemen to remain during our sessions.

Other House managers constituting a majority of the managers made the same objection. It was discussed at length until finally being unable to reach any decision agreeable to all, the meeting came to an end, to reconvene upon a subsequent date. At this subsequent time the House managers went back to the place of meeting. We found one of these outside gentlemen had discreetly withdrawn, but the other was present and obviously intended to remain during the entire sessions.

Again the objection was made. Again the House managers were met by the statement of the Senate managers that they were resolved that this third person, not an employee of Congress and not one of the managers for either the House or Senate, should remain during the session of the conference and that there would be no conference unless he was permitted to remain.

The House managers, thereupon feeling it was not possible that we should ever be able to come to an agreement or that we should ever be able to agree with the presence and the intervention of this third person, and with his interference with our deliberations, were finally forced to accept the position of the Senate managers that there would be no conference. The situation therefore is presented in which the House managers have been unable to perform their function because of the obduracy of the Senate managers. That the managers for the Senate are unyielding has been demonstrated. There is no question but that they intend to continue to insist that the conference shall not be held except in the presence of this outsider. Thereupon, being unable to agree, we come back to the House, and I know of

no better thing than to ask the House for its advice. Hence I have presented this resolution.

Mr. Speaker, we are the servants of the House. We want to do what the House wants us to do. Our idea of what the House wants us to do is to preserve its dignity and independence and to adhere to the rules of proper parliamentary procedure. If the House wants us to prostrate ourselves before the Senate managers and allow them to force us into holding this session under circumstances which they have no right to ask, and which it is our privilege and right under the rules of parliamentary procedure to refuse, then I would like to have the House express that will.

It is the duty of the conferees to maintain the dignity and independence of the House as a coequal with the Senate. If we should recognize a superiority of the Senate above this body, we would be unworthy of seats in this body. [Applause.] It is incredible to me that in establishing this important precedent the House should ever consent to take such a contemptible position as to say that the Senate conferees may thrust into the bosom of our conference anyone whom they may choose to name. That, Mr. Speaker, is the position of the Senate conferees. They tell us boldly, "We claim the right to bring anybody here that we want to bring." That right we have declined to recognize.

Mr. Speaker, under the rules of parliamentary procedure it is our right and our privilege to meet in executive session. When we think that is the best way in which to arrive at a decision, then it is our duty to demand that the sessions be executive. The House conferees want to pass legislation on this subject. We want to agree with the Senate conferees. We want this bill passed and out of the way. We want to meet with them under conditions which will make agreement possible. We are unwilling to meet with them under conditions which mean merely haggling and interminable argument with our adversaries, coached, and to an extent controlled, by those who have no membership in this body and who have no connection with the legislative branch of the Government. That is the point which we insist upon.

Mr. Speaker, this bill is of tremendous importance to the country. It will correct every abuse to which the utility holding companies are subject. Here we have a situation imperatively demanding legislation. There have been grave abuses. This bill will correct them. We House managers want to pass this bill. It ought to be made into the best bill possible; then it ought to be passed. The bill in the form as passed by the House is an excellent bill. If it has a fault, it is that it is too drastic, for it is incomparably the most drastic regulatory bill ever passed by an American legislative body.

The agitation upon the subject of this legislation is having a detrimental effect upon the business of the country. It is discouraging and unsettling to business; it is retarding recovery. I verily believe that if this legislation is disposed of in a reasonably satisfactory way that within the next few months there will be two or three hundred thousand men now unemployed who will be given jobs in the electrical industry. [Applause.]

It is against the best interests of the country that the agitation over this measure should be continued. It would be exceedingly harmful if it should be projected into the next political campaign. We need this issue to be settled. We need it eliminated from politics. We need it settled and settled as nearly right as possible. We cannot settle it right when we have the interference of outsiders thrust into our conference, which should be confidential and executive. It is not merely in the interest of proper parliamentary procedure, but it is in the interest of good government and of the public welfare that we should have a free, fair, and full conference held under the most favorable conditions for producing just results. Those who oppose such a conference and insist upon thrusting an objectionable outsider into its deliberations are the obstructionists; it is they who would defeat the legislation; it is they who want to make it an issue in the next campaign. [Applause.]

Mr. RAYBURN. Mr. Speaker, I cannot help but think that under all of the rules and under all of the precedents, after hearing the arguments which have just been made, the Speaker will hold this is not a resolution of such privilege that it may be called up at this time.

This bill, if it is anywhere, is in conference, and not in the House of Representatives, as was so well said by my colleague the gentleman from Texas [Mr. BLANTON]; but, as some of this argument went rather wide afield of the point of order that has been made, I think I may be privileged to make a statement with reference to the situation to which we find ourselves, and I shall make it on the point of order.

Mr. Speaker, not since I have been a Member of the House and have served upon conference committees has either House, through conferees, objected to the sitting in of anyone that the other body asked to have sit in. The Senate conferees in this instance are very frank in saying to the House that they are willing and will gladly welcome into the conference as a draftsman or as an advisor, if you want to go that strong, anyone that we desire to bring in. Throughout our executive sessions we had the help of the legislative counsel of the House on title I of the bill.

The gentleman from California [Mr. LEA], chairman of the subcommittee on title II of the bill, had with him practically constantly Mr. Dozier A. DeVane, solicitor for the Federal Power Commission. It was asked of me if I thought it would be proper for Mr. DeVane to sit in as a draftsman. I said I thought it would be, and he went to the conference. Mr. Landis, who is now a member of the Securities and Exchange Commission, sat through all the conference on the securities and there was no objection raised, either on the part of the House or on the part of the Senate. Mr. Benjamin V. Cohen, the man whom Senator Wheeler and his committee want to bring into the conference now, sat throughout the deliberations in conference on that bill, during the consideration of the stock exchange bill in executive session of the full committee of the House and the subcommittee, and throughout the sessions of the conference, Mr. Landis sat in, Mr. Cohen sat in, Mr. Thomas G. Corcoran sat in, and Mr. Ferdinand Pecora sat in as a representative of the Senate.

Now, in this specific situation the Senate committee did not have any member of the drafting service working with them. Mr. WHEELER asked the Secretary of the Interior to lend him the services of Mr. Cohen. He did this, and he sat with them throughout the hearings. He sat with them in the executive sessions when they were reporting the bill, he sat upon the floor of the Senate and gave expert advice to Senator WHEELER and other members of the Senate who desired to ask it. The Senate committee feels now exactly like I would feel if the Senate demanded that I do away with the services of Mr. Perley and Mr. Beaman, who sat with him throughout this consideration.

Mr. PETTENGILL rose.

Mr. RAYBURN. I know that Mr. Perley and Mr. Beaman are not Members of the House, if my friend intends to ask me that question.

Mr. PETTENGILL. I would like to ask the gentleman another question.

Mr. RAYBURN. I will yield in just a moment.

Therefore the Senate committee, with the only expert draftsmen they had at their elbow throughout this whole session, feel that they need to have this man there to join with our draftsmen, if we come to an agreement, so that they can put their expert talent to writing in what we mean and bring it back to the House and Senate.

Mr. PETTENGILL. Is it not a fact that Mr. Cohen came to the conference with 50 or 60 amendments already prepared for the purpose of urging them upon the conference?

Mr. RAYBURN. That is not true.

Mr. PETTENGILL. It is not true?

Mr. RAYBURN. So Senator WHEELER said in the conference, but that would not make any difference if he did. It would not make one particle of difference, but Senator WHEELER and some of his committee went over the differences in the House bill and the Senate bill and they told me

that what they had were the differences written out between the House and the Senate.

Mr. PETTENGILL. Consisting of some 50 mimeographed pages?

Mr. RAYBURN. They were not mimeographed.

Mr. PETTENGILL. Whatever they were, they were 50 or 60 pages of proposals and changes that Mr. Cohen had prepared prior to the meeting of the conference.

Mr. RAYBURN. No; Mr. Cohen sat with Mr. WHEELER and the other members in preparing them.

Mr. PETTENGILL. Was that done with the consent of the House conferees?

Mr. RAYBURN. No; not with the consent of the House conferees—it was none of our business what they did.

Mr. BLANTON. My colleague knows that the House and Senate have equal dignity and equal independence and equal power and equal authority, but neither has any authority over the other.

Mr. RAYBURN. I was just coming to that, and then I am through.

On this question of the dignity of the House and the dignity of the Senate, I should have thought, Mr. Speaker, if I had walked into that conference with a man who had worked with me throughout this entire consideration, and Senator WHEELER or any of his conferees had said to him, "You have no right in here and we are not going to let you remain", I would have felt that that was attacking the dignity of a House committee and of the House of Representatives. [Applause.]

I do not think the House conferees have the right to tell the Senate of the United States what their procedure in conference or in the Senate shall be. [Applause.]

Mr. COOPER of Ohio. Mr. Speaker, Mr. RAYBURN, the gentleman from Texas, stated a moment ago that Mr. DeVane, of the Federal Power Commission, sat with subcommittee no. 3 of the House committee during the executive sessions held upon the utility holding-company bill. The gentleman from California [Mr. LEA] was chairman of that subcommittee. We worked hard and faithfully on title II of the bill. As the House knows we had about 4 months and 20 days of sessions taken up with public hearings and executive sessions, and I believe the subcommittee of which the gentleman from California [Mr. LEA] was the chairman did a very good job and incorporated into the measure a splendid provision for regulation of public utilities, which is in the House bill. Some nights we sat until midnight considering title II in this subcommittee.

When the House conferees went into session with the Senate conferees we found Mr. Ben Cohen there with the bill marked by probably 100 or more suggested changes for consideration by the Senate and House conferees. The changes were indicated by numerous paper clips to which was attached memoranda.

Mr. PETTENGILL. Mr. Speaker, will the gentleman yield?

Mr. COOPER of Ohio. Yes; I yield.

Mr. PETTENGILL. Did he put any of those clips or any suggested or proposed amendments in the committee print at the suggestion of the House conferees or as their legislative expert or draftsman?

Mr. COOPER of Ohio. Not to my knowledge, but I do know that he prepared the same kind of bill for every Senate conferee.

Now, it is true, as the gentleman from Texas [Mr. RAYBURN] has said, that Senator WHEELER did not use the Legislative Drafting Service. We know this, and it was because he did not want them. He wanted Mr. Cohen, the author of this bill, the man who wrote every line of it in the first instance; he wrote the death sentence in the Wheeler bill and has been an avowed supporter of the Senate bill at all times. During the consideration of the bill in the Senate he was given a seat at the desk of the chairman of the Senate committee.

Senator WHEELER did not want the service of the legislative draftsmen in preparing the measure. He admitted before the conference committee that Mr. Cohen had been his adviser from the inception of the bill. He could have had the legislative draftsmen service if he had wanted it.

After all the hard work the committee put in on the bill—I do not speak for the members of the Subcommittee No. 1, but I do speak for the members of Subcommittee No. 3——

Mr. MONAGHAN. Will the gentleman yield? You are not speaking for me.

Mr. COOPER of Ohio. The gentleman from Montana knows how hard we worked, and I know he rendered valuable service and assisted on most of the propositions in the subcommittee. After all that hard work are we going to sit in the conference committee with Mr. Cohen there, with all his suggested changes and amendments that he would like to have incorporated in the bill? Senator WHEELER is the man——

Mr. RANKIN. Mr. Speaker, the gentleman from Ohio has no right to speak about a Senator by name on the floor of the House.

Mr. COOPER of Ohio. Mr. Speaker, I apologize, but I will say that the Senator, who is chairman of the conference committee, stated to us that if Mr. Cohen could not sit in at the conference there would be no conference.

He further said:

I doubt if I know enough about the bill to give it an intelligent discussion unless Mr. Cohen sits in here with me.

[Applause.]

Another Senate member of the conference committee practically said the same words.

Mr. RANKIN. Mr. Speaker, I make the point of order that the gentleman has no right to criticize Members of the Senate on the floor of the House, whether he calls them by name or not. This tirade against the Senate is in violation of the rules of the House.

The SPEAKER. The rule provides that Members shall not criticize a Member of the other body in a discussion on the floor. As the Chair understands the gentleman, he is not referring to a Senator by name, but stating what occurred in the conference committee.

Mr. COOPER of Ohio. I am stating the facts. I want this message to get to the House—that in that conference committee one conferee on the part of the Senate made a threat that if I insisted that Mr Cohen leave the committee room there would be no conference and he would go into my congressional district and make that an issue in 1936. How can you expect a fair, impartial hearing in a conference where we have to meet such an attitude as that on the part of the chairman of the Senate conferees? [Applause.]

Mr. LEHLBACH. Mr. Speaker, will the Chair permit me briefly to call to the attention of the Chair a point why this resolution is privileged which has not at all been touched upon in the discussion so far?

The SPEAKER. The Chair will be glad to hear the gentleman from New Jersey.

Mr. LEHLBACH. Mr. Speaker, the presence in the conference of Mr. Benjamin B. Cohen is the point at issue. Mr. Cohen is a member of the administration, an employee of one of the departments. Mr. Cohen is the author of this bill. Mr. Cohen, to the knowledge of all of us, has been an earnest advocate of various provisions in the bill which have been elided or modified by the House amendment. His presence there, as Chairman of the Committee on Interstate and Foreign Commerce [Mr. RAYBURN] stated a moment ago on the floor, is to advise the conferees as to their actions with respect to the bill.

The criminal laws of the United States, title 18, Criminal Code and Criminal Procedure, section 201, reads as follows:

No part of the money appropriated by any act shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal services * * * intended or designed to influence in any manner a Member of Congress to favor or oppose by vote or otherwise any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation.

Any officer or employee of the United States who violates or attempts to violate this section shall also be guilty of a misde-

meanor and on conviction thereof shall be punished by a fine of not more than $500 or imprisonment for not more than 1 year, or both.

Mr. Speaker, I claim that the dignity and the independence and the integrity of the proceedings of the House are violated when, upon the request of the Senate the House appoints from its Membership managers who are to function for the House in conference, when they are presented with a condition that they may not function unless within their presence and with their consent a violation of the criminal law of the country is committed.

Mr. RANKIN. Mr. Speaker, the criminal law read by the gentleman from New Jersey [Mr. LEHLBACH] does not touch side, edge, nor bottom of the question, and has absolutely nothing to do with it. Nobody contends that these men are there trying to influence Members of the House or the Senate.

The gentleman from Alabama [Mr. HUDDLESTON] put his finger on the spot when he said that he was rising to a question of privilege as an individual Member of the House, and that that right would go to any Member of the House whether he was a member of the conference committee or not. To that extent suppose we agree. Then if that is the case, at any time during a conference any Member of the House has a right to rise to a question of privilege and offer a resolution to deny to any conferees technical help, advice, or expert assistance, and if that be so, we might just as well have no conference at all. It would absolutely paralyze conferences between the two Houses. I can think of nothing that would be more detrimental to a successful conference between the two Houses than for the contention of the gentleman from Alabama in that respect to be sustained by the Chair and by the House.

As far as the argument of the gentleman from New Jersey [Mr. LEHLBACH] is concerned about these men coming in there representing the Government, I am the Chairman of the Committee on World War Veterans' Legislation. We have never had an executive session since I have been chairman of that committee, or while Mr. Johnson, of South Dakota, was chairman of that committee, that I can recall, when we did not have representatives of the Veterans' Administration present, or representatives of the Treasury Department or of the Department of Justice or some other department. I have never been on a conference when we did not have expert assistance present for one side or the other, and invariably for both sides, sometimes both of us using the same experts. So if the contention of the gentleman from Alabama is correct, it would not only reverse the policy of this House for 150 years, it would not only write a new clause and a new chapter in the rules of the House of Representatives, but I submit it would establish a precedent that would paralyze conferences between the two Houses in the future.

Mr. BLANTON. Mr. Speaker, with respect to every one of the supply bills that have been passed, after conference, for the last 20 years the House conferees have taken with them to the conference any experts they chose, and likewise, the managers on the part of the Senate have had their experts with them in the conference. These respective experts prepare the respective statements. The House has nothing to do with the Senate experts and the Senate has nothing to do with the House experts.

The SPEAKER. The Chair is ready to rule. The gentleman from Alabama [Mr. HUDDLESTON] has presented a resolution in which there are recitations of various statements of facts, and which is designed to instruct the conferees now having charge of the utility bill on the part of the House to further insist on said conferences being held—

Under free, fair, and just conditions and to insist that all persons who are not managers for either House or Senate be excluded from such conference.

The gentleman from Mississippi [Mr. RANKIN] and the gentleman from Texas [Mr. BLANTON] have raised a point of order and insisted that this resolution does not present a matter of privilege of the House.

This point of order presents a rather difficult question. So far as the Chair has been able to learn, there is no precedent for a ruling on the points of order which have been made. A similar question does not seem to have ever been raised in the House up until this time. The Chair could follow the course of least resistance and submit a matter of this great importance to the House, but the Chair feels, as he has always felt, that he should take some responsibility in matters of this kind and rule upon them. Of course, a majority of the House always has the opportunity to make its own decision by appeal, if it is not satisfied with the judgment of the Chair.

With the limited opportunity the Chair has had to give consideration to this important matter, it appears that up until a short time ago, to be exact, the Seventy-second Congress, when a rule was adopted bearing on the subject, there was no way by which the House, after formal appointment of conferees, could instruct conferees, in the absence of a report of an agreement or a disagreement, except by unanimous consent. In the Seventy-second Congress the House, evidently realizing that situation, adopted a rule which the Chair will read to the House. It is section 1½ (a) of rule XXVIII, and reads as follows:

After House conferees on any bill or resolution in conference between the House and Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees, or to instruct said House conferees; and, further, during the last 6 days of any session of Congress, it shall be a privileged motion to move to discharge, appoint, or instruct House conferees after House conferees shall have been appointed 36 hours without having made a report.

That clause was adopted on December 8, 1931, in the first session of the Seventy-second Congress. Of course, the House had an object in adopting that rule. It was to preserve to the House the right to exercise authority, as the Chair construes it, in a matter pending between the House and Senate, insofar as its own conferees were concerned. As the Chair stated, up until that rule was adopted, the House had absolutely no authority, except by unanimous consent, to exercise any authority over the conferees theretofore appointed, except in those cases where the conferees had reported either an agreement or a disagreement.

Now, it must be assumed that the House had an object in providing that 20 days must elapse before the motion may be made, and the Chair assumes that that object was to give the conferees that length of time in which to come to an agreement, if possible. That is borne out by the fact that the latter part of that clause provides that in those cases where 20 days will not elapse before the adjournment of Congress, that right shall accrue to any Member of the House as a matter of the highest privilege, within 36 hours, in order to give every Member of the House an opportunity to make his motion and to have a majority of the House act upon it with reference to the instructions.

The gentleman from Alabama [Mr. HUDDLESTON] has stated that he is offering this resolution as a Member of the House and not as a member of the conference committee. The Chair thinks he is well justified in that because a minority member of a conference committee cannot make a report and, as it has been held heretofore, not being competent to make a report, he is not in a position to present a question of privilege.

As the Chair stated, from all the consideration he has given to this point of order in the limited time he has had to do so, he becomes more clearly convinced that in adopting this rule the House intended to cure a situation which, for some reason unexplained, had existed up until that time, because it was rather unusual that during all the years the House had never reserved to itself the right to tell conferees what they must do after they were appointed.

The Chair thinks that if this resolution was held in order at this time it would prove to be a bad precedent, for a similar question might be raised for one reason or another in every conference ordered by the House.

The House is familiar, of course, with the rule that provides that the House has the right to instruct after a conference is agreed upon and before conferees are appointed.

Now, there were two courses which the conferees could have pursued: One was to report a disagreement, which has not been done. The other was to wait for 20 days, under this rule, and then to proceed under its provisions as a matter of the highest privilege. If the conferees had reported a disagreement, it would be in order for the House to take such action as it pleased, either with reference to instructions or to sending them back for further consideration.

The Chair does not wish to be understood as passing on the merits of the question, because that is not within the province of the Chair, but the Chair thinks there is a distinction between an assault upon a member of a conference committee, as the gentleman from Alabama has suggested, and the attendance at a session of a conference committee of an employee of the Government upon the invitation of the conferees of one House. The Chair thinks that that is a matter of procedure that should be determined by the conferees. In the event that the conferees are unable to agree, it seems to the Chair that the remedy is provided in rule XXVIII. The Chair does not believe that under the facts stated a question of privilege is involved. The Chair, therefore, sustains the point of order. [Applause.]

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

THE HOLDING OF LANDS IN PUERTO RICO

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, under leave to extend my remarks in the RECORD it is my desire to include as a part thereof a concurrent resolution of the Legislature of Puerto Rico with reference to the holding of lands in Puerto Rico by large corporations, entities, or persons connected or affiliated with such corporations.

SENADO DE PUERTO RICO,
July 8, 1935.

Hon. SANTIAGO IGLESIAS,
Resident Commissioner for Puerto Rico, Washington, D. C.

SIR: I have the honor to transmit herewith certified copy of concurrent resolution entitled: "To request the Congress of the United States of North America to define, for the purposes of paragraph 2, section 39, of the Organic Act of Puerto Rico, approved March 2, 1917, the term "corporation" so as to include any corporation, entity subsidiary thereto or directly or indirectly affiliated therewith, or any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; to amend the Organic Act of Puerto Rico by authorizing the Legislature of Puerto Rico to levy a progressive tax on lands in excess of 500 acres owned or exploited by corporations or by any entity subsidiary thereto or directly or indirectly affiliated therewith, or on any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; and to levy a surtax on real property owned or exploited for the benefit of persons not residents of Puerto Rico", which was approved by the Senate and the House of Representatives of Puerto Rico on July 8, 1935.

Very respectfully,

ENRIQUE GONZALEZ MENA,
Secretary of the Senate.

Enclosure.

I, Enrique Gonzalez Mena, Secretary of the Senate of Puerto Rico, do hereby certify:

That the following concurrent resolution was approved by the Senate and the House of Representatives of Puerto Rico on July the 8th:

"Concurrent resolution to request the Congress of the United States of North America to define, for the purposes of paragraph 2, section 39, of the organic act of Puerto Rico, approved March 2, 1917, the term 'corporation' so as to include any corporation, entity subsidiary thereto or directly or indirectly affiliated therewith, or any naturnl or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; to amend the Organic Act of Puerto Rico by authorizing the Legislature of Puerto Rico to levy a progressive tax on lands in excess of 500 acres, owned or exploited by corporations or by any entity subsidiary thereto or directly or indirectly affiliated therewith, or on any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; and to levy a surtax on real property owned or exploited for the benefit of persons not residents of Puerto Rico.

"Whereas section 3 of the joint resolution approved by the United States Congress on May 1, 1900, provides that in Puerto Rico—

"No corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it was created, and every corporation hereafter authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed 500 acres of land; and this provision shall be held to prevent any member of a corporation engaged in agriculture from being in any wise interested in any other corporation engaged in agriculture.

"Corporations, however, may loan funds upon real-estate security, and purchase real estate when necessary for the collection of loans, but they shall dispose of real estate so obtained within 5 years after receiving the title. Corporations not organized in Puerto Rico, and doing business therein, shall be bound by the provisions of this section so far as they are applicable."

Whereas paragraph 2 of section 39 of the Organic Act of Puerto Rico, approved March 2, 1917, provides:

"Nothing in this act contained shall be so construed as to abrogate or in any manner impair or affect the provision contained in section 3 of the joint resolution approved May 1, 1900, with respect to the buying, selling, or holding of real estate. The Governor of Puerto Rico shall cause to have made and submitted to Congress at the session beginning the first Monday in December 1917 a report of all the real estate used for the purposes of agriculture and held either directly or indirectly by corporations, partnerships, or individuals in holdings in excess of 500 acres";

Whereas in Puerto Rico there are persons and organized entities subsidiary to, or affiliated with, corporations acquiring for themselves lands which, as a matter of fact, belong to said corporations;

Whereas the provisions of the joint resolution of the Congress of the United States of America of May 1, 1900, cover corporations exclusively;

Whereas the easiest way to correct this state of things is by making effective on said corporations and entities or persons thus connected or affiliated with such corporations, the provisions of the said joint resolution of May 1, 1900; and

Whereas it is furthermore necessary to authorize the Legislature of Puerto Rico to levy a progressive tax on lands possessed in excess of 500 acres, as a means to compel corporations holding lands in excess of said 500 acres, to dispose or get rid of them; and

Weheras there are many absentees receiving the benefits of such properties located in Puerto Rico, without contributing with their work or their intelligence toward the progress of the Puerto Rican community, it being necessary to levy on them a surtax on their properties in Puerto Rico: Now, therefore, be it

Resolved by the Senate of Puerto Rico (the house of representatives concurring):

SECTION 1. To request the Congress of the United States of North America, as it is hereby requested, that for the purposes of paragraph 2, section 39, of the organic act of Puerto Rico, approved March 2, 1917, the term "corporation" be defined so as to include any corporation, an entity directly or indirectly subsidiary thereto or affiliated therewith, or any natural or artificial person, directly or indirectly possessing or obtaining lands for the benefit of a corporation.

SEC. 2. To request the Congress of the United States of North America, as it is hereby requested, that the Organic Act of Puerto Rico be amended so as to authorize the Legislature of Puerto Rico to levy a progressive tax on lands in excess of 500 acres, possessed or exploited by corporations, entities directly or indirectly subsidiary thereto or affiliated therewith, or on any natural or artificial person, directly or indirectly possessing or obtaining lands for the benefit of a corporation.

SEC. 3. To request the Congress of the United States of America, as it is hereby requested, to amend the organic act of Puerto Rico so as to authorize the Legislature of Puerto Rico to levy a surtax on the real property owned or exploited for the benefit of persons not residents of Puerto Rico.

SEC. 4. To request the Resident Commissioner in Washington, the Honorable SANTIAGO IGLESIAS, as he is hereby requested, to take steps to secure the enactment of the measures set forth in this resolution, as well as of any other legislation that may facilitate the making of said measures effective.

SEC. 5. Duly certified copies of this concurrent resolution shall be forwarded to the Resident Commissioner for Puerto Rico in Washington, the President of the Senate and the Speaker of the House of Representatives of the United States, the Chairman of the Committee on Insular Affairs of said colegislative bodies, the Secretary of the Interior of the United States, and the Honorable Franklin D. Roosevelt, President of the Nation.

For transmittal to the Resident Commissioner for Puerto Rico in Washington, Hon. SANTIAGO IGLESIAS, as per the provisions contained in section 5 of the concurrent resolution quoted above, I have hereunto set my hand and caused to be affixed the seal of the Senate of Puerto Rico on this the 8th day of July, A. D. 1935.

[SEAL] ENRIQUE GONZALEZ MENA,
Secretary of the Senate.

THE GREAT CONSPIRACY

Mr. HILDEBRANT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HILDEBRANDT. Mr. Speaker, it is time that the vicious and vile campaign of big business against the President is exposed in all its sinister aspects.

The American people today are so convinced of the need of progressive and social-welfare legislation that it would be impossible to turn them away from efforts in this direction by any direct argument. Therefore, reactionaries must resort to subterfuge, slander, and strategy. They are doing this with much persistency. Their procedure is exactly what is to be expected in a life-and-death struggle between the people and the plutocrats.

Before me is a New York State newspaper containing an article by Mark Sullivan. The same type of propaganda has appeared in many other papers. This paper bears the date of July 25 and the article is, therefore, recent.

The heading reads, "President Victim of Stress." After starting off with a soft-soap effort to defend the President and to deny "the word-of-mouth stories being told about President Roosevelt's mental and physical condition", the article proceeds to abuse and misrepresent him by indirection. An indirect libel is sometimes the most effective and most evil. The tools of capitalism are smart enough, sharp enough, subtle enough to realize this. They do not fight in the open. They fight with the indirect tactics that so well serve their purposes.

This article remarks that "some who acted as steadying influences are not now available to him—the President." Then it says, with insidious treachery, "Mr. Roosevelt is under strain and tired, and the effect of fatigue is to diminish his own restraint and caution."

No more slanderous and shameful attempt to injure the prestige of the Chief Executive of the Nation could be conceived. Sly, smooth, slippery words about the President being "under strain and tired" and about the "effect of fatigue" are fine weapons to stab him in the back. They are calculated to destroy confidence in his judgment and his ability to manage the affairs of the country—to destroy such confidence by left-handed and scoundrelly efforts.

The President, in my opinion, has gone splendidly in the direction in which he should go—in the direction of legislation that means relief for the masses. There have been times in which I hoped he would go in that direction more rapidly. There have been times in which I feared he might shift to "the right" and listen to the demands of selfish and sordid interests because they were so insistent. I never feared that he would listen to them because of any actual sympathy with them—I merely feared that he might be persuaded by their clever and cunning arguments.

I have no such fears today. Franklin D. Roosevelt, the conscientious, courageous Democrat, whose whole life has been one of honest humanitarianism, has shown Wall Street unmistakably that he is in this fight to the finish; that he has unsheathed the sword and will go on until the end; that he has espoused the cause of the producers regardless of the cost.

In such a conflict, every American should give him unlimited support. Moreover, in such a conflict every American with red blood in his veins, and a spirit of fair play, and a sense of civic justice, should resent and expose these foul and contemptible attempts to break down his standing.

Mr. President, let us mass our forces and conquer capitalism. We the people are with you. We have no criticism because of any radical step you have taken. Our anxiety is for you to take many more such steps. You will have our backing in all of them.

LET US NOT ONLY RESTORE THE GOVERNMENT TO THE PEOPLE BUT LET US RESTORE BUSINESS TO THEM AS WELL

Mr. CARPENTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein several short quotations from Jefferson, Lincoln, and Franklin Roosevelt.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CARPENTER. Mr. Speaker, of course, it is always easier to criticize and find fault than it is to commend and approve any proposition. It is always much easier to tell the fireman how to put out the fire than it is to put it our yourself; to stand on the bank and direct the rescue than it is to actually perform it. Yet when one voluntarily offers to save a situation, to solve a great problem, offers a plan to do so and outbids the other fellow, the responsibility is likewise his, and he cannot object to anyone who criticizes his methods or achievements.

One time when I was telling a friend of the vexations I was having in my office, he said, "Well, you wanted the job, didn't you? And you got it. What are you kicking about?"

This is the day and age of plans. Everyone is busy writing plans to take us out of the depression and we all like to see our ideas in print. They come to my office in all manner, shape, and form. In fact, I have a special cabinet labeled "Crazy Ideas", where I file them all. Now we have, as Will Rogers says, the Long plan, the Coughlin plan, the new-deal plan, the Gassaway plan, the Hoover plan, and the Rogers plan. Therefore I, having caught the disease by constant contact, have the desire to submit a plan. My plan would be to decentralize the Government. Eventually; why not prepare for it now? Whenever any wild jackass begins praying to the tune of Where, Oh where is all my money gone, Oh where, Oh where is it, we get measured doses by Garret Garet et al., tells us of the ravages of inflation, and we have, in addition, editorial writers in the daily press who come forth every morning in the editorial columns with prayers of thankfulness that we have yet been spared by the Almighty from the curse of inflation. But lo, before we can finish our prayers we are nauseated by a most overcoming stench which is nothing more than the inflation of Government bureaus, codes, commissions, departments, authorities, administrations, corporations, and what not, expanding, increasing, and hiring more employees every day, resulting in various and sundry appropriations, to wit, appropriations for the Interior Department, State, Justice, Commerce, Labor, and Agriculture Departments, District of Columbia, independent offices, Treasury Department, Post Office Department, War and Navy Departments. Emergency appropriations, relief appropriations, and deficiency appropriations, most of which are passed by Congress without more than possibly five audible votes for the same.

Federal employees multiply like maggots. We find, especially in Washington, husbands and wives, sons and daughters, all working for the Government, not appointed by Congressmen and politicians, as most people believe, but through personal pull and cliques within the departments, all trying to reach that haven of refuge known as the "civil service", which means a lifetime job, with perhaps a pension, and should one member of the family be displaced you will find him bobbing up in some other bureau before the sun goes down.

Jefferson, in his first inaugural address, is quoted as stating:

> A wise and frugal Government, which shall restrain men from injuring one another, shall otherwise leave them free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned.

What is my plan? I would first of all go back to the Democratic platforms. The platform of 1932 stated:

> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance.

I believe these principles here enumerated are based upon sound business and governmental principles that have come down to us all these years; if not, I would ascertain what were sound business and governmental principles and follow them. Next, if I had the power, I would take the Government out of private business and the field of regulation and interference it is now in, and I would not only restore the Government to the people, but I would restore the business

to them as well. I would tear away all the barnacles upon the ship of state and eradicate all the governmental complications. It is not a smart or wise man that makes everything complicated but a wise man who keeps affairs as simple and understandable as possible. What I say here is not aimed at the present administration any more than any other administration. The present administration found a bad mess on its hands, with millions of unemployed and hungry people, and it has been doing the best it could under the circumstances.

Our American citizens are patriotic. They are always willing to make sacrifices for the common good and to cooperate in times of emergency. They are willing to be regimented and controlled by the Federal Government during these times, even during wars, to the extent of being directed by the Government as to what they can eat and what they cannot eat. So in the present emergency, from which we hope to be now emerging, we are willing to cooperate with the Government in regard to these emergency pieces of legislation and alphabetical set-ups, providing they are not too flagrant a violation of the Constitution. However, when the emergency is over we will oppose their continuance and further governmental interference with the rights and liberties of the individual. We are now a little past the middle of the wide and dangerous stream of Government control; we hope to cross safely over to the other side; and when we do arrive there let us never again venture back into it. All down through history governments of all kinds have always been greedy for more power, which they are constantly usurping under one guise or another, and it has always been necessary for the people in order to protect and safeguard themselves to constantly fight off this tendency.

Our Government cannot long continue in the future in the direction it is now headed with the common people to be eventually half free and half taxed. The ever-increasing burden of taxes is what has destroyed most of our great nations in the past. I would rather the Government would stick to governmental functions and the function of governing; in other words, I would as soon as possible retain to the Government those powers that rightfully belong to the Government, and I would return to business and the people what rightfully belongs to them.

Moreover, there are those who are advocating the adoption of a constitutional amendment granting to the Federal Government unlimited power. If such an amendment were adopted it would continue to add to the evil practices I have been talking about. The point involved is even greater than the matter of State rights for the reason that even the States within their own sovereignty have never tried to dominate and control private business as the Federal Government sought to do under the N. R. A., for the reason that the State Governments are closer to the people than the Federal Government and the people have never permitted the State to do so. The issue involved, therefore, is one of taking away power from the people and vesting it in the Federal Government where it was never vested before, which will result in the absolute domination by the Federal Government through boards and bureaus over independent and private business. Should the Federal Government be given this power and authority, while it would be a beginning and a beginning in a somewhat large way, yet it would be only a beginning just the same, for the extent of the control of the Federal Government would not end until State governments had been entirely done away with and local self-government abolished.

Some of these advocates, no doubt, honestly believe that such constitutional change would help or be of benefit to the people, but I believe many of them are advocating such constitutional change for the purpose of advancing themselves in leadership. They always want to be prominent as leaders, and what they are advocating makes very little difference to them so long as they can lead. They pretend at all times to be zealous of the people's rights and liberties yet in advocating a constitutional amendment that would permit the Federal Government to control private business in this country and the amendment of the interstate-commerce clause of the Constitution beyond what was ever contemplated as constituting interstate commerce, like the packing-house goat leading the sheep to slaughter they would be leading the people to slaughter so far as their individual liberties and right of self-government are concerned.

When the matter of the Constitution is being discussed some one generaly jumps up and says, "Yes; but you cannot eat the Constitution." I say, "Yes; but you cannot live without a strong Constitution."

How much better were these thoughts, that I have been attempting to express in my poor way, stated by Franklin D. Roosevelt, now President of the United States, when he was Governor of the State of New York, back in March 1930:

> This home rule is a most important thing—the most vital thing—if we are to continue along the course on which we have so far progressed with such unprecedented success.
>
> It is obvious that almost every new or old problem of government must be solved, if it is to be solved, to the satisfaction of the people of the whole country, by each State in its own way.
>
> On this sure foundation of the protection of the weak against the strong, stone by stone, our entire edifice of Government has been erected. As the individual is protected from possible oppression by his neighbors, so the smallest political unit, the town, is, in theory at least, allowed to manage its own affairs, secure from undue interference by the larger unit of the county, which in turn is protected from mischievous meddling by the State.
>
> That is what we call the doctrine of "home rule" and the whole spirit and intent of the Constitution is to carry this great principle into the relations between the National Government and the government of the States.

I do not desire it to be understood that I am opposed to every amendment to the Constitution or absolutely opposed to its being amended or changed in any respect, but I am opposed to its being amended in any manner that will change our form of government. It may be desirable to amend or change the Constitution in keeping with the times, but if it is so amended, it should be amended with the view of benefiting the people, giving them greater rights but not to take away from them and bestow these rights upon some bureaucracy set up here in Washington. No political party or administration can afford to tamper or experiment with the Constitution, and as was so aptly pointed out by Walter Lippman in the July 27 issue of Today, calling attention to the mistake that Woodrow Wilson made at the height of his power and popularity when he chose to make the issue of the League of Nations a great and solemn referendum, for any such party or administration to champion a constitutional amendment to extend the Federal power by a referendum in the next political campaign would be one way to "commit suicide."

No man in this country ever had a keener understanding of practical politics than Abraham Lincoln, and how true was his statement in his speech delivered in the House of Representatives on July 27, 1848, when he was a Member of Congress, from which I quote the following:

> My friend from Indiana (Mr. C. B. Smith) has aptly asked: "Are you willing to trust the people?" Some of you answered, substantially: "We are willing to trust the people; but the President is as much the representative of the people as Congress." In a certain sense, and to a certain extent, he is the representative of the people. He is elected by them, as well as Congress is. But can he, in the nature of things, know the wants of the people as well as 300 other men coming from all the various localities of the Nation? If so, where is the propriety of having a Congress? That the Constitution gives the President a negative on legislation all know; but that this negative should be so combined with platforms and other appliances as to enable him, and, in fact, almost compel him, to take the whole of legislation into his own hands is what we object to—is what General Taylor objects to—and is what constitutes the broad distinction between you and us. To thus transfer legislation is clearly to take it from those who understand with minuteness the interest of the people and give it to one who does not, and cannot, so well understand it.
>
> I understand your idea—that if a Presidential candidate avow his opinion upon a given question, or rather upon all questions, and the people, with full knowledge of this, elect him, they thereby distinctly approve all those opinions. This, though plausible, is a most pernicious deception. By means of it measures are adopted, or rejected, contrary to the wishes of the whole of one party, and often nearly half of the other.
>
> The process is this: Three, four, or a half dozen questions are prominent at a given time; the party selects its candidate, and he takes his position on each of these questions. All but one of his positions have already been endorsed at former elections, and his party fully committed to them, but that one is new, and a

large portion of them are against it. But what are they to do? The whole are strung together, and they must take all or reject all. They cannot take what they like and leave the rest. What they are already committed to, being the majority, they shut their eyes and gulp the whole. Next election still another is introduced in the same way.

The principles of our democratic form of Government were laid down by Jefferson, the same as Moses laid down the laws for the Israelites, the same as we received the principles of Christianity from Jesus on Calvary. These principles were contained in Jefferson's first inaugural address, that has ever been the keystone and text of this Republic, read and repeated on many occasions, studied and committed by our youth in our public schools, and in following them we have become a great and independent Nation of free men. They are as applicable today as the day they were spoken, if not more so. Lest they be forgotten during these times, let us listen to them once again:

About to enter, fellow citizens, on the exercise of duties which comprehend everything dear and valuable to you, it is proper that you should understand what I deem the essential principles of our Government, and consequently, those which ought to shape its administration. I will compress them within the narrowest compass they will bear, stating the general principle, but not all its limitations. Equal and exact justice to all men, of whatever state or persuasion, religious or political; peace, commerce, and honest friendship with all nations, entangling alliances with none; the support of the State governments in all their rights, as the most competent administrations for our domestic concerns, and the surest bulwarks against antirepublican tendencies; the preservation of the General Government in its whole constitutional vigor, as the sheet anchor of our peace at home and safety abroad; a jealous care of the right of election by the people, a mild and safe corrective of abuses which are lopped by the sword of revolution, where peaceable remedies are unprovided; absolute acquiescence in the decisions of the majority—the vital principle of republics, from which is no appeal but to force, the vital principle and immediate parent of despotism; a well-disciplined militia—our best reliance in peace and for the first moments of war, till regulars may relieve them; the supremacy of the civil over the military authority; economy in the public expense, that labor may be lightly burdened; the honest payment of our debts, and sacred preservation of the public faith; encouragement of agriculture, and of commerce as its handmaid; the diffusion of information and arraignment of all abuses at the bar of public reason; freedom of religion; freedom of the press; freedom of person under the protection of the habeas corpus; and trial by juries impartially selected. These principles form the bright constellation which has gone before us, and guided our steps through an age of revolution and reformation. The wisdom of our sages and the blood of our heroes have been devoted to their attainment. They should be the creed of our political faith, the text of civic instruction, the touchstone by which to try the services of those we trust; and should we wander from them in moments of error or of alarm, let us hasten to retrace our steps, and to regain the road which alone leads to peace, liberty, and safety.

PERMISSION TO ADDRESS THE HOUSE

Mr. SISSON. Mr. Speaker, I ask unanimous consent to address the House for 12 minutes following the gentleman from Maryland [Mr. GOLDSBOROUGH].

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes following the gentleman from New York [Mr. SISSON].

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I am not going to object to these consent requests, but I would like to know if we are going to do any business today.

Mr. SABATH. I do not know. The majority leader is not here. I do not know what the program is. I desire to inform the House as to the progress of the work of a select committee of the House.

Mr. MARTIN of Massachusetts. This is not a filibuster, then?

Mr. SABATH. No; I am not guilty of such tactics.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no objection.

Mr. RICH. Mr. Speaker, reserving the right to object, can the majority leader tell us whether we are going to reach a consideration of some of the bills it was proposed to call up today? Is it the intention of the majority to call up some of the rules that are pending?

Mr. SABATH. Unfortunately the majority leader is not in the Chamber at the present moment. The gentleman from New York [Mr. O'CONNOR], Chairman of the Rules Committee, is present and perhaps can inform the gentleman.

Mr. O'CONNOR. We are going to call up a rule making in order the bill providing for the Mississippi River set-back. We had hoped to call it up long before this.

Mr. RICH. Mr. Speaker, if the gentleman from Illinois is to address the House I make the point of order there is not a quorum present.

Mr. O'CONNOR. We are advised there will be filibustering on this bill.

Mr. MARTIN of Massachusetts. Where does the gentleman get his information?

Mr. O'CONNOR. I just picked it out of the air.

Mr. Speaker, I object to any requests to speak until we call up this bill.

The SPEAKER. Does the gentleman insist on his point of order?

Mr. RICH. Mr. Speaker, I insist on a point of order that there is not a quorum present. We are going to bring up this bill for a great Mississippi River set-back and we are going to spend the Government's money——

The SPEAKER. The gentleman cannot make a speech in stating a point of no quorum.

The Chair will count. [After counting.] Two hundred and twenty-three Members are present, a quorum.

The SPEAKER. The gentleman from Maryland is recognized for 10 minutes.

Mr. SABATH. Mr. Speaker, I renew my request.

The SPEAKER. Does the gentleman from Maryland yield?

Mr. GOLDSBOROUGH. Will it be taken out of my time?

The SPEAKER. Yes; it will be taken out of the gentleman's time.

Mr. GOLDSBOROUGH. Then, Mr. Speaker, I decline to yield.

Mr. Speaker, the conferees on the part of the House and the Senate to consider the omnibus banking bill have been appointed. This, in my judgment, will be a difficult conference. Only this morning it came to my notice that a systematic effort has begun on the part of the great bankers of New York to coerce the House to in turn coerce its conferees into adopting the Senate bill. The New York bankers are sending word to the State bankers associations to contact the individual banks and have them request their Representatives to see that their conferees recede and concur in the Senate bill. All the pressure that Wall Street can bring to bear upon this House indirectly through the banking associations and the member banks is going to be brought.

Now, what happened in the Senate? The Senate subcommittee wrote a bill which was adopted without question by the full committee, and was adopted by the Senate on Friday practically without debate. Those who spoke at all on the bill spoke hurriedly, spoke in a perfunctory manner, and indicated that there was a gentleman's agreement that the bill should pass as written by the subcommittee of the Senate. I am not going to say what the influences were which surrounded the Senate subcommittee, but I am going to illustrate what the influences must have been by telling you of one provision which is incorporated in the Senate bill.

The House bill provided that the Federal Reserve Board should act as an open-market committee; in other words, should have the authority to buy and to sell Government bonds in an effort to stabilize the price level.

When the bill reached the Senate the first thing that was done was to increase the appointive members of the Federal Reserve Board from six to seven. The Secretary of the Treasury and the Comptroller of the Currency were taken off the Board. Those are matters which do not involve any fundamental principle, and for the purpose of this discussion I care nothing about them. But under the bill which was prepared by the Senate subcommittee, the Federal Reserve Board consists of seven appointive members.

The open-market committee, which is that organization whose duty it is to regulate the supply of the people's money

in the public interest, was fixed at 12 members. Under the Senate bill two members of the Federal Reserve Board must be bankers. Under the Senate bill the five members of the open-market committee, which are added to the Federal Reserve Board to make up the open-market committee, must be governors of Federal Reserve banks, selected by the other governors of the Federal Reserve banks; so that under the Senate bill, as a matter of law, the control of the people's money is to be in the hands of a committee of 12, seven members of which must, as a matter of law, be bankers—be members of a class whose interest it is to have the people's money as scarce as possible and to have it cost as much as possible. You can reach your own conclusion as to the influences which surrounded the Senate committee in writing a provision of that kind into this legislation.

Mr. Speaker, the subcommittee provision was adopted by the full committee and passed the Senate without a single word of discussion. So that your conferees have their work cut out for them in order to preserve in this legislation for 128,000,000 people a management which will not be in the interest of the banks, which will not be in the interest of the industrialists, and which will not be in the interest of any one class, but which will be in the interest of all the people. [Applause.]

Mr. Speaker, may I say something else about this open-market committee? I do not mean to inject any politics into this matter, but there are politics in everything we do. Everyone knows, and I say this without condemnation and without approbation, the particular grade of banker who is Governor of a Federal Reserve Board will be a Republican. We also know that the particular grade and quality of banker that will be appointed on the Federal Reserve Board will be a Republican.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

Mr. MAY. Mr. Speaker, reserving the right to object, and I shall not object, to make a parliamentary inquiry.

The SPEAKER pro tempore (Mr. LUDLOW in the chair). The gentleman will state it.

Mr. MAY. When the House adjourned last week, Calendar Wednesday business was dispensed with and the consideration of private bills was also dispensed with. Under the rules of the House when will the bills on the Private Calendar be reached and subject to consideration except by unanimous consent?

The SPEAKER pro tempore. The Chair will say that bills on the Private Calendar will come up for consideration on the first and third Tuesday of the month.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GOLDSBOROUGH. Mr. Speaker, under the Senate bill, of the 7 members of the Federal Reserve Board, not more than 4 may be of one political party. This means when the Democrats are in power there will be on the open-market committee, 8 Republicans and 4 Democrats, and when the Republicans are in power there will be 9 Republicans and 3 Democrats. That is what was written into this bill by a subcommittee, the majority of which consisted of Members of the Democratic Party. This is the thing that passed without a dissenting vote in the Senate. It was adopted by the full committee of the Senate and was not even commented upon in argument on the floor of the Senate.

Mr. Speaker, that is just one of the things in the Senate bill. You will find in the Senate bill from the first page to the last the same handwriting, the same sinister influence, the same hand of that class which has control of the people's money, and has had control since the Civil War, against the public interest; of that class whose manipulation of the people's money destroyed the country in 1929.

Mr. McFARLANE. Will the gentleman name the parties he has in mind? I think we ought to know.

Mr. GOLDSBOROUGH. Mr. Speaker, I am speaking not only to the Members of the majority party but to the Members of the minority party as well. Bear in mind that in this controversy in which we are about to enter we have arrayed against us the most powerful influences in this country; the influence of a class whose interest it is to make it as difficult as possible—and I cannot emphasize this too strongly—to secure the medium of exchange necessary in order to transact the business of the country.

Mr. RICH. Mr. Speaker, the gentleman is making a very good speech; therefore I make the point of order there is not a quorum present.

Mr. PETTENGILL. Mr. Speaker, I make the point that the gentleman cannot make a point of no quorum while the gentleman from Maryland is speaking.

The SPEAKER pro tempore (Mr. LUDLOW). The Chair will count.

Mr. STEAGALL. Mr. Speaker, the gentleman from Maryland has not yielded for a point of no quorum.

The SPEAKER pro tempore. The Chair will state that a quorum must be present before any business may be transacted.

The Chair will count. [After counting.] Ninety-three Members are present, not a quorum.

Mr. O'CONNOR. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 145]

Amlie	Doutrich	Kerr	Rabaut
Ashbrook	Drewry	Kimball	Ransley
Bankhead	Duffey, Ohio	Kniffin	Reilly
Beam	Dunn, Miss.	Knutson	Robertson
Bell	Edmiston	Kvale	Rogers, N. H.
Berlin	Eicher	Lambertson	Rudd
Bloom	Ellenbogen	Lamneck	Russell
Brown, Mich.	Engel	Lea, Calif.	Sadowski
Buckley, N. Y.	Fenerty	Lee, Okla.	Sanders, La.
Bulwinkle	Ferguson	Lehlbach	Schuetz
Burch	Fernandez	Lemke	Schulte
Burnham	Fitzpatrick	Lewis, Md.	Shannon
Carter	Focht	Lloyd	Smith, Conn.
Cartwright	Frey	Lord	Smith, Va.
Casey	Gassaway	Lucas	Snyder
Celler	Gildea	McGroarty	Somers, N. Y.
Chapman	Gingery	McLean	Stack
Citron	Gray, Ind.	McMillan	Stubbs
Claiborne	Gray, Pa.	McSwain	Sullivan
Clark, N. C.	Green	Marshall	Sutphin
Cochran	Greenway	Meeks	Sweeney
Collins	Greever	Montague	Taylor, Tenn.
Connery	Guyer	Nichols	Thomas
Cooper, Ohio	Hancock, N. Y.	Norton	Tobey
Corning	Hancock, N. C.	O'Connell	Treadway
Cummings	Hart	Oliver	Umstead
Daly	Hartley	Palmisano	Underwood
Dickstein	Healey	Patton	Wigglesworth
Dies	Hennings	Perkins	Wilson, Pa.
Dietrich	Higgins, Mass.	Peterson, Fla.	Withrow
Dingell	Johnson, W. Va.	Peyser	Wolcott
Dockweiler	Kennedy, N. Y.	Pfeifer	

The SPEAKER pro tempore. Three hundred and two Members have answered to their names—a quorum is present.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

Mr. GOLDSBOROUGH. Mr. Speaker, it is not my purpose to prolong these remarks. I simply used the open-market committee, as constructed by the Senate subcommittee, as an illustration of the influences which dominated the subcommittee in writing the Senate bill.

The open-market committee up until this time has been a voluntary organization, not recognized at all in the written law. As a matter of fact, it was a conception I had in 1922 or 1923 and discussed with Governor Strong, of the Federal Reserve Bank of New York, and which resulted in the formation of what may be termed a "voluntary open-market committee"; but in this Congress the House Committee on Banking and Currency attempted to create an open-market committee which did not represent the banks, which did not represent any part of society, especially, but which should be created in the public interest, and the point I am making is that when this bill got into the Senate, the open-market committee was increased to 12 members, and the written

law, if the Senate bill is adopted, will say that 7 out of the 12 members must be bankers.

We recognize that the bankers have a right to representation just as any other class has a right to representation, but we say that to write into the bill that, as a matter of law, 7 out of 12 members of the open-market committee must be bankers, is equivalent to saying that one class of society has the right, by the written law, to control the supply of the people's money, and this doctrine we absolutely repudiate, and we ask the House to stand by us in this position. [Applause.]

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from New York [Mr. SISSON] is recognized for 12 minutes.

Mr. SISSON. Mr. Speaker, during the past few weeks we have heard on this floor statements on numerous occasions made by a few gentlemen on the minority side, directly or indirectly, to the effect that the President of the United States has violated the Constitution of the United States. There have even been some intimations—I do not know that the direct charge has been made, but it has been intimated or insinuated—that the President has violated his constitutional oath of office, with the further intimation that he might be subject to impeachment.

Neither the President nor anyone else has asked me to defend him upon this floor against these charges. In my judgment, he needs no defense upon this floor; and if he did, there are, I am sure, other gentlemen here more capable than I of undertaking that task. Besides this, the statements to which I refer are, I think, so loose, so partisan, so malicious, and so utterly silly that I should feel that no one is called upon to take up the time of this House in refuting or referring to them.

I think it should be said in justice, also, to the many able, honest, and fair-minded gentlemen on the Republican side that these statements have been made by only a few on that side of the House, and, I believe, reflect the opinions of only a few on the Republican side of the House. They are mainly contained in some utterances of the gentleman from New York [Mr. FISH] and the gentleman from Pennsylvania [Mr. RICH], who take up the time of the House on every possible occasion, to our great boredom and disgust, in this unnecessary, but, to them, apparently pleasant pursuit. I should not dignify such statements so made by these two gentlemen by either replying or referring to them if they were confined to this floor, but the gentleman from New York [Mr. FISH], in his inordinate, all-consuming, and entirely unbridled ambition to become the nominee of his party for President of the United States, is, at such times as he is not attacking the President on the floor of the House of Representatives, going about the country from place to place, speaking wherever he can get a hall and anyone to listen to him, making these attacks in an effort to prejudice the people of the country against the President and their Government; doing it, incidentally, at a time when he is supposed to be here attending to his duties as a representative of his district and a representative of the people and as a legislator, and on the time of the taxpayers, for which he is receiving the same salary as the rest of us. The result is that he and the gentleman from Pennsylvania [Mr. RICH] frequently do secure headlines, mostly in the partisan Republican press, repeating the loose assertions of these two gentlemen that the President has violated the Constitution and his oath.

Furthermore, the gentleman from New York [Mr. FISH] said in substance on this floor the other day that the Members of Congress, or a majority of them—and I call attention to the RECORD that this applies to many on the minority side also—that many had violated the Constitution and had violated their oaths.

I rise, therefore, not only to deny the gentleman's assertion that in voting for any of the measures passed during this or the last two preceding sessions of Congress I or any other Member of the House have violated my oath of office or violated the Constitution; and, again, for the benefit of the people of my district, and for the benefit of the people of the country, brand the assertions of these two gentlemen as unfounded in fact or in law, and as so foolish as to prove to competent observers only the ignorance of these two gentlemen of our Government, our political history, and our Constitution and laws.

Let us see, therefore, what is the basis of such assertions made by either of these two gentlemen:

The foundation is, so far as one can determine from their statements—

First. That certain acts passed by the Congress and approved by the President have been by the judges decided to be unconstitutional.

Second. That certain other legislation recommended to the Congress by the President under his constitutional power to do so is, in the opinion of some men, including the gentleman from New York and the gentleman from Pennsylvania, unconstitutional, and that the President has specifically recommended the passage of the Guffey coal bill, necessary to relieve an emergency and prevent disorder, waste, and bloodshed in the coal regions as speedily as possible to meet that emergency, and also that the question of its constitutionality may be determined by the only method of determining that question which, unquestionably, we have allowed to become engrafted upon our system of government since the time of the decision in the Dred Scott case, although wrongfully so.

The above is what it all simmers down to.

Now, just what does this all amount to in the light of our fundamental law, the Constitution, and in the light of our political history?

Are there any other instances in our political history paralleling the acts of President Roosevelt?

Will you first consider what man or body of men, whether 1 or 9 in number, is or are perfect and infallible in his or their knowledge or judgment as to what is a proper and constitutional exercise of power by the Federal Government, assuming, of course, that the test as to what is proper and what is constitutional is what the judges say it is. If you are honest in your conclusions and make them in the light of our history of the past 146 years, you are bound to answer, "No man or body of men could be rated 100 percent, or anywhere near it, by that test." Certainly not the Supreme Court itself, which has reversed itself in several historic instances, such as the *Legal Tender cases* in the administration of Ulysses S. Grant, in which the Court reversed itself; the Federal employers' liability law, in which the Court reversed itself in the administration of Theodore Roosevelt; and in the opinion of many lawyers, the recent Humphrey case, in which the Court reversed itself in its decision in the Myers case. Time will not permit, nor is it necessary for me to speak of the other instances in which the Court's decision has had to be reversed or cured by other means, such as the Dred Scott case, which it took the Civil War to reverse, and the Income Tax case, by constitutional amendment.

The present Chief Justice of the United States, a jurist for whose learning, ability, and integrity I have the highest respect, is the author of the saying, "We are under a Constitution, but the Constitution is what the judges say it is." I have frequently heard men repeat upon this floor that fine, mouth-filling sentence, "This is a government of law, and not a government of men." Let me ask you if, under our system—and, in my opinion, unfortunately so—the only method of determining what the Constitution is is to wait 2 years, 3 years, 5 years, or perhaps 37 years to find out what the judges say the Constitution is; how then can this be a government of law and not a government of men?

In the case of the Railroad Retirement Act and the National Recovery Act the judges have said, in suits brought at the instance of private litigants, that the Congress exceeded its powers. Inasmuch as the President approved those acts, that constitutes the basis for the charges made by the gentleman from New York and the gentleman from Pennsylvania that the President violated his oath.

Much other legislation now pending in the Congress, it is claimed by the gentleman from New York, will be declared unconstitutional. Whether such legislation will be declared unconstitutional by the judges I think no one certainly knows—not even the judges. No one knows, I say, excepting

always, of course, the gentleman from New York [Mr. FISH] and the gentleman from Pennsylvania [Mr. RICH]. The gentleman from New York and the gentleman from Pennsylvania are the world's champion second guessers. They always knew, after the judges spoke, what the judges were going to say; and now the gentleman from New York [Mr. FISH], in order to make good his reputation as the only perfect and infallible judge upon what is constitutional, makes the same prediction with practically every proposed piece of major legislation that is brought to this floor, and if we followed the advice of either the gentleman from New York or the gentleman from Pennsylvania we would not have legislated at all.

It is, of course, a well-known fact that lawyers disagree about what is or is not the law and about what is or is not constitutional. Men differ in their opinions on certain points, and honestly so. This, however, is as clear as day in the full light of the sun; that there is now and has been for some time an ever-widening gap between what the States can do, not as a matter of law but practically, and what the National Government may do under the construction given to the Constitution by the contractionists of that noble instrument. It is also equally clear that under the State powers—and I am as much a believer in State rights as any man in this House—what a given State may do which affects the people within the borders of that State alone, plus what the National Government may do, should together equal the sovereign powers of a sovereign government. There should be no gap. There is now, under the claim of the contractionists of the Constitution, a gap. How to fill the gap?

There are some of us who believe now and have long claimed that under a fair construction of the commerce clause of the Constitution, more especially under the welfare clause of the Constitution, which has never been interpreted by the Supreme Court incidentally, the Constitution is as adequate to meet the needs of changing conditions now as it was when it was first presented by its makers to the Thirteen Original States.

There is another school of thought that believes that we should have certain constitutional amendments clarifying and otherwise to fill the gap between the State powers and the national powers.

There is another class, and I believe only a small minority, who, in effect, if their arguments are carried to a logical conclusion, contend that we should simply leave the States as they are, impotent and helpless to control matters of concern to those outside of their own borders, but who would not concede to the National Government power to meet any needs beyond those in existence in the early part of our political history. Many of these secretly wish that congresses and legislatures would never meet. Just as another small minority of our population wish that grand juries would never meet; and so far as the public weal is concerned, both belong to the same class.

Under the Constitution the President of the United States has a higher duty, a more solemn obligation to the people of the United States than anyone else in our system of government. He is directly responsible to the people for he was elected by them. He is not the subordinate nor the inferior of the nine Judges of the Supreme Court or of any judges. He is their superior. It is his duty to recommend legislation that is necessary, and the fact that some men holding views different from his and views different from other men, may even honestly believe that what he proposes is unconstitutional, should not, under this system, where still—although unfortunately so—the Constitution is what the judges say it is, deter him from performing that solemn duty of recommending necessary legislation and doing all things possible to secure its passage.

The attacks made upon the President by the gentleman from New York and the gentleman from Pennsylvania are not without parallel in our history, nor is the fact that the President approved of two measures which have received the ban of the judges without parallel.

Every great President of the United States under whose administration this assumed power of the Supreme Court was either asserted or exercised, has challenged, contradicted, and attacked this assumed unconstitutional power, and most of them to a far greater extent than President Roosevelt. When in the comparatively insignificant case of Marbury against Madison, Chief Justice Marshall, having become a judge, reversed the position which he, as Marshall the lawyer, took in a case in which he was the attorney, and first asserted this power; it was not acquiesced in by Thomas Jefferson, but was contradicted and denied by Jefferson.

When a divided Court in 1857 decided that the Missouri compromise, passed by Congress, approved by President Monroe in 1820, 37 years before, was unconstitutional, it was not acquiesced in by Abraham Lincoln. He said, "Someone must reverse that case, and we propose to reverse it." The Civil War reversed it.

When, in the administration of President Grant in 1870, the judges decided that the Legal Tender Act passed by the Congress during the Civil War, approved by Abraham Lincoln, was unconstitutional, Grant not only challenged but resisted the Supreme Court by means far beyond that which Franklin D. Roosevelt has ever hinted would be followed, because Grant filled up the vacancies in the Court, and the Court the same year reversed itself and declared the Legal Tender Act constitutional.

Grover Cleveland approved the income-tax measure passed by Congress during his administration, which the judges later declared unconstitutional.

Theodore Roosevelt, when the judges in 1906 in his administration adjudged the Federal Employers' Liability Law as unconstitutional, advised Congress to reenact it, and it did reenact it and the Court later reversed itself and adjudged it constitutional.

And it is possible that under circumstances obtaining now in this year 1935, had either Jefferson, Jackson, Lincoln, Theodore Roosevelt, or Grover Cleveland been President of the United States in this year there might have been an even more strenuous resistance to judge-made Constitution than has been made by Franklin D. Roosevelt, the great leader of the American people, when he recommended to Congress that they speedily pass the Guffey coal bill in order that by the orderly processes a determination might be made as to its constitutionality.

Personally I do not believe in judge-made Constitution. I believe, and I know there are many others who will join with me in contending that it is not the function of the Federal judiciary to override and render subordinate to it the legislative and the executive branches of this Government. President Roosevelt has not gone so far as to assert this or hint at it. He has not even attacked or criticized the Court. Other great Presidents have done that. History records that Jefferson, Jackson, Lincoln, Cleveland, and Theodore Roosevelt had in their day critics; some of them of the buzzing, mosquitolike type, and some who sniped at their heels, but none of whom dared meet them in attack from the front. Those great leaders were, of course, irritated and annoyed by such bites and stings, but they were not turned from their certain course. And while I make few predictions, I want to make this prediction: That the great leader of the American people, Franklin D. Roosevelt, will not be turned from his course by such attacks as those of the gentleman from New York [Mr. FISH] and the gentleman from Pennsylvania [Mr. RICH]. [Applause.]

Mr. RICH (interrupting the remarks of Mr. SISSON). Mr. Speaker, the gentleman is making a speech which I think ought to have the respectful consideration of the House, and I suggest the absence of a quorum, so that the Members may hear the gentleman.

The SPEAKER pro tempore. The gentleman from Pennsylvania makes the point that no quorum is present. The Chair will count. [After counting.] One hundred and thirty-two Members present, not a quorum.

The Doorkeeper closed the doors, the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 146]

Amlie	Bankhead	Brown, Mich.	Burch
Andresen	Bell	Buckley, N. Y.	Burnham
Andrews, N. Y.	Berlin	Bulwinkle	Carter

Cartwright	Gavagan	Lee, Okla.	Ransley
Casey	Gilden	Lesinski	Reilly
Celler	Ginger	Lewis, Md.	Richards
Chapman	Gray, Ind.	Lucas	Rogers, N. H.
Claiborne	Green	Lundeen	Rudd
Clark, N. C.	Greenway	McClellan	Russell
Cochran	Greever	McFarlane	Sanders, La.
Connery	Hancock, N. Y.	McGroarty	Schuetz
Corning	Hancock, N. C.	McLean	Schulte
Dickstein	Hartley	McMillan	Shannon
Dietrich	Healey	McSwain	Smith, Conn.
Dockweiler	Hennings	Marshall	Smith, W. Va.
Doutrich	Higgins, Conn.	May	Snyder
Duffey, Ohio	Higgins, Mass.	Michener	Stubbs
Dunn, Miss.	Hope	Montague	Sullivan
Edmiston	Huddleston	Montet	Sweeney
Eicher	Johnson, W. Va.	Nichols	Taylor, Tenn.
Ellenbogen	Kee	Norton	Thomas
Engel	Kerr	O'Connell	Tobey
Fenerty	Kimball	Oliver	Treadway
Ferguson	Kniffin	Owen	Umstead
Fernandes	Knutson	Palmisano	Underwood
Fitzpatrick	Kvale	Patton	Wilson, Pa.
Frey	Lambertson	Perkins	Withrow
Gasque	Lamneck	Peyser	Wolcott
Gassaway	Lea, Calif.	Rabaut	Wood

The SPEAKER. Three hundred an dthirteen Members have answered to their names; a quorum is present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

SECRET REBATES TO CHAIN STORES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the reservation of the right to object to the gentleman from Maryland proceeding today, also to extend my remarks and insert excerpts from printed testimony before the congressional committee investigating the American Retail Federation, and large-scale buying and selling at wholesale and retail.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, it will be interesting to the people of this Nation to know that one chain-store concern in this country received in 1934 from manufacturing concerns more than $8,000,000 in secret and confidential rebates, discounts, advertising allowances, and brokerage. The two concerns granting them the greatest amount of money, over $700,000, were both Wall Street controlled corporations. One of these two concerns, Standard Brands, Inc., of New York City, was organized by and is controlled by J. P. Morgan & Co. The other, General Foods Corporation, of New York City, has as its chairman of the board E. F. Hutton, of E. F. Hutton & Co., a Wall Street brokerage concern in New York.

DISCOUNTS NOT APPEARING ON INVOICES

To the average person of this Nation it will seem amazing, but it is nonetheless true, that over half of the net profits of the Great Atlantic & Pacific Tea Co. in 1934 were realized from these secret and confidential rebates. Mr. Charles W. Parr, assistant to the vice president in charge of purchases, of the Great Atlantic & Pacific Tea Co., on July 9 furnished our special committee with a list of the manufacturers granting the Great Atlantic & Pacific Tea Co. confidential discounts, advertising allowances, and brokerages. None of these items appeared on the invoices, but were all payable by check direct to Atlantic & Pacific's headquarters in New York or to one of their buying agents, who in turn remitted it direct to their headquarters at 420 Lexington Avenue, New York City. It should be borne in mind that Atlantic & Pacific make all their purchases as jobbers receiving full jobbing discounts. The list is as follows:

Airy Fairy Foods, cake flour, 5-percent advertising allowance.

Alabama-Georgia Syrup, sirup, 15-cent case flat and quantity percent included.

Alaska Packing Co., salmon, 5-percent advertising allowance.

Alexander & Baldwin, pineapple, 5-percent advertising allowance.

American Ammone, ammo, 10-percent advertising allowance.

American Chicle, gum, 20-percent advertising allowance.

American Diamalt, malt sirup, 35 cents case on quantity scale.

American Molasses Co., molasses, quantity scale 1–5 percent.

American Pop Corn, pop corn, 5-percent advertising allowance.

Andrea Process, onion salt, 10-percent advertising allowance.

Angelus-Campfire, marshmallows, quantity scale 3–5 percent.

A. P. W. Paper, toilet paper, $100 per month flat percent advertising allowance.

Arbuckle Bros., Yukon coffee, $200 per month flat and 5 percent additional.

Armour & Co., regular line, 3 to 7 percent on canned meats advertising allowance; fresh meats, one-half percent quantity allowance if purchases total $10,000,000.

Atlantis Sales Co., line, quantity scale 5–7 percent.

Atmore & Son, line, 8-percent advertising allowance.

B. T. Babbitt, line, quantity scale 15–30 cents per case. 7,500–17,500 (case).

Baker-Bennett-Day, nuts, 5-percent advertising allowance.

Baker Food Products, canned meats, 5 percent for brokerage.

Ball Bros., general support, payment at end, advertising allowance.

Barron-Gray, fruit cocktail, 5-percent brokerage.

Battle Creek Food, line, 5-percent advertising allowance.

Beechnut Packing, bacon, coffee, biscuit, quantity scale 7 percent for over $200,000; candy, gum, $7,000 per month flat advertising allowance; line, $10,000 per year flat advertising allowance.

Bell, Wm. G., seasoning, quantity, 5 percent for 30,000 dozen over.

Berst-Foster-Dixfield, toothpicks, 3-percent advertising allowance.

Best Foods, Nucoa, quantity scale, 0–1¢ per pound, 2–10 million pounds; B. B. pickles, 5-percent advertising allowance and quantity; mayonnaise, 5-percent advertising allowance.

Beyer, W. L., dog food, 5-percent advertising allowance.

Black Flag Co., insecticide, 12½-percent quantity.

Blue Moon Cheese, cheese, 5-percent advertising allowance.

Borden Sales, cheese, $30 to $50 per thousand for 500 to 700 and over a thousand; Eagle M. M. M. chocolate, $1,500 per month flat advertising allowance.

Boston Food Products, 5-percent advertising allowance.

Boston Molasses, molasses, 1–5 percent for 3,000 to 15,000 cartons.

Brill Co., H. C., E. Z. Freeze, 5 cents per dozen advertising allowance.

Brillo Manufacturing Co., Brillo, 10 advertising allowance.

Brown Son, Wm., 5 advertising allowance.

Buckeye Soda, Novite, 15 advertising allowance.

Bunte, candy, 5 advertising allowance.

Jos. Burnett, extract, 5 advertising allowance.

Burnham & Morrill Co., line, $1,237.75 per month flat and 5 percent adjustable for advertising.

Burry Biscuit, line, 5-percent advertising allowance.

Burton Morrow, extracts, $2,000 flat for advertising allowance.

Burch Biscuit Co., biscuits, 5 percent for advertising allowance.

California Animal Products, dog food, 4-percent brokerage; dog food, 5–7 percent $200,000–$300,000.

California Packing Corporation, Del Monte, 5-percent pur. contract.

California Prune & Apricot, Sunsweet, 3–7½ percent 5 to 10 million pounds.

California Sanitary Co., Ltd., olives, ripe, 10 percent for advertising allowance.

Canada's Pride Products, Milco Malt, 25 cents case for advertising allowance.

Candy Crafters, candy, 5 percent for advertising allowance.

Cargill, W. H., sirup, 5 percent for advertising allowance.

Castleberry's Food Co., canned meats, 5-percent brokerage.

Chappel Bros., dog food, 5 percent for advertising allowance plus 5-percent brokerage.

Chef Boiardi, line, 5 percent for advertising allowance.

Chinese Trading Co., line, 10 percent for advertising allowance.

Chocolate Sales, Hershey line, $5,000 a month flat for advertising allowance.

Church & Dwight, sodas, 10 percent sal soda and 3 percent bicarbonate of soda.

Clapp, Harold, Inc., baby foods, 5 percent for advertising allowance.

Clark Bros. Chewing Gum, gum, 11 cents a box for advertising allowance.

Clayton, S. C., fruit sirup, 10 percent for advertising allowance.

Cleveland Cleaner, wall-paper cleaner, 5 percent for advertising allowance.

Climaline Co., Cl. & Bowlene, $11,000 per year with 5 percent adjustable.

Climax Cleaner Manufacturing Co., cleaner, 40 cents gross for advertising allowance.

Clorox Chemical, Clorox, 5 percent for advertising allowance.

Coast Fish, dog food, 5 percent for advertising allowance plus 5-percent brokerage.

Colgate Palmolive-Peet, line, Palm Olive and Octagon, 30 gross, others 15 cents a box.

College Inn, line, 5 percent for advertising allowance.

Columbus Packing Co., 1 percent lard, fresh and S. P. and D. S. meats; 2 percent smoked meats; 5 percent sausage; and special brokerage.

Comet Rice Co., rice, 10 percent for advertising allowance; flakes, 15 percent for advertising allowance.

Corn Products, line, $5,000 month for advertising allowance.

Cracker Jack Co., cracker jack, 3–5 percent, $25,000 and over quantity allowance.

Cranberry Canners, sauce, 2½ percent for advertising allowance.

Crosse & Blackwell, line, 50 cents per store once a year for advertising allowance.

Crown Cork & Seal, caps, 5 percent and 5 percent for advertising allowance.

Cudahy Bros. Co., canned meats, 5-percent brokerage.

Curtice Bros., catsup, 5 percent for advertising allowance.
Dairy Sealed, Inc., container milk, 2 percent cash discount.
R. B. Davis, baking powder, 4 to 5½ percent on $500,000 to $875,000; Cocomalt, Cutrite Wax, 5 percent advertising allowance.
Decker, Jacob E., canned meats, 5-percent brokerage.
Derby Foods Inc., canned meats, 5-percent brokerage.
Detroit Soda Products, sal soda, less than carload, 10 percent and 5 percent for advertising allowance; carload, 10 and 10 percent; baking soda, 5 percent for advertising allowance.
Diament, Inc., candy, 5 percent for advertising allowance.
Diamond Match, Signal, 7511 contract price; S. A. W., published quantity discount.
Dif Corporation, Dif cleaner, 10 percent for advertising allowance.
Drackett Products Co., line, 5 percent for advertising allowance.
Duff, P. & Son, Palmetto Mol., 10 cents per case for advertising allowance; Duff Reg. Mol., 20 percent to 30 cents per case on 10,000 to 30,000 cases; mixes, 5 percent for advertising allowance.
Duffy Mott Co., prune juice, 5 percent for advertising allowance.
Dunlop Mills, corn meal, 10 cents per hundredweight for advertising allowance.
Durkee Family Foods, coconut, 1 percent (G. F. M. memo.); salad dressing, etc., 7½ percent for advertising and 1 percent additional for increase; Contanina oil, 10 cents gallon for manufacturing purposes.
Durkee Mower, Marsh. fluff, 5 percent for advertising allowance.
Eavenson & Son, Inc., soap, 30 cents per gross for advertising allowance.
Educator Bis. Chicago, line, 10 percent for advertising allowance.
Edwards, E. H., marshmallows, 5 percent for advertising allowance.
Fancier Foods, Inc., dog food, 5 percent for advertising allowance plus 5-percent brokerage.
Fred Fear, dyes, 5 percent for advertising allowance.
Federal Washboard, washboards, 5 percent for advertising allowance; washboards, for 14,000 dozen 5 Q.
Ferry Morse Seed, seed, 15 to 20 percent if stocked in 1,000 to 8,500 stores.
Fitzpatrick Bros., soaps, 3 to 5 percent, $250,000 to $400,000.
Flako Food, crusts, 5 percent for advertising allowance.
Fleer, F. H., gum, 10 percent for advertising allowance.
Ford, J. B., cleaner, 30 to 50 cents per case on 5 to 25,000 cases.
Foster Canning Co., dog food, 5-percent brokerage.
Franck Hein, chicory, 2 to 3 percent on 2,000 to 5,000 cases.
Friend Bros., line, 5 percent for advertising allowance.
Fuji Trading Co., Chinese products, 10 percent for advertising allowance.
Gem Products Sales Co., laundry powder, 5 percent for advertising purposes.
General Foods Corporation, line, $30,000 flat for advertising allowance a month, or 5 percent discount for advertising; Baker's Chocolate, $0.066 per carton Q. D. (entire trade).
Giroux Co., Inc., sirups and sauce, 5 percent for advertising allowance.
Gold Dust Corporation, honey, 1 to 5 percent on 10,000 to 200,000 quantity; shoe polish, 66 to 84 cents per gross on $5,000 to $25,000 gross quantity, $6,500 flat advertising allowance; soaps, 2½ percent for advertising allowance.
Golden Rossell Co., apple brandy, 40 cents per case for advertising allowance.
Gold Medal Foods, Bisquick and Wheaties, $60,000 flat for advertising allowance.
Good Luck Food, Inc., Good Luck products, 5 percent for advertising allowance.
Gordon & Dilworth, marmalade, 6 cents per dozen for advertising allowance.
Gorham & Co., polish, $1,600 flat in merchandise (a).
Gorton Pew, line, 5 percent for advertising allowance.
Goudey Gum Co., gum, 5 percent for advertising allowance.
Grocery Store Products, Kit. Bouquet, 5 percent for advertising allowance; Toddy, 5 percent for advertising allowance; Foulds, $180 per month for advertising allowance.
Gulden, Inc., mustard, $3,000 for 6 months for advertising allowance.
Gumpert Co., desserts, 5 percent for advertising allowance.
Hampton Cracker Co., crackers, 5 percent for advertising allowance.
Hansen's Laboratory, Junket, $12,000 per year for advertising allowance.
Harding, J. P., Inc., corned beef, 5 percent brokerage; hash, 5 percent brokerage.
Haskins Bros. & Co., soaps, 5 percent for advertising allowance.
Hately Bros., lard, 5 cents per hundredweight brokerage.
Hecker, H. O., Co., package line, 5 percent for advertising allowance.
H. J. Heinz, line, 2 percent for advertising allowance with extra 1 for $4,000,000.
Hills Bros., dates, etc., 5 percent for advertising allowance; grapefruit, 2½ percent for advertising allowance, additional 2½ percent if 50,000 cases; cranberry sauce, 2½ percent for advertising allowance.
Hines, J. R., canned stew, 5 percent brokerage.
Hipolite Co., Marsh, Creme, 5 percent for advertising allowance.
Hires, C. E., extracts, 2 to 8 percent on 500 to 6,000 gross quantity.
Hofherr Meat Co., corned beef, 2 percent brokerage.
Hofherr Meat Co., canned meat, 5 percent brokerage.
Hormel, George, canned meats, 2 to 5 percent on $50,000 to $200,000 or over; soups, 2 to 5 percent on 25,000 cases to 175,000 cases or over.
Hubinger Co., elastic starch, 7½ percent for advertising allowance.
Houston, Tom, Co., peanuts, 5 percent for advertising allowance.
Hydrox Corporation, beverages, 6 to 10 cents per case on 25,000 to 70,000 cases.
Hygienic Products, Sani Flush, 15,000 flat, with adjustment to 7½ percent for advertising allowance.
Hygrade Food, lard, 1 percent for $10,000 or over; smoked meats, 2 percent for $5,000; sausage, 5 percent for $5,000.
Illinois Meat Co., canned meats, 5 percent brokerage.
Illinois Nut Co., candies, 5 percent for advertising allowance.
Ivanhoe Foods, Inc., mayonnaise, 5 percent for advertising allowance.
Jelke, John F., margarine, one-half cent per pound for advertising allowance.
Jel Sert Co., flavorade, 5 percent for advertising allowance.
Jersey Cereal, corn flakes, 5 percent for advertising allowance.
Johnson, Robert A., fudge, 5 percent for advertising allowance.
Johnson, S. C., wax, $1,500 flat for advertising allowance (6 months only).
Johnson Educator, line, 5 to 7 percent for $300,000 to $800,000 or over.
Kerr's Butter Scotch, candy, $100 flat per month for advertising allowance.
Kingan & Co., canned meats, 5 percent for brokerage.
Kirkman & Son, soap line, 10 cents per case for advertising allowance.
Kosto, freeze, 5 percent for advertising allowance.
Kraft Phenix Cheese, line, 2 to 3½ percent for $100,000 to $800,000 and an additional 1½ percent for quantity.
Kraft Phenix Cheese, milk chocolate, 5 percent for advertising allowance.
Kwik Set, Inc., Kwik Set, 7½ percent for advertising allowance.
LaChoy Food Products, Chinese food, 5 percent for advertising allowance.
Lamont-Corliss, candy, $2,000 per month for 6 months for advertising allowance.
Larsen Co., pureed vegetables and fruits, 10 percent for advertising allowance.
Layton Pure Food, baking powder, 6 percent for advertising allowance with additional 2 percent for quantity.
Lever Bros., soap, $275,000 flat for advertising allowance.
Libby, McNeill & Libby, canned meats, 5 percent brokerage.
Liberty Cherry & Fruit, canned meats, 5 percent brokerage.
Life Savers, Inc., candy, $7,625 flat, for advertising allowance.
Liggett & Myers, Chesterfields, $1 per store per month for 7 months.
Lindsay Ripe Olive Co., ripe olives, 5 percent for advertising allowance.
Lipton, T. J., tea, 7½ percent for advertising allowance.
Liquid Veneer Corporation, mops and polish, 10 percent for advertising allowance.
Loudon Packing Co., doggie shampoo, 10 percent (JJM memo); doggie dinner, 5 percent brokerage; doggie dinner, $18,000 flat for advertising allowance.
Louisiana State Rice, rice, 5 percent for advertising allowance.
J. C. Lukens Brokerage Co., dog food, 5 percent brokerage.
McAteer, thirst ade, 5 percent for advertising allowance; dyes, 5 percent for advertising allowance.
McCormick & Co., insecticide, 5 percent for advertising allowance.
McIlhenny, tobasco sauce, 5 to 10 percent on 250 to 1,000 cases and over.
McKenzie Milling, package flour, 3 percent, additional 5 percent for 40 percent increase.
Maillard Corporation, cocoa and chocolate, $30 per thousand for advertising allowance.
Manes Food Products, cold slaw and beets, 5 percent (JJM memo).
Manhattan Soap, soap, 10 cents per box for advertising allowance.
Marvin, W. H., dates, 6 percent for advertising allowance.
Dr. George C. Melody, dog food, 5 percent for advertising allowance; dog food, 5 percent brokerage.
Metal Textile Co., cleaner, $2,000 flat for advertising allowance.
Mickelberry's Food, canned meats, 5 percent brokerage.
Miller & Hart, packing-house products, 2½ to 17½ percent per hundredweight.
Minnesota Consolidated Co., canned corn, 5 percent advertising allowance.
Minnesota Valley Canning, Del Maiz line, 5 percent for advertising allowance.
Mione Manufacturing, polishes, 25 cents per gross for advertising allowance.
Mitsubishi Shoki, crabmeat, 1 percent for advertising allowance.
M. J. B., tea and coffee, $2,000 flat for advertising allowance.
Jorrell, John, canned meats, 5 percent brokerage; dog food, 5 percent brokerage; 5 percent for advertising allowance.
Morris, Phillip, P. M. and Marlboros, 3 percent for advertising allowance.
Morton Salt, salt, 15 cents per case (GFM memo).
National Biscuit Co., line, 5 percent by N. B. C. branch direct, and 1 percent to 4½ percent by N. B. C. headquarters, according to quantity bracket reached.
National Foods, Inc., kiddie malt, 7½ percent for advertising allowance.

Naylee Chemical Co., bleach, 10 percent for advertising allowance.
Newark Packing, sliced beef, 5 percent brokerage.
Northern Paper, toilet paper, $5,500 flat for 3 months' promotion.
Noxon, Inc., Noxon Polish, 10 percent for advertising allowance.
Oakite Products, Oakite, 5 percent Oakites Prom. Cont.
Oelerich & Berry, sirup, 5 to 10 percent on $15,000 to $40,000, and over quantity discounts.
O. K. Potato, chips, 5 percent for advertising allowance.
Old Trusty Dog Food, canned dog food, 5 percent brokerage, 5 percent for advertising allowance.
Oswego Candy, candy, 5 percent for advertising allowance.
Paas Dye Co., dyes, 5 percent advertising allowance.
Pabstett Corporation, cheese, 2½ percent advertising allowance.
Pacific Coast Borax Co., borax, 5 percent advertising allowance.
Paist, F. M., candy, 5¾ cents a box advertising allowance.
Parson's Ammonia Co., ammonia, 10 percent advertising allowance.
Penick & Ford, molasses, 1 to 6½ percent, 5,000 to 115,000 cases and over, quantity discount; sirup, 1 to 6 percent, 5,000 to 55,000 cases and over, quantity discount; My-T-Fine-Dessert, 1 to 7 percent, 500 to 75,001 cases and over 15 cents cases, advertising allowance; Southern Syrup, 3 percent advertising allowance.
Pen Jel Corporation, Pen Jel, 10 percent advertising allowance.
Penn Dist. Co., dog food, 5 percent brokerage.
Penn Tobacco Co., cigarettes, 5 percent advertising allowance.
Perkins Products, Kool Ade, 5 percent advertising allowance.
Peter Paul, Inc., candy, $6,000 a year flat for advertising.
Pillsbury Flour, package flour, $15,000 for 100,000 cases, quantity discount.
Planters Nut & Chocolate, candy, $600 a year advertising allowance.
Pomona Food Co., pimientos, 5 percent if we buy 5,000-dozen quantities.
Pompeian Olive Oil, olive oil, 5 percent advertising allowance.
Premier Pabst Co., malt extract, 10 percent advertising allowance.
Prescott, H. L., polishes, $12,000 per year flat for advertising.
Price Flavoring Extracts, extracts, 5 percent advertising allowance.
P & G Dist. Co., soaps, 15 cents case; Crisco, one-quarter cent per pound, plus $61,000 flat for advertising (DTB memo).
Puhl, John, bluing, $300 per month flat for advertising.
Pure Food Hansa, bouillon, 10 percent advertising allowance; chicken products, $125 per month flat for advertising and, in addition, quantity scale 5 to 15 cents on 5,000 to 40,000 cases.
Randall Chicken Products, canned meats, 5 percent brokerage.
Rath Packing Co., canned meats, 5 percent brokerage.
Reid Union Dairy, milk, 2 percent cash discount.
Rich Produce Corporation, dog food, 5 percent advertising allowance and 5 percent brokerage.
Richardson & Robbins, R & R line, 2½ percent allowance.
Rival Packing Co., dog foods, 5 percent brokerage and 5 percent advertising allowance.
Roberts & Oake, packing-house products, 2½ to 40 cents per hundredweight on 200,000 to 12,000,000 pounds; pickled products, 5 percent brokerage.
Dr. W. S. Ross, dog and cat foods, 5 percent to 6 percent on $1 to $75,000 and over and 5 percent brokerage.
Rumford Co., line, 6 percent advertising allowance, with 2 percent additional for increases.
Runkel Bros., candy, 7 cents per box advertising allowance.
Runkel Bros., Runkomalt, 5 percent advertising allowance.
Salada Tea Co., tea, $25,000 per year flat for advertising.
Sakerno-Megowen Biscuit Co., biscuits and crackers, 5 percent quantity discount.
Scott Paper Co., toilet tissue, $1 per store per month advertising allowance.
Scull, W. S., line, 5 percent advertising allowance.
Seminole Corporation, tissue, 7½ percent advertising allowance and plus 5 percent quantity.
Shefford Cheese Co., cheese, 3 percent (JJM memo).
Shotwell Manufacturing Co., mints, 5 percent advertising allowance.
Simmons, T. N., Inc., dessert, 5 percent advertising allowance.
Skiddo Co., Inc., cleanser, 5 percent advertising allowance.
Skinner Manufacturing Co., raisin bran, 5 percent advertising allowance.
Smithfield Ham & Produce Co., canned meats, 5 percent advertising allowance.
Snider Packing Co., condiments, 5 percent advertising allowance.
Solarine Co., polish and cleanser, 5 percent advertising allowance.
S O S Manufacturing Co., cleanser, $4,125 per quarter advertising allowance.
Southern Molasses Co., molasses, 5 percent advertising allowance.
Spratt's Patent, Ltd., line, 5 to 6¼ percent on $30,000 to $50,000 and over.
Stahl-Meyer, Inc., sausages, etc., 5 percent brokerage.
Staley Sales, corn starch, 10 percent advertising allowance.
Standard Brands, foil feast, $144,000 a year advertising allowance, 10 percent quantity discount; Chase & Sanborn's coffee, $97,164 per year advertising allowance; Tenderleaf Tea, $394 per 1,000 advertising allowance; Royal Gelatine, $38,004 per year advertising allowance; Royal Baking Powder, $15,000 per year advertising allowance; Dr. Price Baking Powder, $996 per year advertising allowance.
Steele-Wallace Corporation, clothes pins, 5 percent advertising allowance.
Stokely Bros., baby foods, 5 percent advertising allowance.
Straub, W. F., honey, 2 percent advertising allowance.
Swift & Co., canned meats, 3 to 5 percent on 200,000 pounds to over; 300,000 pounds quantity discount.
Tasty Yeast, Inc., Tasty Yeast, 5 percent advertising allowance.
Jos. Tetley, tea, 7½ percent advertising allowance.
Texas Fig Co., preserved figs, 2½ to 5 cents per dozen (Wil. memo.).
Thinshell Products, cookies, 5 percent advertising allowance; biscuits and crackers, 5 percent advertising allowance; candy, 5 percent advertising allowance.
Thomson & Taylor, extracts, 5 percent advertising allowance; pie spice, 5 percent advertising allowance.
Three Minute Cereal, line, 2½ to 10 cents per case advertising allowance.
R. E. Tongue, fly ribbon, 5 percent advertising allowance.
Tumbler Laboratories, polish, 25 cents per dozen advertising allowance.
Tupman Thurlow, canned meats, 5 percent advertising allowance; crab meat, 6½ percent advertising allowance.
Ultramarine Co., Bleachette, 5 percent advertising allowance and in Q. of 1 to 3 percent for 10 to 30 percent increase.
Underwood, William, deviled ham, 5 percent brokerage; line, $3,000 per year advertising allowance.
United Packers, canned meats, 5 percent brokerage.
Up-to-Date Candy, cough drops, 5 percent advertising allowance.
Val Decker, packing-house products, 1 to 5 percent brokerage.
Van Camp's con carne, 5 percent advertising allowance.
Vaughan Packing Co., dog food, 10 percent advertising allowance.
Vestal Chemical Co., floor wax, 10 percent advertising allowance.
Victory Packing Co., dog foods, 4 percent brokerage.
Vogt, F. G., dog foods, 5 percent brokerage; 5 percent advertising allowance.
Waggoner, Norman, olives, 10 percent advertising allowance.
Walker Austex, hot tamales, 2½ percent advertising allowance.
Welch Grape Juice Co., grape juice, $2,000 advertising allowance for 6 months.
Werner, Paul A., cigarettes, 5 percent advertising allowance.
Wesson Oil & Snow Co., oil, $5,000 per quarter advertising allowance.
Weston, George, Ltd., biscuits, 5 percent advertising allowance.
White King Soap Co., soap, 5 percent advertising allowance.
Whitman, F., & Son, chocolate, 6 percent advertising allowance.
Wilbert Products, ammonia, etc., 5 percent advertising allowance.
Wilbur Suchard, candy, $200 per 1,000 advertising allowance.
Wilson & Co., canned meats, 5 percent brokerage.
Wright, J. A., silver cream, 10 percent advertising allowance.
Wrigley, William, gum, $7,000 per month advertising allowance.
Wrisley, Allen B., Olivilo, 10 to 15 cents a case on 7,500 to 15,000 and over.
Zion Institutions and Independent Baked Goods, 5 percent advertising allowance.

	Quantity discount per cwt.
National Sugar Refining Co.	$0.12½
California & Hawaiian Sugar Co.	.10
Eastern Beet Sugar	.10
McCahan Sugar Refining Co.	.10
Pennsylvania Sugar Co.	.10
Savannah Sugar Refining Co.	.10
American Sugar Refining Co. (if purchases reach 1,000,000 bags per year)	.10
Godchaux Sugar Co.	.05
Vizcaya Sugar Co. (Cuban refined)	.05

This table appears in the testimony before our committee for July 9, 1935.

INDEPENDENTS ENTITLED TO SAME RIGHTS AS CORPORATE CHAINS

The Great Atlantic & Pacific Tea Co., whose headquarters are at 420 Lexington Avenue, New York City, is a corporation with about 2,000,000 shares of common stock, which are practically all owned by the Hartford family in trust. They spend annually about $6,000,000 on advertising, which, of course, gives them a tremendous leverage on the editorial opinion of many newspapers throughout the Nation. I am not suggesting or advancing in any way the thought that corporate chains of this Nation should be eliminated, but I do believe that the independent merchant has a right to expect to be placed on an equal basis with these corporate chains and receive the same privileges which the manufacturers grant to these enormous corporations. If he does not receive fair treatment at the hands of the manufacturers, it merely means the elimination of the independent retailer and the eventual concentration of the retail business of this Nation in the hands of a few concerns, which means the absentee ownership of retail business in most all of the cities and towns throughout the country.

LARGE BANKING HOUSES CONNECTED WITH CHAINS

It will be interesting to many people who are not familiar with the facts to know that one New York banking house

has a very active voice in the management of many of the large corporate chain-store organizations and department stores of this country.

TESTIMONY OF ATLANTIC & PACIFIC OFFICIAL

Mr. Charles W. Parr, an official of the Great Atlantic & Pacific Tea Co., July 9, 1935, testified as follows: That the company owns retail grocery stores—about 15,200 stores, with principal offices at 420 Lexington Avenue, New York City; that Mr. John A. Hartford is president of the concern and that it is incorporated; that it has about 2,000,000 shares of common stock which is practically all owned by the Hartford family, either individually or in trust; that the Hartford family controls about 75 percent; that he has been with the company 17 years and his duties are in looking after "field buying offices", which they have established in the last 12 years near the sources of supply; that the company spends approximately $6,000,000 a year for advertising. In 1934 it collected slightly less than that amount; in 1933 it was a little more; that the company spends approximately what it collects for advertising; that General Foods pays the company $30,000 a month or $360,000 a year for advertising; that the arrangement has been in effect since May 1934. It expired in May this year and was renewed; that the allowance is supposed to represent about 5 percent of the total purchases; that they were not compelled to spend this certain amount of money a month for advertising that there was no definite contract; that if their purchases exceeded the amount annually that the $360,000 covered 5 percent of, that they, the A. & P., received the difference in a rebate; that the A. & P. had received an extra rebate of 7½ cents a case on Diamond Crystal Salt in 1933 because of the fact that their purchases totaled more than 200,000 cases; that Standard Brands, Inc., had paid the Atlantic & Pacific Tea Co. in 1934 in advertising allowances and rebates more than $350,000. That on Fleischman's Yeast alone, A. & P.'s contract with Standard Brands called for a $12,000 per month advertising allowance and 10 percent quantity discount rebate; that Standard Brands paid A. & P. $8,097 a month advertising allowance on Chase & Sanborn's coffee.

Mr. Parr's testimony further disclosed that some manufacturers in their anxiety to secure an added volume of business from the Atlantic & Pacific Tea Co. offered to pay them allowances which were in violation of the code of the particular industry represented by these manufacturers. As an example, the F. E. Booth Co. offered to restore the 5-percent brokerage to A. & P. on California sardines, which offer was accepted by A. & P. In writing their buying agent at San Francisco, Mr. J. V. Beckmann, they say:

> Answering yours of the 7th, we are very glad to note that the F. E. Booth Co. has restored the regular 5-percent brokerage on sardines, and note you ask how this information should be passed along to the purchasing directors. It all depends on just how confidential it is. We know that ordinarily, since this is prohibited in the sardine code, it would have to be handled very confidentially, but with the apparent general break-down of this feature in all other codes will leave it entirely to you and F. E. Booth Co.

Mr. Parr further testified that A. & P. received 5 percent quantity discount from California Packing Corporation on Del Monte products, which was in the form of a cash rebate. This covers all Del Monte brands; that the Diamond Match Co. has given A. & P. a contract of 75.11 cents per gross on matches as compared to the 82 cents per gross price which the jobber is charged; that Beechnut Tobacco Co. allow them $7,000 a month advertising allowance on Beechnut gum and candy alone, with other advertising allowances on the rest of the line, and 7 percent quantity discount.

Mr. Parr further revealed to the committee that the net sales of the Great Atlantic & Pacific Tea Co. were $840,000,000, which was estimated to be about 8 percent of the total grocery business done in the Nation.

The committee appreciated Mr. Parr's evident desire to be helpful to the committee and the frank and open way in which he testified, which was quite different from the attitude of some of the previous witnesses.

COMMITTEE OPPOSED

In my remarks in the CONGRESSIONAL RECORD of July 22, 1935, I have shown the tactics the food and grocery chain stores of America used in order to try and prevent our committee from receiving additional funds to complete the hearing. Quite naturally they do not enjoy the facts the committee are bringing out.

Mr. MARTIN of Colorado. Mr. Speaker, how much time has the gentleman from New York [Mr. SISSON] remaining?

The SPEAKER pro tempore. The gentleman from New York has 8 minutes remaining.

Mr. MARTIN of Colorado. I ask unanimous consent that the gentleman's time be extended 5 minutes on account of the interruption.

The SPEAKER pro tempore. Is there objection to the time of the gentleman from New York [Mr. SISSON] being extended 5 minutes?

Mr. FISH. Reserving the right to object, and I shall not object, I will ask 10 minutes to answer the gentleman from New York.

Mr. O'CONNOR. I assure the gentleman from New York that I shall object to that.

Mr. FISH. Then I object to his extension of time.

(Mr. SISSON resumed and concluded his remarks.)

LIGA PATRIOTICA (H. DOC. NO. 253)

The SPEAKER laid before the House the following message from the President of the United States which was read, and, together with the accompanying papers, referred to the Committee on Insular Affairs and ordered printed:

To the Congress of the United States:

In accordance with the notation contained in the text thereof, I transmit herewith a copy of a resolution, no. 1, of the Liga Patriotica, a civil organization of the city of Manila, P. I., dated May 16, 1935, expressing the gratitude of the people of the Philippine Islands toward the Government and people of the United States for the passage of Public, No. 127, Seventy-third Congress, approved March 24, 1934, and for the certification of the Constitution of the Philippine Islands.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 29, 1935.*

FLOODS ON THE MISSISSIPPI RIVER

Mr. DRIVER. Mr. Speaker, I call up for immediate consideration House Resolution 273.

Mr. HOEPPEL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HOEPPEL. I understand that on tomorrow the officers' "pork barrel" promotion bill will come before Congress for consideration. I would like to know whether, under the rules, it is required that a copy of the hearings be available so that each Member of Congress can read them? There are no hearings available on that "pork barrel" legislation.

The SPEAKER. It is not necessary, under the rules of the House. Of course, that is a question for the House to determine. However, it is not necessary.

Mr. HOEPPEL. Are we going to enact legislation without having a report of the hearings available for the membership—legislation which will entail the expenditure of millions of dollars?

The SPEAKER. That is a matter of argument and not a parliamentary inquiry.

Mr. FISH. Mr. Speaker, I would like to proceed. I have permission to proceed for 10 minutes, I understand.

The SPEAKER. The Chair did not so understand.

Mr. O'CONNOR. I objected to the gentleman's request.

Mr. DRIVER. Mr. Speaker, I refuse to yield.

The SPEAKER. The Chair did not understand the gentleman from New York [Mr. FISH] had been granted permission to address the House.

Mr. FISH. I asked unanimous consent to address the House for 10 minutes.

The SPEAKER. The Chair understood the request was objected to. However, if the Chair is in error he will be glad to be corrected.

Mr. FISH. I would like to ask unanimous consent, then, at this time.

The SPEAKER. The gentleman from New York [Mr. FISH] asks unanimous consent that he be permitted to address the House for 10 minutes. Is there objection?

Mr. DRIVER. Mr. Speaker, I object.

Mr. SNELL. Will the gentleman not reserve that for a moment? Does not the gentleman think there is a little mite of fairness in connection with this matter of speaking? There have been two or three unanimous-consent speeches made by the other side.

Mr. DRIVER. I do not believe that any man in this House can point to any act on my part in the nature of a disregard of what is fair. I have remained here listening to repeated demands for a quorum, with the right to call up a resolution, and I have been forestalled in that effort hour after hour. Under the circumstances, I do not feel that I am discourteous to anyone.

Mr. SNELL. Then, I hope that no one will feel that we are discourteous on this side if there are no more unanimous-consent speeches made.

Mr. DRIVER. Very well. The gentleman has my permission if he so desires.

The SPEAKER. The gentleman from Arkansas [Mr. DRIVER] calls up a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 273

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 7349, a bill to amend the act entitled "An act for the control of floods on the Mississippi River, and so forth." That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Flood Control, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. DRIVER. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN], in charge of the resolution for the minority.

I now desire to yield 10 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, we are calling up at this time a rule which makes in order the consideration of a bill relating to the "Mississippi River set-backs." The rule has been pending for several weeks. In that connection, I want to call to the attention of the House the present legislative situation.

Let me say that if a tax bill were reported tomorrow, of which there is little likelihood, and if it were passed within a few days, which also appears doubtful, to complete the ordinary, usual business of this House, it would take at least 3 weeks or a month.

We have now pending 11 rules relating to matters which were considered of enough importance to be reported out of the Rules Committee for the consideration of the House, and at the insistence of our legislative committees and at the urgent request, in many instances, of Members on both sides of the aisle, Democratic and Republican. In addition to those 11 rules, it appears likely that there may be rules yet to be reported from Rules Committees, for instance, pertaining to the investigation by the Federal Trade Commission of middlemen's profits, the truck and bus transportation bill, the "long- and short-haul" bill, another bill of alleged great importance enforcing the provisions of the twenty-first amendment in the protection to the dry States; then, of course, there is the tax bill, and, in addition to that, we have 9 or 10 conference reports yet to be considered. We may have other rules about which we are not now certain. Then we have our Private Calendar which should be considered to the end before we adjourn and a real fair chance given the omnibus bill. We also have our Consent Calendar. We may have many bills which Members desire to call up under unanimous consent. We will possibly have some bills considered under suspension of the rules of the House, and we will have at least one deficiency bill.

Now, Mr. Speaker, I want the country to know that for several days pursuant to and announced publicly a week or two ago, the Republican minority has conducted filibusters against certain bills. The filibuster openly conducted today and primarily against this Mississippi River bill has retarded some important bills which we hoped to bring up as far back as a week ago.

Following this bill, we propose to take up the Army promotion bill in which every officer in the Army is interested. Three times today the Secretary of War has called me to ask what chance there was of bringing up that bill. By reason of this Republican filibuster the next two bills, relating to the sick leave and annual leave of Government employees have been held up for at least 1 week, and I read in the newspapers the protest of Government employees that these bills have been held up. They should know that the Republican minority is holding them up. We had hoped to take them up a week ago if it had not been for this Republican filibuster.

What has really been happening here? Practically every Republican Member voted the other day to adjourn this House and go home.

Mr. MARCANTONIO. Is not the gentleman in error on that?

Mr. O'CONNOR. I will make an exception, yes; the gentleman from New York, my good friend, Mr. MARCANTONIO, did not.

Mr. MARTIN of Colorado. He is not a Republican.

Mr. O'CONNOR. My affection for him is so strong that it somewhat coincides with that opinion. I really hope he is not.

Mr. SNELL. Mr. Speaker, will the gentleman yield at that point?

Mr. O'CONNOR. I yield.

Mr. SNELL. The gentleman just said that if it had not been for this filibuster today he would have taken certain bills up a week ago. I do not quite understand him.

Mr. O'CONNOR. But for the filibuster announced by your Republican Party a week ago.

Mr. SNELL. They are announced in advance, are they?

Mr. O'CONNOR. The gentleman from New York was away last week, so he does not know what happened here then.

The Republican minority voted for adjournment, but it has used every means of filibustering to keep us in session. The gentleman from Pennsylvania [Mr. RICH], that great economist, the gentleman who to protect the RECORD objects to including in an extension of remarks a two-line editorial, has been one of the leaders of this filibuster that is keeping Congress in session.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Mr. Speaker, you will probably recall that when the holding-company bill was called up, the economist from Pennsylvania insisted that the bill be read in full for the first time—an unusual and useless procedure in the House.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Mr. Speaker, I refuse to yield for the moment. Later on I may yield.

The quiet and moderate gentleman from Pennsylvania insisted that the holding-company bill be read in full for no purpose. His Republican colleagues tried to dissuade him, but to no avail until he finally relented only from personal exhaustion, after 19 pages of the RECORD were filled, at a cost to the United States Government of $600 just because of his unreasonable idiosyncrasy. [Applause.]

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield for a question.

Mr. RICH. If that $600 has been the only expense I have created and if by filibustering we can stop this legislation and other legislation the gentleman recommends—the present bill to cost the country $500,000,000—then the expense and the filibustering have been worth while.

Mr. O'CONNOR. Mr. Speaker, for a long time I have been tempted to make a point of order against the continuous outbursts of the gentleman from Pennsylvania. His fulminations have been subject to a point of order every time he has stood on this floor and whenever the House has evidenced that they no longer desired to hear him. Let me read from Jefferson's Manual, which is incorporated into the rules of our House.

Paragraph 364 contains the following provision:

No one is to disturb another in his speech by hissing, coughing, spitting—

[Laughter]—

speaking or whispering to another, nor stand up to interrupt him, nor to pass between the Speaker and the speaking Member, nor to go across the House, or to walk up and down it, or to take books or papers from the table, or write there.

That section is not as important as paragraph 365, entitled "Parliamentary method of silencing a tedious Member." [Laughter.]

Nevertheless, if a Member finds that it is not the inclination of the House to hear him, and that by conversation or any other noise they endeavor to drown his voice, it is his most prudent way to submit to the pleasure of the House, and sit down [laughter]; for it scarcely ever happens that they are guilty of this piece of ill manners without sufficient reason, or inattention to a Member who says anything worth their hearing.

[Laughter and applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I have understood that when a lawyer had a poor case he resorted to ridicule and humor. That is the way the remarks of my good friend from New York on the present occasion appeal to me. He is setting up a straw man in order that he may knock him down. There is no indication here of any filibuster on the part of the Republicans.

What does the RECORD show? Just look at the RECORD. You will find this afternoon only two men have been granted an opportunity to speak, and each of them was a Democrat. They have consumed all the speaking time we have had today. Had it not been for an objection on the part of a Republican one of the distinguished leaders of the Democratic Party, the gentleman from Illinois, would be in the Well now talking for 15 or 20 minutes. Certainly if there was a filibuster no objection would have been made to his talking.

The gentleman from New York also talks about inability to have legislation considered and enacted. I ask the gentleman from New York if there was pressing legislation, what was the House doing on Friday and Saturday of last week?

May I ask why the House in previous week-ends adjourned over Saturday? There was no necessity for adjourning if we had essential business to be transacted. If essential legislation was ready it was the obligation of the Democratic organization of this House to present these matters.

Mr. O'CONNOR. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from New York.

Mr. O'CONNOR. The gentleman asked the question, and I shall answer. I do not say that the gentleman knows, but I feel that some people know that a part of the requests for adjournment over the week-end came from the minority side. Personally I was opposed to it, because I believe we will never finish the important legislation if we do not stay here. I do not think the gentleman should stand there and say that adjournment over the week-ends was not satisfactory and very pleasant to the minority side of the House.

Mr. MARTIN of Massachusetts. What the gentleman says may be true. Perhaps some on the minority side did agree that to adjourn over the week-end would be satisfactory; but after all the responsibility rests with the Speaker of the House, with the majority leader, and with the gentleman himself, who is one of the triumvirate which prepare the program of the House. You on the Democratic side cannot get away from that responsibility, because it is yours fixed by the fact you have a majority here. I might also add the first roll call this afternoon was caused by a Democrat. If you will go over the RECORD of last week, you will find in the most instances a Democrat has been responsible for the roll call. Out of 7 roll calls last week, 5 were called for by Democrats. Now, let us consider the pending legislation.

Mr. O'CONNOR. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from New York.

Mr. O'CONNOR. Of course, the gentleman knows this House could not recess for 1 day even if any one of the 430 Members objected. The gentleman himself did not object and no minority Member objected. It was their prerogative to object if they thought the House should have stayed in session.

Mr. MARTIN of Massachusetts. I repeat what I said before—the responsibility for legislation rests with the majority party. The majority must make the request for any recess. The minority was simply standing by and letting the majority perform its duty of arranging the program.

Mr. Speaker, now let us go back to the rule under consideration. I am opposed to the rule, and I am also opposed to the legislation which it brings before the House for consideration. I believe the bill is opening the floodgates for appropriations that every Member of this House will regret before the end is reached. The legislation should not be considered a partisan issue. Republicans and Democrats alike should be interested in protecting the Public Treasury. It is true, perhaps, that this legislation at first sight may present an appealing case. You might say it will only cost $4,000,000, but it is only the beginning. More expenditures are sure to follow.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield myself 3 additional minutes.

Mr. Speaker, other cases will be brought up here, and before we get through it will cost the Government and the Treasury many millions of dollars. Why should we pass this bill? The War Department is not in favor of the legislation. The War Department distinctly reports adversely. The orgy of spending now going on must be halted. Surely we should not be more liberal than the several departments of the Government demand. Therefore, Mr. Speaker, I sincerely hope that the rule will not be adopted.

Mr. DRIVER. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I offer an amendment to the rule.

The Clerk read as follows:

Amendment by Mr. O'CONNOR: On page 1, line 6, after the words "and so forth", strike out the period, insert a comma and the words "and all points of order against said bill are hereby waived."

Mr. O'CONNOR. Mr. Speaker, this amendment becomes necessary by reason of an oversight on the part of the legislative committee. They did not call the attention of the Rules Committee to the necessity for waiving points of order, which is not unusual in reporting a rule. It does become necessary in this bill, however, because the bill includes a reappropriation or a diversion of an existing appropriation of money, which, under a previous act, has been allocated for certain purposes. Unless this amendment is adopted, the bill would be subject to a point of order. I hope the amendment will be adopted before the rule is agreed to.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, this Resolution 273, with the proposed amendment, brings up this afternoon a bill (H. R. 7349) to amend the act entitled "An act for the control of floods in the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928.

This particular rule was opposed in the Rules Committee by members of the Flood Control Committee because of the fact that the only ones interested in having this bill reported were Members of the House from the States of Arkansas, Louisiana, and Mississippi, who were interested in trying

to get the Federal Government to pay for farms in the Mississippi Valley, situated in their particular districts, that might be flooded in case the Mississippi River overflowed its banks.

When the bill for the control of floods in the Mississippi Valley was enacted into law on May 15, 1928, it was specifically stated that the lands that were to be given for set-back levees, and for the purpose of controlling floods, should be given to the Federal Government without cost to the Government.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. RICH. I will yield to the gentleman when I get through. I appreciate the interest of the gentleman from Mississippi in this bill. May I say if I make any misstatements I certainly will be glad to have the gentleman correct them. I do not wish to make any misstatements.

Mr. WHITTINGTON. I am sure the gentleman will, and I challenge the statement that the Flood Control Act of May 15, 1928, provides that the local interests should furnish rights-of-way for set-back levees.

The act does provide that local interests shall furnish rights-of-way for the levees and the levee foundations along the main line of the Mississippi River, but all other rights-of-way, including flowage rights, are to be paid by the United States. My friend does not follow the act, and that is where he is making his mistake. The act does not provide that they—the local interests—shall provide rights-of-way for the set-back levees. Therein lies the justification for the pending act.

Mr. RICH. I may say to my friend from Mississippi, whom I regard very highly and whom I like personally, that when we get on the floor of the House that he is so much of a dyed-in-the-wool Democrat and I am so much of a Republican that we certainly do disagree, and if the law specifically states that this is not included in the 1928 act, I may say to my colleague from Mississippi that the Army engineers and the Secretary of War oppose this bill, and the Secretary has written us a letter to that effect. The Secretary of War refers to the fact that the States should furnish the real estate to work upon and that the Federal Government will then do the work to protect these States in case of threatened damage by flood.

The Federal Government has spent millions and millions of dollars trying to protect these States, and the reason this bill is being brought up at this time is because the people in these Southern States say they have not any money to buy these lands; that they have not any money to pay for these farms, but they are interested in seeing that their farmers are taken care of and that they receive a monetary consideration for their farms, and then they are to be permitted to go back and live on these same farms—a Government hand-out.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. RICH. Now, we must view this matter from the standpoint of the citizens of other sections of the country. If we do these people a great favor by undertaking this construction work, and if a large number of farmers are going to receive benefits or hand-outs, then the farmers who receive the greatest amount of benefit in that locality should be taxed a little more in order that they might pay for those who may be injured on account of these set-back levees. That was the original intention of the law when it was enacted.

This is the statement of the Secretary of War, and, as I have said, the Members of Congress along the Mississippi River who are interested in seeing that their farmers get this money cannot be hated for doing a thing of that kind, but the Members of Congress from the other sections of the country must realize that they are going to tax their constituents to pay the bill in helping these men. What will your constituents say if you do it?

This is simply a selfish proposal on the part of these people from the Mississippi Valley, and I cannot conceive of Members of the House granting concessions to these individuals who want to help their people when they are doing it to the detriment of their own people.

With respect to bringing up this rule, I cannot see why the Rules Committee should grant such a rule as this. I do not see how the Rules Committee can get the nerve to bring in a rule like this and ask the Members of Congress to favorably consider it when no one but the Members from the local districts affected asked that such a rule be brought in here. I think it is unjust to the Members of Congress that the Rules Committee should do such a thing, and it is going to be up to us to say to the Rules Committee that we do not want such legislation as this coming up in the House, when the rule is for a bill that is taking money out of an empty Treasury to pay State debts. When the Democratic Party talk about inflation and about every form of taxation and various ways of getting money to pay the bills of this country, I cannot understand why the Rules Committee should bring up a "pork barrel" bill of this kind.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. WHITTINGTON. Is it not true that the gentleman himself appeared before the Rules Committee and that the committee reported the rule for the consideration of this bill notwithstanding the gentleman's vigorous opposition?

Mr. RICH. Yes; that is the thing I cannot understand. [Laughter.] I strenuously objected to the rule because I wanted to protect every Member of the Congress and their taxpayers and the Federal Treasury, and I cannot understand why the Rules Committee should grant this privilege to three or four Members of the Congress and wreck the Treasury. You promised economy in Government. Why do not you live up to it?

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. HOEPPEL. I can tell the gentleman why this rule was brought out by the Rules Committee. This bill, apparently, was a piece of "must" legislation, and "must" legislation is all we enact here.

Mr. RICH. The gentleman from California certainly understands a lot about this "must" legislation, but this legislation is so musty it has been held back for the last 2 or 3 weeks, and if we do get it up today we will not be able to take all the "must" out of it, and I hope the Members of the House will defeat the bill. It is "pork barrel" legislation.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. TRUAX. I may say to the gentleman that I am seeking information about this bill. How many States will be affected favorably should this bill pass?

Mr. RICH. I think the States of Arkansas, Louisiana, and Mississippi.

Mr. TRUAX. I may inform the gentleman that we have a similar proposition in Ohio, and the property owners of the Miami Conservancy District owe $33,000,000 on just such a project, and they are asking the Federal Government to take it over and take it off their hands. If we do this for some of the States, let us do it for all the States, and take all of them over.

Mr. RICH. That is what these other people say, and we have so many men in Congress who make deals I cannot understand why they have not been after the gentleman from Ohio before this about this matter. They are trying to make all the deals they can to pass "pork barrel" legislation.

Mr. TRUAX. They know that I am not a good dealer.

Mr. RICH. The gentleman must be an "old dealer", instead of a "new dealer."

Mr. DUNN of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield to my colleague from Pennsylvania.

Mr. DUNN of Pennsylvania. Is it not a fact that this bill, if enacted into law, will at least give several thousand people employment?

Mr. RICH. No; it will not give anybody employment. It is simply going to take money out of the Federal Treasury, and it is not going to give a single individual employment except those who may appraise the property.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 3 more minutes.

Mr. RICH. Mr. Speaker, this is certainly important legislation, and we do not want it to pass unchallenged.

I was interested in listening to the remarks of the Chairman of the Rules Committee, in speaking of the operation of the rules that have come up and the importance of them. If he thinks this is one of the important bills of the "must" legislation, if his committee is giving due consideration to Members who want to help their people by getting money out of the Federal Treasury, I wonder what consideration the gentleman from New York and his committee are going to give to the rules for raising money—if the Ways and Means Committee would ask the committee for a rule, and the only way we can get anything on the floor now is by a special rule from the committee. Congress says that this legislation must have a musty tang, and your "must" legislation has a musty tang, too much of it should not pass, and the Rules Committee is following the socialistic President, Mr. Roosevelt, and when you do that I hope you will read the Democratic platform—

Mr. O'CONNOR. When the gentleman is exhausted, will he yield? [Laughter.]

Mr. RICH. The gentleman will not get exhausted on this subject, because I have read the Democratic platform and see where the President said he would follow it 100 percent. He said he believed in the party platform; and I should like to read you a few articles from this Democratic platform, because you have forgotten what they are, following this socialistic President, bringing in musty rules; you will find out that you are following a socialistic President instead of the Democratic platform. Why do you do it?

When are we going to have a reduction in Government expenses? Think of the Government expenses today; and yet you bring in this rule that is going to take millions and millions of money out of the Treasury.

The Democratic platform said that—

> We favor the maintenance of the national credit by a Federal Budget annually balanced.

And yet by this spending of money you are ruining the national credit in this "must" legislation you are passing.

The Democratic platform said you advocated a sound currency maintained at all hazards. Have you carried that out? No. Look at the reciprocal-trade agreements and what they are doing to the manufacturing industries of the country—putting men out of work and ruining our own industries and hurting our farmers.

Then take the enforcement of the Sherman Antitrust Law. When we had the N. R. A. we threw the antitrust law to the winds and said we did not want any more enforcement of it, contrary to the Democratic platform.

Mr. MORITZ. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes.

Mr. MORITZ. There was a lot of unemployment in Pennsylvania under Mr. Hoover, was there not?

Mr. RICH. Very little. It has increased every day that the Democratic administration has been in power.

Mr. MORITZ. Did he do anything to relieve it?

Mr. RICH. Yes; he did. Unemployment has been increasing all of the time since Roosevelt has been inaugurated, and it will get worse unless you stick to the Democratic platform. I admire the platform that you fellows built 2 years or more ago, but I certainly do not admire the legislation that you were enacting into law, because it is all socialistic. You are carrying out the Socialist platform, not the Democratic platform.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. RICH. I want to give you some more things out of the Democratic platform.

Mr. McFARLANE. Did the gentleman vote for the platform? He says that he admired it.

Mr. RICH. I think it is a fine platform, and you ought to stick to it.

Mr. McFARLANE. Did the gentleman vote for it?

Mr. RICH. I would help you support it. Then you say that you are opposed to the cancelation of debts. Then the Democrats said that they were going to do away with the gold clause, going to have a cancelation of debts in gold, and probably foreign countries owned $1,000,000,000 of our securities, while they in turn owed us twelve or thirteen billion dollars. You canceled the gold clause and told them you would repudiate the payment in gold; and when you did that, you simply canceled all their debts owing to us. What a foolish thing for Democrats to do! Then you Democrats deplored the improper use of money in political activities. Think of that! You condemned the improper and excessive use of money in political activity, and then you voted the socialistic President $4,880,000,000, and you are all scared to death because you are not going to get your share in your districts, and he has got you by the neck, leading you around, and you are afraid to do anything but follow him. Why did you do it?

The SPEAKER. The time of the gentleman from Pennsylvania has again expired.

Mr. DRIVER. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, the gentleman from Pennsylvania [Mr. RICH] seems to be greatly distressed about the conditions in this country. He reminds me of some of the editorial writers you read when they attack each one of the provisions that have assisted us in bringing us as far as we have got out of this depression, which the Democratic Party inherited from Mr. Hoover and his party. I advise the Members of this House and the country not to read the editorial policies that are written for political purposes, but to turn over to the financial page and the business page of any metropolitan newspaper and read the reports coming in from the business men of the country showing we are making progress. We have increased the annual wealth in this country from $38,000,000,000 to more than $60,000,000,000 under this policy in the last 2 years, and on the face of this increase of more than $20,000,000,000 we will repay these appropriations that are being made. If Mr. Hoover and his advisers had had the courage to invest a few billion dollars in the future of America and save this country from starvation and unemployment, there might have been some reason for his reelection, but he did not have the vision and the courage to do that, and the American people commissioned a new leader in Franklin D. Roosevelt, who had that courage, and who had faith in the credit and the future of America, in order to save the people of America from starvation and unemployment, and we are whipping this depression. That is what is the matter with the gentleman from Pennsylvania [Mr. RICH]. He is not willing to acknowledge it, but he is afraid the party in power will be able to obtain some political advantage because of that fact. Read the business page of your metropolitan newspaper and you will see why the policies of the new deal are working. The gentleman speaks about Federal credit. Never in the history of this Nation have the bonds of the United States sold at such a low rate of interest and with such oversubscriptions as they do today. The people who invest in them know whether the credit of the United States has been impaired. The bonds are oversubscribed when they are issued at the lowest rate in the history of the Nation. What is the matter with the currency of the United States? It is paying 100 cents on the dollar on all debts, public and private, and that is all that any currency has ever done. There is nothing the matter with the currency or the credit of the United States.

Mr. BURDICK. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. Yes.

Mr. BURDICK. Does the gentleman not think that he is taking the statement of the gentleman from Pennsylvania too seriously?

Mr. GREENWOOD. Certainly, but I got up here to answer it because his comments daily go out to the Nation, and I think that upon this side at least we ought to be willing to get up and defend this administration because we have a sound currency and we have credit that we ought

to be proud of, credit that the world looks upon as being the best credit of any nation in the world.

Mr. BURDICK. We have in the Treasury of the United States more coverage of gold and silver for our currency than at any previous period. Our currency is sound and stable. The effect of the speech of the gentleman from Pennsylvania on me is to impel me to vote for the rule.

Mr. TRUAX. And does not the fact that the gentleman from Pennsylvania is so identified and closely associated with bankers and banks influence what he says on the floor of the House?

Mr. GREENWOOD. That may be. He comes from the neighborhood of Pittsburgh where Mr. Mellon lives and he may have imbibed some of the ideas of Mr. Mellon.

Mr. RICH. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. RICH. I want to say that I do not know Mr. Mellon and I am not within 200 miles of Mr. Mellon.

Mr. GREENWOOD. But the gentleman may have imbibed some of his ideas of government without ever knowing him. The Republican Party has been saturated with those ideas of Mr. Mellon, and they have been tried and found wanting. We are changing such methods and we are solving this depression under these new methods. Read the business page of the papers of Pittsburgh or any other metropolitan press of America and you will be convinced that we are solving the depression. [Applause.]

The SPEAKER. The time of the gentleman from Indiana [Mr. GREENWOOD] has expired.

PRESIDENT AND DEPARTMENT OF STATE DOMINATED AND CONTROLLED BY BRITISH FOREIGN OFFICE

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. TINKHAM. Mr. Speaker, the President of the United States and the Department of State, his agent, are under the domination and control of the British Foreign Office.

Both the President and the Department of State, dominated and controlled by the British Foreign Office, are opposed to legislation providing for strict neutrality of the United States in the next war, a war which is already beginning to loom on the European horizon.

A week ago there was reported to the House of Representatives from the Committee on Foreign Affairs a bill sponsored by the President providing for the registration of all persons engaged in the business of manufacturing, exporting, or importing arms, ammunition, and implements of war, and for the issuance of a license by the United States Government to cover each shipment. This bill provides only for the collection by the Government of statistical information concerning the traffic in arms.

The President, through the Department of State, dominated and controlled by the British Foreign Office, opposed an amendment to the bill offered in committee to forbid the exportation of arms to any country engaged in an armed conflict to which the United States was not a party, a policy which would mean effective strict neutrality for the United States.

The British Foreign Office is opposed to such legislation by the United States. Such legislation would prevent Great Britain from using the United States as an arsenal for her war supplies in the next war, as was the case in 1914–18, and also would tend to prevent Great Britain from again involving the United States in war for her purposes. It was largely the financial transactions of Great Britain through J. Pierpont Morgan & Co., the fiscal agents of Great Britain, in connection with the purchase of war supplies in the United States during 1914–17—together with treachery in the Department of State—which ultimately and inevitably drew the United States into the World War.

The adoption of a policy of strict neutrality by forbidding the exportation of arms to any country engaged in an armed conflict to which the United States is not a party also would interfere with the British policy of bringing the United States into action in conjunction with the League of Nations when Great Britain uses the League of Nations politically for punitive purposes against a country which has been arbitrarily selected as the aggressor nation.

This fantastic, wholly impracticable, and dangerous political policy of determining which nation is the aggressor in a conflict has been endorsed by the President of the United States, and he also has voiced approval of United States cooperation with the League of Nations, a political mechanism, in taking punitive and coercive action against aggressor nations. Such cooperation would lead the United States into war.

Today a substitute bill will be introduced in the House of Representatives. This bill, while providing for the collection of the statistical information desired by the President, also forbids the exportation of arms, ammunition, and implements of war to any country engaged in an armed conflict to which the United States is not a party. Strict neutrality is the treatment of all nations alike. Impartiality is the keynote of neutrality.

If the interests of the United States are to be given first consideration instead of the desires of the British Foreign Office, this bill should be enacted into legislation.

Other facts which demonstrate the domination and control of the President and the Department of State by the British Foreign Office are as follows:

First. In accordance with the desire of the British Foreign Office that arms embargoes be declared generally against any aggressor nation, the President in 1933 recommended the passage of an arms embargo act giving him the right to impose an arms embargo against any nation which might be declared an aggressor nation by the League of Nations; that is, giving him the power to make war. To declare an embargo against one nation and not against all nations engaged in an armed conflict is an unneutral act, and in international law it is a cause for war. The sentiment of real Americans in Congress led to the defeat of this pernicious proposal.

Second. At the Arms Conference at Geneva in 1933, the United States, at the direction of the President, accepted the arms proposal of the British Foreign Office. The President's representative went further and proposed the termination of American neutrality, the curtailment of American freedom of the seas, and the assurance of American coercive action to enforce article 10 of the Covenant of the League of Nations, which article guarantees the present political boundaries of the world. He also voiced the approval of the President of the setting up at Geneva of a bureau for the supervision of arms, thereby favoring the supervision of American defense by European nations.

Fourth. In 1934, in the confusion of the last days of the Seventy-third Congress, the President, by personal intervention and coercion of Members of the House of Representatives, obtained United States membership in the International Labor Organization, a part of the League of Nations, which action was desired by the British Foreign Office as a first step toward United States entry into the League of Nations, a European political mechanism.

Fifth. In 1935, the President recommended United States entry into the political court of the League of Nations. He went so far as to send to the Senate, while the legislation was under consideration, a special message urging favorable action, a most unusual procedure. Entry into the League Court would have been a second step toward entry into the League itself; membership in the International Labor Organization having been the first step. Entry into the League Court would have meant entry of the United States into the political system of Europe. It is interesting to note that the League Court is now presided over by the former chief political adviser to the British Foreign Office. A passionate outburst of popular opinion against this betrayal of the United States to Europe defeated the proposal.

Sixth. Following a call of the British Ambassador at the Department of State recently in connection with the Italo-Ethiopian controversy, the President, through the Department of State, made declarations in relation to the so-called

"Briand-Kellogg Pact" which synchronized with declarations of British policies in the House of Commons.

Seventh. As recently as April of this year it was announced that the British Ambassador, representing the British Foreign Office, had called at the Department of State with reference to the action of the Senate Munitions Committee in relation to the financial transactions of the British Government during the World War with J. Pierpont Morgan & Co. and the Guaranty Trust Co. in connection with purchases of war supplies in the United States. Almost immediately thereafter the President interfered with the action of the committee, with the result that the evidence of such transactions has been suppressed. Let the President tell the country why the evidence should be suppressed. Let the President inform the country why United States foreign policy should be governed by the British Foreign Office.

FLOODS ON MISSISSIPPI RIVER

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, as the discussion of this rule has wandered somewhat, I think I will take a little part in it.

The gentleman from Indiana, like most all Democrats, took a great deal of pleasure in saying "We are not responsible for the depression; we inherited this from President Hoover." I was here during the entire administration of Mr. Hoover. During the last 2 years of his administration the Democratic Party controlled both branches of the Congress. I know, myself, and the older Members of this House know, that Mr. Hoover made some definite recommendations to the legislative branch of this Government, which he thought would be of advantage in relieving the depression. You Democrats were in absolute control and you never gave him one particle of support, or paid any attention to his recommendations, but by inaction did what you could to create an even greater depression.

Mr. SABATH. Will the gentleman yield?

Mr. SNELL. I will not yield just now. You did not give him one particle of support. You did everything you possibly could to have conditions in this country at the lowest ebb possible when President Roosevelt came into power, and you succeeded to a very large degree in doing it.

I now yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that the Democratic House passed the Reconstruction Finance Corporation Act and that was vetoed by President Hoover, and if it had not been vetoed by him and had been passed, it would have become a law as it was originally passed, and the relief that was needed to rebuild and reconstruct the country was forthcoming?

Mr. SNELL. I did not so understand it.

Mr. SABATH. No; it is not. He did veto the original bill that the House passed and that was passed by the Senate also.

Mr. SNELL. I made this statement, and I will stand on it, that the Democratic legislative branch of this Government did not cooperate with President Hoover, and that to a large degree is the cause of our present condition.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. MARTIN of Massachusetts. I yield the gentleman from New York 3 additional minutes.

Mr. O'CONNOR. Will the gentleman yield?

Mr. SNELL. Yes; I yield.

Mr. O'CONNOR. I think the gentleman from Illinois [Mr. SABATH] is mistaken about President Hoover vetoing the Reconstruction Finance Corporation Act, but the Democratic House certainly cooperated in passing that measure and other measures which at that time were intended to help the country out of the unparalleled distrustful situation into which the Republican administration had plunged it. Will the gentleman name one measure which the Democratic Party at that time opposed?

Mr. SNELL. President Hoover made several definite recommendations in regard to home relief, farm relief, banking, and the Reconstruction Finance Corporation.

Mr. O'CONNOR. We supported, for instance, the farm owners' loan bill, and we passed the farm land bank bill.

Mr. SNELL. Yes, but you reconstructed them so they destroyed the original intent of all the legislation that was passed. I say this with all earnestness, that everything you did was to make conditions in this country at the lowest possible ebb at the time the Democratic Party came into power, and you succeeded in doing it. You were entirely political in your actions, and now you want to place all the blame on President Hoover.

Mr. O'CONNOR. If it were possible to make lowest lower, which is beyond me, you are correct, but the condition of the country had sunk to the lowest ebb in its history.

Mr. SNELL. No; it had not. Let me tell you another thing. The gentleman speaks of what the Democratic legislation has done. There was more recovery in this country in the first 4 months of your administration, before any of your alphabetical acts took effect, than we have had in the last 2½ years, and you know it. But you always speak of the improvement since March 4, not since the time your "brain trust" legislation went into effect.

Mr. O'CONNOR. The gentleman has forgotten, of course, that while we had a Democratic House of Representatives resulting from the election of 1930, the Republican Party still controlled the Senate.

Mr. SNELL. No; we did not; and we never controlled it at all during Mr. Hoover's administration.

Mr. O'CONNOR. The Members then were at least labeled "Republicans."

Mr. SNELL. The gentleman knows very well the Republican Party was not in control.

Mr. O'CONNOR. They had the label on them. It is not our fault if they were not of the old standpat G. O. P. variety.

Mr. SNELL. I do not care anything about labels. I am talking about absolute facts. I say again that there was more recovery in this country in the first 4 months of Roosevelt's administration, before any of your legislation took effect, than there has been in the 2½ years that has followed.

Mr. O'CONNOR. Oh, it was only by reason of the Executive stepping into the situation on the very day of his inauguration and taking hold of a situation which had been neglected for 4 years, when he sent out his message, which closed the banks of the country, that you destroyed, for instance.

Mr. SNELL. Mr. Speaker, I do not yield further. But he never followed his message. As usual he forgot his promises to the people. If you had followed the message you would have done pretty well, and certainly it would have been much better than what you have done.

Mr. O'CONNOR. Why, Mr. Speaker, if we had had four more months of Republican administration, we would not have the Government where it is today; the country would never have had another President. [Applause.]

Mr. SNELL. At least your party never would. Let me tell you one thing more, if we had had a Democratic Congress in control 4 months more, all the time trying to put a Republican President in the hole, we certainly would not have had anything left.

Mr. O'CONNOR. We are willing to take our chances on that. We gave you all the help we could, but you just could not produce.

Mr. SNELL. Let me point out another thing: President Hoover tried in every way to cooperate with the President-elect to relieve this depression; and he could not get a particle of cooperation from any of you; and you know it just as well as I do. [Applause.]

Mr. O'CONNOR. The record and history will record the accuracy of that statement.

[Here the gavel fell.]

Mr. DRIVER. Mr. Speaker, I yield to the gentleman from Illinois [Mr. SABATH] 3 minutes.

Mr. SABATH. Mr. Speaker, I know it is not the intention of the minority leader to mislead the House or the country at all times. He said that the statement I made was

not founded on fact; yet I am the one who introduced the first R. F. C. bill, which was titled the Financial Relief Corporation measure. I say to the gentleman from New York [Mr. SNELL] that the House and Senate passed the bill but President Hoover vetoed it and we were obliged to put into the bill when it came back the self-liquidation projects and other provisions which weakened the bill as it originally passed the House. Had the bill become law as originally drafted, loans would have been forthcoming not only to banks, railroads, insurance companies, and private enterprises, but to States and their subdivisions also.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I gladly yield.

Mr. SNELL. I do not remember each of the details of which the gentleman speaks.

Mr. SABATH. I do, because I had been advocating this legislation since December 1931. I communicated with President Hoover and urged that he approve a bill that would stop the fast-approaching complete destruction of our financial structure. Knowing the good the War Finance Board accomplished, I felt that such similar legislation would be of tremendous aid and relieve the financial distress. Unfortunately, the President delayed this legislation, as some frequently charged, to capitalize for the 1932 campaign. Had he, or you Republicans, acted in 1931, I am satisfied that the destruction of business, if not averted, would at least have been not as serious as it was. I wish to assure you that the details are still fresh in my mind, as I strongly advocated that legislation.

True, my bill was not reported. The administration had Mr. Strong, of Kansas, introduce a similar bill. The Banking and Currency Committee to which it was referred held hearings and I appeared before the committee several times. In the end they took parts of my bill and provisions from Mr. STRONG's bill and reintroduced a new measure.

I repeatedly suggested that there be created a Federal Finance Corporation, capitalized for $1,000,000,000, with the power to issue bonds to the extent of five times its capital structure. But Mr. Mills, the Assistant Secretary of the Treasury under Hoover, and other Republicans opposed it. Had my provisions been included I am satisfied it would not have been necessary to amend the act as often as we have, and confidence would have been reestablished.

Mr. SNELL. But there is one thing upon which both of us will agree: The R. F. C. was a recommendation of President Hoover; and, furthermore, the R. F. C. has been the best instrumentality of the present administration.

Mr. SABATH. Yes; but, unfortunately, President Hoover delayed in agreeing to this legislation. Had he listened to sound and obvious reason in 1929 he would have closed the New York and other stock exchanges, putting an end to the rampant gambling in inflated stocks, which action would have averted the great catastrophe; but he refused to forestall the disastrous crash that was then fast approaching. Unfortunately, he delayed to give consent or to act so that the Finance Relief Corporation legislation—later called R. F. C. legislation—could be enacted. If his action had been timely and the legislation enacted in 1930, or even in 1931, it would have immeasurably reduced the destruction of business and the values of all securities.

I make the statement that President Hoover and the Republican administration must go down in hisory as being in every way responsible for the worst panic—you call it depression—in this country's entire history. Back of them, of course, were the sinister figures of their masters, the international bankers, investment sharks, and big business in general.

The Republicans not only permitted but sanctioned and even aided in the wild orgy of high financing and stock and bond manipulation that preceded and caused the great crash that shook the financial structure of the Nation from coast to coast.

The then Republican administration permitted the Wall Street gamblers to use both Government funds and the savings of the masses for speculative purposes to a point where there were no resources left for the needs of legitimate business. The latter was left stranded and helpless, while 95 percent of the country's population was stripped of its available cash.

When in 1929 I also appealed to the President and the Republicans to put a stop to the orgy of overcapitalization I was admonished I must not interfere with business; and big business was not interfered with. It was permitted full sway in its work of destruction. What was the result? Thousands of bank failures in the United States, this notwithstanding that not a single bank closed in Canada. Yet all that separated the United States and Canada was an imaginary boundry line and the fact that the policies of President Hoover and the Republicans were not in effect in Canada and they were in effect in the United States.

But not only banks in the United States were in distress in 1931 and 1932, as the country well recalls. Railroads, insurance companies, States, and municipalities were unable to meet their pay rolls and obligations; plants, factories, shops, and merchandise establishments closed; one-half of the apartment buildings, homes, and farms in the hands of unscrupulous bond committees and receivers and being sold for taxes; 16,000,000 people unemployed and pleading for work; over 20,000,000 men, women, and children living on charity.

And conditions got worse and worse with each passing week of Hoover's administration. The repeated protests of Democrats like myself went unheeded. All that any of us could get out of Hoover was the excuse that "prosperity is just around the corner."

This dark and gloomy picture of suffering and distress continued to hover over the Nation right up to noon on March 4, 1933. The inauguration of Franklin D. Roosevelt as President of the United States on that day was the first break that the distressed citizens and the all but strangled legitimate business of the country had received in years. Conditions had become so bad that they could not, of course, be remedied in the twinkling of an eye. But one thing the new President did accomplish almost instantly, and that was to give the people hope and confidence where they had had none before.

Every Republican Member of this body knows full well that the description of conditions that I have given here as existing under the Hoover administration are plenty conservative, and not overdrawn. They know, too, that conditions have steadily improved under President Roosevelt and a Democratic Congress. And the voters of this country know it. They know that the President is not only a courageous but an honest man, sincerely endeavoring to divorce Wall Street from its long hold on Government. President Roosevelt today has the full and complete confidence of the American people. And he will still have it on the next election day.

The systematic defamation of the President by special interests, the wailing of Wall Street, the countless thousands of faked and perjured telegrams, the hiring of a horde of lobbyists at big fees, all have been in vain. Our great President continues to loom in stature over all this rabble like a tower against the sea.

Mr. HOEPPEL. Mr. Speaker, I make the point of order that there is not a quorum present, but I withhold the point of order in order to ask the majority floor leader a question.

I would like to be informed whether the Mississippi River set-back bill will be the only one to be considered today; if the officers' promotion bill is to come up before tomorrow?

Mr. TAYLOR of Colorado. It does not look as though we would finish consideration of the pending bill today.

Mr. HOEPPEL. The officers' promotion bill will not be called up today?

Mr. TAYLOR of Colorado. I do not apprehend that it will, but I cannot say it will not.

Mr. HOEPPEL. Unless I have some assurance that the officers' promotion bill will not be called up today, I shall be forced to insist upon my point of order.

The SPEAKER. The Chair will advise the gentleman that it will not be called up today.

Mr. O'CONNOR. I do not think it will be called up today. I do not think we shall be able to complete the consideration of the pending bill today.

Mr. DRIVER. Mr. Speaker, the discussion of this resolution has wandered far afield. I shall endeavor now to draw the attention of the House back to the provisions of the bill which will be made in order by the adoption of the rule we are now considering.

The bill seeks to amend the provisions of an act of Congress passed on the 15th day of May 1928, which established a project for flood control and improvement of navigation on the Mississippi River. At the time of the adoption of this flood-control project, as it has since become known, the people of the Mississippi Valley were just emerging from one of the most devastating visitations that ever fell upon the people of any nation. A flood of unusual proportions crashed the levees on the Mississippi River from Cape Girardeau in Missouri as far south along the river as the levee lines extended.

Mr. LUDLOW. What year was that?

Mr. DRIVER. That was in 1927, and this act was passed the following year.

In that flood 340 lives were lost, practically half the inhabitants of the Mississippi Valley were rendered homeless, and property damage of multiplied millions of dollars was inflicted upon the people.

Up to that period of time levee construction of the Mississippi River was a cooperative policy on the part of the local interests and the United States Government, which, in turn, followed an original responsibility for the construction of defensive works by the people themselves who had organized into local entities under the law, with authority to tax their land, using the money accruing in constructing a consistent and connected line of levees. So when the act of 1928 was passed the local people had built about 2,000 miles of levees along the main channel of the Mississippi River in the States of Missouri, Illinois, Tennessee, Kentucky, Arkansas, Louisiana, and Mississippi.

When the suggestion was made for the incorporation of a policy in the bill that was suggested by the Secretary of War and endorsed by the then President of the United States, Mr. Coolidge, that the local interests should pay 20 percent of the cost of construction, together with the rights-of-way for the levee foundations, and such protection to the levee as came from cutting the weed growth, just the minor repairs, it was presented so forcibly to the committee with appropriate jurisdiction in this matter and to the two Houses of the American Congress that the Congress struck down the recommendation of the Secretary of War and the President and assumed the responsibility of providing the necessary structures without construction by local interests to protect the valley against the recurrence of a flood of the proportions that devastated that country. There was a reason for the deliberate and careful exercise of congressional judgment in the case. The fact is that in that period of time, of the 27 local communities located along the main channel of the Mississippi River only 5 of them remained without a condition of absolute bankruptcy, and therefore unable financially to render a particle of aid in the building up of the structures, the foundations of which they laid and built up to an extent where they felt secure in the protection before the revelations were made to them by the enormous flood of 1927. That is not all.

With the expression contained in that act with respect to the relief of the local interests, there was written deliberately into the act as a reason for the Government assuming the full measure of responsibility for that work the fact that the local entities had invested $292,000,000 in the then existing structures. So much for the congressional act and the character of responsibility assumed by the Congress for their Government in that act.

We will now go to the conditions. That act carried a provision for $325,000,000 to be expended. Practically $200,000,000 of that money was to be applied on levee structures. The rest had no reference to levees, being for the improvement of navigation and entirely removed from the interests of the local people so far as protective works were concerned.

There existed at that time, as I said, about 2,000 miles of levee that the local people had constructed and paid for under taxes they gathered from the owners of the land along that river and within those several entities. When the engineers estimated the amount of money necessary to enlarge those structures in both grade and section, by which I mean in width and in height, so as to withstand the probabilities of a flood from the run-off of the great Mississippi River Watershed, they estimated it on the basis of the cost of enlarging the then existing levees. But when they started to work they found it was necessary to make some changes in conditions that had theretofore been operated under, and one of them was a place of safety for levees. The engineers have a way of figuring, and it is necessary that they should reach some determination on that question, which means the Corps of Engineers of the War Department fixed what is known as the 1914 grade and section to which these levees had been enlarged. The same judgment exercised by the engineers meant that the levee, when it is necessary to change construction due to erosive banks or for other causes that involve questions of good engineering, should be located at a place where the condition of the banks would warrant a guaranty of 20 years of life for the levee. So when they determined on enlarging the grade and section of the levees, adding very largely to the expense of those structures, they then defined a place of safety for a 30-year period, which just means in common parlance that when it became necessary to change a levee for the reasons I mentioned they would put it back a safe distance, guaranteeing 30 years of preservation.

In carrying out this policy, the engineers adopted what they conceived to be, and what has proven to be true, a system through which they could economically handle the situation and save money to our Federal Government. Wherever they found a levee that they thought dangerous from the condition of the banks of the river they cut across the points, built a short levee, and caused the abandonment of the land involved there. They call that on the Mississippi River levee set-backs, which just means the rectification of levee lines.

I want to give to the House just a concrete illustration of the condition which exists down there. I have in mind one body of land located in the district of my colleague the gentleman from Louisiana, Mr. WILSON, involving about 15,000 acres of highly developed land. A local levee, built by the people and affording protection to the land, existed there from the time the levee foundations were built. These lands contributed their annual taxes to the construction and maintenance of the levee that protected them along the front. This existed for more years than I have lived. It is highly developed land and with protection they paid for; but the engineers discovered that by building 5 miles of levee across the point they could save $650,000 in the maintenance of that property. They adopted this policy.

[Here the gavel fell.]

Mr. DRIVER. Mr. Speaker, I move the previous question on the rule and the amendment to final passage.

The previous question was ordered.

The amendment was agreed to.

The resolution was agreed to.

Mr. WILSON of Louisiana. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7349) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7349, with Mr. DELANEY in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. WILSON of Louisiana. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, of course I wish I had more time, but following the very interesting discussions we have had, I prefer to take up the debate where the gentleman from Arkansas [Mr. DRIVER] left off, and I believe I can say, in all fairness and justice, that there is nothing asked in this bill that is unreasonable or unfair to the Treasury of the United States. I believe that the compensation requested by the farmers and landowners whose property has been taken in the execution of a national project is entirely fair and just, and I feel that following the debate on this bill every Member of this House will agree to this statement.

When the Flood Control Act was adopted, in 1928, it was admitted that flood control in the alluvial valley of the Mississippi River, from Cape Girardeau to the Gulf, where is carried the drainage of 41 percent of the United States, the undertaking was a national problem and a national obligation. The act itself stated that in view of the fact that these States and local interests in the past have contributed $292,000,000, there should be no further local contributions except—I would like for every man here who is a lawyer to follow me—except what? Except that the States and local interests should furnish the rights-of-way for levees and levee foundations on the main stem of the Mississippi, and, of course, maintain the levees after its completion. This was in the act and if you will note the report of the Chief of Engineers of the Army, under this requirement to furnish the rights-of-way, since the adoption of this act the local interests have contributed over $41,000,000, much more than was contemplated at that time. They have exhausted all their resources.

There is not one further obligation under the act on the local interests, because they have made their contributions.

In the execution of the project the engineers of the Army, as the gentleman from Arkansas [Mr. DRIVER] has said, found that by relocating the levees with set-backs on a 30-year basis, there would be greater protection and the investment would be an economical one for the United States.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Louisiana. Yes.

Mr. WHITTINGTON. And the pending bill does not change existing law or relieve the local interests from furnishing the rights-of-way for the main levees along the Mississippi River?

Mr. WILSON of Louisiana. No; it does not; and the bill we have here is simply a clarification of the Flood Control Act of 1928.

Now, complaint has been made that the War Department does not favor this bill. The only disagreement is with respect to construction of the law, because the engineering features have been agreed upon and there is no dispute about them. The War Department in reporting on this bill states that they have the utmost sympathy for these farmers and landowners whose lands have been taken and states that these people should be compensated. This is exactly what your Committee on Flood Control reached as a conclusion after hearings and investigations.

The engineers had some doubt about the provisions of the law and suggested that the local interests should pay, but I think anyone who will read this act will reach the same conclusion that your committee reached, that the legal obligation to pay for the flowage damage to this land rests with the National Government.

I have here an example to show you that the Federal Government has saved in the execution of the project more money than it would take to compensate these farmers in the various States of the Union who have come in here and built their homes and now will be exposed to flood waters by reason of the execution of this national project.

Now, another point I want to stress is that we are not asking compensation for a foot of land except what was protected when the Flood Control Act was passed in 1928.

Now here is an instance. Look on this chart. This is Wilson's Point. Around this bend it is 15½ miles. The Government is under its own obligation to build up the levees and maintain revetments for a distance of 15½ miles around the point. If you cut across the point it is only 3.7 miles across. The engineers adopted that course, and the local interests furnished the right-of-way and the levees have been built. There are 960 acres of land protected since 1840, on which the people have paid taxes for levee construction. The Government will save $640,000. These people have furnished the right-of-way, and the Government goes across instead of around, and by going 3.7 miles they save 15 miles of construction and the sum of $640,000.

So I say that this is not asking anything unreasonable and is not making any raid on the Treasury.

Mr. MICHENER. Will the gentleman yield?

Mr. WILSON of Louisiana. I yield.

Mr. MICHENER. It has been stated here by someone that the Army Engineers oppose this legislation. I have not read the bill, but if they do oppose the legislation, why is it?

Mr. WILSON of Louisiana. The Army engineers approve of everything done. The law is not clear as to compensation, and if the local interests had to take care of it they would be helpless for all time.

Mr. MICHENER. What I want to know is, does the Secretary of War oppose this bill?

Mr. WILSON of Louisiana. He did not recommend the passage of the bill.

Mr. MICHENER. Then the Secretary of War does not recommend the passage of the bill?

Mr. WILSON of Louisiana. No; he does not, but it is left for Congress to construe the law.

Mr. HOEPPEL. Will the gentleman yield?

Mr. WILSON of Louisiana. I yield.

Mr. HOEPPEL. As Chairman of the War Claims Committee I have received numerous reports, and I find that those reports are unfair. So the committee pays no attention whatever to those reports.

Mr. WILSON of Louisiana. I am not criticizing the War Department, because under Republican administration on this same bill the Assistant Secretary of War made a report that these people, the local interests, should pay a portion of it. But that is a matter for us. Of course, the people are entitled to fair compensation for their lands, and it is for Congress to say what is fair and just under the law. I could give you many instances of that kind.

Mr. FLETCHER. How much money is involved? How much will the Government have to pay?

Mr. WILSON of Louisiana. The best estimate is about $4,000,000. There was a complete survey of acreage and it amounted to 74,000 acres, some in Missouri, some in Kentucky, some in Arkansas.

Mr. WHITTINGTON. This bill would pay the owners of the land thrown out about $4,000,000, but the Government of the United States would save by that process of constructing those loop levees or levees across points, according to the hearings, so far as I can determine, as only $45,000,000 of the $80,000,000 authorized for revetment has been appropriated and as levees around would cost much more than across the points.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. WILSON of Louisiana. I yield myself 5 minutes more.

Mr. MICHENER. Why do the engineers report against it if it saves the Government $50,000,000? Why does the Secretary of War and the Board of Engineers report against the legislation?

Mr. WILSON of Louisiana. The only reason I can give you is this. You have not found anywhere—and I do not know that they are to be criticized for that—where the Secretary of War and the engineers have advised paying for anything unless there is a positive direction to do so in the law.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Louisiana. Yes.

Mr. BOILEAU. As I understand the gentleman from Michigan [Mr. MICHENER], he claims that the War Department not only has refused to pay for this in the past, but also opposes this legislation.

Mr. WILSON of Louisiana. They do not recommend the passage of the legislation.

Mr. BOILEAU. The gentleman stated they did not want to pay it because they had no authority. Are they opposing Congress giving authority to make these payments?

Mr. WILSON of Louisiana. No. There is the report. I published what the Secretary of War said complete in the report.

Mr. MICHENER. The Secretary of War says that the Federal Government should not bear this burden but that it should be borne by the local communities and the States.

Mr. WILSON of Louisiana. There is where the committee disagrees with him.

Mr. MICHENER. I supposed the gentleman knew that.

Mr. WILSON of Louisiana. Yes. I publish it complete in the report, because I was sure that anybody who would read it would reach the conclusion that the committee is right in the matter.

Mr. EAGLE. The committee does not agree with that point of view of the engineers of the War Department.

Mr. WILSON of Louisiana. No; and I do not think any one who studies the legal phase of it will agree with the War Department.

Mr. CHRISTIANSON. At what price per acre is this land to be purchased, on the average?

Mr. WILSON of Louisiana. Anything that would be approved by the Chief of Engineers.

Mr. CHRISTIANSON. What does it amount to per acre?

Mr. WILSON of Louisiana. In some places it is one sum and in other places other sums. It has to be approved by the Chief of Engineers of the Army before payments are made.

Mr. CHRISTIANSON. Suppose it is to cost $4,000,000. How many acres are there?

Mr. WILSON of Louisiana. Seventy-four thousand acres. That is what the survey shows, all the way from Cape Girardeau down to the Gulf.

Mr. CHRISTIANSON. Four million dollars for 74,000 acres.

Mr. WILSON of Louisiana. The members of the committee think it will cost less than that.

Mr. BOILEAU. The chairman reports $5,000,000.

Mr. WILSON of Louisiana. It is estimated not over five.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Louisiana. Yes.

Mr. CRAWFORD. When the floods are not on, between times, what do they do with this land? Is it in cultivation during that time?

Mr. WILSON of Louisiana. Yes; a good deal is in cultivation now, but you cannot get any loan value upon it, and when these levees finally go down, every 3 out of 5 years that land will be flooded.

Mr. CRAWFORD. And those inside levees will be removed?

Mr. WILSON of Louisiana. Yes.

Mr. CRAWFORD. If the land was purchased as of about this date, and the land is cultivated from time to time as a result of no water being on it, to whom will that revenue flow?

Mr. WILSON of Louisiana. Under the bill it is provided that the Government shall make a contract for the use of that land, for flowage rights, which means the right to use the land for flood purposes under Government jurisdiction. Here, at Australia Point in Louisiana is another striking example as shown on this map. Here is land that was protected on the bend of the river when this act was passed. It is 9.6 miles around and 1.4 miles across. The short course was taken, saving to the Government $500,000. At the same time exposing to flood waters of the Mississippi River 3,350 acres of land with improvements thereon.

As a matter of fairness to our Government and justice to our citizens this bill should be passed.

Mr. RICH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, in order to fairly consider this legislation I think we should go back a little way and consider the original Flood Control Act. I was a Member of Congress when that act was passed and had a good deal to do with it. I know the real bone of contention of the whole act, after it was finally agreed that the Federal Government would go down there and help out the local communities in building these levees. It was the question of the right-of-way and the flowage right of lands.

I think probably that one item was discussed more than any other one thing in connection with the consideration of the Flood Control Act. The Federal Government felt that there was such an opportunity for waste of money, for selling land to the Government at very high prices, that the least obligation they could place on the local communities was for them to furnish the land and the flowage rights if the Government should expend all this money. I think the Federal Government was very generous with these people in the lower Mississippi Valley. I appreciated that there was some responsibility, probably, on the other parts of the United States, because the Mississippi River drains so much territory, but you must remember that we are doing this for the protection of those people and their property.

Now, the gentleman from Louisiana [Mr. WILSON] said that the local communities were not supposed to do anything but furnish rights-of-way. I will read from the act itself. Perhaps I had better go back a little. It is specified in the act several times that the Government is going to place responsibility on the local communities, and it keeps before us the fact that they must participate in the cost of this work. The original act reads:

> To provide, without cost to the United States, all rights-of-way for levee foundations and levees on the main stream of the Mississippi River between Cape Girardeau, Mo., and the head of the passage.

Now, the gentleman from Louisiana agrees with me on that. The next line of the bill reads:

> No liability of any kind shall attach to or rest upon the United States for any damage from or by floods or flood waters at any place.

That definitely states in the bill—and I am reading from the original act—that there is no responsibility on the Federal Government for damages from floods or waters on account of these levees.

Mr. WILSON of Louisiana. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. WILSON of Louisiana. Does not the gentleman realize that that means where the flood had come and washed away the property, and not where you take a man's land and use it every year?

Mr. SNELL. Now, I understood very well that it was the opinion and the intention of this House that the Federal Government should not buy land in the Mississippi Valley for the purpose of setting up this flood control.

Mr. WILSON of Louisiana. And we are not asking them to buy this land.

Mr. SNELL. It is exactly the same thing. You are asking them to pay for it, and it averages about $60 an acre for the whole 70,000 acres. You can have all the land in my country, with the buildings on it, for that amount.

Mr. WILSON of Louisiana. People have paid as high as $150 an acre for some of that land. Some people from California and some from Illinois have paid that much.

Mr. SNELL. But the gentleman well knows that it was the intent of this Congress when we passed this act that the Federal Government should not pay for land or flowage rights on the main stream of the Mississippi River.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. RICH. Mr. Chairman, I yield the gentleman from New York 5 additional minutes.

Mr. KELLER. Will the gentleman yield?

Mr. SNELL. Certainly.

Mr. KELLER. I would suggest to the gentleman that much of that land is the best land in America, and $60 an acre is a low price for a great deal of it. Of course, there is some of it that is held at a very high price, but the land that is to be taken in there is worth more than $60 an acre.

Mr. SNELL. I was interested enough in this proposition that I paid my own expenses and went down the whole length of the Mississippi River to look it over. While there is same very valuable land, there is some that is mighty poor. When you pay $60 an acre for the whole 70,000 acres, you are paying a very good price.

Mr. KELLER. That is probably the case.

Mr. SNELL. I was not talking of the price per acre. I want to confine my argument to the original principle, and the original understanding between the Federal Government and the people of that valley, that we were not going to buy and pay for land.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SNELL. Certainly.

Mr. WHITTINGTON. According to the hearings, the undisputed testimony was that the Chief of Engineers, instead of building those levees as provided by the project, went further back and took land that was not contemplated.

Mr. SNELL. Now, will the gentleman just answer this question? Was it not a fact that it was the understanding of this House at the time we agreed to expend something over $200,000,000 that you people would furnish rights-of-way and land, and the Federal Government would not pay a cent for it?

Mr. WHITTINGTON. We are not changing that law in one iota in the present act, but we are bringing it forward——

Mr. SNELL. If you are not, I do not understand the English language.

Mr. WHITTINGTON. Let me answer the gentleman's question. We are not changing that part of the law to which he referred, but we are bringing the identical language which he quoted forward in this amendment. We asked the Chief of Engineers, Gen. Edgar Jadwin, what the rights-of-way for the levees and levee foundations on the main river would cost. He gave us an itemized statement which the gentleman will find at pages 4830 et sequitur of the hearings in 1927 and 1928, showing that the estimated cost of said rights-of-way would be around $4,000,000. In actual construction the costs of the rights-of-way and damages have amounted to more than $8,000,000, and the Chief of Engineers saved, or probably will save, thirty-five or forty million dollars in revetments by building loop levees across points and setting back levees, so that the Government has really saved money by paying for flowage rights for set-back levees.

Mr. SNELL. But I am arguing on the original principle, and the gentleman knows it just as well as I do, because we argued it when the original act was passed.

Mr. WHITTINGTON. I say that if the levees had been built on a contemplated life of 20 years, this bill would not be here.

Mr. SNELL. I cannot yield further.

Mr. WHITTINGTON. I am giving the gentleman the information he is asking.

Mr. SNELL. The gentleman is not giving the information I asked because he is not confining himself to the fact that there was a definite agreement.

Mr. WHITTINGTON. Yes; I am. We stood by that agreement and we should not be here asking for relief if those levees had been built the way they said they were going to build them.

Mr. SNELL. And if it were going to be such a saving to the Federal Government as my friend from Louisiana says, the War Department would recommend it because they, of course, are anxious to save money for the Federal Government. As a matter of fact not a department in the executive branch of this Government favors this legislation. If they did it would appear in the report. The only thing that appears is that you people down there are anxious to get this money and you want the Federal Government to take on an obligation that belongs to the State.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. WHITTINGTON. Since this project was initiated, the successors of Gen. Edgar Jadwin, the Chief of Engineers who is responsible for most of the set-back levees, have long ago abandoned the policy of setting the levees back; they admit thus their mistake.

Mr. SNELL. The gentleman admits they will not recommend this legislation, does he not?

Mr. WHITTINGTON. No; not altogether. General Brown, when Chief of Engineers, indicated the Government should pay a part of the cost of flowage right for set-back levees.

Mr. SNELL. They have not, have they?

Mr. WHITTINGTON. No; they have not. But the present Chief of Engineers, as shown by the record, says he thinks the owners deserve equitable treatment and compensation for flowage rights over their lands.

Mr. SNELL. But they have not recommended it; and what I fear, if this goes through, is that it will prove an opening for still further expenditures on the part of the Federal Government for something it was definitely understood we were not committed to. I think we have treated the Mississippi Valley generously in the amount of money that has been expended to protect their lands, and I feel that you people ought to come through clean and carry out your part of the bargain. You ought not to come in here at this time and ask us to pay for these flowage rights. [Applause.]

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Chairman, I had not intended to consume any of the time of the House in discussing this bill, but it was my privilege to attend the hearings that were held on this bill. I will say this for the distinguished chairman of our committee, that we went into this fully. I regret that I cannot go back into the past history of this project as our distinguished minority leader can and know something of the discussions and studies leading to the enactment of the 1928 act; but it is my personal opinion, inasmuch as these levees were set back, they took the farmers' lands and the farmers' lands have not been paid for, that even though possibly the States were obligated, these farmers should be paid. My sympathies lie with the farmers. I believe someone should pay for their lands.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield.

Mr. ANDRESEN. How could they take these lands? Could they condemn the lands?

Mr. CARLSON. No.

Mr. ANDRESEN. How could they take them then?

Mr. CARLSON. The act permitted them to reestablish levee lines. Suppose you were a farmer in this valley. Your farm might be placed between the first levee and the second levee. You have no recourse, but you have not received any funds. A large number of farmers found themselves in just this predicament. Each farmer is listed in the hearings. The amount owed them comes to $4,000,000, and I think the farmers should be paid. I do not think the Federal Government should have been called upon for this, but the States have not lived up to their obligations to these farmers, and they should be paid.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield.

Mr. BOILEAU. I know just how the gentleman feels in this respect, and these farmers have not been compensated. The gentleman has been present at the hearings. Does the gentleman feel there is a legal obligation on the part of the Federal Government or the State government? Upon which government does the obligation rest?

Mr. CARLSON. I do not know whose legal obligation it was; but I will say that the act of 1928 establishes the Mississippi Drainage System as a national project, and I would presume that if a national project took a person's land and

flowed water across it that it should compensate the person for so doing.

Mr. BOILEAU. The gentleman has no opinion, then, as to whether the Federal or the State government should compensate these farmers?

Mr. CARLSON. Only this, that the farmers are entitled to some pay for their land. I do not know whose legal obligation it was at the time. It seems to me that if the Federal Government has taken their land it should be paid for, and if this is the only way they can get their money, then this is the way it should be done.

Mr. Chairman, I yield back the balance of my time.

Mr. RICH. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, with regard to this very much discussed subject as to what the War Department says in reference to this bill. I want to insert in the RECORD a letter I wrote to the Secretary of War, George H. Dern, on June 5, together with a copy of a letter I received from the Secretary of War on June 23. But first I want to read you the report of the Secretary of War to Hon. Riley J. Wilson, Chairman Flood Control Committee, as of May 14, 1935.

I will just read certain sections of this letter and insert the whole of it in the RECORD.

Mr. WILSON of Louisiana. The letter has been printed in full in the report.

Mr. RICH. It is printed in full in the report; therefore I will only read extracts:

> Set-backs, or relocations, of levee lines are and always have been a part of flood-control operations along the Mississippi River and are included in the flood-control plan adopted by the act of May 15, 1928. This act leaves to States or levee districts the function of providing rights-of-way for levees along the main Mississippi River.

Mr. Chairman, you will hear members of the committee make reference to the fact that the Army does not approve it, but they will say that someone should pay the bill. The Army in this paragraph of the letter states:

> The Department's position, however, is that any deserved payment should be made by those to whom the benefits of the levee lines directly accrue and not by the United States.

That is what the Secretary of War says in reference to this legislation.

Then we will also hear members of the committee who are anxious to have this bill passed come in here and make the proposal that this is only going to cost four or five million dollars. May I say to the Members of Congress that this is the opening wedge of the Federal Government buying all the land that is along the Mississippi River? Do not forget that. This is only the opening wedge. Eventually they are going to have the Government go down there and buy the land of every farmer along the Mississippi River. I would not make that statement if I did not honestly believe it. Otherwise the Members who are interested in this legislation would not be working so hard for it. They want the Federal Government to go down there and buy the land, when the Secretary of War says it is their duty to secure these rights-of-way.

Look here on the map. If the Federal Government builds the canal across there and it is liable to flood these lands there, all of the lands over here should receive a benefit. The State has the right to assess these lands a little bit more to pay the fellows who are going to be flooded down here in case the levee breaks and leaves this land flooded. They will all receive benefits down there from what the Federal Government is going to do. The States have their rights and the law specifically states that they should take care of those people. If that is the case, why should the Federal Government come in here and do what the Army and the Secretary of War say they should not do?

We will also hear Members of Congress make the statement that it is not going to cost money. That is the most ridiculous thing that can be said, and they are going to say that pretty soon. They will say that the money was appropriated and is in the Federal Treasury now unappropriated for this particular purpose. If they have $5,000,000 down there unappropriated and unused, they may turn it back to the United States Treasury. It is a fallacy to say it is not going to cost the Federal Government any money.

Mr. KELLER. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Illinois.

Mr. KELLER. May I make the suggestion that when the original act was passed the contemplation was that the levees that then existed should be followed, and they made their estimate on that basis.

Mr. RICH. Yes.

Mr. KELLER. If the Government had followed the old levee around here, it would have protected this land. If the Government tried to save a great many million dollars by cutting it through here, who is responsible for the Government saving the $40,000,000?

Mr. RICH. I will answer the gentleman's question. These people in here who are going to receive the benefit because of the fact the Federal Government is down there trying to protect them should pay it. They will have land that will never flood because of this protection which they are given. There should be a small assessment made on the thousands of acres of land that are going to be benefited in order to pay the people that might be flooded during the flood times, and the Government says they should pay.

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, answering the gentleman from Wisconsin [Mr. BOILEAU], we cannot lose sight of one proposition; that is, originally this was a three-party agreement under the 1928 act; namely, the local community, the State and the National Government. I do not personally or individually agree with the theory of trying to stop these floods down on the lower Mississippi. I think they should be stopped at the points of origination, but, nevertheless, there are people who receive benefits down there and who did not lose their land. The local communities or the States that originally were supposed to receive benefits did not pay. You do not help the man who actually lost his land for the benefit of the others by not paying him. The Government, being a party to this original agreement, should go in and take care of these people who suffered, by reason of that agreement.

Mr. BOILEAU. Does the gentleman agree there is a legal obligation on any one's part to pay? If so, is the obligation on the Federal Government or the State Government or the local interests? I am asking for information from those who are informed. I am not.

Mr. GRISWOLD. I believe there is a legal obligation to pay these people who stand to lose by reason of being placed between the old levee lands and the new levee lands.

Mr. BOILEAU. Upon whom does that obligation fall?

Mr. GRISWOLD. In my opinion, it falls upon those who received the benefits and who were parties to this original contract.

Mr. BOILEAU. That is, the local interests on the river?

Mr. GRISWOLD. The States, the local drainage communities, and the Federal Government.

Mr. BOILEAU. Does this bill provide that the Federal Government shall pay one-third of the damage or all of it?

Mr. GRISWOLD. They have reached the place where the local communities cannot or will not pay. The States cannot or will not pay. The Federal Government, still being a party to the agreement, has some obligation resting on it, being a party to the changing of the lines and taking away these lands, to see that these people are compensated. The residents of the States are violating their agreement. They are deserting their own people. I do not condone or approve of such treatment. It to me takes on the appearance of chiseling from the Federal Government. These States are taking an undue and unfair advantage of the Federal Government. We should remember it when the time comes to make other appropriations for the lower Mississippi. But the fact the States and local drainage districts are willing to work a wrong on the citizens of this area will not excuse the Federal Government for joining with the States in disregarding the rights of the landowner. The only theory on which I can support the bill is that we should pay for what

we helped to take as a party to the original agreement. We must protect these people who have no one else to protect them.

Mr. BOILEAU. Does the gentleman feel that the Federal Government would discharge its obligation if it paid a third of it? It seems to me we should not pay any more than we are obligated to pay, although I have no definite views on the matter one way or the other.

Mr. GRISWOLD. I am trying to give my views on the matter. I believe that Mr. Hoover and the other great engineers who planned this project had a misconception of it, but because they were in error is no justification for us to deprive these citizens of their land and force them to lose their all. This legislation was intended to protect the lower Mississippi and the residents along its banks from floods that occurred once in a while. We protect a part of them under this flood-control plan, and by reason of the levee change we make the others subject to continuous overflow. And now we say we, as a Government, will not pay for the land. If the Federal Government pays only a third, these people will receive only a third of the value of their land. To our first error in the flood plan we add a wrong to these people.

The Federal Government was a party to this flood-control construction. It was a party to the extent of sinking in this project more than half a billion dollars that came from the taxpayers of the whole United States for the purpose of protecting the citizens of States in the lower Mississippi Valley.

I came from a flood-infested territory. From a city and district that is almost yearly subject to the ravages of floods. I know what people suffer in loss of crops, in loss of livestock, in loss of merchandise in the stores, in some years loss of human life. I have seen the Wabash River run 5 feet deep down the main street of my city on more than one occasion. I have seen water come up in the night, silently, quickly, without warning, to steal upon a sleeping population. I know the losses from flood waters. It would be most unfair in addition to all the other losses to take the land of a few to protect the rest and not reimburse those landowners for their property.

I do not want these people to suffer as the people of the Wabash Valley in Indiana and Illinois suffer. There we still have floods. We have them and the Federal Government does not give us a dollar toward preventing them. We are forced to carry our own flood bills, whether it be the cost of flood control, flood protection, or the economic loss caused by flood waters. In my own city there is a local flood-control assessment against every city lot. There are lots 66 feet by 130 feet with a $176 flood assessment. There are lots with assessments that exceed the value of the lots. There are property owners who have been foreclosed because they could not pay their assessments in these years of depression. There never was, nor is there today, a moratorium for them.

Farmers in my district have been refused Federal farm loans because of flood assessments. Your flood protection in the lower Mississippi has not helped them a bit, though they have helped pay the bill on top of their own flood bills. Your flood plans are all wrong. Mr. Hoover forgot the people in the section north of the Ohio when he endeavored to engineer votes out of the lower valley. But I know the people he forgot will not want to punish other flood sufferers because of his forgetfulness.

I hope that sometime in the future, though judging from the past there is little ground for the hope, the Representatives from States in the lower valley will lend an ear to the suffering of the people of the upper tributaries. I hope that some day they will forget their own talk for flood money long enough to listen favorably to the cry of other patient, long-enduring flood sufferers in the United States and will realize that the loss of property and life by floods is just as much a loss to other people as it is to the residents of the lower Mississippi Valley.

Mr. RICH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, the Mississippi River is known as a great highway of romance, tragedy, and, we hope, of eternal commerce. The question is, How are we going to make it a real highway of commerce so that there may not be these devastating floods? It does seem to me that you are constantly wasting your time and your eloquence and your money on these temporary expedients that you call dikes or levees. You know this is only temporary. This country and this river are here for all time, and let us get some other kind of mindedness than this temporary mindedness of building levees with eternal destruction of property and life down there. In the earliest years you did not know any better than to build dikes and levees that would go out on every flood tide and be washed away, with vast areas of the country devastated.

This may all be reclaimed; and can you not look ahead and beyond the little appropriation of this year and see the great value accruing to the Mississippi Valley and the whole country if you can give a guaranty that it will not be yearly flooded by the great waters, and from where? Where do the waters come from? Not from the Gulf of Mexico but from the tributaries of this great river.

There is only one thing to do, and that is to take advantage of experience. Read from the book that was written in Pennsylvania, not far from here, and see what we have done on the Ohio River, what we have done in the Pymatuming Swamp, what we have done on the Susquehanna River. Go out there and harness these tributaries one at a time, and you will have no trouble about politics. You will not be eternally gibed about a pork barrel. I might go into detail and tell you something more about the pork barrel and why you ever got any appropriations for levees which can be so easily destroyed. A sand bank or mud bank, it matters not what you make a levee out of; when the mighty waters come tearing down the valley, there is nothing that can stand in the way of them. The thing to do is not to have the waters come down the valley but graduate the flow of the streams, and then you will be forever relieved of these mighty floods, and you will not have to step back in an ashamed way when someone chides you about a pork barrel.

In my opinion, unless you do these things with an idea of permanency when you are spending public money, it is not only a pork barrel but it has somewhat the complexion of a species of a racket or a graft, and this has been going on here for 100 years—50 years that I know of. I hope you will abandon this plan and do something that will be permanent. [Applause.]

Mr. RICH. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, this bill is a measure to put on the Federal Government an obligation which is now on certain States.

When this flood-control situation was taken up back in 1928, there was a great deal of controversy about whether or not the Federal Government should bear a large measure of the cost, and there was a definite agreement on the part of the States and the localities that without cost to the Federal Government they should provide the rights-of-way and all that sort of thing.

It was just as much up to them to provide the right-of-way, as embodied in this red block on the map, as in any other case. Here we are asked to change the law and put all the burden on the Federal Government.

Let me read what the administration says. This is in the letter from the Assistant Secretary of War, and is dated May 14, 1935.

It is understood that some States or levee districts compensate owners for lands that are left on the riverside of a relocated levee line. Under their organic laws, other States or levee districts do not compensate. The War Department has the utmost sympathy for an owner whose property is injured without compensation. It believes that such owners deserve equitable treatment and compensation for flowage easements over their lands.

The Department's position, however, is that any deserved payments should be made by those to whom the benefits of the levee lines directly accrue and not by the United States.

The War Department therefore views this proposed legislation unfavorably.

Sincerely yours,

HENRY H. WOODRING,
Acting Secretary of War.

Gentlemen, there is, as you have been told, money which was appropriated in the Treasury, and if we do not make fools of ourselves the money will revert to the Treasury, where it should revert, and we will not have it go out of the Treasury.

I hope this House will be fair and will uphold the bargain made back in 1928. As a result of this bargain the United States has kept faith on its part and has spent for the benefit of these people along the Mississippi River $292,000,000.

I hope you will not be led astray by the specious arguments not backed up by the situation nor by the reports of the War Department. I hope the legislation will be beaten. [Applause.]

Mr. KELLER. Will the gentleman yield?

Mr. TABER. I yield.

Mr. KELLER. Do not the people of the United States profit from this work?

Mr. TABER. No; when a bargain is made by which the people of one locality agree to take care of certain things toward flood-control construction, and they do not keep their bargain, and the Federal Government does, we should not permit those people to come back and put that burden on the Federal Government where it does not belong.

Mr. KELLER. Did not the original act contemplate keeping the levees in existence?

Mr. TABER. No; it contemplated meeting the situation for flood control.

Mr. MICHENER. Will the gentleman yield?

Mr. TABER. Yes.

Mr. MICHENER. There is one thing the gentleman has not spoken of, and that is the point raised by the gentleman from Ohio [Mr. TRUAX]. This is not the only flood-control project in the United States. This is the beginning of an expensive flood-control operation throughout the United States.

If you establish in this one project that the Federal Government is going to pay for these rights-of-way in the future, you will have set a precedent, and you cannot go back on that precedent and deny to some other community the things which you have granted to this community.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WILSON of Louisiana. Mr. Chairman, I yield 12 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Chairman, I recall, as stated by the minority leader, the gentleman from New York [Mr. SNELL], that following the great flood of 1927, he came at his own expense with some of his colleagues, also from New York, to the Mississippi Valley to observe the conditions during that flood. I was therefore glad when, with the Chairman of the Flood Control Committee, I was asked some 10 days ago, at my expense, as well as the others of the committee appointed by the House, at their expense, to go to New York to look over flood conditions in southern New York and northern Pennsylvania.

I shall undertake to answer the suggestions or alleged reasons that have been made as to why this bill should not be passed, by saying, first, it is argued that it would open up the door to further appropriations. The complete answer to that is that the present provisions of the act requiring the local communities to furnish rights-of-way for levee and levee foundations are brought forward and reenacted in the pending bill. The further answer is that the Chief of Engineers in the report of the committee, on page 3, said that this act will cost roughly $4,000,000, or from $2,000,000 to approximately $4,000,000.

Secondly, it is said that the Secretary of War does not recommend this legislation. I submit this proposition to you. All who know agree that General Jadwin, the Chief of Engineers, instead of locating these setback levees according to the project on the 20-year basis, went back 30 years. I answer you by saying that if these levees had been constructed as provided in the project I would oppose this or any similar legislation.

Let us talk about this as one citizen or business man to another. The Flood Control Act of May 15, 1928, provided substantially that revetments costing $30,000,000 should be constructed in order to protect levees along bends, known as the "caving banks." Some set-backs were provided in the adopted projects. What are the facts? General Jadwin evidently saw that he could save the Government much money by going over here and taking lands and setting these levees back rather than by building the revetments costing $300,000 per mile and rebuilding existing levees. By building levees 3.7 miles across the bend he could avoid the building of levees for a distance of 15½ miles around the bend at Wilson Point in Louisiana and avoid the expense of rebuilding or enlarging existing levees and building revetments to protect those caving banks. After his successor, Gen. Lytle Brown, was appointed, both he and the Secretary of War, a Republican, in 1931 or 1932, said they thought, as shown by his report, that the Federal Government ought to bear at least a part of the burden. General Brown, as I recall, said that because of these set-backs he thought the Government ought to pay 50 percent. Whenever one Chief of Engineers goes as far as to indicate that the preceding Chief of Engineers set the levees back too far, enabling him to economize to the extent of 50 percent, I respectfully suggest that you have the answer to the report of the present Secretary of War, who views the proposed legislation unfavorably, but whose report is really most sympathetic. I answer the Secretary of War by saying that under the appropriations, under the act, $30,000,000 was contemplated for revetments. In practice, by setting these levees back, saving the cost of revetments, there remains in the Public Treasury $35,000,000 that has been saved up to date to the Government of the United States at the expense of the landowners between the set-back levees and the levees that existed in 1928.

I respectfully submit that there is the same moral obligation to compensate those individuals and owners, as provided by the bill the other day to compensate other owners in the act that passed here about 1 year ago, where the Federal Government was required to provide the rights-of-way on the Red and the Arkansas Rivers. The States and local interests are not repudiating any bargain made in 1928, but they ask that the Government pay for not keeping its part of the bargain. We are asking that the Federal Government compensate the landowners to the amount of from two to four million dollars, when that Government by virtue of taking lands belonging to individuals has saved the Public Treasury $35,000,000. It is not only a moral obligation but it is a just one. The bill is in exactly the same language as the bill we passed a year ago where the Federal Government was required to pay for the rights-of-way for levees. The language of the bill is:

Provided, That after careful investigation the prices are found to be reasonable.

There is no statute or constitutional provision in Louisiana, I am informed, nor in the State of Arkansas, providing authority to pay for flowage rights for set-back levees. The local interests are paying for the right-of-way for levees along the main river. According to the president of the Mississippi Commission, Gen. H. B. Ferguson, as shown on page 3 of the committee report—they have paid since May 14, 1928, $41,403,608.66 for Mississippi River flood-control projects. We ask that the Government, by virtue of going back and not building those levees on the 20-year but on the 30-year basis, compensate these landowners, some of whom live in other States of the Union. Economy in that method of construction resulted to the Government many times the amount to be paid to owners under the terms of the pending act.

This bill does not provide for any additional authorization. It does not provide for any change in the engineering

plans. I will talk with you about reservoirs on the Susquehanna and other rivers when occasion arises, but the argument for tributary reservoirs has no place in this bill.

The levees have been constructed. This Mississippi River project is 80 to 90 percent completed. Now, I say that while the Secretary of War, who usually follows his Chief of Engineers, does not admit that his Chief of Engineers made a mistake, the predecessor of the present Chief of Engineers said he would be willing to go 50 percent.

I say that is a complete answer to the position of the Secretary of War when he fails to make a favorable recommendation. That is his language. We quoted his entire letter in the report. I quote from his report:

> The War Department has the utmost sympathy for an owner whose property is injured without compensation. It believes that such owners deserve equitable treatment and compensation for flowage easements over their lands.

I say that this bill, which gives the Secretary of War authority to fix the amount he should pay these owners, is substantially just. This amendment, which does not relieve the local interests of any existing obligation whatsoever, should pass. It does not involve any additional appropriation whatsoever. It does not involve any authorization.

Mr. TABER. Will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. TABER. It does involve additional expenditures, does it not?

Mr. WHITTINGTON. To the amount of from $2,000,000 to $4,000,000.

Mr. TABER. That is the same thing as an appropriation. It is out of the Treasury.

Mr. WHITTINGTON. I say, in answer to the gentleman's statement, that it permits an expenditure of from $2,000,000 to $4,000,000 to take the place of a saving of probably $35,000,000 to the Public Treasury of the United States. I base my statement on the amount appropriated for levees and for revetments to date. However, it is only an estimate. I believe it is justified.

Mr. KELLER. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. KELLER. Is it not true that if they had followed the original idea of going all the way around the bend the people back there would have been benefited just as much as they are now?

Mr. WHITTINGTON. Absolutely. There were certain cut-offs contemplated, and if the levees and revetments had been built as contemplated by the act of 1928 we would have been here for an additional appropriation instead of with this bill.

Mr. GILCHRIST. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. GILCHRIST. Who actually entered upon the land and built these levees? Was it the Federal Government?

Mr. WHITTINGTON. Under the law the local interests—that is to say, the States or the levee boards—upon the request of the United States district engineer who locates the levee right-of-way are required to furnish rights-of-way for the foundations of the levee and for the levees. Under the constitutions of the States of Arkansas and Louisiana they condemned rights-of-way for this levee across the point, but did not pay or condemn flowage rights between the old and the new levees. Under those constitutions there is no provision made for compensation for the flowage rights between the new levee and the levee existing in 1928.

Mr. GILCHRIST. But who let the contract under which the dirt was piled up and the levees built?

Mr. WHITTINGTON. The United States district engineer.

Mr. GILCHRIST. The Government of the United States built those levees?

Mr. WHITTINGTON. Yes.

Mr. GILCHRIST. Now, what does the gentleman understand the language in the old act to mean when it says "To provide, without cost to the United States, all rights-of-way for levee foundations and levees"?

Mr. WHITTINGTON. It means just exactly what it says. The local interests are still providing for every foot of right-of-way for these levees along the main river, from one end of the Mississippi Valley to the other. That identical language is in the amendment that we ask you to adopt. It is being brought forward exactly as that language.

Mr. GILCHRIST. And the other language in the bill which reads, "No liability of any kind shall attach to or rest upon the United States for any damage from or by floods or flood waters at any place"?

Mr. WHITTINGTON. There is no change in that provision. We are not asking to amend that language.

Mr. BOILEAU. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BOILEAU. The gentleman said that the language of the old act says "rights-of-way for levee foundations and levees."

Mr. WHITTINGTON. The language is identical.

Mr. BOILEAU. I understand what is meant by "foundations for levees", but what is meant by the additional words "and levees"? Does that mean the land between the levee foundation and the channel of the river?

Mr. WHITTINGTON. No; it means just what it says, "rights-of-way for levee foundations and levees." That language or the words "levee foundations" were introduced or inserted by Mr. Madden, of Illinois, at the time of the passage of the act in 1928, and it did not seem to make any difference to the flood-control committee, so we just put the language in.

Mr. BOILEAU. What is the difference between those two expressions?

Mr. WHITTINGTON. None whatever. They mean exactly the same thing. Of course, rights-of-way for levees embrace the adjacent lands from which dirt or soil is taken, with which to build the levee. It thus embraces lands for barrow pits.

Mr. BOILEAU. Why is it used in all these bills in two different ways?

Mr. WHITTINGTON. Some gentleman on the Republican side wanted to put it in, and we thought it would do no harm, so we put it in.

Mr. BOILEAU. Did they not mean the land between the levee foundation and the channel?

Mr. WHITTINGTON. No. I have answered the gentleman by saying that rights-of-way for levee foundations and levees mean one and the same thing, according to the understanding of the Chief of Engineers and everybody who knows anything about it.

Mr. BIERMAN. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BIERMANN. The obligation to pay for these flowage rights was not specifically put upon either the Federal Government or upon the State Government, was it?

Mr. WHITTINGTON. That is exactly so with respect to set-back levees. The gentleman has spoken much about flowage rights. Let me remind the gentleman from New York that he has in mind money for flowage rights never paid to anybody in the diversions. Not a thin dime has been paid to anybody for flowage rights in the diversions. All these flowage rights the gentleman has been talking about are foreign to the matter under consideration, and have reference to flowage right in diversions where there have been no flowage rights paid whatsoever.

Mr. SNELL. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. SNELL. Is not the responsibility to pay for those flowage rights on your local States?

Mr. WHITTINGTON. These flowage rights for diversions and floodways?

Mr. SNELL. Yes.

Mr. WHITTINGTON. I believe if the gentleman knows anything at all about this act, he will know the Federal Government paid for flowage rights in the New Madrid floodway in Missouri and in the Bonne Carre floodway in Louisiana. I quote from section 4 of the Flood Control Act of 1928—

> The United States shall provide flowage rights for additional destructive flood waters.

And so forth.

Mr. SNELL. I am not talking about the act, but what was intended to be done by the act.

Mr. WHITTINGTON. They paid for flowage rights in Missouri and Louisiana, as I have stated. It was not contemplated that the local interests should pay for flowage rights because of set-back levees, as they have been constructed in the execution of the project. The adopted project did provide for some set-back levees and for the elimination of bottle necks, but it did not provide for the general setting back of levees so as to give all levees a 30-year life instead of a 20-year life.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, under leave to revise and extend my remarks, let me say that the purpose of H. R. 7943 is to effectuate the intent of Congress with respect to providing rights-of-way for levee foundations and levees on the Mississippi River, as provided by section 3 of the Flood Control Act of May 15, 1928.

In 1934 a similar act to reimburse for levee rights-of-way along the Arkansas and the Red Rivers, H. R. 8018, was passed, and the provisions for reimbursement were not only similar but identical, that act and the present act both containing the following provision:

That after careful investigation the prices are found to be reasonable.

A similar bill, H. R. 4668, was reported on February 15, 1932, and a rule granted, but the rule was defeated. At that time the evidence as to the amount of reimbursements was not definite. The Chief of Engineers had not thoroughly investigated. Since that time, and as shown by the report of the committee, he has made a careful investigation, and his report and the hearings disclose that the reimbursements are approximately $4,000,000. Personally, I believe they will be much less. The letter of the Chief of Engineers to the chairman of the committee is found on page 3 of the report accompanying the bill, which is no. 985.

There is this important difference in favor of the Government, the act of 1932 provided for flowage rights for lands not now between the existing levees and the low-water channel which would be between the levee lines of the adopted project and the low-water channel of the Mississippi River by reason of set-backs or other changes. Again, the pending bill gives the Chief of Engineers the power to fix the amount of the reimbursements, whereas the former act provided that he should pay the fair valuation and reasonable expense.

Extensive hearings have been conducted and the reasons for the passage of the act have been developed.

ANALYSIS

The bill clarifies section 3 of the Flood Control Act of May 15, 1928. It does not relieve the local interests of providing the rights-of-way for levees or levee foundations. It only authorizes the Chief of Engineers to pay reasonable flowage rights, of which he is to be the judge, covering lands between the levees that have been relocated since May 15, 1928, now unprotected, that were protected at the time of the adoption of the Flood Control Act. The local interests will still be required to furnish rights-of-way for levees and levee foundations as provided by the act. No obligation resting upon the local interests by the Flood Control Act of 1928 will be removed.

ARGUMENT

First. Under the adopted project the life of levees was estimated at 20 years. In practice levees have been constructed for a life of 30 years. This means the Chief of Engineers has left exposed much more lands than contemplated by the act.

Second. By crossing points and eliminating bends the construction of revetments has been materially reduced. The Government has thus saved enormous amounts. It costs something like $100,000 to $200,000 a mile to build the levees and something like $300,000 a mile to build revetments. The act contemplated an appropriation of $325,000,000. All except about $53,000,000 have been appropriated and the work is now approximately 85 to 90 percent complete. Revetments protect the levees along bends or points where there are caving banks. By building across the points, the levee line has been shortened and revetments have been eliminated, but under the laws of Arkansas and Louisiana especially flowage rights have not been paid to property owners.

Third. If the pending bill is passed, under the policy adopted in the execution of the project it will cost less than provided for in the act of May 15, 1928, because it will be more economical for the Government to pay the flowage rights as provided in the pending act than to construct revetments and relocate levees.

Fourth. No changes in the engineering features of the project are involved. While $80,000,000 was authorized for revetments and $20,000,000 for stabilization, not more than $63,000,000 have been expended, of which $45,000,000 is for revetments and $18,000,000 is for contraction works. The pending bill will not cost exceeding $4,000,000, whereas the elimination of revetments has saved and will probably save the Government approximately $37,000,000, if no more money is appropriated for revetments.

Fifth. While the Chief of Engineers, General Markham, did not recommend the pending bill, as shown by his report, he is sympathetic with property owners who have been injured and damaged without compensation. General Lytle Brown, the preceding Chief of Engineers, in his testimony before the Flood Control Committee went so far as to suggest that the Federal Government might pay one-half of the flowage rights. This was a marked concession by the Chief of Engineers who really thus admitted that in the execution of the project more land had been left out than was originally contemplated.

Sixth. To prove that the bill is sound and that the Chief of Engineers, on the theory that the Government was not required to furnish flowage rights left unprotected much more land than if the Government had been required to furnish such flowage rights, I cite that along the south bank of the Arkansas where the Government paid for the rights-of-way for levees comparable lands were not left exposed. The same situation obtained along the Bayou DeGlaize section in the Atchafalaya Basin.

Seventh. Again, General Brown and General Markham in the execution of the project have not followed the policy of General Jadwin in leaving large areas unprotected. They thus impliedly recognized the justice of the claims provided for in the pending act.

Eighth. When the Flood Control Act of 1928 was under consideration, I was very careful to ask General Jadwin, the Chief of Engineers, as to the estimated costs of the rights-of-way for the proposed levees and relocations in Mississippi. I speak by the record:

MISSISSIPPI LEVEE DISTRICT

The Chief of Engineers estimated that the cost of rights-of-way for the Mississippi Levee District would be $1,099,624 (hearings, 1927–28, p. 4830). Because of set-backs and as disclosed by the hearings, 1935, page 13, the costs to date aggregate approximately $1,500,000 or $450,000 to $500,000 more than the estimate of General Jadwin, and as shown by hearings, 1932, page 147, the costs were $1,324,057 up to that time. The costs in this district are therefore 50 percent more than the estimate of the Chief of Engineers.

YAZOO-MISSISSIPPI DELTA LEVEE DISTRICT

As disclosed by the 1932 hearings, page 145, and as disclosed by page 12 of the hearings in 1935, the Yazoo-Mississippi Delta Levee District had expended for rights-of-way approximately $900,000 or as shown by page 145, Hearings, 1932, $846,118. As shown by page 4805 of the hearings, 1927-28, General Jadwin estimated the total costs of rights-of-way in this district were $68,796.

This levee board has already spent 12 times as much as General Jadwin estimated they would be called upon to spend for rights-of-way. If revetments had been constructed and there had been no set-backs or loops, the costs to the local districts would have been greatly reduced. The Government should keep faith with the people. I can offer no better illustration or better evidence in support of the passage of the pending legislation than the facts I have given from the record in the execution of the project in the Yazoo Delta Levee District.

As disclosed by the hearings at the time of the adopted project, General Jadwin testified, as shown by page 4830, parts 6 and 7 of the hearings, 1927–28, that the estimated cost of rights-of-way from Cape Girardeau to the Gulf of Mexico, as provided by the act, was $4,088,790, whereas the actual cost is around $8,000,000. As disclosed by the hearings, the costs of these rights-of-way in the actual execution of the project were approximately twice that amount. The purpose of the pending bill is to reimburse the local interests for the additional amount. While the cost of the project has been kept within the estimate by the Government, the cost to the local interests will be doubled if the pending bill is not passed. In Louisiana and Arkansas landowners will not be paid at all. The Government would thus not keep faith with the local interests.

No additional authorization is contemplated or involved. No additional appropriation will be required.

As pointed out by the report of the Chief of Engineers, as shown by page 3 of the committee report, the total cost of the reimbursements will be around $4,000,000 at the outside. The president of the Mississippi River Commission estimated that about 74,670 acres have been thrown out. In the Yazoo-Mississippi Delta district 1,605 acres were thrown out, while in the Mississippi Levee District approximately 12,288 acres have been thrown out, according to the estimate of the Chief of Engineers.

SUMMARY

This bill is to clarify and effectuate the intent of Congress with respect to local contribution. The whole project will be constructed for less than the amount authorized, largely because of set-backs.

Many injustices have been done to taxpayers who have not been compensated for lands between the new levees and the old levees.

There will be no additional cost to the Government. Local taxpayers will not be relieved from any of the provisions of the Flood Control Act of 1928. As a matter of fact, local contribution since the adoption of the Flood Control Act of 1928 has been substantially what it was prior to the adoption of the act. Millions of outstanding bonds must be paid. Interest must be met. Rights-of-way must be provided.

The local interests are still doing their part. They will still be required to provide rights-of-way for levees and to maintain levees after their construction.

The bill under consideration provides for paying for flowage rights for set-back levees. There is no change in the existing law requiring the local interests to provide all rights-of-way for levee foundations and levees on the main stem of the Mississippi River. This provision of the Act of 1928 is brought forward in the pending amendment.

Again, the Treasury of the United States is protected. The amendment provides that reimbursements are to be made for flowage rights but that the amount of the reimbursements must be reasonable. In other words, the Chief of Engineers can only pay a reasonable price for reimbursements.

The Secretary of War submitted an unfavorable report. It is embraced in the report of the committee. However, in 1932 when the rule for the bill above mentioned was defeated the Secretary of War at that time was more favorable. He said:

> The question is who should pay for the land abandoned, or if it should be paid for at all. At present the burden falls upon those whose business it is to procure the rights-of-way, viz, the local people, and they should, in my opinion, be required to bear at least a part of such burden.

The bill under consideration leaves a part of such burden on the local interest especially in extensions of levees.

The most conspicuous set-backs were made under the administration of General Edgar Jadwin, Chief of Engineers. My recollection is that in reporting or testifying on a similar bill his successor, General Lytle Brown, went so far as to suggest that the Government might pay 50 percent of the costs of the set-backs. The undisputed testimony is that the original project contemplated a levee with a life of 20 years, whereas the project was constructed on the theory that the levees would last 30 years. The Secretary of War stated in his report that he had the utmost sympathy for the landowner whose property was injured without compensation. It was natural for him to stand by the Chief of Engineers. A favorable report would have been a confession that the Chief of Engineers made a mistake in locating the set-back levees.

Gen. Edgar Jadwin, as I have pointed out, stated that the costs of the rights-of-way which the local interests were to pay along the main stem of the Mississippi River were estimated to be approximately $4,000,000. According to the hearings, the actual cost of these rights-of-way, largely because of set-backs, is about $8,000,000.

Again, under the adopted project $80,000,000 was set aside for revetment. Revetment is constructed of concrete and is intended to protect levees along caving banks in the bends of rivers. Only $45,000,000 have been used for revetments. By building levees across the points and by making loops there has been saved to the Federal Treasury probably thirty-five million. The Government has not only saved the costs of revetments but the Government has saved large costs in building levees around bends. It would cost much less to build a loop levee 4 miles than to rebuild a 20-mile levee around a bend.

The people of the lower Mississippi Valley ask no change in the existing law with respect to local contribution. If the levees had been located as contemplated, the amendment would not be pending.

The pending amendment will involve an expenditure of not exceeding $4,000,000. If the levees had been constructed as contemplated by the project, the additional costs in levees and revetments would have been probably $35,000,000 as best I can determine from the hearings and from the amount appropriated for revetments.

The amendment is meritorious and should be passed. The Federal Government will thus keep faith with the people of the lower Mississippi Valley.

The CHAIRMAN. All time has expired under the rule.

The Clerk read as follows:

Be it enacted, etc., That the first paragraph of section 3 of the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended (U. S. C., Supp. VI, title 33, sec. 702c), is hereby amended to read as follows:

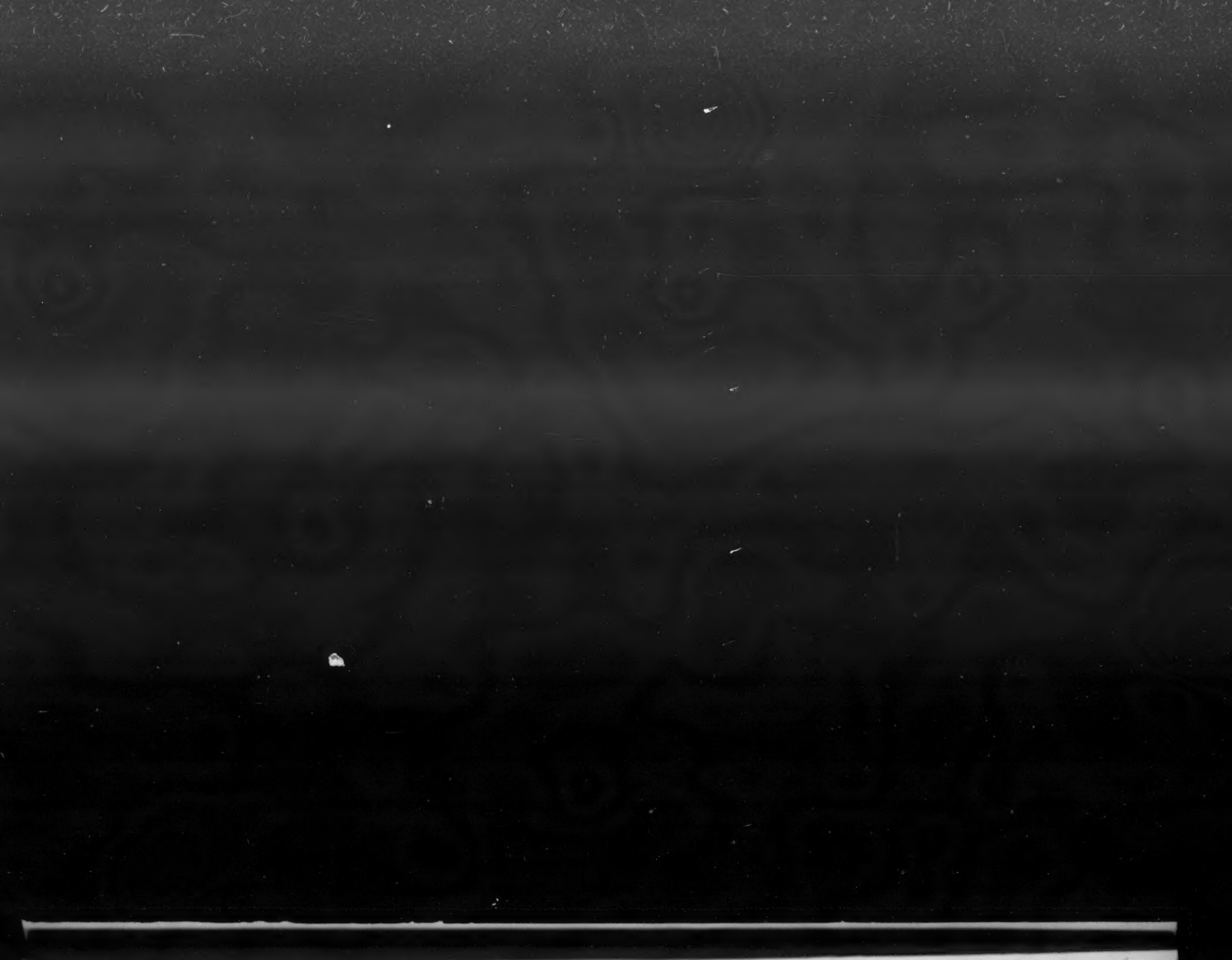
"SEC. 3. The Secretary of War is authorized and directed, out of any money available under the provisions of said act or amendments thereto, to purchase from or to reimburse the States or legally constituted and empowered local agencies or landowners for the cost of flowage rights over all lands including compensation for damages to improvements thereon at the time of the taking; that have been or may be acquired and paid for by States or such agencies in connection with the flood-control project herein adopted; embracing those areas which were protected by the main Mississippi River levees on May 15, 1928, but which have since been left or may hereafter be left, on the river side of the main river controlling levee lines constructed on new locations under the flood-control plan: *Provided*, That after careful investigation the prices are found to be reasonable: *And provided further*, That payments or reimbursements may be made as soon as the flowage rights provided for in this act have been acquired in conformity with local customs or legal procedure in such matters and to the satisfaction of the Chief of Engineers: *And provided further*, That except when authorized by the Secretary of War, upon the recommendation of the Chief of Engineers, no money appropriated under authority of this act shall be expended on the construction of any item of the project until the State or levee districts have given assurances satisfactory to the Secretary of War that they will (a) maintain all flood-control works after their completion, except controlling and regulating spillway structures, including special relief levees; maintenance includes normally such matters as cutting grass, removal of weeds, local drainage, and minor repairs of main river levees; (b) agree to accept land turned over to them under the provisions of section 4; (c) provide without cost to the United States all rights-of-way for levee foundations and levees on the main stem of the Mississippi River between Cape Girardeau, Mo., and the Head of the Passes.

With the following committee amendment:

Page 2, line 2, after the word "agencies", insert the words "or landowners."

Mr. SNELL. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, I want to ask the chairman of the committee a question. The language as amended reads "local



agencies or landowners." At the present time to what extent have flowage rights already been taken up and paid for by local agencies in that part of the country?

Mr. WILSON of Louisiana. In my State, none at all.

Mr. SNELL. What is the situation farther up the river?

Mr. WILSON of Louisiana. I think in Mississippi, in Mr. WHITTINGTON's district, they have; but in the State of Louisiana none at all, and that is where the major portion of the land lies—Louisiana, Arkansas, Missouri, and Kentucky; that is where the greater part of the acreage is.

Mr. SNELL. The only State that has paid anything toward it is the State of Mississippi; is that correct?

Mr. WHITTINGTON. Yes; that is my understanding. I can only speak for Mississippi.

Mr. SNELL. But none of the other States have paid anything whatever?

Mr. WILSON of Louisiana. That was the testimony before our committee. According to testimony, that was the only State that has made any payment.

Mr. SNELL. This plan was called up once before, was it not?

Mr. WILSON of Louisiana. Yes.

Mr. SNELL. And the rule itself providing for consideration of the bill was defeated?

Mr. WILSON of Louisiana. Yes; the Republican measure of the gentleman from Iowa [Mr. KOPP]. In another session of Congress report was made and a rule would have been adopted then except for the fact we did not have sufficient data. That was due to our oversight.

Mr. SNELL. In the pending bill every principle of the original proposition has been violated; and the gentleman well knows that if we had not come to an agreement on the proposition of paying for the land that was taken for the levees and also for flood control, that there never would have been a flood-control bill as generous as the one that was passed.

Mr. WILSON of Louisiana. I cannot agree with the gentleman about that because passage of this bill simply clarifies and confirms that law which the gentleman from New York was so very kind in helping us to write.

Mr. SNELL. This does not clarify it; it changes the policy of the original agreement.

Mr. WILSON of Louisiana. That is not my view of it.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. BIERMANN. Can the gentleman cite any provision of the act of 1928 which states who shall pay for these flowage rights?

Mr. SNELL. I do not know what can be plainer than the section I read. I will read it again.

Mr. BIERMANN. The reason I ask it is because the gentleman from Mississippi says there is nothing in the act which specifies who shall pay.

Mr. SNELL. The last paragraph of section 3 provides "That without cost to the United States all rights"——

Mr. WHITTINGTON. I do not want to interrupt the gentleman from New York, but it may save time.

Mr. SNELL. If the gentleman does not mind, I would like to answer this question.

Mr. WHITTINGTON. The gentleman asked whether the act specified who should pay for flowage rights. I would direct attention to section 4. "The United States shall provide flowage rights." That is the language I referred to.

Mr. SNELL. That is for set-backs; that does not apply to the main stream.

Mr. WHITTINGTON. I beg the gentleman's pardon; that would be what we call diversion or floodways, which is different from set-backs.

Mr. SNELL. This is the language to which I referred, and I am reading from the original act:

To provide without cost to the United States all rights, whether for levees or foundations and levees on the main stream of the Mississippi River.

Then the next paragraph reads:

No liability of any kind shall attach to or rest upon the United States for any damage from or by floods or flood waters.

Is not that pretty definite?

Mr. BIERMANN. It seems to be that way.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. BOILEAU. It states: "Provide without cost to the United States." Does the act say whether the land should be supplied by the States or by the levee districts, or who does it say shall provide the rights-of-way?

Mr. SNELL. The language of the bill refers to local communities.

Mr. BOILEAU. So the inference of the bill is that the local communities are to provide the rights-of-way without cost to the United States?

[Here the gavel fell.]

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment:

The Clerk read the committee amendment, as follows:

On page 2, line 13, after the word "reasonable", insert the following:

"*And provided further*, That payments or reimbursements may be made as soon as the flowage rights provided for in this act have been acquired in conformity with local customs or legal procedure in such matters and to the satisfaction of the Chief of Engineers: *And provided further*."

The committee amendment was agreed to.

Mr. RICH. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Mr. RICH moves that the Committee rise and report the bill back to the House with the recommendation to strike out of the bill all after the enacting clause.

Mr. RICH. Mr. Chairman, all I wish to say to the membership of the House is that this bill is the opening wedge for the payment in the future of millions and millions of dollars to the farmers of the Mississippi Valley for things that they themselves should take care of, according to the 1928 Flood Control Act. If we are going to establish the precedent now of opening up the doors for the Federal Government to take over obligations of the States, then I say the Democratic Party is responsible for passing legislation of this kind and they should make their own accounting to the people of this country.

The CHAIRMAN. The question is on the motion of the gentleman from Pennsylvania [Mr. RICH].

The question was taken; and on a division (demanded by Mr. RICH) there were—ayes 35, noes 45.

So the motion was rejected.

Mr. RICH. Mr. Chairman, I object to the vote on the ground that there is no quorum.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eight Members are present, a quorum.

Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DELANEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 7349) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended, pursuant to House Resolution 273, he reported the same back to the House with sundry amendments agreed to in Committee.

The SPEAKER. Under the rule, the previous question is ordered on the bill and amendments to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time.

Mr. RICH. Mr. Speaker, I demand the reading of the engrossed bill.

The SPEAKER. The gentleman from Pennsylvania demands the reading of the engrossed bill.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. UMSTEAD, for 2 days on account of illness in family.

REPORT OF THE SPECIAL CONGRESSIONAL COMMITTEE ON RIVER IMPROVEMENT AND FLOOD CONTROL

Mr. WILSON of Louisiana. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a report of the special committee which investigated flood conditions in New York.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. WILSON of Louisiana. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following report of the Special Committee on River Improvements and Flood Control relative to flood conditions in New York.

The special congressional committee appointed by the Speaker, as authorized in House Resolution 298, approved July 18, 1935, having completed its investigations of the flood damages in New York State, submits the following report with the recommendation that certain relief be extended in the flood devastated area:

It is difficult to give a realistic picture of the damage that has been done and the great loss suffered by the farmers, industries, and home owners in this territory.

The area of greatest concern lies between Hornell and Binghamton. It consists of a strip of land 50 miles wide and 150 miles long, dotted with many towns, including Arkport, Canisteo, Bath, Hammondsport, Watkins Glen, Corning, Painted Post, Willet, Greene, Brisbane, Oxford, Sidney, Walton, Delhi, and Trumansburg, and has a population of approximately 2,000,000 people. All of these and many other communities are affected directly or indirectly by the floods.

It is impossible to give a true picture of the real disaster and real distress existing in this wide-spread area. These people have fought sturdily, never asking until now the aid of the Government. They are not asking to be compensated for past losses, but seek only protection from an ominous future. They want security on the land which remains and do not wish to reclaim additional land. They are ruined financially, but their spirit remains unbroken, and if the Federal Government can come to their aid with a comprehensive flood-control program, they will start rebuilding their empire. A program which has for its purpose the protection of these people, their valuable lands, and investments already made in that land, certainly should be undertaken at once.

The great Commonwealth of New York, always in the forefront of those rallying to the relief of other afflicted areas, is not neglecting its own people in their hour of need, but the Federal Government, in keeping with the growing recognition of national responsibility, must also do its part. The State of New York, however, has neither the funds nor the authority to make a grant of money to the private industries damaged in the flood-devastated area.

The damage and disaster at Binghamton, Lisle, and Whitney Point is very great, with half of the homes in the latter two places either destroyed or badly impaired. Corning, Painted Post, Hornell, Bath, and Hammondsport are districts which have been extremely hard hit. More than 86 bridges, small and large, have been destroyed. These bridges were located on State highways only. Huge trees twisted from their roots were hurled upon many of the villages.

In the city of Binghamton the committee saw where a bridge spanning the Chenango River had been swept away. Three water mains were broken, leaving a large area without service. All communication had been cut off. At this point there were also in evidence sidewalk blocks 4 feet square carried 100 feet downstream by the waters, which swept around both ends of the bridge. A great amount of time was spent in the lower section of the city, where the high water marks had reached the second story of a large number of the buildings.

From Binghamton the committee went to Chenango Forks, the junction of the Tioughnioga and Chenango Rivers. Here approaches to the highway bridge over the Tioughnioga River had been washed out. Approaches to the railroad bridges were also eliminated by roaring waters of the Tioughnioga River. In Chenango Forks remnants of the bridge over the Chenango River were lying in midstream. At the peak of the flood water here was more than 15 feet deep.

The committee traveled over a back road to Whitney Point, the junction of the Otselic and Tioughnioga Rivers, where much time was spent reviewing the wreckage and rehabilitation work. Five persons were reported drowned at Lisle, the next community visited. As the debris was slowly being removed, a survey of the area indicated damage was much greater than had first been estimated. Several hundred families were homeless. The village was literally cut in two when the torrential rains caused the river to overflow.

One of the worst-hit communities was Marathon, where Hunt Creek, racing to the Tioughnioga River, cut a wide path of destruction and swept a bridge away on the Binghamton-Syracuse Highway. A temporary bridge was thrown over the creek in the village of Willet, where great destruction was wrought.

In most of the stricken communities war-time scenes were reenacted as the C. C. C. men and F. E. R. A. workers dug into the piles of mud and wreckage. Steam shovels, tractors, road scrapers, and other machinery are being used to clear away the wreckage.

Five new Ford cars which were parked in a garage were crushed. These were 5 of more than 500 cars demolished in the flood-swept area.

Passing Cincinnatus Lake, the committee drove into Smithville Flats, which were wrecked by raging waters coming down the Cincinnatus Lake outlet. Eight bridges were washed out in this vicinity. Rehabilitation work, however, was well under way by the C. C. C. workers. Houses were toppled from their foundations by the flood waters and the tangle of wreckage along the flood-cut banks on both sides of the river.

After a 200-mile inspection tour of flood damage in Broome, Chenango, Delaware, and Cortland Counties, the committee left Binghamton early Sunday morning headed west. A stop was made at Elmira to inspect a bridge damaged by the flooded Chemung River. Driving into Canisteo, it was noted that crops and property had been ruined by raging waters that had leaped from their small channels to sweep over the countryside.

In the city of Hornell, 16,000 people are drinking water from milk cans, hauled in trucks through the city. Fifteen hundred of the city's residents have been thrown out of work because of the city's industrial loss, estimated at $738,000. Mayor Leon Wheatley estimates the home loss at $900,000, retail stores loss at $280,000, loss to railroads at $370,000, total $2,288,000.

In the plant of the Merrill Hosiery Co. there was a high-water mark of 5 feet 10 inches on the wall. The loss at this plant in machinery, equipment, and stock is estimated at $400,000. Three hundred persons were thrown out of employment in this plant alone. Other flood-damaged communities along the way presented a repetition of the same scene. Streets are filled with flood debris and householders are trying to make homes out of mud-filled, water-soaked buildings. Eighty percent of the city's 16,250 residents are flood sufferers. The flood waters converged on Hornell from three fronts: Canacadea Creek from the west, Canisteo River from the north, and Chauncey River from the east.

Hammondsport, on the edge of New York's wine section, presented the most devastated spectacle witnessed. The town is built on a hillside and the flood poured millions of tons of rock over it. Added to that were 1,100 barrels of brandy hurled about by the flood. The casks and water destroyed houses, a church, and bridges, and virtually wrecked the town. A small creek, known as Gulf Stream, tearing down from the hills with terrific force, broke out of its course and cut a wide path of destruction through the village.

A thing which seemed to be impossible was the flood wreckage in the village of Watkins Glen, where a ruinous force of waters, unchecked, moved the entire span of a bridge in the center of the village, weighing 100 tons, ripped up flood walls, piled up bars of boulders and heavy gravel 9 feet deep and moved houses one whole city block.

At Trumansburg and Ithaca hundreds of men were engaged in clearing debris from the streets, homes, and parks. Trumansburg, Hornell, and Watkins Glen are three of the most severely damaged villages in the area. The havoc wrought in a few hours by hillside torrents is unbelievable.

At Glen Creek, too, a group of casks struck a bridge in the center of the town making a dam which, with the debris washed down, backed up a tremendous volume of water. The bridge was washed out finally. The stone wall lining the creek for about 1,000 feet was carried away. Sewers crammed with flood debris are unable to dispose of the water, and streets in the business sections are turned into veritable rivers of mud. The fire hazard created by the lack of water threatens many of the communities.

Damages to State highways and bridges are estimated by district engineers to be approximately $3,500,000. Counties, villages, and cities suffered losses to roads and bridges estimated at $6,500,000. The attention of the entire Nation was directed to the disastrous floods in New York State July 8–10. Forty-three lives were lost, and damage estimated at $25,000,000 was caused. Flood waters of the Chenango, Tioughnioga, Susquehanna, Delaware, Canisteo, Cohoctan, Tioga, and Chemung Rivers and Keuka, Seneca, and Cayuga Lakes, in Delaware, Oswego, Chenango, Broome, Tioga, Madison, Cortland, Steuben, Yates, Ontario, Schuyler, Cayuga, Seneca, Tompkins, and Chemung Counties, N. Y., are a real menace, on a different scale, as disastrous and costly to natural resources as are the floods of a great river such as the Mississippi.

After thorough study the committee has been very careful to recommend to the House only such a program of relief as is believed to be within the powers of the Congress under the Federal Constitution.

The committee believes this to be an emergency measure and asks the House to assist in the following program of relief:

(1) Congressional authorization for the Board of Army Engineers to use trained Army engineers and technicians for a flood-control survey, divorcing it from work-relief procedure, the estimated cost of the proposed survey being $200,000.

(2) Favorable action by the House on the Wagner-Sisson bill—in the form of an amendment to the R. F. C. law—extending loans up to $3,200,000 to victims in the flood-ravaged sections of New

York. This action by Congress would be of inestimable value as an additional token of Nation-wide good will.

(3) Liberalization of the rules and regulations of relief agencies to permit more extensive employment of nonrelief labor on flood projects.

(4) Prompt action on the part of relief agencies to permit rehabilitation of flood-damaged industries, farms, and private properties. Immediate and final action to secure a $1,000,000 fund for reconstruction projects from the Works Progress Administration.

(5) Besides the need for a comprehensive flood-control program it is apparent that funds for the reconstruction of flood-ruined State highways and bridges will be needed. In this connection it will be necessary that the $11,000,00 already allocated the State be increased by an estimated $3,500,000.

(6) Allocation by the National Emergency Council, on a loan and grant basis, of $6,500,000 for repair and replacement of bridges in cities, counties, towns, and villages.

(7) Amended regulations permitting farmers to apply for emergency crop loans amounting to $300 to permit a loan up to $600 for the purchase of hay, seed, and grain, to each farmer in the flood-ravaged region.

(8) Modification of Reconstruction Finance Corporation regulations to permit financing the rehabilitation of industries which, because of losses suffered in the flood and the fear of its repetition, are threatening to move to flood-protected communities, further increasing unemployment by throwing thousands out of work in towns and cities already heavily damaged.

It is believed that the money spent in repairing the mills would be better spent than if it were used to take care of the persons placed on relief as a result of the closing of the mills.

(9) There is a considerable amount of work to be done in cleaning up farms covered by debris, silt, and stones, etc., and it is recommended that members of the Civilian Conservation Corps be delegated to this job.

In conclusion, it is desired to add a word of commendation to President Roosevelt and to Governor Lehman for the exceptional services rendered the flood-ravaged district through the Federal and State agencies.

During the flood disaster, both night and day, the demands on the American Red Cross and the New York State Police were met with absolute efficiency and only through this efficiency was it possible to properly administer aid to the sufferers. They have our admiration and respect.

RILEY J. WILSON, *Chairman*.
WILL M. WHITTINGTON.
ALFRED F. BEITER.
BERT LORD.
W. STERLING COLE.

THE POLITICAL OUTLOOK

Mr. CROWE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CROWE. Mr. Speaker and Members of the House, much propaganda, a lot of talk, loose and otherwise, is going the rounds concerning the popularity or unpopularity, the virtues or vices, the good or the evil, of President Franklin D. Roosevelt.

With mention of his renomination next year a few Democrats have been heard to say he should not be nominated and an even less number have been known to say that he would not be nominated. Such remarks are scarcely worthy of notice. There is not the slightest doubt of Mr. Roosevelt's being nominated next year, and overwhelmingly so, even though he have opposition; and the opposition, if any, will be sporadic and there will be a general scamper and hurry to get on the Roosevelt bandwagon in the national convention next year. The wise will immediately prepare to get on it and make no mistake.

I will give three reasons why Mr. Roosevelt will be nominated:

First. The party machinery will nominate him because it is the fitting and proper thing for them to do.

Second. Parties wise in the science of politics do not repudiate their President, and in this case they have no occasion nor reason to repudiate President Roosevelt.

Third. Mr. Roosevelt is popular with his party. Attacks of the National Chamber of Commerce and the big interests notwithstanding, he is popular among the rank and file and among the millions to whom he has shown his humanitarianism and his desire to help and benefit those in the humble walks of life.

Of the three reasons given, I consider the third reason paramount. Why is Mr. Roosevelt popular with the rank and file and why will large groups swing to him? Because Mr. Roosevelt is a popular leader; he upholds the traditions of his party—the traditions of Jefferson, Jackson, and other great leaders of the Democratic Party. The rank and file have faith in him because he decrys favoritism, he abhors graft and greed, and the man on the street, the merchant on the corner, the shopman, the garage man, and the clerk all have faith in him because they know he is trying to help them. Many large groups will flock to his standard as they did in 1932, fearing that not to reelect him would mean that a reactionary of the old school would be elected; therefore, they will again flock to his standard and his banner as they did in 1932.

It is to be expected that some Democrats will fuss and fume and some even leave the Roosevelt camp. It is unreasonable to think there are not some reactionaries in the Democratic Party, and to be sure there are some Democrats, I am sorry to say, that were probably satisfied with the outlawed "rugged individualism", but they are few.

There are also those who will make a hue and cry of "save the Constitution", and when doing it they will know, as a matter of fact, that the Constitution is not in danger at all. They are the ones who always wait when the purse of the rich is touched. They can, however, sit idly by when millions are losing their homes, their farms; when millions are unemployed; when millions are hungry and never so much as give a thought to the heartaches and sufferings of those in distress. Those who deplore the fate of the Constitution when Mr. Roosevelt is reelected are either doing it for ballyhoo and to enhance their political chances or their ignorance is appalling, and those who would be led by such false gods, particularly if they are Democrats, will, after the election next year, find themselves "the lone wolf at the end of the trail."

ROOSEVELT OPPOSITION

It was to be expected that the National Chamber of Commerce would oppose President Roosevelt. They would oppose any humanitarian President. They cannot see and they cannot know the wants and needs of the masses. They look apparently on the side of personal gain only. Disgruntled office seekers, of course, will not support Mr. Roosevelt. Men like Dr. Wirt, who, it is alleged, hoped to share in the new-deal set-up, but was not accepted—people of that type will oppose Mr. Roosevelt. In fact, thousands of bankers and industrialists, railroaders, and manufacturers, who 2 and more years ago came crawling on their knees to President Roosevelt and to his administration begging for help to save them, with practically all banks everywhere distressed, with economic and business collapse inevitable, and with many fearing revolution, they begged help and advice. Now many of them would bite the hand that fed them; but the people, the rank and file, are with Mr. Roosevelt.

Yes; the American Liberty League, having a background of a group of disappointed office seekers, and those who lived and profited from that group of reactionaries, will probably oppose Mr. Roosevelt; nevertheless, they have little weight. The rank and file are for President Roosevelt. It is an indictment to the industrialists and to the bankers of the Nation, that with all the money they had at their command, that with everything in their grasp, there was no strong man among them to save the Nation; and it took the strong, fearless Franklin D. Roosevelt to stem the tide and save the Nation at the time of its greatest calamity.

President Roosevelt's every move and every utterance shows his sympathy, humanitarian heart, and soul. He believes in both human and property rights; but he is as much interested, as is shown by legislation he has sponsored, in the property rights of the man with the humble cottage and the man with the little hillside farm as he is in the property of the industrialists—and why should not he be? He has shown this attitude with legislation designed to aid the home owner, the farmer, the laborer, the railroad man, the miner, the merchant, and small industrialist. He has shown beyond the shadow of a doubt that he will leave

nothing undone that is possible to do, that is right and reasonable, to aid the masses of the Nation.

As a matter of fact, business conditions are greatly improved. The farmer is being benefited a billion dollars this year in his products over last year, and last year his increase was approximately a billion dollars over the year before. President Roosevelt has shown his stand against the sale of worthless securities in his stand against the holding companies in their conniving in the sale of worthless stock to investors who have been robbed of their life savings; his yardstick of T. V. A., so that the people might learn firsthand at what cost power can be furnished to them. All of these things show that Mr. Roosevelt is looking toward the welfare of the most people. His latest proposed tax program, which by its opponents was given the slang title of "soak the rich" and "soak the thrifty", but which, as a matter of fact, is a tax of "help carry the load", is based, as all fair taxes should be, on ability to pay. All of these and many others are reasons why the Democratic Party will nominate Franklin D. Roosevelt and why the people of the Nation will again elect him in November 1936.

It is not my duty, neither is it the duty of my party, to attempt to nominate the Republican ticket. They will have plenty of trouble of their own.

Should they give up all hope of winning next year and virtually let the convention go by default, there is a possibility that the genial Republican minority leader, BERTRAM H. SNELL, might be given the empty honor, or the very capable and splendid ex-Senator, Representative WADSWORTH, of New York, might have it handed to him as a sort of trophy to be filed away with his credentials of nomination. If, however, by some chance the Republican leadership of the Nation should decide that they have some slight chance of winning, in that event such gentlemen as I have just named would not have a look-in.

That convention will be dominated by the man who dragged this Nation into its deepest pit of despondency and its greatest business and economic panic and collapse—ex-President Herbert Hoover. It is natural to expect him to control and dominate their convention next year. Mr. Hoover, you know, was rather a parallel case to Nero, who fiddled while Rome burned. Mr. Hoover fiddled while America starved. He should be known as the "hide and seek" President. He was hid to those in distress, but he was sought and found by the interests, that is, by the industrial giants, by the bigger banks, railroads, insurance companies, and so forth. Mr. Hoover, a reactionary of the oldest school, the rugged individualist, who apparently is only concerned in the interests of the mighty, as I have stated, will dominate the Republican convention in 1936. He will be ably supported by National Chairman Fletcher, another one of the Old Guard. Those men, if it should look to them and to the high command, as though there was any possible chance of winning, they would not nominate either of the two splendid gentlemen of the House that I have mentioned, but they would nominate some man who would be more nearly owned by the financial interests of the country, a man on the order of Ogden Mills.

Mr. Mills, you will recall, is the man who was so generous during his term of Secretary of the Treasury, that it is reported that he refunded or caused to be refunded to his father's estate, several millions of dollars, which had been paid into the Federal Government as its just, fair share of income tax.

The liberal, progressive element of the Republican Party will be ignored in that convention. The faithful old guard will be up to their old tricks, which are thoroughly and well known by the progressive element of that party. They will have nothing to do with the selection of the standard bearer, and the standard bearer who will be selected will not receive the support of the progressive element. That element will again find succor and support in the Democratic Party under Mr. Roosevelt, the same as it received under him in his nomination and election of 1932.

The Democratic Party has made certain promises to the rank and file, to the farmer, the wage earner, and the home owner and has made good. It has made promises to the Nation as a whole and those promises have been made good. In other words, Mr. Roosevelt and the Democratic Party have kept the faith.

MEMORIAL DAY ADDRESS

Mr. ROMJUE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein a speech made by former Congressman C. C. Dickinson.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. ROMJUE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following Memorial Day address of Hon. C. C. Dickinson, a former Member of this House from the State of Missouri:

It is well and fitting that we should gather here on this Memorial Day, dedicated by high authority, for all who will, to come and pay homage and deserved tribute to the memory of those whose bodies rest in this city of the dead, beautified by the flowers and trees and monuments that make so attractive this Englewood Cemetery.

The Nation honors today the memory of those who have passed away and you do well to join in this sacred ceremony. Here rest, beneath the green carpet that covers their graves the bodies of loved ones, with gravestones that record the dates of their births and deaths. The history of their lives cherished by recollection of their deeds and virtues should be a sweet memory to you. The road they have traveled from birth through life to death is the same open highway for us all. The high and the lowly have one common end. The grave is heaven's golden gate and rich and poor around it wait. The light of hope beckons all to a life beyond. Whatever comforts and possessions we have acquired and gathered about us here in life we leave behind when we lie down in our last resting place, but the real life with its spirit and soul follows not the body into the grave. In their parting ends the mystery of life which gives way to mystery of death. All creation must be born and all must perish by decay. The worthwhile legacy left behind is a well-spent life, full of deeds well done and service to home and friends and country. Implanted in the human soul is the hope and belief that we shall live hereafter.

The religion of all peoples in all ages has proclaimed that death is not the end, but that we shall live again. If no hereafter, why this brief life? Let us keep faith with those who have gone before and with those left behind, but journeying to the same end. Let us meet every obligation of life, keeping full faith with all and discharging every duty to law and country, so that the world may be better by our helpful conduct. All has not been revealed to us, but let us act well our part, there all the honor lies. Here rest the earthly remains of many prominent men and women, who helped to build and make prosperous this community and section of Missouri. Their lives and activities were a notable part of the history of our home city of Clinton and Henry County. I will not recount the long and worthy list that we remember so well. Among these graves here and there are the bodies of those who gave their lives for home and country. Let us keep in mind and heart and cherish as a part of our country's history the noble service they rendered, that the greatest Republic of all times might live, for the benefit of generations yet to come, and for helpful service to all the world.

All honor to the 2,000,000 men and boys who went across and the 2,000,000 ready to go to bring to an end the greatest war of all time. On foreign soil, our soldiers on famous battlefields, fought and helped to win notable victories and gained world renown in helping to end the mighty conflict where millions died. All honor to the memories of those buried in foreign graves and in cemeteries throughout the land. All honor for all who fought in any war for our country's safety. All honor for our flag unfurled everywhere today.

We were unprepared for the World War. Our troops were transported across the seas in foreign vessels. That condition should never occur again. George Washington declared, "to be prepared for war is one of the most effectual means of preserving peace." Thomas Jefferson said, "Peace and friendship with all nations is our wisest policy." Peace is our goal, but let us be prepared to enforce it. Peace on earth and good will among all men is the teaching of Holy Writ. A strong Navy, the equal of any nation, a small but well-equipped Army, an air force second to none, to protect our shores from aggression, and to let the world know we are able to defend against all attacks. We want peace, not war. No more crossing of the seas for foreign wars. We shall never forget the declaration of war by the United States in 1917, that marshaled our forces for the mightiest conflict of all ages, but the happiest day of all was when the armistice was signed and war had ended and peace was declared. No more foreign wars or domestic wars, but peace and good will among men and all nations, is the heartbeat of our people. Another such war and civilization will end. The outlook I hope and believe is peace, but let us be ready to enforce peace against attack by any warlike nation. God bless the memory of all who were ready to serve their country. God bless the memory of all who rest here in peace.

On Fame's eternal camping ground
Their silent tents are spread,
And Glory guards with solemn round
The bivouac of the dead.

EXTENSION OF REMARKS

Mr. WILSON of Louisiana. Mr. Speaker, I ask unanimous consent that all Members who spoke on the pending bill may have 5 legislative days in which to extend their remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 7980. An act to protect the revenue of the United States and provide measures for the more effective enforcement of the laws respecting the revenue, to prevent smuggling, to authorize customs-enforcement areas, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3059. An act to authorize the acquisition of land on McNeil Island.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 35 minutes p. m.) the House adjourned until tomorrow, Tuesday, July 30, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

435. A letter from the Vice Chairman of the Federal Power Commission, transmitting three copies of the domestic and residential and electric-energy rates in the States of California, Michigan, Illinois, and Texas on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

436. A letter from the Vice Chairman of the Federal Power Commission, transmitting three copies of the domestic and residential electric-energy rates in the States of Iowa and Ohio on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. AYERS: Committee on the Public Lands. H. R. 8133. A bill to authorize certain homestead settlers or entrymen who are disabled World War veterans to make final proof of their entries, and for other purposes; without amendment (Rept. No. 1669). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEMPSEY: Committee on the Public Lands. H. R. 8679. A bill to eliminate the requirement of cultivation in connection with certain homestead entries; without amendment (Rept. No. 1670). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 464. An act to add certain lands to the Malheur National Forest in the State of Oregon; without amendment (Rept. No. 1671). Referred to the Committee of the Whole House on the state of the Union.

Mrs. JENCKES of Indiana: Committee on the District of Columbia. S. 1016. An act to empower the health officer of the District of Columia to authorize the opening of graves, and the disinterment and reinterment of dead bodies, in cases where death has been caused by certain contagious diseases; without amendment (Rept. No. 1672). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 8588. A bill to authorize the deposit and investment of Indian funds; without amendment (Rept. No. 1673). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 8787. A bill to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931; without amendment (Rept. No. 1675). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SEGER: Committee on Claims. H. R. 376. A bill for the relief of Lillian M. Lanphear; with amendment (Rept. No. 1649). Referred to the Committee of the Whole House.

Mr. NICHOLS: Committee on Claims. H. R. 2415. A bill for the relief of Standard Oil Co. for losses sustained by payment of discriminatory excess tonnage taxes and light moneys; with amendment (Rept. No. 1650). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. H. R. 2467. A bill for the relief of Holy Cross Mission Hospital; with amendment (Rept. No. 1651). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 3513. A bill for the relief of Archie P. McLane and Hans Peter Jensen; with amendment (Rept. No. 1652). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 4219. A bill for the relief of John J. Ryan; with amendment (Rept. No. 1653). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 4925. A bill to authorize and direct the Comptroller General to settle and allow the claim of George P. Money for fees for services rendered; with amendment (Rept. No. 1654). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 4965. A bill to authorize the Comptroller General to settle and certify for payment the account of M. M. Smith as de facto United States commissioner for the northern district of West Virginia from May 1, 1933, to October 1, 1933; with amendment (Rept. No. 1655). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 5753. A bill for the relief of Edith H. Miller; with amendment (Rept. No. 1656). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 5764. A bill to compensate the Grand View Hospital and Dr. A. J. O'Brien; with amendment (Rept. No. 1657). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. H. R. 6668. A bill for the relief of S. John Hegstad; with amendment (Rept. No. 1658). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 6669. A bill for the relief of Mrs. Earl Poynor; with amendment (Rept. No. 1659). Referred to the Committee of the Whole House.

Mr. LUCAS: Committee on Claims. H. R. 7463. A bill for the relief of Lawrence R. Lennon; with amendment (Rept. No. 1660). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. H. R. 7730. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the estate of C. D. Matthews; without amendment (Rept. No. 1661). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 8040. A bill for the relief of Etta Natelsky; with amendment (Rept. No. 1662). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. H. R. 8094. A bill for the relief of Dr. J. C. Blalock; with amendment (Rept. No. 1663). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. H. R. 8129. A bill for the relief of Dr. J. Reuben Budd; with amendment (Rept. No. 1664). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 8466. A bill for the relief of S. A. Rourke; with amendment (Rept. No. 1665). Referred to the Committee of the Whole House.

Mrs. JENCKES of Indiana: Committee on the District of Columbia. S. 2939. An act to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Ronald A. Cox; without amendment (Rept. No. 1666). Referred to the Commitee of the Whole House.

Mrs. JENCKES of Indiana: Committee on the District of Columbia. S. 2013. An act to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Pak Chue Chan; without amendment (Rept. No. 1667). Referred to the Committee of the Whole House.

Mrs. JENCKES of Indiana. Committee on the District of Columbia. H. R. 8437. A bill to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Arthur B. Walker; without amendment (Rept. No. 1668). Referred to the Committee of the Whole House.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 7788. A bill for the relief of Mrs. Earl H. Smith; with amendment (Rept. No. 1674). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 7991) for the relief of John A. Bass; Committee on Pensions discharged, and referred to the Committee on Claims.

A bill (H. R. 6783) granting a pension to Genevieve Rochester; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2454) granting a pension to J. A. Ross; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON: A bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes; to the Committee on Ways and Means.

By Mr. BELL: A bill (H. R. 8975) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. BELL: A bill (H. R. 8976) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. RANKIN: A bill (H. R. 8977) to authorize the Secretary of the Treasury to acquire a site for the erection of a post-office building at Columbus, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. SMITH of Virginia: A bill (H. R. 8978) to provide for the purchase of certain property in Alexandria, Va., used by George Washington, with a view to preservation of such property as a national shrine; to the Committee on the Public Lands.

By Mr. TINKHAM: A bill (H. R. 8979) to control the trade in arms, ammunitions, and implements of war, and to forbid their exportation to any country engaged in an armed conflict to which the United States is not a party; to the Committee on Foreign Affairs.

By Mr. McCORMACK (by request): A bill (H. R. 8980) to amend the act approved June 19, 1934, entitled "the Communications Act of 1934"; to the Committee on Interstate and Foreign Commerce.

By Mr. McSWAIN (by request): A bill (H. R. 8981) to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the Fort Knox Military Reservation, Ky., for the construction thereon of certain public buildings, and for other purposes; to the Committee on Military Affairs.

By Mr. SUTPHIN: A bill (H. R. 8982) providing for the examination and survey of the channel of Matawan Creek at its intersection with Luppatatong Creek in Raritan Bay, N. J.; to the Committee on Rivers and Harbors.

By Mr. HUDDLESTON: Resolution (H. Res. 311) instructing the managers on the part of the House in the conference upon S. 2796 to insist upon such conference being held under free, fair, and just conditions; to the Committee on Rules.

By Mr. CANNON of Wisconsin: Resolution (H. Res. 312) to create a special committee to investigate the cost of production of beer and the sale thereof; to the Committee on Rules.

By Mr. LORD: Joint resolution (H. J. Res. 368) authorizing the President to utilize the Civilian Conservation Corps for certain emergency work in connection with forest fires and floods; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 8983) granting an increase of pension to Laura E. Hancock; to the Committee on Invalid Pensions.

By Mr. ELLENBOGEN: A bill (H. R. 8984) for the relief of L. A. Levin; to the Committee on Claims.

By Mr. HALLECK: A bill (H. R. 8985) granting an increase of pension to Martha J. Skinner; to the Committee on Invalid Pensions.

By Mr. LEWIS of Colorado: A bill (H. R. 8986) to restore to active duty Richard H. Bridgman, a first lieutenant on the retired list of the United States Army; to the Committee on Military Affairs.

By Mr. LUCKEY: A bill (H. R. 8987) granting a pension to Gail Gordon; to the Committee on Pensions.

By Mr. REED of New York: A bill (H. R. 8988) granting an increase of pension to Alice M. Price; to the Committee on Invalid Pensions.

By Mr. WADSWORTH: A bill (H. R. 8989) for the relief of Charles A. Palmer; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9208. By Mr. KENNEY: Resolution of the First Ward Democratic Club of Yonkers, Inc., favoring the holding of sweepstakes in the United States at stated periods during each year, by and for the benefit of the Government of the United States; to the Committee on Ways and Means.

9209. By Mr. KRAMER: Resolution from the residents of Eagle Rock, Calif., endorsing the Pettingill bill, etc.; to the Committee on Interstate and Foreign Commerce.

9210. Also, petition of the Federation of Progressive Organizations, John R. Roberts, forty-fifth assembly district organizer, relative to present economic crisis, etc.; to the Committee on Ways and Means.

9211. By Mr. MEAD: Petition of the Eastern Fisheries Association of New York, requesting Congress to act with speed in the enactment of House bill 8055; to the Committee on Interstate and Foreign Commerce.

9212. By Mr. SADOWSKI: Petition of the Detroit and Wayne County Federation of Labor, Detroit, Mich., endorsing the President's tax program; to the Committee on Ways and Means.

9213. Also, petition of the Slovak Citizens' League of Michigan, endorsing House bill 8163; to the Committee on Immigration and Naturalization.

9214. By Mr. SAUTHOFF: Joint resolution of the State of Wisconsin, memorializing the Congress of the United States to enact legislation providing for unemployment insurance and old-age security; to the Committee on Ways and Means.

SENATE

TUESDAY, JULY 30, 1935

(Legislative day of Monday, July 29, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, July 29, 1935, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Radcliffe
Ashurst	Costigan	Lewis	Reynolds
Austin	Dickinson	Logan	Robinson
Bachman	Dieterich	Lonergan	Russell
Bankhead	Donahey	McAdoo	Schall
Barbour	Duffy	McCarran	Schwellenbach
Barkley	Fletcher	McGill	Sheppard
Black	Frazier	McKellar	Shipstead
Bone	George	McNary	Steiwer
Borah	Gerry	Maloney	Thomas, Okla.
Brown	Gibson	Metcalf	Townsend
Bulkley	Glass	Minton	Trammell
Bulow	Gore	Moore	Truman
Burke	Guffey	Murphy	Tydings
Byrd	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hastings	Norbeck	Wagner
Caraway	Hatch	Norris	Walsh
Carey	Hayden	Nye	Wheeler
Chavez	Holt	O'Mahoney	White
Clark	Johnson	Overton	
Connally	King	Pittman	

Mr. LEWIS. I announce the absence of the Senator from Utah [Mr. THOMAS], the Senator from Mississippi [Mr. BILBO], the Senator from Louisiana [Mr. LONG], the Senator from North Carolina [Mr. BAILEY], the Senator from Idaho [Mr. POPE], the Senator from South Carolina [Mr. SMITH], and the Senator from Massachusetts [Mr. COOLIDGE], all of whom are necessarily detained from the Senate.

Mr. VANDENBERG. I repeat the announcement heretofore made by me as to the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness.

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] and the Senator from New Hampshire [Mr. KEYES] are necessarily absent. I ask that the announcement as to the Senator from Pennsylvania stand until further notice.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

HOURS OF DUTY OF POSTAL EMPLOYEES—RECONSIDERATION

Mr. McKELLAR. Mr. President, yesterday, when Order of Business 1087, the bill (H. R. 6990) to fix the hours of duty of postal employees, and for other purposes, was passed, I thought I entered a motion to reconsider, but it seems my statement was not in due form. I now enter a motion to reconsider the vote by which the bill was ordered to a third reading, read the third time, and passed.

ELECTRIC-RATE SURVEYS

The VICE PRESIDENT laid before the Senate letters from the Vice Chairman of the Federal Power Commission, transmitting, pursuant to law, compilations completed through the electric-rate survey of the domestic and residential rates in effect on January 1, 1935, in the States of Iowa, New York, Ohio, and Pennsylvania, which, with the accompanying papers, were referred to the Committee on Interstate Commerce.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBINSON. I move that the Senate insist on its amendments, agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. SMITH, Mr. BANKHEAD, Mr. MURPHY, Mr. NORRIS, and Mr. McNARY conferees on the part of the Senate.

PETITIONS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

Joint resolution memorializing the Congress of the United States to enact legislation providing for unemployment insurance and old-age security

Every workingman, in the dawn of life, has three great fears which affect not only himself and his dependents, but the State and Nation, namely, the fear of impairment through industrial accident, the fear of enforced unemployment, and the fear of old age. The first fear has been largely removed by the enactment of workmen's compensation laws in all but four States of the Union. While 28 States now have laws providing for some form of old-age security, the lack of uniformity, the restrictions upon eligibility and the inadequacy of benefits in many of these laws, together with the absence of any legislation in nearly one-half of the States, indicates the necessity for Federal legislation.

The third fear, unemployment, is greater than ever. The economic depression has brought an unprecedented amount of enforced idleness, has brought us face to face with the horrors and far-reaching consequences of unemployment, and has presented one of the most serious economic problems our Government has ever been confronted with. European countries met this problem a half century ago by enacting unemployment insurance laws. So far in this country, but one State, Wisconsin, has enacted this type of legislation. Because of the national character of the unemployment and old-age problems, and the interrelation of the two, Federal legislation on both is essential.

Under our economic system the desire and greed for profit in business and industry has led, is leading, and will continue to lead to the development and use of mass-production machinery and methods resulting in a reduction in the need for manual labor. Industry pursues an unjustifiable theory that the highest degree of efficiency must be maintained and, in many instances, assumes that as soon as a worker has reached a certain age he has passed the peak of efficiency and thenceforth his serviceability is less desirable; that the possible, though not definitely probable, reduction in profits justifies the banishment of such older employees.

Industry does not seem to realize that it owes its workers more than its immediate present obligation, which can be terminated momentarily, leaving the unemployed worker to shift for himself as well as he can with slight chance of securing other employment. Other employers have been known to say to such a worker: "Why should I employ you at your age when you have spent your most productive years with someone else?" What reward is this for long and faithful service?

It would be well for us to keep in mind at all times the thought expressed in the first section of the Declaration of Rights of the Wisconsin Constitution: That all men are born equally free and independent, and have certain inherent rights; among these are life, liberty, and the pursuit of happiness. Certainly the fears of unemployment and of dependency in old age are restraints upon the workingman's enjoyment of these inherent rights. He is necessarily compelled to think of the poorhouse or of the helping hand of charity when he is temporarily idle because of lack of work or permanently idle because of old age. Such a situation could never have been contemplated in the constitutional provision above referred to.

The time has come when all of the people of this Nation must invoke the spirit of brotherly love; to be willing and anxious to make provision for those who are more unfortunate and who have less of worldly goods. Those who possess wealth, more than they can ever hope to make use of, must realize that they cannot enjoy happiness while others are unhappy.

To thine own self be true,
And it must follow, as the night the day,
Thou canst not then be false to any man.

In a land of plenty, as in the United States, there should be no one who must go hungry and no one should be required to harbor the thought: What is going to befall me and how will I spend my days when I will no longer be useful to industry, and am compelled to take any kind of employment or go to the poorhouse?

Industry should voluntarily adopt a policy of cooperation on its part; its managers should realize that its workers produce its wealth and that it is only right and just that its workers enjoy their inherent rights of life, liberty, and the pursuit of happiness. Such policy of cooperation would not only make life worth living for both the fortunate and unfortunate, but it would tend to increase the safety of society in that it would reduce the commission of crime, especially the crimes in which greed and gain are the objective.

But in view of the probability that such a voluntary cooperative policy referred to will not readily be adopted, and in order to arouse those who have the power and ability to put such cooperative policy into effect, compulsory legislation should be enacted by the Federal Government to provide benefits for unemployment and old age. The necessary funds to provide such benefits should be secured: (a) By substantially increasing the rates of the estate tax and the gift tax in the higher brackets and providing adequate exemptions from the estates and gift tax so that heirs and donees may live according to their accustomed standards; (b) by taxing mass-production machinery on a basis to equalize loss of manual earning power through the use of mass-production machinery; (c) by providing for increased rates in the Federal income tax to supply deficiencies in the former; (d) by providing that none of the aforementioned taxes shall be deductible as a cost of production, and thereby avoiding the shifting of such taxes to the consumer. Provision should be made for allowing an offset of inheritance, estate, and gift taxes, mass-production machinery, and income taxes paid under the law of any State.

The estate and gift taxes are suggested as the most just method of raising this revenue because, first, the right to take property by inheritance is not an absolute right, but a right created by law; secondly, estate and gift taxes cannot be anticipated and therefore cannot be shifted; whereas income taxes can be anticipated, are included in the cost of doing business and are shifted to the consumer; and the other forms of taxes are recommended to provide sources of taxation to meet the deficiencies through estate and gift taxes: Therefore be it

Resolved by the assembly (the senate concurring), That this legislature respectfully memorializes the Congress of the United States as to the necessity for Federal legislation providing for unemployment compensation and old-age security, and that such legislation be enacted substantially along the lines hereinbefore stated; be it further

Resolved, That properly attested copies of this resolution be sent to the President and Vice President of the United States, each member of the Committee on Economic Security, the Speaker of the House of Representatives, and to each Wisconsin representative in the Congress.

Mr. WALSH presented resolutions adopted by the board of directors of the Florence Crittenton Rescue League, Inc., of Swampscott, and the board of directors of the Community Fund Association of Greater Lynn, Inc., both in the State of Massachusetts, favoring the adoption of an amendment to the income-tax law allowing deductions from gross income of all charitable and other similar contributions, which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of the State of Massachusetts, praying for the enactment of legislation discontinuing the 10-percent excise tax on sporting goods, which was referred to the Committee on Finance.

He also presented the petition of members of North Shore Lodge, No. 749, Brotherhood of Railroad Trainmen, of Beverly, Mass., praying for the enactment of pending legislation providing a retirement system for railroad employees, which was referred to the Committee on Interstate Commerce.

He also presented a paper in the nature of a petition from members of Local Union No. 511, National Federation of Post Office Clerks, of Fall River, Mass., praying for the enactment of the bill (S. 3221) to fix the hours of duty for postal employees, and for other purposes, which was ordered to lie on the table.

FORT KNOX MILITARY RESERVATION, KY.

Mr. LOGAN. From the Committee on Military Affairs I report back favorably with amendments the bill (S. 3329) to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the Fort Knox Military Reservation, Ky., for the construction thereon of certain public buildings, and for other purposes, and I submit a report (No. 1169) thereon. I ask unanimous consent for the consideration of the bill at this time.

The War Department and the Treasury Department recommend the passage of the bill, which is designed to effectuate a transfer of certain property on the military reservation to the Treasury Department in order that a building for the use of the Treasury Department may be constructed thereon. It is necessary that the bill should be passed. I have called the attention of the Senator from Arkansas [Mr. ROBINSON] and the Senator from Oregon [Mr. MCNARY] to the bill.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. MCNARY. Mr. President, I discussed this matter with the Senator from Kentucky this morning, and I have no objection to the immediate consideration of the measure.

There being no objection, the Senate proceeded to consider the bill.

The amendments of the Committee on Military Affairs were, on page 1, line 4, after the word "authorized", to strike out "and directed", and on page 2, line 6, after the name "Treasury Department", to insert a colon and the following proviso: "*Provided*, That upon cessation of such use the premises or any part thereof so transferred shall revert to the jurisdiction of the War Department", so as to make the bill read:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to make transfers to the jurisdiction and control of the Secretary of the Treasury of such portions of the property at present included within the Fort Knox Military Reservation, Ky., and upon such conditions, as may be mutually agreed upon by the Secretary of War and the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized to construct within the limits of the property so transferred such building or buildings, appurtenances, and approaches thereto as he may deem adequate and suitable for the use of the Treasury Department as a depository, and for use in carrying out any other functions or duties of the Treasury Department: *Provided*, That upon cessation of such use the premises or any part thereof so transferred shall revert to the jurisdiction of the War Department.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Finance, to which was referred the bill (S. 3286) to abolish the oath required of customs and internal-revenue employees prior to the receipt of compensation, and for other purposes, reported it with amendments and submitted a report (No. 1170) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2977. A bill authorizing the George Washington Memorial Bridge Public Corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Potomac River at or near Dahlgren, Va. (Rept. No. 1172);

S. 3107. A bill to exempt publicly owned interstate highway bridges from State, municipal, and local taxation (Rept. No. 1173);

S. 3130. A bill granting the consent of Congress to the State of Tennessee and certain of its political subdivisions to construct, maintain, and operate a toll bridge across the Tennessee River at or near a point between Dayton and Decatur, Tenn. (Rept. No. 1174);

S. 3131. A bill to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland at or near Cedar Point and Dauphin Island, Ala. (Rept. No. 1175);

S. 3164. A bill authorizing the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, to construct, maintain, and operate a toll bridge across the Missouri River at or near Brownville, Nebr. (Rept. No. 1176);

S. 3244. A bill relating to the Oregon-Washington Bridge Board of Trustees (Rept. No. 1177);

S. 3245. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg. (Rept. No. 1178);

S. 3277. A bill authorizing a preliminary examination of the Nehalem River and tributaries in Clatsop, Columbia, and Washington Counties, Oreg., with a view to the controlling of floods (Rept. No. 1179);

S. 3279. A bill authorizing the city of Natchez and the county of Adams, State of Mississippi, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Natchez, State of Mississippi (Rept. No. 1180);

S. 3290. A bill to revive and reenact the act entitled "An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Ouachita River at or near Monroe, La.", approved January 26, 1925 (Rept. No. 1181); and

S. 3291. A bill to revive and reenact the act entitled "An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Red River at or near Alexandria, La.", approved January 15, 1931 (Rept. No. 1182).

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, July 30, 1935, that committee presented to the President of the United States the enrolled bill (S. 3059) to authorize the acquisition of land on McNeil Island.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 3334) to make provision for the care and treatment of members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and citizens' military training camps who are injured or contract disease while engaged in military training, and for other purposes; to the Committee on Military Affairs.

By Mr. ASHURST (by request):

A bill (S. 3335) to enforce the twenty-first amendment; and

A bill (S. 3336) to repeal titles I and II of the National Prohibition Act, to reenact certain provisions of title II thereof, to amend or repeal various liquor laws, and for other purposes; to the Committee on the Judiciary.

By Mr. WHITE:

A bill (S. 3337) to authorize the President to bestow the Congressional Medal of Honor upon Brig. Gen. Robert H. Dunlap, United States Marine Corps, deceased; to the Committee on Naval Affairs.

By Mr. HARRISON:

A bill (S. 3338) for the relief of Julia Krenz; to the Committee on Foreign Relations.

A bill (S. 3339) authorizing and directing the appointment of Walter W. Stamps as a captain in the Officers' Reserve Corps; to the Committee on Military Affairs.

By Mr. WALSH:

A bill (S. 3340) providing for the appointment of Chester Arthur Davis as captain in the United States Army; to the Committee on Military Affairs.

By Mr. BARBOUR:

A bill (S. 3341) for the relief of Edward P. Mandaville; to the Committee on Claims.

INSPECTION OF NAVY YARDS, ETC.

Mr. TRAMMELL submitted the following resolution (S. Res. 175), which was referred to the Committee on Naval Affairs:

Resolved, That the Committee on Naval Affairs, or any subcommittee thereof duly appointed by the chairman of the committee, and the subcommittee of the Appropriations Committee having charge of naval appropriations, are hereby authorized to visit, for the purposes of inspection, United States navy yards, air stations, and other naval activities, the expenses incurred in pursuance thereof, not to exceed $5,000, to be paid from the contingent fund of the Senate.

ADMINISTRATION OF THE SUGAR LAW

Mr. COSTIGAN. Mr. President, on June 17 I requested a report from the Department of Agriculture on the first year's results of the sugar law of May 9, 1934. A reply has just been received from Acting Secretary M. L. Wilson, of the Department of Agriculture. It contains many features which are creditable to the national administration and gratifying to those officials who were primarily responsible for the enactment of this legislation. For example, in addition to the help afforded the sugar grower, the sympathy of the public will be quickened by the steps taken under the law to eliminate the evils of child labor. I ask unanimous consent that the report may be printed in the RECORD as a part of my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., July 27, 1935.

Hon. EDWARD P. COSTIGAN,
United States Senate.

DEAR SENATOR COSTIGAN: Reference is made to your letter of June 17, 1935, requesting data now available on the results of the administration of the Jones-Costigan Act in the light of the Department's statement of October 18, 1934. There are attached separate summaries in reference to the sugar adjustment programs in the various areas and other activities under the act.

Sincerely yours,

M. L. WILSON, *Acting Secretary.*

UNITED STATES SUGAR BEET PRODUCTION ADJUSTMENT PROGRAM

An accumulated report of advanced payments made under the domestic sugar-beet production adjustment program as of June 7, 1935, is as follows:

State	Contracts received	Contracts paid	Percent of contracts paid	Checks issued	Payments made
California	2,131	1,751	82.1	2,225	$1,173,990.17
Washington	596	560	93.9	344	21,529.00
Utah	9,190	8,811	95.9	8,874	749,323.10
Colorado	11,159	10,530	94.4	17,900	2,410,517.20
Wyoming	2,363	2,214	93.3	3,523	668,694.90
Idaho	7,778	6,393	82.2	7,072	637,650.70
Montana	2,813	2,462	87.5	3,450	692,758.50
Kansas	386	358	92.7	630	108,699.30
Nebraska	2,828	2,672	94.4	4,594	939,937.55
South Dakota	513	435	84.8	779	126,103.60
Iowa	873	720	82.4	871	133,976.20
Minnesota	1,650	1,298	78.7	1,292	253,386.41
Wisconsin	2,399	1,921	80.1	2,035	105,420.90
Michigan	19,011	15,280	80.4	16,325	1,002,271.22
Indiana	1,498	1,384	92.4	1,913	120,140.30
Ohio	4,755	4,155	87.4	5,724	386,535.50
Total	69,943	60,944	87.1	77,551	9,530,934.55

A report prepared by Dr. W. Lewis Abbott in 1933 for the committee on labor conditions in the growing of sugar beets shows that there are about 159,394 workers in the domestic sugar-beet industry, of which 110,354 are contract workers. The same report indicates that there are about 70,709 growers in the industry. An outline of the effects of the sugar program on the domestic beet-sugar industry is as follows:

Largest amount marketed by continental beet area in any one year during period 1925–33 (1933)---tons	1,366,000
Average marketings during 9-year period, 1925–33---tons	1,164,667
Quota for 1935---do	1,550,000
Estimated benefit payments to be made to growers on 1934–35 crop	$19,250,000
Estimated refund payments to be made to growers on 1933–34 crop[1]	$2,600,000

Louisiana sugarcane production adjustment program

Signed contracts received in sugar section	9,095
Contracts paid first payment	8,216
Checks issued as of June 5, 1935	15,205
Total benefit payments made as of June 5, 1935	$2,935,918.19

An analysis of the benefit payments made by the Agricultural Adjustment Administration prior to June 5, 1935, on the Louisiana sugarcane contracts is as follows:

[1] Sec. 8, subsec. (1) of the Agricultural Adjustment Act, as amended, provides that—

"In the event that it shall be established to the satisfaction of the Secretary of Agriculture that returns to growers or producers, under the contracts for the 1933–34 crop of sugar beets or sugar cane, entered into by and between the processors and producers and/or growers thereof, were reduced by reason of the payment of the processing tax, and/or the corresponding floor stocks tax, on sugar beets or sugar cane, in addition to the foregoing rental or benefit payments, to make such payments, representing in whole or in part such tax, as the Secretary deems fair and reasonable, to producers who agree, or have agreed, to participate in the program for reduction in the acreage or reduction in the production for market, or both, of sugar beets or sugar cane."

Advance payments on Louisiana sugarcane contracts classified by base tonnage

Growers' base tonnage	Checks paid		Payments	
	Number	Percentage	Amount	Percentage
1 to 49.9	4,568	31.3	$70,302.02	2.4
50 to 99.9	2,646	18.1	112,309.22	3.8
100 to 499.9	4,978	34.0	482,438.45	16.4
500 to 999.9	993	6.8	321,110.80	11.0
1,000 and over	1,436	9.8	1,949,757.70	66.4
Total	14,621	100.0	2,935,918.19	100.0

Advance payments on Louisiana sugarcane contracts, classified by tenure

Tenure	Payees		Payments	
	Number	Percentage	Amount	Percentage
Producer	8,302	54.6	$2,476,252.99	84.3
Landlord	991	6.5	18,768.59	.7
Tenant	5,912	38.9	440,896.61	15.0
Total	15,205	100.0	2,935,918.19	100.0

Continental cane

	Tons
Largest amount marketed by continental cane area in any one year during the period 1925–33 (1933)	315,000
Largest amount produced in Louisiana, 1925–33 (1932)	223,000
Quota (1934)	261,000
Reduction from last year's marketings (1933), 17.1 percent	54,000
Reduction from the highest year's marketings (1933), 17.1 percent	54,000
Increase over the 9-year average, 58 percent	96,000

No estimates are available at present as to the number of workers employed in the Louisiana sugar industry.

PHILIPPINE SUGAR PRODUCTION ADJUSTMENT PROGRAM

There are about 17,000 sugarcane planters in the Philippine Islands.

An outline of the sugar industry and the estimated results of the sugar program are as follows:

Average of last 3 years' imports to United States from Philippine Islands prior to act—tons	1,032,667
Highest year—do	1,241,000
9-year average—do	730,944
Quota, 1934 [2]—do	1,015,186
Curtailment from last 3 years—do	17,481
Curtailment from highest year, 22.2 percent—do	225,814
Amount of benefit payments expected to be paid	$15,234,288
Total number of contracts signed to date	12,375
Payments made to date	$4,698,000
Surplus removed in 1935 by crop-adjustment program—tons	450,000

PUERTO RICAN SUGAR PRODUCTION ADJUSTMENT PROGRAM

There are about 6,502 sugarcane farmers in Puerto Rico employing approximately 90,000 laborers. About 8,000 production-adjustment contracts have been signed, 6,000 of which have been received in Washington and are being audited. No payments have been made as yet.

An outline of the sugar industry is as follows:

Puerto Rico

9-year average exports to United States—tons	680,111
Largest exports to United States (1932)—do	910,500
Average of 3 years preceding the act—do	816,667
Quota, 1934 [2]—do	802,842
Increase as compared with 9-year average, 18 percent—tons	122,731
Curtailment as compared with last 3 years, 1.7 percent—tons	13,825
Curtailment as compared with highest year, 12 percent—tons	107,658
Estimated payments to be made to Puerto Rico sugar producers	$11,401,000
Total cane on which the benefit payments will be made in 1934–35 crop—tons	2,227,000
Total payments, 1934–35 crop	$8,908,000
1935–36 crop estimated payments	$2,493,000
Total	$11,401,000
Surplus sugar removed in Puerto Rico (without destruction) by confining processing of cane to market outlet—tons	100,000

Hawaiian sugar production adjustment program

There are approximately 5,000 sugarcane plantations in Hawaii, 39 of which are large plantations. The number of laborers employed by the planters total 47,159.

An outline of the immediate results of the sugar-production adjustment program is as follows:

[2] In 1935, quotas for off-shore areas are reduced by their proportionate share of the 116,739-ton decrease in consumption requirements.

Average imports of sugar from Hawaii, 1925–33—tons	866,611
Largest importations during 1 year (1932)—do	1,024,000
Average imports, 1930–32—do	932,333
Average imports, 1931–33—do	993,500
Quota, 1934—do	916,550
Increase over 1925–33 average, 5.8 percent—do	49,939
Curtailment from highest year, 10.5 percent—do	107,450
Curtailment from 1930–32 average, 1.7 percent—tons	15,783
Curtailment from 1931–33 average, 7.7 percent—tons	76,950
Total number of contracts signed	39
1934 payments	$6,131,275.40
Estimated net payments to Hawaiian producers during life of program	$25,614,790.00

Cuba

9-year average imports to the United States from Cuba—tons	2,934,278
Last 3 years prior to act—do	1,934,500
Highest year, 1926—do	3,944,500
Quota, 1934 [2]—do	1,901,752
Decline from highest year—percent	51.30
Decline from the 9-year average—do	35.20
Decline from last 3 years—do	1.70
Price of raw sugar received by Cuban producers today in the United States market, c. and f. New York—cents per pound	2.39
Price received in world market today, c. and f. New York basis (approximate)—cents per pound	1.00
United States price, July 2, 1934, c. and f. New York—cents per pound	1.68
World price, July 2, 1934, c. and f. New York basis—cents per pound	1.05
Increased United States exports to Cuba, September to March 1934, compared to September to March 1935—percent	84.00

(See attached table for agricultural exports.)

United States—Exports of specified products to Cuba, September to May 1933–34 and 1934–35

Commodities exported	Sept. 1 to May 31 (9 months)—	
	1933–34	1934–35
Hams and shoulders (pounds)	1,728,476	2,712,785
Bacon (pounds)	3,051,781	3,972,285
Sides (Cumberland and Wiltshire) (pounds)	0	0
Lard, excluding neutral (pounds)	10,881,082	24,767,067
Wheat flour (barrel of 196 pounds)	622,094	748,010
Cottonseed oil:		
Refined (pounds)	1,755,581	305,570
Crude (pounds)	3,817,091	784,560
Condensed milk (sweetened) (pounds)	2,833	2,790
Evaporated milk (unsweetened) (pounds)	208,457	141,094

Spread between the price of sugar in New York and London

Date	Amount by which cost and freight price in United States exceeded the London price (cents per pound)	Amount by which duty-paid price in United States exceeded the London price (cents per pound)
1934		
January	0.122	2.122
February	.126	2.126
March	−.019	1.981
April	−.263	1.737
May	−.270	1.730
June	.267	1.882
July	.592	2.092
August	.723	2.223
September	1.003	1.928
October	1.065	1.965
November	1.052	1.952
December	.822	1.722
1934 average	+.435	1.955
Average first 6 months	−.006	1.930
Average last 6 months	.876	1.980
1935		
January	0.961	1.861
February	1.088	1.988
March	1.165	2.065
April	1.280	2.180
May	1.296	2.196
June	[1] 1.426	[1] 2.326
Average, first 6 months, 1935	1.203	2.103

[1] Preliminary.

It will be noted that during the first 6 months of 1934 the spread between the price of sugar, cost and freight, at New York and London parity averaged 0.006 of a cent, or practically zero, while in the last 6 months, the United States price, cost and freight, exceeded the London price by 0.870 cent per pound. During the first 6 months of 1935 the spread was further increased to 1.203 cents per pound.

[2] In 1935, quotas for off-shore areas are reduced by their proportionate share of the 116,739-ton decrease in consumption requirements.

Comparison of increase in income to laborer and farmer from the sugar beet production adjustment program
(Compare X and Y in the 2 sections)

District	1933 wage per acre	1935 wage per acre	Absolute increase in wage per acre	Percentage increase wage per acre	1934 wage per acre	1935 wage per acre	Absolute increase in wage per acre	Percentage increase wage per acre	1933 average price per ton
			X	Y			X	Y	
Southern Colorado	$12.00	$17.50	$5.50	45.9	$15.00	$17.50	$2.50	16.7	$4.40
Northern Colorado	13.50	19.50	6.00	44.4	18.00	19.50	1.50	8.3	4.64
Nebraska-Wyoming	13.50	19.50	6.00	44.4	15.70	19.50	3.80	24.2	4.65
Montana-Wyoming	15.00	21.50	6.50	43.3	19.20	21.50	2.30	11.9	5.19

	Representative yield per acre (tons)	1933 gross income per acre	1935 estimated price per ton	1935 estimated benefit payment per ton	1935 total income per acre	Representative yield per acre (tons)	1935 gross income per acre	Absolute increase income per acre	Percentage increase income per acre
								X	Y
Southern Colorado	10	$44.00	$4.55	$1.93	$6.48	10	$64.80	$20.80	47.3
Northern Colorado	12	55.68	5.00	1.93	6.93	12	83.16	27.48	49.4
Nebraska-Wyoming	12	55.80	5.00	1.93	6.93	12	83.16	27.36	49.0
Montana-Wyoming	12	62.28	5.58	1.93	7.51	12	90.12	27.84	44.7

RELATION OF SUGAR BEET AND SUGARCANE PRODUCTION ADJUSTMENT PROGRAM TO THE WELFARE OF LABORERS

1934 bona fide wage claims: The Jones-Costigan amendment to the Agricultural Adjustment Act having been signed by the President on May 9, 1934, it was found impracticable to get contracts into the field in time to affect conditions of employment during the 1934 season. Determination of the rates of wages for 1934 was, therefore, left to the bargaining of individual producers and laborers. In order, however, to obviate an evil much complained of by the laborers, namely, nonpayment of wages, it was provided in the Sugar Beet Production Adjustment Contract that payment of the second installment of the benefit on the 1934 crop should be conditional on the producer's having met all bona fide wage claims arising in connection with the production, cultivation, or harvesting of the 1934 crop. In March 1935 an agent was sent to the field to assist the control committees in dealing with laborers' complaints against growers on account of nonpayment of 1934 wages. According to latest reports, about 2,000 complaints were acted upon by control committees, many others having been settled informally. Of this number, about 200 are still awaiting settlement by agents of the sugar section.

Determination of 1935 wages: On April 20, 1935, in accordance with section 10 (b) of the Sugar Beet Production Adjustment Contract, after hearings had been held in March at Denver and Pueblo, Colo.; Scottsbluff, Nebr.; and Billings, Mont., after investigation of past records and present conditions, the Secretary of Agriculture issued a determination in re to minimum wage rates for beet workers in 1935, applying to the four States, Colorado, Nebraska, Wyoming, and Montana. Such determination had been requested by producers' associations in southern Colorado and in Montana and by numerous associations of laborers, while the growers' organizations of northern Colorado and Nebraska-Wyoming had notified the Secretary of the failure of their negotiations with the laborers. The rates established were based on consideration of the past relationship of wages to income from beets, of wages to prices of beets, and of labor costs to total costs. The rates set are roughly 40 percent higher than those paid in the respective districts in 1933. They are lower than the rates demanded by the laborers for this year, but are in line with considerations derived from the purchasing-power standard of the years 1924–28. The purchasing-power standard of the years 1909–13 was not used in this connection because of the fragmentary character of the wage data available for that period. The rates established represent a considerable increase in income for the laborers as compared with the years 1933 and 1934 and, at the same time, are not so high as to cause a marked decrease in acreage of beets, with corresponding loss of opportunities for employment.

No wage determination was made for any other beet-producing area than that of the four States mentioned, because of the fact that elsewhere growers and laborers were able to come to terms without aid.

Child labor: Paragraph 10 (a) of the Sugar Beet Production Adjustment Contract provides for the elimination of the employment in the beet fields of children of less than 14 years of age, other than members of the immediate family of the producer, and for the limitation of the labor of children from 14 to 16 years of age to 8 hours a day. This provision was generally approved at the hearings held prior to the inclusion of the labor provisions in the Sugar Beet Production Adjustment Contract and is a response to a Nation-wide demand for an attack on the evil of child labor. Since the regulation has been in effect only during the present season, it is as yet too early to say anything as to results. The Secretary has, however, received assurances of full cooperation of producers in making effective this part of the program.

Sugarcane areas: The Sugarcane Production Adjustment Contract for Louisiana contains labor provisions identical with those of the contract for the sugar-beet producing areas. Since the last crop was completed before the contract was issued, there has been no opportunity to observe the effect of the labor provisions. No complaints regarding nonpayment of back wages have been received.

The sugarcane production adjustment contracts for Puerto Rico and Hawaii contain labor provisions similar to those applying to areas in continental United States. In Puerto Rico protection will be given to labor as a part of the comprehensive scheme whereby a large amount of the processing taxes is to be administered by the President for the general benefit of the agriculture of the island. Improvement of labor conditions will be facilitated by the fact that some 60 percent of the cane—so-called "administration cane"—is grown on plantations by the processing companies subject to contract. The Hawaiian Sugar Planters' Association has given assurances that the plantation producers' sugar production adjustment contract will be executed in such a way as to cause the least possible dislocation of the labor market or disturbance of labor standards.

The Philippine sugarcane production adjustment contract contains only the labor clause relating to payment of all bona fide wage claims. It is anticipated that in order to secure the desired benefits for labor, local legislative action will be called for in connection with the utilization of the special fund from the proceeds of processing taxes, to be administered for the benefit of the Philippine Islands.

LA FOLLETTE: 10 YEARS A SENATOR

Mr. COSTIGAN. Mr. President, in Current History for August 1935 appears a striking article by Francis Brown reviewing 10 years of remarkable public service in the Senate by our colleague, the able senior Senator from Wisconsin [Mr. LA FOLLETTE]. The article is worthy of more permanent preservation, and I ask unanimous consent that it may be printed in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Current History for August 1935]

LA FOLLETTE: 10 YEARS A SENATOR

By Francis Brown

When President Roosevelt threw his taxation bombshell into the halls of Congress, few men could have been more pleased than ROBERT M. LA FOLLETTE, Jr., senior Senator from Wisconsin. For years he had been advocating higher income and inheritance assessments, and only last summer, when announcing his candidacy for reelection, he had said, "Taxes must be levied in proportion to the ability to pay. * * * I am opposed to the continuation of tax-exempt securities." Now he heard his own words echoing in the President's startling manifesto.

At first blush it seemed almost as if the President's hand had been forced. Senator LA FOLLETTE and his liberal colleagues had insisted steadily upon higher taxes; only last April LA FOLLETTE told the Nation that the Congressional Progressives would make the best fight of which they are capable for drastic increases in the taxes levied upon wealth and income. That announcement followed repeated assertions, inside the Senate and out, that higher taxes were the only guarantee against uncontrolled inflation and for more equitable distribution of wealth. When LA FOLLETTE signed a round-robin demanding the passage of tax legislation during the present congressional session, he seemed more than ever to be leading what his opponents branded as a "soak-the-rich" movement.

Almost exactly 10 years ago LA FOLLETTE, a young man whom the eastern press called "an antiquated Progressive", announced his candidacy for the United States Senate. He was elected, and in December 1925 took his seat, with the distinction of being the youngest Senator since Henry Clay appeared at Washington in

1806. A Nation which had but recently decided to keep cool with Coolidge" had little interest in Progressives, antiquated or otherwise, and did not foresee that the youthful Senator would become a national figure. For some he is today one of the dangerous men of the country; for others he is the white hope of liberalism. Those on the extreme left see him as a potential Fascist.

As "Young Bob", resplendent in a well-fitting morning coat, striped trousers, and wing collar, stepped forward to take the oath as Senator, observers whispered that he would be only a pale shadow of his famous father. He is here, they said, because Wisconsin saw no better way of honoring the departed than by sending the son and namesake to fill the seat left vacant by death. Few took the new Senator seriously, and one commentator found it amusing to point out that "ROBERT M. LA FOLLETTE, successor to his cyclonic father and ideal of the rough and shaggy Northwest, where men are men, wears pearl-colored spats."

But there were some who felt differently. They knew that while LA FOLLETTE might be young, he brought to the Senate far greater knowledge than did many Members twice his 30 years. Much of his life had been passed within sight of the Capitol, for he had attended the public schools of Washington, and after a period at the University of Wisconsin had been constantly with his father. From 1919 until the elder La Follette's death, he was his father's official secretary. Great sympathy and understanding ever existed between the two; they worked together, traveled together. It was an education such as few boys obtain.

Thus it was that the younger man came to know politics and procedure at first hand. For a time he was clerk to the Senate Committee on Manufactures, of which his father was chairman. He acquired a thorough understanding of the important work done in committee, and because he was constantly in and out of the Senate Chamber, the conduct of Senate affairs held no mystery for him. All the tricks of debate, the secrets of parliamentary maneuvers, were disclosed to him, since what he did not learn from his own experience and observation his battle-scarred father could teach him. There was more than this, of course. From his father LA FOLLETTE derived his belief in democracy and the concern for the common man, which have been the mainsprings of his career.

It was at the Republican convention at Cleveland in 1924 that the public first became fully aware of "Young Bob's" existence. Though people observed that he had much of his father's exuberant vigor, they also noted that when he rose to speak he fairly shouted out his words, while he dripped sweat.

The convention disappointed the La Follettes and other American liberals—Republican conventions always did—and that year they bolted. Despite a lifelong advocacy of boring from within, the elder La Follette cut loose from Republicanism and ran for the Presidency as an independent. On election day he received the largest vote ever given a minority candidate, but it was his last fight, for within a few months "Fighting Bob" was dead.

Since the elder La Follette had been read out of the Republican Party for his apostasy of 1924 there was no reason to suppose that the party leaders wanted to see his son in his place. Wisconsin, it was believed, would do well to elect a Senator more amenable to party discipline. Yet "Young Bob's" availability was obvious, and after some weeks of apparent uncertainty he announced his candidacy. Victor Berger, the veteran Milwaukee Socialist, commented acidly that LA FOLLETTE had not thrown his hat in the ring, he had thrown his father's.

The people of Wisconsin, however, were loyal to the La Follette tradition, and when in the fall of 1925 they sent the young man to Washington they embarrassed the national Republican leadership. The new Senator had run for office on a platform which advocated measures that lacked the party imprimatur. Could the party receive with open arms a son who was no less a heretic than his late father? In the end, deciding to make the best of a bad job, the Republicans invited the Senator to the party caucus on the eve of the opening of Congress, and, though he did not appear, they assigned him to committees. This wooing got nowhere, for ROBERT M. LA FOLLETTE, JR., quickly informed all whom it might concern that he was nobody's man.

Despite LA FOLLETTE's wide acquaintance with public men and measures, he did not feel qualified to take an immediate part in the deliberations on Capitol Hill. His good judgment and common sense as well as his modesty told him that there was plenty of time. Nor did he care to risk comparison with his father. If he was to be a Senator, it must be in his own right.

LA FOLLETTE, however, was more than a mere observer of Senate proceedings. Even during his first session he introduced various resolutions—for inquiries into the earnings of the Pennsylvania anthracite companies and into the Passaic textile strike, for an investigation of the Food Trust formed by the Ward Food Products Co. and for a probe of the conduct of the Federal Trade Commission and the Department of Justice. The combination assembled by the Ward people he characterized as the logical outcome to the Coolidge policy to let business have its way without check or hindrance. In these resolutions was the spirit of antiquated progressivism rather than of the fresher liberalism; yet thus early in his Senatorship LA FOLLETTE made clear that he stood with labor, the small business man and the consumer, against large corporate organizations.

Unlike some of his Western colleagues, LA FOLLETTE showed keen interest in foreign affairs. A critic of most phases of American policy, he called marine rule in Nicaragua "unjustified and unconscionable", one more chapter in the history of ruthless imperialism in Central America. Having traveled in Europe with his father and having visited the Soviet Union when the revolution was yet young, LA FOLLETTE had at least a nodding acquaintance with the Old World. But he wished to have none of it. His opposition to American membership in the World Court, for instance, was developed in one of his first speeches. Subsequent international events gave him no reason to revise his attitude toward the World Court, and in 1935 he was still voting against American adherence.

LA FOLLETTE's attitude on foreign affairs sufficed to set him apart from the followers of Calvin Coolidge, but he made his dislike for the dour New Englander and all his works still more apparent. It was not only the Senator's gadfly habit of advocating such prickly proposals as Government operation of the plants at Muscle Shoals, or publicity for income-tax returns, or restriction of bank loans for speculation. It was his faculty for deliberate, outspoken opposition to Coolidge and Coolidgeism.

There was too scant courtesy, for instance, for the talk of Coolidge's third term. When Congress assembled in December 1927—a few months after the I-do-not-choose-to-run announcement—the Senator from Wisconsin fathered a highly embarrassing resolution which disapproved a Presidential third term and commended Coolidge for refusing to run again. Now, it was generally believed that the President would accept another nomination if sufficiently urged, and some of his supporters were ready to do the urging. Yet to oppose the La Follette resolution meant refusal to commend the party leader. The resolution carried.

For LA FOLLETTE the Republican convention at Kansas City in 1928 was particularly important since it brought him into national prominence. The proceedings of the convention were cut and dried; the delegates were bored until out stepped ROBERT M. LA FOLLETTE, JR., to present one of those minority platforms which for years had been regularly presented and just as regularly rejected. As he came forward the big spotlights shot down on him. His straight black hair tumbled over his face; he ran his fingers through it to push it back. And as he did so the bored delegates sat up to listen to the Senator from Wisconsin.

"Of the 35 or more propositions which have been presented to each successive Republican convention since 1908, although they have often met with jeers and hisses in the convention * * * I can say to you today that 32 have been written into the statute law of this country." The convention applauded, leaning forward to hear La Follette plead for justice to the farmer, public operation of power plants, conservation of natural resources, and the St. Lawrence waterway. They heard him denounce the use of armed forces abroad and a big navy, the use of injunctions against labor, the use of the Nation's credit for stock-market speculation, and the reduction of income taxes.

As he finished, they cheered him and amid the applause some one shouted: "That's all right, Bob; we like you even if we are not with you." When it was all over, the New York Telegram remarked that "Hoover got the votes, LA FOLLETTE the cheers."

In the ensuing campaign LA FOLLETTE, who was up for reelection, failed to say a single good word for Herbert Hoover; yet Wisconsin gave the Senator a 400,000 plurality at the same time that it gave its electoral vote to California's favorite son. That winter when LA FOLLETTE returned to Washington he found his stride.

Throughout the distressful Hoover era LA FOLLETTE experienced all the disappointments of a prophet in his own country. His colleagues liked and respected him. They recognized that few among them worked harder or were better prepared when making a speech. But he did not speak their language. They could share his enthusiasm for baseball, but they could not follow him when he urged measures that flew in the face of traditional practice and prejudice. Yet his criticism of the Hoover regime hit its mark time and again. Meanwhile, LA FOLLETTE, more and more concerned with the problems of an industrial society, developed a national point of view and slowly abandoned the old-time liberalism for a more realistic analysis of modern capitalism.

Though he denounced the Hawley-Smoot tariff and sought to curb stock-market speculation, it was as spokesman for the American unemployed that LA FOLLETTE stepped forth after 1929. Breadlines shuffled in American cities; the administration did almost nothing. Wisconsin's Senator pleaded, denounced, invoked facts and figures, but he seemed only to be shouting up the wind. In the beginning President Hoover tried to restore prosperity by lowering the income-tax rates; he tried to shift the burden of relief to private and local agencies; he opposed public-works schemes. But LA FOLLETTE insisted that relief should have precedence over consideration of the interests of wealthy income-tax payers, and he supported the view that Federal aid to the jobless was essential.

The condition of the unemployed touched LA FOLLETTE. He chafed at the niggardly policy of the Hoover administration and regarded it as part and parcel of the big-business attitude which ever permitted the exploitation of the masses. It was the same attitude that was responsible for the use of injunctions in labor disputes and for employer hostility to labor organization. These points and many others had been issues in his father's crusade for social justice, but the problem, LA FOLLETTE recognized, was broader now, and he studied and thought about it continually, whether in his office at Washington or at Maple Bluff Farm in Madison.

So the time came when he rose in the Senate to confess that the philosophy of laissez faire had ended in disaster. Continuing he said: "Still the richest country in the world, we have millions in want. Although many business leaders have continued to pay lip service to this policy of individual initiative * * * the ideas of an agricultural society have been definitely outmoded, and a new set-up of society is necessary in order to establish so-

ciety on a prosperous basis." It was 1931, when such thoughts still had a certain amount of novelty.

LA FOLLETTE believed he saw the situation without prejudice. Unless the depression were ended, rich and poor alike would suffer; the important thing was to get the machine functioning again. But, as he said on many occasions, "to turn the trend of the depression upward we must recreate purchasing power"—particularly mass purchasing power to support the system of mass production.

That explained his stand on relief; his criticism of the Reconstruction Finance Corporation, which aided business and finance rather than the masses; his bitter opposition to the sales tax, which, besides being inequitable, tends to restrict the purchasing power so badly needed; and, finally, his advocacy of a large public-works program. When LA FOLLETTE proposed in the latter days of the Hoover administration that $5,500,000,000 be appropriated for public works, men thought him mad, but they might have done well to recall that measures which LA FOLLETTE proposed had an uncanny way of surviving all ridicule or attack and finding their way to the statute book.

LA FOLLETTE has been happier under the Roosevelt administration. Not only has he been on good terms with the President but many of his proposals have been taken up and made law. He had not been alone, of course, in his insistence upon Federal unemployment relief and upon the need for a large-scale public-works program but his name had been most definitely associated with such measures. Now he sees much for which he battled in other years accepted, and is even more gratified that some of his own philosophy seems to animate the administration.

There have been disappointments, and sometimes LA FOLLETTE must have wondered whether he could continue to go along with Roosevelt. The new deal has backed and filled; it has hesitated; it has turned aside. Some of this, as LA FOLLETTE knows, has been politically necessary, but often the uncertainty of administration policy has been inexplicable. LA FOLLETTE, moreover, would like more advanced measures than those approved by the White House, even though he will take half a loaf rather than none.

Exactly where LA FOLLETTE stands on the more specific issues in American life he explained during his 1934 campaign. He wants a Government-owned central bank, so that credit may be available to all upon an equitable basis, public ownership of railroads, public development and operation of electric power to provide this important necessity of life at reasonable cost to industrial and domestic users. He believes in Government ownership and operation of munitions plants.

LA FOLLETTE, a defender of labor and the farmer, has declared that "the right to life, liberty, and the pursuit of happiness cannot survive in the modern world without the right to work. It is the duty of government to guarantee to every home economic security and the enjoyment of the fruits of labor." To reach that goal he has advocated social insurance and public works. He has maintained that the industrial machine should be operated not primarily for profit but for use. Finally, as he has said many times, he believes that taxes must be so levied that the concentration of wealth which is inimical to the perpetuity of democratic institutions and which endangers economic stability will be prevented.

Such are the ideas that LA FOLLETTE has set before Wisconsin farmers' picnics, veterans' conventions, and political rallies, before his colleagues in the Senate, and before the national radio audience. Where does this leave him?

The Senator has come a long way from the liberalism which sought to lop off abuses and merely regulate the system. He would attack abuses at their roots, for he has a far better understanding of modern economics than had his liberal predecessors. But he is no revolutionary. He would like to save capitalism, even though capitalists are discouragingly unwilling to cooperate with him. What worries him is that when his proposals are adopted they are adopted so belatedly or half-heartedly that they have lost their effectiveness. Then stronger remedies—more radical, if you like—seem necessary. LA FOLLETTE has therefore been forced steadily toward the left in his desire to restore order in our economic system and to bring justice to the masses.

But he is no doctrinaire; he is not dogmatic. He is neither radical nor conservative in the sense that he has a hidebound social philosophy to guide his every thought and action. He has no intention of chasing after strange gods. What he does intend is to study and understand all the facts in a given situation and then, with due regard for the national psychology, to propose measures to meet the problem, be it great or small.

LA FOLLETTE can be classed neither as a Socialist nor as a Fascist. Perhaps instead he should be regarded as purely American, for in his approach to problems he is interested in solving those of today rather than those of tomorrow. The future will have to look out for itself. How far he is prepared to go is a question. Does his advocacy of a Government-owned munitions industry, for example, mean that he would support government ownership of steel, rayon, chemical, and other plants which can be quickly converted to war purposes? The question is important and LA FOLLETTE'S answer would give clearer indication of how dangerous a man he is.

A turning point for Senator LA FOLLETTE may have been the formation last summer of the Progressive Party. That ended the peculiar status by which he had been nominally a Republican, but actually had been neither Republican nor Democrat. It also gave him the distinction of being the first Progressive Senator, placing him in a position of potential leadership.

LA FOLLETTE at 40 has already had what for many men would be a full-blown career, but, barring the unpredictable, that career has only begun. What lies ahead? Will Rogers some years ago counseled his public: "Watch this young LA FOLLETTE. You are going to have a lot of dealings with him in years to come." That bit of prophecy still seems sound.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed a bill (H. R. 7349) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 7349) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended, was read twice by its title and referred to the Committee on Commerce.

CONSIDERATION OF THE CALENDAR

The VICE PRESIDENT. Under the unanimous-consent agreement the Senate will now proceed to the consideration of unobjected bills on the calendar, beginning with Calendar 1130, being House bill 3642, where the consideration of the calendar was left off last evening.

RESIDENCE OF MEMBERS OF THE DISTRICT OF COLUMBIA POLICE DEPARTMENT

The Senate resumed the consideration of the bill (H. R. 3642) to amend section 483 of the Code of the District of Columbia as to residence of members of the police department.

The VICE PRESIDENT. The amendment of the Committee on the District of Columbia will be stated.

The amendment was, on page 1, line 3, after the numerals "483", to insert "title 20 of."

Mr. LA FOLLETTE. Mr. President, yesterday when the bill was called, because of some confusion concerning the attitude of the heads of the District government, I asked that the bill be not disposed of. In the meantime I have had an opportunity to look into the matter, and, upon further investigation, I find that I have no objection to the consideration and passage of the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 483 of title 20 of the Code of the District of Columbia be amended to read as follows:

"Residence of members of police force: There shall be no limitation or restriction of place of residence to any member of the police force, other than residence within the Washington, D. C., metropolitan district: *Provided*, That for the purposes of this act, Washington, D. C., metropolitan district, shall be held to include the District of Columbia and the territory adjacent thereto within a radius of 12 miles from the United States Capitol Building: *And provided further*, That any member of the police department living outside of the District of Columbia shall have and maintain a telephone at all times in his residence."

The title was amended so as to read: "An act to amend section 483 of title 20 of the Code of the District of Columbia as to residence of members of the police department."

PROCESSING TAXES IN POSSESSIONS OF THE UNITED STATES

Mr. MURPHY. Mr. President, I ask unanimous consent to recur to Calendar No. 604, being Senate bill 2652. It was passed over yesterday on objection of the Senator from Tennessee [Mr. MCKELLAR] in the absence of the Senator from South Carolina [Mr. SMITH], Chairman of the Committee on Agriculture and Forestry.

I will say in explanation of the request that the Agricultural Adjustment Act was extended to the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam. The only possession where the processing taxes have been applied is the Philippine Islands. The act failed to attach to collection districts any of the others mentioned. The bill to which I have reference is really a clarifying bill to enable the President to attach to American collection districts the possessions named for the purpose of collecting processing taxes.

The VICE PRESIDENT. Is there objection to the request of the Senator from Iowa for the immediate consideration of Senate bill 2652?

There being no objection, the bill (S. 2652) to authorize the President to attach certain possessions of the United States to internal-revenue collection districts for the purpose of collecting processing taxes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subsection (f) of section 10 of the Agricultural Adjustment Act, as amended by section 7 of the act of May 9, 1934 (48 Stat. 670), be further amended by adding at the end of such subsection the following: "The President is authorized to attach by Executive order any or all of such possessions to any internal-revenue collection district for the purpose of carrying out the provisions of this title insofar as they have become applicable."

HARRISON S. MARKHAM

The VICE PRESIDENT. The next bill in order on the calendar will be stated.

The bill (S. 2868) to provide for the reappointment of Harrison S. Markham as a second lieutenant, United States Army, was announced as next in order.

Mr. KING. Let the bill go over.

Mr. SHEPPARD. Mr. President, will the Senator allow me to make a brief explanation?

Mr. KING. I find upon a reading of the bill and report that the young man had the benefits of Government appropriations, was educated by the Government, and in tendering his resignation said:

I have an opportunity to accept civilian employment which will eventually better my financial position and at the same time place me in a field of work to which I feel more compatible.

I object, though I will withhold the objection for a moment if the Senator wishes to make an explanation.

Mr. SHEPPARD. Mr. President, the real purpose which the young man had in mind was to undertake religious work. He felt embarrassed at the time and did not give that as the real reason for his resignation. He felt that he was called upon to enter the ministry. After trying earnestly to make a success of it for 2 or 3 years, he found he was not suited to it, and is now trying to get back to his life work and to do the work for which the Government trained him. The Government went to great expense in preparing him for an officer's career, and he wishes again to undertake it. He is the son of the well-known and highly esteemed Chief of Engineers, General Markham, who is also very anxious to see his boy back in the service.

Mr. ROBINSON. Mr. President, I hope the Senator from Utah will withdraw his objection and let the bill be considered.

Mr. McKELLAR. I join in the hope that the Senator will not object.

Mr. KING. I insist upon my objection.

The VICE PRESIDENT. On objection of the Senator from Utah, the bill will be passed over.

INTEREST AND USURY IN EXTRATERRITORIAL JURISDICTIONS

The bill (S. 3097) relating to interest and usury affecting parties under the jurisdiction of courts of the United States functioning in countries where the United States exercises extraterritorial jurisdiction was announced as next in order.

Mr. LA FOLLETTE. Mr. President, I ask the Senator from Delaware [Mr. HASTINGS] for an explanation of the bill.

Mr. HASTINGS. It is necessary to read the first section of the bill in order to clearly understand it:

That to parties subject to the jurisdiction of the courts of the United States in countries where the United States exercises over its citizens extraterritorial jurisdiction, the rate of interest within the said jurisdiction upon the loan or forbearance of any money, goods, or things in action, and the rate to be allowed in judgments and decrees, in the absence of express contract as to such rate of interest, shall be the legal rate of interest provided by the laws of the country in which such jurisdiction is exercised and in effect at the time of such transaction.

My understanding is that in China, for instance, and in Persia, where United States courts are in existence, the courts have held that they are bound by the law of the District of Columbia with reference to rates of interest. The rates of interest charged in those countries are entirely different from the rate charged in the District of Columbia. The purpose of the bill is to make the rates conform to the legal rate of interest in the countries where these United States courts function. The remainder of the bill is drawn exactly after the act in existence in the District of Columbia.

I may say to the Senator from Wisconsin that the same provision was made in the banking act so as to give banks in various countries the same right to charge the legal rates of interest fixed in such countries.

Mr. LA FOLLETTE. Can the Senator tell us the legal rate of interest, for instance, in China, where the bill would apply?

Mr. HASTINGS. I do not know the rate. It is very much more than 6 percent.

Mr. LA FOLLETTE. Can the Senator tell us how much it is?

Mr. HASTINGS. No; I cannot.

Mr. LA FOLLETTE. Is it twice that amount?

Mr. HASTINGS. I think it may be.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. LA FOLLETTE. I object.

The VICE PRESIDENT. Objection is heard, and the bill goes over.

REVISION OF COPYRIGHT ACT

Mr. ASHURST. Mr. President, on yesterday when Calendar 941, the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes, was called I asked that the bill go over in order to enable me to make further investigation. I have no objection to the bill. I withdraw the objection I made yesterday.

INTERNATIONAL COUNCIL OF SCIENTIFIC UNIONS

Mr. PITTMAN. Mr. President, yesterday while I was occupying the chair when Calendar Nos. 795 and 796, being, respectively, House bills 4901 and 6673, were called the Senator from Tennessee [Mr. McKELLAR] asked that they be temporarily passed over. I ask unanimous consent at this time to return to Calendar Nos. 795 and 796.

Mr. KING. Mr. President, a parliamentary inquiry.

Mr. LA FOLLETTE. Mr. President, I am somewhat confused about the bills to which we are asked to return.

The VICE PRESIDENT. The Chair cannot understand the situation either, because there is so much confusion in the Chamber. The clerks do not understand the request. As the Chair understands, the Senator from Nevada asks unanimous consent to return to Calendar Nos. 795 and 796 for the purpose of considering those bills. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 4901) to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and Associated Unions, which was read, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, to be expended under the direction of the Secretary of State, in paying the annual share of the United States as an adhering member of the International Council of Scientific Unions and Associated Unions, including the International Astronomical Union, International Union of Chemistry, International Union of Geodesy and Geophysics, International Union of Mathematics, International Scientific Radio Union, International Union of Physics, and International Geographical Union, and such other international scientific unions as the Secretary of State may designate, such sum as may be necessary for the payment of such annual share, not to exceed $9,000 in any one year.

Mr. McKELLAR. Mr. President, will the Senator explain why we should belong to that organization?

Mr. PITTMAN. Mr. President, the International Council of Scientific Unions came into being under an act of Congress passed in 1863. Subsequent to that time the Royal Academy at London invited the National Academy of Sciences to attend a meeting of similar organizations from foreign countries. At that time they divided the work into branches which are now called the "International Council of Scientific Unions and Associated Unions", which consist of about seven in number.

The council performed valuable work for the Government during the war. It was called upon for expert testimony

and investigation in regard to a great many matters. It originated in the United States, as I said, in 1863, and has developed to the point where all governments participate. The cost to our Government is only $10,000 annually. We have paid this sum annually since 1922, and I think it would be very unfortunate for us to drop out of the work at this time. The bill has been reported favorably.

Mr. McKELLAR. Mr. President, I am not going to object, but if we continue to join such foreign organizations it will not be long before our fees will be simply enormous. They are very much larger now than any return we may ever get from them would seem to justify.

The bill was ordered to a third reading, read the third time, and passed.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

Mr. PITTMAN. Mr. President, the second of the two bills to which I have referred is House bill 6673. I will explain the bill. It relates to the International Technical Committee of Aerial Legal Experts. This is an international committee which for 2 or 3 years has been dealing with the question of a code of laws governing international aviation.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 6673) providing for an annual appropriation to meet the share of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts and for participation in the meetings of the International Technical Committee of Aerial Legal Experts and the commissions established by that Committee, which was ordered to a third reading, read the third time, and passed.

THE FOREIGN DEBTS

Mr. LEWIS. Mr. President, I address myself to the subject matter of the last two measures passed by the Senate, touching international affairs.

Mr. President, I am about to tender a resolution. I explain the resolution in the words I shall now express.

Since we are now moving toward some participation in international matters, I again invite the attention of the Senate to the debts due us from known foreign nations. As reported by the public press this morning, $775,000,000 has just been added to the budget of one of our debtors for extra naval vessels. On the other hand, sir, a large loan has been arranged by France for Italy in preparation for her immediate requirements.

I now invite the attention, sir, of this honorable body to the prospect of the payment of some of these debts by the transfer to us of land adjacent to and connected with the American Continent and not in use by our debtors.

When this subject was touched upon by me not long since, suggesting transfer to the United States of islands in the Caribbean Sea, continental America, to this England, through one of her spokesmen, rightfully intimated that to transfer certain sections of her populated islands to the ownership of the United States would result in the transfer of some of its citizens, against their will, to become Americans. In that connection I suggest that a short while past, we yielded to England in a boundary commission Alaskan territory claimed as property of the United States under treaty of purchase from Russia. This concession was for the purposes of peace and harmony. In this procession of proceedings at London I held a very insignificant portion, being then a Member of the House of Representatives as Congressman at large for the State of Washington, the farthest western State and nearest to Alaska.

Sir, I propose that the strip of country which we then yielded be now returned to the United States as part compensation for the debt due by England. I propose, sir, that that part of Alaska, not being occupied, having no citizens of the British dominions upon it, may be transferred as any other land, and therefore, sir, go to the payment of the debt due by England, and thus contribute to the peaceful relations which ought to exist between debtor and creditor when the debtor has paid his debt to the creditor, under which friendly relations as now prevail between the United States and its debtors.

Incidentally to this, seeing the loan of France to Italy, as is her privilege, I suggest that in the Antilles there are islands uninhabited in any form whatever, possessing, it appears, some area which the United States might use for aerial bases upon which to prepare for defense against assaults in that direction upon our country. Let France yield that territory, where there are no French citizens, and both nations, as described by me, contribute to the payment of their debts to the United States in the manner I define.

Thus upon these international questions I suggest, sir, that as an example of peace and harmony and newly devised brotherhood we have the transfer of this land as a contribution on the debts due to the United States, looking to the payments by these debtors to the United States of debts which at this time are long since due. On this debt not even the installments of interest are offered. Senators, it is high time this our Government sustained the resolution I tender—that our Government now take up the question with these nations for the purpose of having yielded to us, in perfect fairness, in absence of money to pay, this tribute of land in part payment of the debts, and as a just recognition of our sacrifice.

A. E. TAPLIN

The PRESIDENT pro tempore. The clerk will state the next bill in order on the calendar.

The bill (S. 3020) for the relief of A. E. Taplin was announced as next in order, and the Senate proceeded to its consideration.

The bill had been reported from the Committee on Indian Affairs with amendments, on page 1, line 7, after the word "claims", to strike out "against the United States"; in line 8, after the word "to", to strike out "certain"; in line 10, after the words "during the", to strike out "years 1921 to 1932" and insert "period March 3, 1921, to December 29, 1932, inclusive", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $807.30 to A. E. Taplin, a physician and surgeon of Veblen, S. Dak., in full satisfaction of all claims for medical services and medicine furnished to members of the Sisseton-Wahpeton Tribe of Sioux Indians in the vicinity of Veblen, S. Dak., during the period March 3, 1921, to December 29, 1932, inclusive.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FIVE CIVILIZED TRIBES

The Senate proceeded to consider the bill (S. 3227) to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931, which was read, as follows:

Be it enacted, etc., That section 3 of the act of May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931, be amended to read as follows:

"SEC. 3. That all materials, including oil and gas, produced on or after April 26, 1931, from restricted allotted lands of members of the Five Civilized Tribes in Oklahoma, or from inherited restricted lands of full-blood Indian heirs or devisees of such lands, shall be subject to all State and Federal taxes of every kind and character the same as those produced from lands owned by other citizens of the State of Oklahoma; and the Secretary of the Interior is hereby authorized and directed to cause to be paid, from the individual Indian funds held under his supervision and control and belonging to the Indian owners of the lands, the tax or taxes so assessed against the royalty interest of the respective Indian owners in such oil, gas, and other mineral production: *Provided*, That nothing in this act shall be construed to impose or provide for double taxation and, in those cases where the machinery or equipment used in producing oil or other minerals on restricted Indian lands are subject to the ad valorem tax of the State of Oklahoma for the fiscal year ending June 30, 1931, the gross production tax which is in lieu thereof shall not be imposed prior to July 1, 1931: *Provided further*, That in the discretion of the Secretary of the Interior, the tax or taxes due the State of Oklahoma may be paid in the manner provided by the statutes of the State of Oklahoma."

Mr. KING. Mr. President, I desire to ask the chairman of the committee whether this bill meets with the approval of

the Department. My recollection is that there is an adverse report upon it.

Mr. THOMAS of Oklahoma. Mr. President, this bill has the approval of the Bureau of Indian Affairs. It was sent to the committee by the Secretary of the Interior.

In my State we have a law assessing a tax against oil royalties. That tax is levied on royalties on Indian land as well as land in white ownership. At the present time the oil companies that have leases send the tax to the Bureau of Indian Affairs, and the Bureau of Indian Affairs in turn sends the tax to the State.

This bill amends existing law, and permits the tax on Indian land to be paid in the same way as that on white land. That is, the oil company drilling and improving the land collects the tax and sends it direct to the State without reference to the Bureau of Indian Affairs. The bill, as reported, is recommended by the Secretary of the Interior.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WYANDOTTE INDIANS, OKLAHOMA

The Senate proceeded to consider the bill (S. 2578) authorizing distribution of funds to the credit of the Wyandotte Indians, Oklahoma, which had been reported from the Committee on Indian Affairs with an amendment, on page 2, line 2, after the words "sum of", to strike out "$1,000" and insert "$500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to withdraw from the Treasury all funds remaining to the credit of the Wyandotte Indians, Oklahoma, including the sum of $10,000 appropriated by the Interior Department Appropriation Act, fiscal year 1936, to compensate the Wyandotte Indians for Seneca School lands, as authorized by the act of June 21, 1934 (48 Stat. 1184), and to distribute the same per capita to members of the tribe entitled thereto: *Provided*, That, prior to the distribution herein authorized, there shall be paid therefrom to Allen C. Johnson or his heirs not to exceed the sum of $500 for services rendered and expenses incurred on behalf of said tribe.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOHN E. FONDAHL

Mr. SHIPSTEAD. Mr. President, on yesterday a bill was passed over upon the ground, as stated by the Senator objecting, that it was adversely reported upon by the Navy Department. I find that the Senator was laboring under a misapprehension. The bill provides for the correction of the discharge record of a former member of the Marine Corps, now a member of the Marine Corps Reserve. It is a very minor bill, but I read from the report upon the bill by the Secretary of the Navy. He says:

In view of Sergeant Major Fondahl's service, both before and after his elistment from which discharged with a bad-conduct discharge, the Navy Department has no objection to the enactment of the bill, H. R. 5057.

Mr. WALSH. Mr. President, is that House bill 2611?

Mr. SHIPSTEAD. Yes.

Mr. WALSH. The Senator is absolutely correct. It is a meritorious bill and should be enacted. I was not in the Chamber yesterday when the bill was reached or I should have explained it to the Senate. I hope the Senator will ask for its consideration at this time and have the bill passed.

Mr. SHIPSTEAD. I ask unanimous consent to recur to House bill 2611, being Calendar No. 1007, in order that it may be considered at this time.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 2611) for the relief of John E. Fondahl, which was read, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged marines John E. Fondahl, formerly private in the Forty-fourth Company, Third Regiment, United States Marine Corps, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States on September 14, 1921: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. WALSH. Mr. President, it is very rarely that either the Navy Department or the War Department agrees to correct a discharge record. This is one of the cases where that has been done. There is merit in the case. I hope the bill will be enacted.

The bill was ordered to a third reading, read the third time, and passed.

SESQUICENTENNIAL CONSTITUTION COMMISSION

The Senate proceeded to consider the joint resolution (S. J. Res. 59) providing for the celebration on September 17, 1937, of the one hundred and fiftieth anniversary of the adoption of the Constitution of the United States of America by the Constitutional Convention; establishing a commission to be known as the "Sesquicentennial Constitution Commission", which had been reported from the Committee on the Judiciary with amendments.

The amendments were, on page 3, line 18, after the word "event", to strike out "The Commission shall request all churches to hold appropriate services in honor of the event. The Commission shall invite the schools, both public and private, societies, the press, the radio, and the screen to assist"; in line 25, after "September 17", to strike out "1937; the President of the United States shall be invited to deliver an address on the significance of the event" and insert "1937"; on page 4, line 14, after the word "committee", to strike out "at a salary not to exceed $6,000 per annum" and insert "and fix the salary for his services"; and in line 18, after the words "sum of", to insert "$10,000"; so as to make the joint resolution read:

Whereas on September 17, 1937, will occur the one hundred and fiftieth anniversary of the adoption of the Constitution of the United States of America by the Constitutional Convention; and

Whereas the time covered by the period since its adoption is the longest period of continuous operation under one written instrument with fewer changes in the organic law known to history; and

Whereas during the 150 years since the adoption of the Constitution there has been notably great progress in civilization, and the importance of the Constitution has grown continuously; and

Whereas this progress in constitutional government justifies official and proper celebration: Therefore be it

Resolved, etc., That the President of the United States of America is hereby authorized and requested to issue a proclamation calling upon public officials to display the United States flag on public buildings, and the people of the United States of America to display the flag at their homes and other suitable places, on September 17, 1937, in honor of the adoption of the Constitution of the United States of America.

SEC. 2. That September 17, 1937, shall be designated and known as "United States Constitution Day" and celebrated as hereinafter provided, and the President of the United States of America is authorized to request its observance as provided in this resolution.

SEC. 3. That there is hereby established a commission, to be known as the "United States Sesquicentennial Constitution Commission", to be composed of 9 commissioners as follows: 5 persons to be appointed by the President of the United States, 2 Senators by the President of the Senate, and 2 Representatives by the Speaker of the House of Representatives, with the President of the United States, the Chief Justice of the United States, the President of the Senate, and the Speaker of the House as ex-officio members.

SEC. 4. The Commission is hereby authorized and directed to arrange an appropriate celebration to take place during the month of September 1937 of the one hundred and fiftieth anniversary of the adoption of the Constitution of the United States; said Commission is authorized to participate in such other celebrations on said anniversary in such manner as it deems proper; said Commission is further authorized to cooperate with the several States and their political units including cities, villages, towns, and hamlets in suitable commemoration of the event.

SEC. 5. The official celebration shall be held in the city of Washington in the Chamber of the House of Representatives at the hour of high noon on September 17, 1937.

SEC. 6. The Commission is further authorized to recommend such permanent memorial or memorials as in its judgment would merit the consideration of Congress.

SEC. 7. The Commissioners shall serve without compensation; vacancies in the Commission shall be filled in the same manner as the original appointments.

SEC. 8. The Commission shall organize by electing a chairman from among its members. It shall also appoint from its members an executive committee of five to carry out the details involved in the celebration; the Commission further is authorized to appoint an executive secretary who shall also be secretary of the executive committee and fix the salary for his services.

SEC. 9. There is hereby authorized to be appropriated the sum of $10,000 to defray all necessary expenses.

SEC. 10. Upon the completion of the celebration to be announced by the President of the United States, he shall issue an order declaring the Commission dissolved.

The amendments were agreed to.



The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

RELIEF OF HOME OWNERS

The bill (S. 3049) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. McKELLAR. Let that go over.

Mr. COPELAND. Mr. President, I desire to ask the Senator from North Dakota [Mr. FRAZIER] a question about this bill. Is it proposed to extend to dwellings in cities the same privileges given under the bill enacted last year to farm lands?

Mr. FRAZIER. Mr. President, this bill is practically the same as the bill that is on the calendar proposing to amend the Farm Bankruptcy Act. This bill liberalizes section 74, which is the part of the Bankruptcy Act referring to private individuals, home owners, and small business men, not corporations. It liberalizes that section somewhat, and clarifies the language; and then subsection (l) is rewritten to give home owners and small business owners the same privileges which will be granted under the proposed amendment to the Farm Bankruptcy Act, known as Senate bill 3002.

Mr. COPELAND. Why did the Senator present two bills? Why was not the subject matter covered in one bill?

Mr. FRAZIER. One bill amends section 74 of the Bankruptcy Act and the other bill amends section 75 of the Bankruptcy Act—two different sections of the act.

Mr. COPELAND. I do not know anything about this bill, but I find that tremendous interest is being taken in it by certain "white collar" groups in New York City, men and women who have purchased homes, and who are now in danger of losing them through foreclosure on account of high interest rates, taxes, etc. Does the bill of the Senate propose to take care of cases such as I have mentioned?

Mr. FRAZIER. It does. It proposes to give home owners and small business owners who are not incorporated a chance to go through bankruptcy if they cannot secure a composition of their indebtedness.

Mr. COPELAND. Is it the purpose of the Senator to press this bill for passage at this session of the Congress?

Mr. FRAZIER. I hope to do so. A great many of these home owners are being threatened with foreclosure, and in many cases foreclosure proceedings have been instituted.

Mr. COPELAND. I think that is true.

Mr. FRAZIER. Yes; literally thousands of them will lose their homes unless something of this kind shall be done. The same thing is true of farmers with regard to the other bill, amending section 75 of the Bankruptcy Act. I hope to have that bill passed, also.

Mr. KING. I call for the regular order.

The PRESIDENT pro tempore. The regular order is demanded. Objection has been made to the consideration of the bill, and it will be passed over.

ADDITIONAL DISTRICT JUDGE—OKLAHOMA

The Senate proceeded to consider the bill (S. 2137) to provide for the appointment of one additional district judge for the eastern, northern, and western districts of Oklahoma, which was read, as follows:

Be it enacted, etc., That the President is authorized to appoint, by and with the advice and consent of the Senate, one additional United States district judge, who shall be an additional district judge for the eastern, northern, and western districts of Oklahoma. The judge so appointed shall at the time of his appointment be a resident and citizen of the State of Oklahoma.

Mr. KING. Mr. President, I believe there are several judicial bills upon the calendar, and I shall object to all of them this morning. Later I will confer with Senators, and see if we can arrange for a hearing. I want to consult further with the Department of Justice in regard to the necessity of the additional judges. For the present, I shall object.

Mr. McKELLAR. Mr. President, I hope the Senator will not object. The pending bill is not my bill; it is one relating to Oklahoma, but I have a bill providing for an additional judge for Tennessee, where the courts are very greatly behind in their work, and the additional judge is very greatly needed. I hope the Senator will examine these cases, and that we may have action on the bills later. It is getting late in the session, and, unless we act promptly, provision for the additional judges cannot be made at this session of Congress.

Mr. GORE. Mr. President, I wish to appeal to the Senator to withdraw his objection. A subcommittee of the Committee on the Judiciary went into this measure fully, and the members of that subcommittee were convinced that Oklahoma stood in need of an additional judge. The necessity was demonstrated.

In one district, the Oklahoma City district, for instance, the judge tries more than a thousand cases a year. More than a thousand cases are filed each year, and the judge there is now a little more than a thousand cases behind in the consideration of the docket.

Mr. KING. What about the other judges?

Mr. GORE. The other judges are also running far behind the dockets.

The southeastern district, consisting largely of the Five Civilized Tribes, is very much in need of an additional judge. The judge provided for in the pending bill will be authorized to sit in each of the three districts, thereby being able to relieve the congestion in each.

The reason why Oklahoma stands in such unusual need of what might seem to be an extraordinary number of courts is the fact that there are more than 30 Indian tribes in Oklahoma. Included in those are the Five Civilized Tribes. The treaties, agreements, laws, rules, and regulations affecting titles create the most complicated system of title, I suppose, in the world. This gives rise to a great deal of complicated litigation, contributed to by the fact that oil has been found in the territory of each of the Five Civilized Tribes; coal exists in the territory of two or three of those tribes, and zinc and lead on the allotments of several of the smaller tribes. That condition results in a great deal of litigation, and approximately 45 percent of the litigation going to the circuit court of appeals in the tenth district originates in Oklahoma, and I believe in the eastern half of Oklahoma. It is an urgent need and justice delayed is justice denied.

Mr. VANDENBERG. Regular order.

Mr. KING. Mr. President, in reply, may I say that it is very unpleasant to have to object to some of these measures—and there are three judicial bills on the calendar—but I have had some conferences in the past with the Department of Justice on the subject. I shall be glad to confer again with the Department, and if it appears that there is a necessity for any of the additional judges, I shall join with the Senators interested in asking for the consideration of all three of the measures.

The PRESIDENT pro tempore. Objection is made, and the bill will be passed over.

STORAGE OF WHEAT UNDER TARIFF ACT

The bill (S. 3072) to amend the Tariff Act of 1930, as amended, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. COPELAND. Mr. President, I assume that amending a tariff act is always unpopular, but this particular bill was intended to place wheat upon the same basis, so far as storage is concerned, with other products. It was arranged to have wheat left in storage only 10 months, while other products were left there for 3 years. The reason why that is so——

Mr. SHIPSTEAD. Mr. President, this is quite an important measure, and I call attention to the fact that there is no order in the Chamber.

The PRESIDENT pro tempore. There is considerable disorder in the Senate Chamber. The Senate will be in order.

Mr. COPELAND. Mr. President, the reason why the time was fixed at 10 months in the last tariff act was the fact

that there was a scarcity of storage elevators, and it was desired that the space should not be monopolized by certain individuals to the disadvantage of the farmers, particularly those in the Northwest. We discussed the matter about whether the time should be 12 months or whether it should be 6 months, but finally it was fixed at 10 months.

Until the chorus of opposition from the Republican side was heard this morning—and I can quite understand that over there Senators would object to having the tariff law tampered with in the least—so far as I know there has been no opposition to this particular measure, but in view of the changed attitude of the Republican Party and the enthusiasm of that organization I shall not press the matter today.

Mr. GORE. Mr. President, I should like to say that there is opposition on the part of the wheat growers in my State. I have received communications from them this morning.

BILLS PASSED OVER

The bill (H. R. 5229) directing the Secretary of the Interior to investigate, hear, and determine claims of the individual members of the Stockbridge and Munsee Tribe of Indians of the State of Wisconsin was announced as next in order.

Mr. HASTINGS. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 5230) to confer jurisdiction upon the Court of Claims to hear claims of the Stockbridge and Munsee Tribe of Indians was announced as next in order.

Mr. HASTINGS. Let that go over also.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3210) to refer the claim of the Menominee Tribe of Indians to the Court of Claims with the absolute right of appeal to the Supreme Court of the United States was announced as next in order.

Mr. HASTINGS. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

FLOYD HULL

The Senate proceeded to consider the bill (H. R. 4226) for the relief of Floyd Hull, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Floyd Hull, out of any money in the Treasury not otherwise appropriated, the sum of $1,500 in full settlement of all claims against the Government on account of the loss of his thumb on August 6, 1934, while in the performance of his duties with the North Carolina National Guard at Fort Bragg: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. Mr. President, I should like a moment to read the bill.

Mr. KING. Mr. President, I may say to the Senator that if I read the report correctly the War Department is opposed to the enactment of the bill.

Mr. McKELLAR. Mr. President, in these personal-injury cases I think the War Department takes that attitude generally. I think they object to payment in this manner. I have no objection.

Mr. KING. I interpose an objection.

The PRESIDENT pro tempore. Under objection, the bill will be passed over.

LESTER I. CONRAD

The bill (H. R. 1540) for the relief of Lester I. Conrad was considered, ordered to a third reading, read the third time, and passed.

WILLIAM E. B. GRANT

The bill (S. 1422) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of William E. B. Grant was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims to hear, determine, and render judgment upon the claim of William E. B. Grant, chief machinist, United States Navy, retired, against the United States for the recovery of amounts withheld under section 4 of the act entitled "An act to provide for the opening, maintenance, protection, and operation of the Panama Canal, and the sanitation and government of the Canal Zone", approved August 24, 1912, as amended, from his salary as an employee of the Isthmian Canal Commission and the Panama Canal, from April 7, 1909, to May 3, 1917, and from November 29, 1919, to February 28, 1922, all dates inclusive.

SEC. 2. Such claim may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claim, and appeals from, and payment of, any judgment thereon, shall be in the same manner as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code, as amended.

JOHN R. ALLGOOD

The Senate proceeded to consider the bill (H. R. 2421) for the relief of John R. Allgood, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 to John R. Allgood, of Athens, Ga., in full settlement of all claims against the United States for injuries sustained in line of duty as mail messenger in August 1923: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. RUSSELL. Mr. President, this is a bill for the relief of John R. Allgood. When the bill was originally introduced, and before it passed the House of Representatives, the Post Office Department recommended that the bill not be passed. Since it passed the House, however, additional information has been brought to the attention of the Department. The Senator from Tennessee and others interested will find on page 8 of the report a letter under date of July 12, 1935, stating that, in the opinion of the Department, the bill should pass; that the Department has no objection to its favorable consideration.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

INDIVIDUAL CLAIMS OF STOCKBRIDGE AND MUNSEE INDIANS

Mr. LA FOLLETTE. Mr. President, my attention was diverted when Calendar Nos. 1142, 1143, and 1144 were passed over on the objection of the senior Senator from Delaware [Mr. HASTINGS]. I ask unanimous consent that the Senate recur to those bills, and I ask the Senator from Delaware to withdraw his objection and allow me to make an explanation. The bills to which I refer are, respectively, House bills 5229, 5230, and Senate bill 3210.

Mr. HASTINGS. I withdraw the objection.

The PRESIDENT pro tempore. Is there objection to the consideration of the first bill mentioned by the Senator from Wisconsin?

There being no objection, the Senate proceeded to consider the bill (H. R. 5229) directing the Secretary of the Interior to investigate, hear, and determine claims of the individual members of the Stockbridge and Munsee Tribe of Indians of the State of Wisconsin, which was read, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to investigate, hear, and determine the claims of the individual members of the Stockbridge and Munsee Tribe of Indians of the State of Wisconsin: *Provided*, That the Secretary of the Interior is authorized to make all rules and regulations necessary to carry out the provisions of this act: *Provided further*, That the claims which shall be investigated under this act shall be individual claims for allotments of land and for

loss of personal property, timber or logs, or improvements on allotments belonging to any such Indian. In the event the original claimant is dead, such claim or claims may be presented by his or her heirs. If any such claims shall be considered meritorious, the Secretary of the Interior shall adjust and pay the same where there is existing law therefor, and such other meritorious claims he shall report to Congress with his recommendations.

Mr. LA FOLLETTE. Mr. President, this bill requests the Secretary of the Interior to make an investigation of individual claims of the Stockbridge and Munsee Indians of Wisconsin.

In the Seventy-third session of Congress a bill was reported from the House Committee on Indian Affairs referring the claims of these Indians to the Court of Claims. In reporting upon that particular measure the Secretary of the Interior at that session of Congress made a recommendation that the individual claims of the Indians were of a nature which should be investigated by the Department itself.

Conforming with that recommendation, a bill to carry out that purpose was introduced at this session of the Congress. It has passed the House and has been unanimously reported by the Senate Committee on Indian Affairs. It is true that the Secretary of the Interior in his report upon the bill at this session of the Congress has changed his position and recommends that it be not enacted. However, the committee, after going into the facts in the case, came to the conclusion that the recommendation made by the Secretary in the first instance at the last session of the Congress was sound, and that these claims should be investigated by the Department.

The bill provides that "if any such claims shall be considered meritorious the Secretary of the Interior shall adjust and pay the same where there is existing law therefor, and such other meritorious claims he shall report to Congress with his recommendations." The latter provision, I may say to the Senator from Delaware, was recommended by the Comptroller General.

Mr. HASTINGS. Mr. President, may I inquire of the Senator whether there is any explanation as to why the Secretary of the Interior changed his mind, and whether or not the Comptroller General has made any recommendation in connection with the cases?

Mr. LA FOLLETTE. I may say to the Senator from Delaware that no reason appears on the record as to why the Secretary changed his mind.

The House committee and the Senate committee both felt that these Indians ought to have an opportunity to have their claims investigated. Under the bill it is entirely discretionary with the Secretary of the Interior as to whether or not he shall consider them meritorious after they shall have been investigated. The bill does not call upon the Secretary to make any payments unless he is convinced that the claims of the individual Indians are justified.

Mr. HASTINGS. Mr. President, I may call attention to the last paragraph of the Secretary's letter:

It is assumed, in the absence of any information to the contrary, that the claims now being asserted are identical with those submitted to the Court of Claims under the act of 1924, and if this assumption is correct the necessity for again burdening the Court of Claims with a retrial of the case is not apparent.

Does the Senator from Wisconsin know whether that assumption is correct?

Mr. LA FOLLETTE. I will say to the Senator from Delaware that I wish to differentiate between this bill and the one immediately following, which provides for a resubmission of the tribal claims of these Indians to the Court of Claims, and I shall explain the necessity for that provision when I reach that bill. A very strange provision was placed in the original act limiting the attorneys' fees, and all fees, to $5,000, and as the result the case on behalf of the Indians was inadequately and very poorly presented, and the House committee, after going into the matter, as well as the Senate committee, believe that these claims should be resubmitted with the usual fee amendment.

The PRESIDENT pro tempore. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

CLAIMS OF STOCKBRIDGE AND MUNSEE TRIBE OF INDIANS

The PRESIDENT pro tempore. The next bill for which the Senator from Wisconsin [Mr. LA FOLLETTE] asks consideration will be stated by title.

The CHIEF CLERK. A bill (H. R. 5230) to confer jurisdiction upon the Court of Claims to hear claims of the Stockbridge and Munsee Tribe of Indians.

Mr. KING. Mr. President, I notice in the report of Mr. McCarl, which I think pertains to this bill, the following language:

If any claim or claims be submitted to said court hereunder the court shall determine the rights therein, both legal and equitable.

And so on. That will be found in the last paragraph of Mr. McCarl's letter, on page 4 of the report. I was wondering if the Senator believes in the importance, the necessity, or the wisdom of attaching the amendment suggested by Mr. McCarl?

Mr. LA FOLLETTE. Mr. President, the Senator knows that it has become necessary for the Congress in order to secure justice for the Indians, to set these jurisdictional claim bills upon a basis where there is a liberal opportunity for the presentation of their case. This bill is drawn in the usual form for legislation of this character.

Mr. KING. Mr. President, as I understand, the amendment is suggested by reason of the fact that there may be counterclaims for advances which have been made by the Government, and the suggestion of Mr. McCarl is that the Government be given an opportunity to plead any equities which it may have.

Mr. LA FOLLETTE. Mr. President, the Senator is as familiar as I am with the history of the Government, so far as the Indians are concerned, and in order to secure justice for these wards whom we have so badly treated in the past, it has been necessary not to be entirely technical in submitting their jurisdictional claims to the Court of Claims; otherwise their opportunity to recover is almost nil. Therefore that recommendation of the Comptroller General is often not followed in reporting bills of this character from the committee.

Mr. KING. Mr. President, I have no objection to sending the claim to the Court of Claims. Indeed I approve such action. One point I had in mind is this: If this bill shall be enacted into law, will not the Government, in the event the case is before the Court of Claims, be debarred from offering any testimony it might have to mitigate the damages or to reduce the judgment which might be found in favor of the Indians? The only recommendation Mr. McCarl made, as I understand, was that the Government be allowed to set up any offset it has. I suggest that the Senator might perhaps accept the amendment proposed by Mr. McCarl. I shall not insist upon it. The Senator knows the circumstances better than I do.

Mr. LA FOLLETTE. I hope the Senator from Utah will not insist upon it, because as I have already stated to the Senator, a technical submission of these cases in the usual form will often result in justice not being obtained by the Indians.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 5230) to confer jurisdiction upon the Court of Claims to hear claims of the Stockbridge and Munsee Tribe of Indians, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction be, and it is hereby, conferred upon the Court of Claims, notwithstanding the lapse of time or statutes of limitations, to hear, examine, and adjudicate and render judgment in any and all legal and equitable claims arising under or growing out of any treaty or agreement between the United States and the Stockbridge and Munsee Tribe of Indians, or arising under or growing out of any act of Congress or Executive order in relation to Indian affairs or for the misappropriation of any of the funds, lands, or property of said tribe, or for the failure of the United States to pay said tribe any money or other property due, which said Stockbridge and Munsee Tribe of Indians may have against the United States, which claims have

not heretofore been determined or adjudicated on their merits by the Court of Claims and the Supreme Court of the United States: *Provided*, That claims asserted in actions brought under the act of June 7, 1924 (43 Stat. 644), may be filed under this act and shall be tried on their merits.

SEC. 2. Any and all claims against the United States within the purview of this act shall be forever barred unless suit or suits be instituted or petitions be filed as herein provided in the Court of Claims within 5 years from the date of the approval of this act, and such suit or suits shall make the Stockbridge and Munsee Tribe of Indians party plaintiff and the United States party defendant. The petitions shall be verified by the attorney employed by said Stockbridge and Munsee Tribe of Indians to prosecute such claim or claims under contract with said tribe of Indians, made and approved in accordance with existing law.

SEC. 3. Official letters, papers, documents, and records, or certified copies thereof, may be used in evidence, and the departments of the Government shall give access to the attorney of said Stockbridge and Munsee Tribe of Indians to such treaties, papers, correspondence, and records as may be needed by the attorney in the prosecution of any suits under this act.

SEC. 4. In said suit or suits the court shall hear, examine, and adjudicate any claims which the United States may have against said Stockbridge and Munsee Tribe of Indians, and any payment which the United States may have made to or for the benefit of said Stockbridge and Munsee Tribe of Indians prior to the date of adjudication shall not operate as an estoppel but may be pleaded as an offset in said suit.

SEC. 5. The Court of Claims shall have full authority by proper orders and process to bring in and make parties to any such suit any other tribe or band of Indians deemed by it necessary or proper to the final determination of the matters in controversy.

SEC. 6. That upon the final determination of any suit instituted under this act, the Court of Claims shall decree such amount or amounts as it may find reasonable to be paid the attorney so employed by said Stockbridge and Munsee Tribe of Indians for the services and expenses of said attorney rendered or incurred subsequent to the date of approval of this act: *Provided*, That in no case shall the aggregate amounts decreed by the said Court of Claims for services be in excess of the amount or amounts stipulated in the contract of employment, or in excess of a sum equal to 10 percent of the amount of recovery against the United States.

MENOMINEE TRIBE OF INDIANS

The PRESIDENT pro tempore. Is there objection to the consideration of the third bill referred to by the Senator from Wisconsin [Mr. LA FOLLETTE]?

There being no objection, the bill (S. 3210) to refer the claim of the Menominee Tribe of Indians to the Court of Claims with the absolute right of appeal to the Supreme Court of the United States was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred on the Court of Claims to hear, determine, adjudicate, and render final judgment on all legal or equitable claims of whatsoever nature which the Menominee Tribe of Indians may have against the United States, arising under or growing out of any treaties, agreements, or laws of Congress, or out of any maladministration or wrongful handling of any of the funds, land, timber, or other property or business enterprises belonging to said tribe or held in trust for it by the United States, or otherwise; including, but without limiting the generality of the foregoing, (1) a claim for damages for swamp lands which the United States allegedly purported to convey to the Menominee Tribe of Indians by a treaty ratified May 12, 1854 (10 Stat. L. 1064), but which the United States allegedly did not convey because of already having conveyed the same to the State of Wisconsin (9 Stat. L. 519); (2) claims for damages resulting from the improper or unlawful expenditures of tribal trust funds, including trust funds created by the act of April 1, 1880, entitled "An act to authorize the Secretary of the Interior to deposit certain funds in the United States Treasury in lieu of investment" (21 Stat. L. 70), and the act of March 22, 1882, entitled "An act authorizing the sale of certain logs cut by the Indians of the Menominee Reservation in Wisconsin" (22 Stat. L. 30), and the act of June 12, 1890, entitled "An act to authorize the sale of timber on certain lands reserved for the use of the Menominee Tribe of Indians, in the State of Wisconsin" (26 Stat. L. 146), and the act of March 28, 1908, entitled "An act to authorize the cutting of timber, the manufacture and sale of timber, and the preservation of the forests on the Menominee Indian Reservation in the State of Wisconsin" (35 Stat. L. 51), and the act of February 12, 1929, entitled "An act to authorize the payment of interest on certain funds held in trust by the United States and Indian Tribes" (45 Stat. L. 1164); (3) claims for damages allegedly caused by the United States cutting timber on the Menominee Reservation contrary to the terms and provisions of the aforesaid act of March 28, 1908 (35 Stat. L. 51); (4) claims for damages allegedly caused by maladministration on the part of the United States as respects its management of the timber and lumber industries of the Menominee Indian Tribe, in particular, its management of the Menominee Indian mills.

SEC. 2. The Menominee Tribe of Indians is hereby empowered to bring such suit, as party plaintiff, against the United States, as party defendant, by filing its petition in the Court of Claims and serving a copy thereof on the Attorney General of the United States. Such petition shall set forth the facts on which the claim for recovery is based and shall be verified by the attorney or attorneys employed by said Menominee Tribe of Indians in accordance with existing law to prosecute such claims which may be made upon information and belief and no other verification shall be necessary. Suit shall be instituted within 2 years from the date of this act by the filing of a petition in the Court of Claims in behalf of the Menominee Tribe of Indians.

SEC. 3. At the trial of said suit the court shall apply as respects the United States the same principles of law as would be applied to an ordinary fiduciary and shall settle and determine the rights thereon both legal and equitable of said Monominee Tribe against the United States notwithstanding lapse of time or statute of limitations. No payment or payments which have been made by the United States upon any claim or claims therein asserted or for the account of said Menominee Tribe of Indians nor any gratuities paid to or expended for said tribe or members thereof shall apply as an estoppel against said suit but may be pleaded as offsets. No gratuities, however, paid to or expended for said tribe or members thereof prior to the act of Congress of March 28, 1908 (35 Stat. L. 51), or paid pursuant to any emergency relief legislation enacted subsequent to January 1, 1933, or out of any appropriations authorized by the act of June 18, 1934 (48 Stat. L. 984), shall be pleaded by the United States as offsets.

SEC. 4. At the trial of such action so instituted in the Court of Claims, any letter, paper, document, map, or record in the possession of any officer or department of the United States (or a certified copy thereof) may be used in evidence, and the departments of the Government of the United States shall give full and free access to the attorneys for said tribe of Indians to such letters, papers, documents, or records as may be useful to said attorney or attorneys in the preparation for trial or trial of such action and shall afford facilities for the examination of the same and the making of copies thereof.

SEC. 5. Either party shall have the absolute right of appeal (not by writ of certiorari) from any final judgment entered by the Court of Claims to the Supreme Court of the United States and the Supreme Court of the United States is hereby vested with jurisdiction of such appeals.

SEC. 6. (a) If it shall be determined by the court that the United States in violation of the terms and provisions of the treaty ratified May 12, 1854 (10 Stat. L. 1064), unlawfully failed to convey certain swamp lands to the Menominee Tribe of Indians the court shall render judgment in favor of the Menominee Tribe of Indians for a sum equal to (1) the value of the timber removed therefrom since May 12, 1854, with interest at 4 percent per annum from the time of such removal and (2) the present acquisition costs of such lands to the Menominee Tribe of Indians, which shall be determined by the court, with a proviso that the United States may in lieu of paying the present acquisition costs of such lands acquire and hold said lands in trust for the sole benefit and use of the Menominee Tribe of Indians.

(b) If it shall be determined by the court that the United States has improperly or unlawfully expended or misappropriated tribal funds or properties of said tribe of Indians the court shall render judgment against the United States for an amount equal to the value of all such funds and property with interest thereon at the same rate per annum as provided by the act of Congress authorizing the creation of the fund or property improperly or unlawfully expended or misappropriated from the date of the unlawful expenditures or misappropriations.

(c) If it shall be determined by the court that the United States has violated the terms and provisions of the act of Congress of March 28, 1908 (35 Stat. L. 51), by cutting other than dead and down timber or such fully matured and ripened timber as the Forestry Service shall have properly designated, or by cutting such timber so as to prevent forest perpetuation, the court shall award as damages to the Menominee Tribe of Indians either (1) the difference between the net income that has been and will be received from the liquidation of the timber unlawfully cut and the net income which would have been and would be received from an acreage which would have produced, under selective cutting, if then cut, the same volume of timber as that unlawfully cut, from the time of the commencement of the unlawful cutting up to the time when the timber unlawfully cut shall have been replaced by replanting and the sustained yield from the said replanted timber shall be equal, acre for acre, to the sustained yield from the timber had it been selectively cut so as to perpetuate the forest, as required by law, with interest thereon at the rate of 4 percent per annum for the same period, said period, wherever specified herein, to be deemed to be 60 years, unless otherwise determined at the trial, plus the cost of replacement of the timber on the same areas, including the necessary protection, until the replanted timber shall have attained the said sustained yield; or (2) the cost of replacement of timber on the respective areas thus unlawfully cut, including the necessary protection, until the replanted timber shall have attained the aforesaid sustained yield plus interest at 4 percent per annum for the same period of time on an amount equal to the reasonable value as of the date of the unlawful cutting of the timber on the areas thus cut, whichever is the greater.

(d) If it shall be determined by the court that there has been maladministration on the part of the United States as respects its management of the timber or lumber industry of the Menominee Indian Tribe, including, but without limitation, its disposal of timber and lumber products and its management of the Menominee Indian Mills, the court shall award to the Menominee Tribe of Indians as damages either (1) an amount equal to the net losses incurred during the year or years in which maladmin-

istration is found, with interest thereon at the rate of 4 percent per annum from the respective dates of said losses, or, (2) interest at the rate of 4 percent per annum on the capital investment of the Menominee Tribe of Indians in their standing timber, lumber, plant, buildings, equipment, and all other assets used in, or about, or in any way connected with the Menominee Indian Mills or the timber and lumber industry of the Menominee Indian Tribe for each year in which maladministration is found, whichever is the greater. "Net losses" shall be determined by using customary and accepted principles of accounting. "Capital investment" in standing timber and lumber shall be determined by using the unit price for each species of lumber and timber as used by the United States in its accounting records at the Menominee Indian Mills at the beginning and end of each year in which maladministration is found and dividing the sum thereof by two. "Capital investment" in plant, buildings, equipment, and all other assets shall be determined by using cost less depreciation at the beginning and end of each year in which maladministration is found and dividing the aggregate thereof by two. In determining "Cost less depreciation" the general ledger accounts maintained at the Menominee Indian Mills shall be accepted subject to such adjustments as may be found proper upon investigations using customary and accepted principles of accounting.

SEC. 7. Upon the final determination of such suit, cause, or action, whether by judgment, compromise, or otherwise, the Court of Claims shall decree such fees as it shall find reasonable to be paid the attorney or attorneys employed therein by said Menominee Tribe of Indians under contracts negotiated and approved as provided by existing law: *Provided*, That in the event the claim for damages for swamp lands shall be compromised and settled by the Menominee Tribe of Indians and the United States without the assistance of the attorney or attorneys employed hereunder pursuant to a special resolution adopted by the Menominee advisory council authorizing the rendering of such assistance, no fees shall be paid or decreed with respect thereto: *Provided further*, That in the event the claim for damages for swamp lands shall be compromised and settled by the Menominee Tribe of Indians and the United States, prior or subsequent to the institution of suit hereunder but prior to the trial thereof, with the assistance of the attorney or attorneys employed hereunder pursuant to a special resolution adopted by the Menominee advisory council authorizing such attorney or attorneys to render such assistance, the Secretary of the Interior shall, for such assistance, award to said attorney or attorneys such fees, with respect thereto, as based upon a quantum meruit he shall deem reasonable. In no case shall the fee decreed by said Court of Claims and the Secretary of the Interior be in excess of the amount stipulated in the contracts approved by the Commissioner of Indian Affairs and the Secretary of the Interior. The fees decreed by the court to the attorney or attorneys shall be paid out of any sum or sums recovered in such suit or action or received by compromise and not otherwise. All actual and necessary expenses incurred by the attorney or attorneys so employed, including court costs, bills for printing required by law, or court rules, the cruising and examination of lands and timber, the auditing and tabulation of accounts, travel, and subsistence of said attorney or attorneys and his or their employees while engaged solely in the preparation or prosecution of said suit or suits, securing and taking evidence deemed material therein, the compensation of stenographers, and such clerical assistance as shall be reasonably employed solely upon work in connection therewith, fees or commissions of notaries public or commissioners, and any other expense reasonably necessary for the preparation for trial or prosecution of any such suit or suits shall be paid by the Secretary of the Interior, when approved by him, from time to time, as the same shall accrue out of the funds standing to the credit of said Menominee Tribe of Indians in the Treasury of the United States upon verified accounts submitted in such form as may be required by the Secretary of the Interior, and without regard to the outcome or success of said suit or action against the United States. The net amount of any judgment recovered shall be placed in the Treasury of the United States to the credit of the said Indians, and shall draw interest at the rate of 4 percent per annum and shall be thereafter subject to appropriation by Congress for the benefit of said Indians, including the purchase of lands and building of homes, and no part of said judgment shall be paid out in per capita payments to said Indians.

SEC. 8. A copy of the petition in any suit instituted under this act shall be served upon the Attorney General of the United States and he, or some attorney from the Department of Justice to be designated by him, is hereby directed to appear and defend the interests of the United States.

HARRIET V. SCHINDLER

The bill (H. R. 4290) for the relief of Harriet V. Schindler was considered, ordered to a third reading, read the third time, and passed.

YAMATO SESOKO

The bill (H. R. 4718) for the relief of Yamato Sesoko was considered, ordered to a third reading, read the third time, and passed.

GEORGE B. GATES

The bill (H. R. 670) conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates was considered, ordered to a third reading, read the third time, and passed.

EVELYN JOTTER

The bill (H. R. 1541) for the relief of Evelyn Jotter was considered, ordered to a third reading, read the third time, and passed.

WILLIAM SEADER

The bill (H. R. 2122) for the relief of William Seader was considered, ordered to a third reading, read the third time, and passed.

BERNARD M'SHANE

The bill (H. R. 2487) for the relief of Bernard McShane was considered, ordered to a third reading, read the third time, and passed.

LOUIS ALFANO

The bill (H. R. 3167) for the relief of Louis Alfano was considered, ordered to a third reading, read the third time, and passed.

JOHN EVANS

The bill (H. R. 3826) for the relief of John Evans was considered, ordered to a third reading, read the third time, and passed.

THOMAS ENCHOFF

The bill (H. R. 4029) for the relief of Thomas Enchoff was considered, ordered to a third reading, read the third time, and passed.

THOMAS F. OLSEN

The bill (H. R. 4822) for the relief of Thomas F. Olsen was considered, ordered to a third reading, read the third time, and passed.

CHARLES H. HOLTZMAN ET AL.

The bill (H. R. 4853) for the relief of Charles H. Holtzman, former collector of customs, Baltimore, Md.; George D. Hubbard, former collector of customs, Seattle, Wash.; and William L. Thibadeau, former customs agent, was considered, ordered to a third reading, read the third time, and passed.

IDA C. BUCKSON, EXECUTRIX

The Senate proceeded to consider the bill (S. 2323) for the relief of Ida C. Buckson, executrix of E. C. Buckson, deceased, which had been reported from the Committee on Claims with an amendment, on page 1, line 10, after "February 23", to strike out "1923" and to insert in lieu thereof "1929" and to insert a proviso at the end of the bill so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $100 to Ida C. Buckson, executrix of E. C. Buckson, deceased, of New Castle County, Del., the said sum of $100 being the amount appropriated to the said E. C. Buckson under Private Act No. 403, Seventieth Congress, second session, and approved February 23, 1929: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FLOYD L. WALTER

The bill (H. R. 2449) for the relief of Floyd L. Walter was considered, ordered to a third reading, read the third time, and passed.

LADISLAV CIZEK

The bill (H. R. 2679) for the relief of Ladislav Cizek was considered, ordered to a third reading, read the third time, and passed.

GEORGE RAPTIS

The bill (H. R. 3506) for the relief of George Raptis was considered, ordered to a third reading, read the third time, and passed.

MRS. CARLYSLE VON THOMAS, SR.

The bill (H. R. 4812) for the relief of Mrs. Carlysle Von Thomas, Sr., was considered, ordered to a third reading, read the third time, and passed.

LT. COL. RUSSELL B. PUTNAM

The bill (H. R. 4814) for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps, was considered, ordered to a third reading, read the third time, and passed.

JASPER DALEO

The bill (H. R. 4815) for the relief of Jasper Daleo was considered, ordered to a third reading, read the third time, and passed.

LAWRENCE S. COPELAND

The bill (H. R. 4820) for the relief of Lawrence S. Copeland, was considered, ordered to a third reading, read the third time, and passed.

CAPT. GEORGE W. STEELE, JR.

The bill (H. R. 4824) for the relief of Capt. George W. Steele, Jr., United States Navy, was considered, ordered to a third reading, read the third time, and passed.

CIRIACO HERNANDEZ AND OTHERS

The bill (H. R. 4833) for the relief of Ciriaco Hernandez and others was considered, ordered to a third reading, read the third time, and passed.

RABBI ISAAC LEVINE

The bill (H. R. 4974) for the relief of Rabbi Isaac Levine was announced as next in order.

Mr. ROBINSON. Mr. President, I think there should be a discussion of this bill. It appears that it provides compensation on account of damages occasioned by reason of an alleged wrongful act committed by some member of the Civilian Conservation Corps. The bill was reported by the Senator from Nebraska [Mr. BURKE]. I should like to know whether the Government is to be held responsible for the wrongful acts of everyone in its employ.

Mr. BURKE. Mr. President, this bill is similar to a great many others which have been enacted at the present session of Congress in cases where injuries have been inflicted on citizens by automobiles operated by members of the Civilian Conservation Corps while engaged on duties connected with the camps. That is the nature of the bill now before us. The negligence of the driver of the Government car is very clearly established, and the injuries sustained by the citizen as the result thereof seem to warrant this allowance in the amount of $500.

Mr. ROBINSON. What were the circumstances connected with the case?

Mr. BURKE. An employee of the Civilian Conservation Corps was engaged in his duties of bringing supplies to the camp, or something of that kind—I do not recall the exact circumstances—and was driving a truck, which, through the negligence of the driver, skidded and collided with the automobile in which Rabbi Levine was a passenger and which was being driven along the public highway.

Mr. WALSH. Mr. President, how many bills are there of that nature before the Committee on Claims?

Mr. BURKE. There are either now before the Committee on Claims, or have been during this session of Congress, at least 100 bills of this nature.

Mr. WALSH. Has the committee adopted a policy with regard to such bills?

Mr. BURKE. Yes; the same policy which is applied in the case of injuries resulting from the negligence of a member of the Army while driving an automobile on the highway. Such bills have always been reported by the committees.

Mr. WALSH. That is similar to the policy, I believe, in cases where injuries have resulted from the careless driving of postal vehicles.

Mr. BURKE. We have a great many bills of that kind.

Mr. ROBINSON. Mr. President, it would seem that, if cases of this character are to be considered by the Congress, general legislation on the subject should be enacted. I shall not object to this particular bill, because the Senator from Nebraska has justified it under action heretofore taken by the Senate; but, under this character of procedure, there seems to be no limit to the liability of the Government or to the number of cases which seek to have the benefit of special acts of Congress.

Mr. KING. Mr. President, let me say to the Senator from Nebraska that a number of years ago objection was made to the payment of claims to persons who were injured by reason of the alleged negligence of Government employees who were driving automobiles in the distribution of mail. At that time the discussion indicated the desire upon the part of the Senate to have general legislation which would deal with cases of tort against the Government of the United States.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. LOGAN. Let me say to the Senator that the Committee on Claims 2 or 3 years ago appointed a subcommittee to draft such a bill. That subcommittee, of which I was a member, devoted much time to the consideration of the subject, and we had many conferences with the Comptroller General and others. We prepared a bill which we thought would be satisfactory, but we could never prevail upon the Senate to pay any attention to it.

Of course, there ought to be general legislation, but until we can have sufficient interest displayed in the subject in the Senate to take up and consider such a bill there can be no determination of the question of damages caused by Government automobiles, those of the Army, of the Post Office Department, and of other departments. Individual cases have to be considered, as we are trying to do now, which is a very awkward way, and oftentimes the Committee on Claims do not allow enough, and at other times, perhaps, recommend too much.

Mr. KING. Mr. President, continuing the observation which I was making, it appeared to at least a number of us who gave some attention to this matter before the Senator from Kentucky came to the Senate—and attention has been given to it, of course, since he has come to this body—that there should be general legislation, because, with the more than a million—the number perhaps now amounts to a million two or three hundred thousand—Federal employees there are bound to be a large number of accidents from time to time in which agents or employees of the Government are involved. Unless there is some organization charged with the responsibility of accumulating the evidence and making investigation immediately, the Government is placed at a disadvantage; and when the claims come to the Senate, as the Senator said, sometimes the testimony is one-sided; it is ex parte, based upon affidavits; and the committee may allow too little or too much; whereas if the Government had an organized set-up for the purpose of passing upon these matters as soon as the claim was filed—and any general bill ought to provide for the filing of claims—there would be the opportunity and machinery with which to make investigation and determine the validity or justice of the claim. I think it is very unwise for us to embark upon the policy of paying all these alleged claims against the Government of the United States, in view of the multitude of persons now employed in the civilian conservation camps and the many other new Federal activities.

Mr. LOGAN. Mr. President, will the Senator allow me to make another brief statement?

Mr. KING. I yield the floor.

Mr. LOGAN. The handling of such cases is not so unskillful as the Senator may think. The department that has charge of the matter usually makes a very careful investigation and submits a report. Not many of these claims are paid without the recommendation and approval of the department. I think perhaps we allow too little rather than we allow too much.

I remember the claim the Senator from Nebraska is speaking about. It was a very clear case of negligence on the part of a Government employee.

Mr. BURKE. Mr. President——

The PRESIDENT pro tempore. The objection has been withdrawn.

Mr. BURKE. Mr. President, I wish to say just a word with reference to what has been said. I agree fully with the

suggestion of the Senator from Utah that there should be general legislation on this subject. That would be the better way of handling these cases; but, in the absence of such legislation, the members of the Committee on Claims have been giving all possible attention to hundreds of claims that come before us. Many more claims are rejected by the committee than are reported to the floor of the Senate. If there is anything lacking in the way of the establishment of negligence or of the injuries received, the committee does not hesitate to recommend the indefinite postponement of the bill providing for the payment of a claim.

The PRESIDENT pro tempore. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $500 to Rabbi Isaac Levine, of Knoxville, Tenn., in full settlement of all claims against the United States for personal injuries sustained by him as a result of being struck by a truck being recklessly driven by an employee of the United States Government, said injury occurring in Knoxville, Tenn., on December 18, 1933: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

LELA C. BRADY AND IRA P. BRADY

The bill (H. R. 5041) authorizing and directing the Secretary of the Treasury to reimburse Lela C. Brady and Ira P. Brady for the losses sustained by them by reason of the negligence of an employee of the Civilian Conservation Corps was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lela C. Brady and Ira P. Brady of Forest Grove, Oreg., the sum of $250 in full satisfaction of their claim against the United States for damages for personal injuries suffered on June 9, 1934, on the Timber-Vernonia highway, 4½ miles north of Timber, Oreg., when the automobile in which said Lela C. Brady and Ira P. Brady were riding was struck by a motor truck owned by the United States and driven by Harvey Wilson, an employee of the Civilian Conservation Corps, no. 1313, Camp Reehers: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on acount of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

EDWARD H. KARG

The bill (S. 3186) for the relief of Edward H. Karg was announced as next in order.

Mr. ROBINSON. Mr. President, this appears to be a very old claim, nearly 20 years old. The bill provides for the payment of $3,500 to Edward H. Karg, of Johnstown, N. Y., the amount representing a fine paid by Karg pursuant to a conviction for violating certain provisions of the Lever Act of August 10, 1917. I am wondering why proceedings in the matter have been so long delayed.

Mr. BURKE. Mr. President, I am unable to answer the question as to the delay. The Attorney General reported in favor of the passage of this bill, but the record on which the Senate committee acted does not indicate the reason why the matter was so long delayed. The Attorney General could find no objection to the bill, and the committee recommended its passage by the Senate.

Mr. ROBINSON. When did the Attorney General so report?

Mr. BURKE. On July 6, 1935.

Mr. ROBINSON. Very well.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Claims with amendments, on page 1, line 9, after the word "of", to strike out "August 17, 1920" and insert "August 10, 1917"; and at the end of the bill to add a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Edward H. Karg, of Johnstown, N. Y., the sum of $3,500. Such sum represents the amount of fine paid by Edward H. Karg, pursuant to a conviction for violating certain provisions of the Lever Act of August 10, 1917, as amended, prior to the declaration of the Supreme Court of the United States of the unconstitutionality of such provisions: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FRANK WILLIAMS

The Senate proceeded to consider the bill (H. R. 5521) for the relief of Frank Williams, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "$2,500" and insert "$1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frank Williams the sum of $1,000 in full settlement of all claims against the United States Government by reason of being struck and permanently injured by a Government automobile which was driven by an employee of the Post Office Department: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL INDEFINITELY POSTPONED

The bill (S. 2944) to prevent and make unlawful the practice of law before Government departments, bureaus, commissions, and their agencies by those other than duly licensed attorneys at law was announced as next in order.

Mr. KING. Mr. President, that bill has been adversely reported by the Committee on the Judiciary. I move that it be indefinitely postponed.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Utah.

The motion was agreed to.

DRAWBACKS ON CONTAINERS, COVERINGS, ETC.

The Senate proceeded to consider the bill (S. 1421) to amend subsection (a) of section 313 of the Tariff Act of 1930, which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert:

That subsection (a) of section 313 of the Tariff Act of 1930 is amended by adding the following paragraph:

"Upon the exportation (or shipment to the Philippine Islands) of articles which are the growth, product, or manufacture of the soil or industry of the United States, there shall be refunded as drawback, subject to such rules and regulations as the Secretary of the Treasury may prescribe, the full amount of the duties, less

1 percent thereof, paid upon the imported containers, packages, coverings (including materials for coverings), vessels, brands, and labels used in putting up or packing such articles, which articles shall be considered to be manufactured or produced in the United States with the use of imported merchandise within the meaning of this subsection and section 558 of this act: *Provided*, That drawback shall not be allowed on any of such imported merchandise which does not constitute the usual container, package, covering, material for covering, vessel, brand, or label used in putting up or packing the particular article exported (or shipped to the Philippine Islands). Drawback may be allowed hereunder on merchandise of the kind enumerated whether imported before or after this amendment becomes effective, subject to the time limitation on exportation or shipment prescribed by subsection (h) of this section."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ADDITIONAL DISTRICT JUDGE IN TENNESSEE

The bill (S. 3179) to appoint one additional judge of the District Court of the United States for the Eastern, Middle, and Western Districts of Tennessee was announced as next in order.

Mr. KING. Mr. President, I made the statement a few moments ago that there are on the calendar three bills appointing judges. I desire to confer further with the Attorney General, and I shall object to the consideration of the bill.

The PRESIDENT pro tempore. Objection is made.

Mr. McKELLAR. Mr. President, let me say I greatly regret that the Senator from Utah takes that position. I am willing to confer with him at any time as to the necessity of having an additional judge in Tennessee.

Mr. KING. I will be happy to confer with the Senator from Tennessee.

Mr. WALSH. Mr. President, I should like to make an inquiry of the Chairman of the Committee on the Judiciary. I ask how many bills are pending providing for the appointment of additional judges throughout the United States? There was a bill passed early in the session and sent to the other House, but, for some reason, that body has not passed the bill. Will the Senator state how many new judgeships it is proposed to create?

Mr. ASHURST. Mr. President, in reply to the able Senator from Massachusetts, let me say that at the present session of Congress a bill has been passed creating two additional district judgeships in southern California, one additional circuit judgeship for the ninth circuit, and one district judgeship for Virginia. These judgeships were actually needed; public business required their creation. In 1922 a bill was passed creating, as I recall, 26 additional district judgeships, which were temporary in their nature; that is to say, if one of the judges died, resigned, or retired, no successor would be appointed. The Attorney General has asked that a bill be passed providing that successors be appointed in the case of 15 of those so-called "temporary judgeships." That bill has passed the Senate. The conference report on the bill has been agreed to by the Senate, but the conference report is pending in another branch of Congress.

Technically speaking, that bill will not create new district judgeships, as, in fact, it only makes permanent 15 of the 26 judgeships.

Mr. WALSH. The original law to which the Senator has referred was enacted for the purpose of creating judgeships in order to take care of the increased business caused by the prohibition law.

Mr. ASHURST. That is true.

There is now pending in the Senate, having been reported from the Committee on the Judiciary, a bill providing for an additional district judge for Tennessee, one for West Virginia, and one for Oklahoma.

If I may take a moment further, I wish to say regarding legislation providing for new judgeships that I have been accustomed to rely upon the suggestions of the Senator from Utah [Mr. KING], who is not only one of the ablest Members of this body but one of the most learned, as he is certainly one of the most industrious. I do not at all, however, agree with his conclusions which lead him to oppose the creation of new district judgeships.

Mr. President, we have 130,000,000 people in the United States. We are a polyglot nation. I know of district judges who, notwithstanding their earnest, painstaking, and faithful work, are a thousand cases behind.

It has been quite the custom to exalt the judicial system of England as being superior to that of the United States, but in truth and in fact its superiority, if any there be, lies solely and only in the fact that the British have simpler rules of evidence, simpler methods of selecting jurors, and they have a proper number of judges to take care of business. When that has been said, I see no further ground for the claim that England has a judicial system superior to our own, save, of course, the traditional, fixed, purpose of the English people to enforce the laws they make.

I repeat, with a polygot population, with 130,000,000 people, we have in some instances not sufficient district judges to properly transact the business of the country.

Mr. BARKLEY rose.

Mr. ASHURST. I see the able Senator from Kentucky [Mr. BARKLEY] rises. I name his State as one which should have an additional district judge.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Kentucky?

Mr. ASHURST. Certainly.

Mr. BARKLEY. Several months ago the Judiciary Committee reported a bill containing a provision for seven additional judges, including one in the State of Kentucky. That bill was subsequently recommitted to the Judiciary Committee and when it came out again Kentucky in some way was omitted and is not now on the list. It seems the bills relating to these judgeships are being brought in one at a time.

Mr. ASHURST. Let me say to the able Senator from Kentucky that I have no right to refer to what takes place in another branch of Congress. It is unparliamentary to do so. I doubt the wisdom of the lumping of these bills into one.

After that omnibus bill was reported to the Senate and recommitted, the Senate Committee on the Judiciary took up the judgeship cases one by one, each on its own merits, and those cases were carefully considered by the subcommittee. If the Committee on the Judiciary has not as yet reported a bill providing for an additional judgeship in Kentucky, it does not at all mean that such bill will not be reported. In fact, on the Judiciary Committee one of the ablest members is the junior Senator from Kentucky [Mr. LOGAN]. I have asked him and a subcommittee to give very careful consideration to the Kentucky judgeship.

Mr. BARKLEY. I do not wish to put myself in the attitude of objecting to any State having an additional judge where it is needed. Mention has been made of Oklahoma, which has three judges. It may be that on account of the newness of that State and the character of population and business, more than three judges are needed. Tennessee already has three Federal judges. Tennessee and Kentucky are somewhat analogous, the population is not greatly different, and I doubt very much if the business transacted in the Federal courts differs very largely. Tennessee already has three judges, and now there is a bill here for a fourth judge. To be perfectly frank, I cannot quite see how Kentucky is entitled to only two while a bordering State of the same type and practically the same population and character of people should have four judges.

Mr. ROBINSON. Mr. President, might not the Senator concede that the people of Kentucky are more law-abiding and less disposed to litigate? [Laughter.]

Mr. BARKLEY. I should like to claim that, but I do not.

Mr. McKELLAR. Mr. President, I am not going to get into any controversy about the State of Kentucky and the State of Tennessee. All I know is that our Federal judges are far behind in their work, one of them more than 400 cases behind, and we need to have an additional judge.

Mr. BARKLEY. I do not wish to draw any invidious distinction between Kentucky and Tennessee.

Mr. McKELLAR. I hope the Senator will not do so.

Mr. BARKLEY. We are very proud of our neighbor, and I hope Tennessee is proud of us, but I do not quite see that there is twice as much litigation.

Mr. VANDENBERG. Mr. President, I call for the regular order.

The PRESIDENT pro tempore. On objection the bill goes over, and the next bill in order will be stated.

BLACK RIVER BRIDGE, BUTLER COUNTY, MO.

The bill (H. R. 7575) to legalize a bridge across Black River on United States Highway No. 60 in the town of Poplar Bluff, Butler County, Mo., was considered, ordered to a third reading, read the third time, and passed.

MONONGAHELA RIVER BRIDGE, PENNSYLVANIA

The Senate proceeded to consider the bill (H. R. 7591) granting the consent of Congress to the cities of Donora and Monessen, Pa., to construct, maintain, and operate a bridge across the Monongahela River between the two cities.

Mr. ASHURST. Mr. President, I ask the attention of my friend the Senator from Tennessee [Mr. McKELLAR].

So far as my view is concerned, in considering bills regarding additional Federal judgeships, we cannot proceed upon the hypothesis that inasmuch as one State has 2 another State should have 2, and because another has 3, therefore another should have 3. That plan cannot be set up as a rule for our guidance.

If a State actually and in good faith, according to the evidence before the committee, requires an additional judge and the Department of Justice approves, I do not care whether the State has five or six judges, if it actually needs more it should have them. As to Tennessee, I not only believe that the interests of justice would be served by an additional district judge but I also believe there should be an additional circuit judge for the fourth circuit. I do not balance the States one against the other and say that this State has two judges and therefore the other States should have two.

Mr. BARKLEY. Mr. President, I am not objecting to another judge for Tennessee or any other State, but inasmuch as the committee, presumably after giving careful consideration, reported a bill including Kentucky, I am somewhat puzzled to understand why, when that bill went back to the committee, it came out without Kentucky being included.

Mr. ASHURST. The bills now on the calendar did not come out as an omnibus bill. These are separate bills.

Mr. McKELLAR. I thank the Senator from Arizona for the statement he made about the needs of Tennessee for an additional judge. I am quite sure that upon reflection the Senator from Kentucky [Mr. BARKLEY] will not oppose it either directly or indirectly.

Mr. BARKLEY. I have said repeatedly I do not oppose it. I am willing that Tennessee should have another judge if she needs it, and I take for granted she needs it. What I do not understand is how Kentucky, which was on the list originally, got off it when the bill went back to the Judiciary Committee and was given further consideration.

Mr. ASHURST. We can only take up these cases one at a time, and it so happens we have not reached Kentucky.

Mr. KING. Mr. President, as I said a moment ago, it is an unpleasant task to object to the consideration of bills of this nature. I recall that when the bill providing for 24 judgeships was called, I objected. I believed then that we did not need the 24 additional judges, but our Republican brethren insisted upon it and passed the bill. I have had many protests from various States against such a large number of additional judges being appointed.

I shall be glad to follow the suggestion of the Department of Justice. I have consulted with the Department of Justice, and where it is apparent that a new judge is required in the interest of justice, I shall be glad to support the bill. I have conferred with the Department of Justice in the past and I shall confer again, but I repeat that I am opposed to the creation of so many judgeships throughout the United States.

When the prohibition law was repealed the presumption was there would be a great diminution in the police court work which was carried on by the Federal judges, and undoubtedly that has been the case. I believe that, with the diminution or reduction in the number of Federal cases in our courts, there has not been the necessity for the number of judges there was in the past. Undoubtedly the business in some States is increasing, and there ought to be additional judges in those States. Where it is apparent they are needed I shall be very glad to join in securing legislation to that end.

While I have the floor let me say that I am compelled to leave the Chamber to attend a conference on the social-securities bill. I desire to object to the bill on the calendar which provides for an additional judge in West Virginia. I hope some Senator will object for me when that bill is reached.

The PRESIDENT pro tempore. The question is on the third reading and passage of House bill 7591.

The bill was ordered to a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE, ST. LOUIS, MO.

The bill (H. R. 7620) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill., was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 7659) to provide that tolls on certain bridges over navigable waters of the United States shall be just and reasonable, and for other purposes, was announced as next in order.

Mr. MURPHY. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

RED RIVER BRIDGE, MINNESOTA-NORTH DAKOTA

The bill (H. R. 7809) to extend the times for commencing and completing the construction of certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N. Dak., was considered, ordered to a third reading, read the third time, and passed.

MEDALS FOR COMMEMORATIVE PURPOSES

The bill (S. 3086) to provide for the striking of medals in lieu of coins for commemorative purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to promote uniformity in the designs of the various coins of the United States, to facilitate their proper use as circulating media, to enable counterfeit pieces to be readily detected, and to avoid the confusion which arises from special issues of commemorative coins, it is declared to be the policy of the United States to authorize the striking of commemorative medals in lieu of commemorative coins and to discontinue the striking of such coins. This section shall not be construed to prohibit the coinage and issuance of commemorative coins heretofore authorized by law.

SEC. 2. The Director of the Mint shall enter into contracts subject to such terms and conditions as the Director shall prescribe, with the approval of the Secretary of the Treasury, for the striking and furnishing of such commemorative medals as may be authorized from time to time by law. The striking and furnishing of medals pursuant to this section shall be subject to the provisions of section 3551 of the Revised Statutes, except that the dies necessary for the preparation of such medals may be prepared at the Mint, with the machinery and apparatus thereof, from suitable models submitted to the Director of the Mint. The Director of the Mint shall cause such medals to be struck and furnished at not less than the estimated cost of manufacture, including labor, materials, dies, use of machinery, and overhead expenses; and security satisfactory to the Director of the Mint shall be furnished to indemnify the United States for the full payment of such cost.

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD the report of the committee on this bill.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The report (no. 1130), submitted by Mr. ADAMS on the calendar day of July 17, 1935, is as follows:

The Committee on Banking and Currency, to whom was referred the bill (S. 3086) to provide for the striking of medals, in lieu of coins, for commemorative purposes, having considered the

same, report the same to the Senate without amendment and recommend that the bill do pass.

In accord with the recommendation of the Treasury Department, the Congress had for a number of years prior to 1933 been persuaded that a restrictive policy should be adopted with respect to the issuance of commemorative coins. During the Seventy-third Congress, however, and the earlier part of the present session of Congress, numerous bills providing for the issuance of commemorative coins have been enacted despite protests by the Secretary of the Treasury.

The present bill was drafted by the Treasury Department and its passage recommended by the President in a letter addressed to the chairman of this committee under date of June 17, 1935, which letter is reproduced herewith:

THE WHITE HOUSE,
Washington, June 17, 1935.

Hon. DUNCAN U. FLETCHER,
Chairman Committee on Banking and Currency,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: Bills are being introduced in Congress with increasing frequency authorizing the minting of coins commemorating events, many of which are of no more than local significance. During the 10-year period from 1920 to 1930, 15 issues of 50-cent pieces of special design were authorized to be coined to commemorate historical events, an average of 1 issue every 8 months. The aggregate amount of the coins authorized to be struck was over 13,000,000.

On April 20, 1930, the President, at the instance of the Treasury Department, which has long been opposed to the issuance of commemorative coins, vetoed H. R. 2029, "An act to authorize the coinage of silver 50-cent pieces in commemoration of the seventy-fifth anniversary of the Gadsden Purchase." The veto of this measure had the effect of discouraging for a time the enactment of legislation of this nature, and no new commemorative coins were authorized until 1933. Since that date nine issues of such coins have been authorized, an average of one issue every 3 and a fraction months, notwithstanding the fact that in each case the Treasury Department reported adversely on the bill. The aggregate amount of the coins authorized to be struck was almost 3,000,000. At the present time there are many bills and proposals of a similar nature pending in Congress.

The rate at which new issues of commemorative coins have been authorized since 1932 has increased twofold over the 10-year period between 1920 and 1930. These coins do not have a wide circulation as a medium of exchange, and, because of the multiplicity of designs arising from the issuance of such coins, they jeopardize the integrity of our coins and cause confusion. Accordingly, I think the practice of striking special coins in commemoration of historical events and permitting the sponsoring organizations to sell them at a profit is a misuse of our coinage system, which is assuming increasingly dangerous proportions.

The Congress recognized the wisdom of maintaining uniformity in the designs of the various coins of the United States by providing in section 3510 of the Revised Statutes that—

"* * * no change in the design or die of any coin shall be made oftener than once in 25 years from and including the year of the first adoption of the design, model, die, or hub for the same coin: * * *."

It seems to me that historical events could be very suitably and properly commemorated through the striking by the Government of medals in lieu of coins. These medals could be struck and furnished at not less than the estimated cost of their manufacture by the Bureau of the Mint, since this function is now carried on to a limited extent by such Bureau and clearly falls within its province.

By the substitution of appropriate commemorative medals for special 50-cent pieces much is to be gained. The size of the medals can be made larger than 50-cent pieces, thus providing for more suitable inscriptions and more artistic commemorative designs. It is my thought that sculptors and artists will be encouraged thereby to raise the standards of medal making in the United States.

Under the present system of seeking to obtain special legislation of commemorative coins, many anniversaries commemorating local historical events are under a serious handicap. The new proposal for the striking off of suitable medals will, I believe, encourage the adequate observance of these anniversaries.

There is transmitted herewith a proposed bill drafted by the Treasury Department which is designed to carry out this proposal.

Very sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT.

There is also reproduced herewith a copy of a letter similar to those customarily received from the Secretary of the Treasury on commemorative coinage bills in response to this committee's request for reports thereon setting forth the views of the Treasury Department on such commemorative coin issues.

TREASURY DEPARTMENT,
Washington, February 21, 1935.

Hon. DUNCAN U. FLETCHER,
Chairman Committee on Banking and Currency,
United States Senate.

DEAR MR. CHAIRMAN: Receipt is acknowledged of your letter of January 19, 1935, transmitting for comment S. 1178, a bill authorizing the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the city of Providence, R. I.

This bill raises for consideration a question which has of late become a matter of some concern. The growing desire to issue commemorative coins has led to a multiplicity of designs, which constitute a source of confusion in our coinage system. The policy of the Government has been to issue as few coins as possible, for the purpose of familiarizing the public with genuine coins. In pursuance of its duty to maintain the integrity of the coinage, the Treasury has adopted a policy of reducing the number of designs to a minimum. Congress has recognized the soundness of this policy by enacting Revised Statutes 3510 (U. S. C., title 31, sec. 276) which provides as follows:

"* * * no change in the design or die of any coin shall be made oftener than once in 25 years from and including the year of the first adoption of the design, model, die, or hub for the same coin * * *."

Notwithstanding this statutory provision Congress, during the past 18 years, has authorized the coinage of 21 issues of commemorative 50-cent pieces, or an average of more than one each year. Four such issues were authorized by the Seventy-third Congress.

The practice of issuing special commemorative coins which are sold to the public above their face value to provide revenue for projects and celebrations other than events of national importance is rapidly growing and is unwise. Such coins do not serve generally as a circulating medium, though this is the primary and only legitimate function of coins. Experience has shown that the issuance of commemorative coins to be sold at a profit seldom raises the necessary or hoped-for revenue. Furthermore, in such cases the Government must bear the additional wasteful expense of reminting the coins returned as unsalable.

For your information on this point, a table is enclosed showing the number of 50-cent pieces authorized, minted, and returned to the mints as unsalable during the past 19 years.

In view of the growing demand for these special coins commemorating a wide variety of events, the line of restriction must be drawn somewhere, and the Treasury feels that the issuance of special coins should be restricted to events of great national historical importance and should not be extended to events of merely local interest.

Accordingly the Department recommends against the passage of this bill.

Very truly yours,

H. MORGENTHAU, JR.,
Secretary of the Treasury.

Table of number of commemorative 50-cent pieces authorized, minted, and returned from 1915 to 1934

Year	Issue	Number authorized	Number coined	Number returned to mint
1915	Panama-Pacific Exposition	200,000	60,000	32,866
1921	Alabama Centennial	100,000	70,000	5,000
1921	Pilgrim Tercentenary	300,000	300,000	80,000
1921	Missouri Centennial	250,000	50,000	29,600
1922	Grant Memorial	250,000	100,000	28,400
1923	Monroe Doctrine Centennial	300,000	275,000	(1)
1924	Huguenot-Walloon	300,000	142,000	[2] 55,000
1924	Stone Mountain Centennial	5,000,000	2,134,000	[3] 1,000,000
1925	Battle of Bennington and Independence of Vermont	40,000	40,000	11,892
1925	Seventy-fifth Anniversary of State of California	300,000	150,000	63,606
1925	Fort Vancouver Centennial	300,000	50,000	35,000
1926	Sesquicentennial	1,000,000	1,000,000	420,000

[1] Nearly entire number went into circulation at face value.
[2] 55,000 Huguenot coins placed in circulation at face value.
[3] Returned to the mint and now held there.

EMERGENCY RELIEF FUNDS FOR PUERTO RICO

The bill (S. 3140) to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes, was announced as next in order.

Mr. WHITE. Let the bill go over.

Mr. TYDINGS. Mr. President, may I ask the Senator who made the objection to withhold it to listen to a brief explanation?

Mr. WHITE. Very well.

Mr. TYDINGS. The Governor of Puerto Rico was in my office this morning about this bill and the one which follows it on the calendar. The committee went into the matters involved very thoroughly. In fact, we considered them on three separate occasions. Unless the bills are passed, Puerto Rico will not be able to avail itself of the public-works money, as the States may. That is all that is involved in the bill, and I hope the objection will not be made.

Mr. VANDENBERG. Mr. President, the Senator will remember that when this Puerto Rican plan first came up I submitted a resolution calling for certain information from the Interior Department; and I surveyed the matter very critically. I was thoroughly hostile in my approach to the matter; but in conferences with representatives from the

island I am bound to testify that I think they have a thoroughly practical, useful, and advisable scheme for self-development which will make this relief money serve not only a temporary purpose but a thoroughly permanent advantage. So far as any objection I ever made is concerned, I desire to have it thoroughly understood that it is withdrawn, and I heartily commend the effort which is now being made at that point.

Mr. TYDINGS. Let me say to the Senator that he has put his finger on the most important matter in this connection. One of the troubles in Puerto Rico is that it has the densest population in the Western Hemisphere, there being about 375 persons for every square mile. The hurricane there made thousands homeless. They are living in corrugated shacks, 8, 10, and 12 people in a single room. They have one of the highest disease rates in the world. It would be foolish to waste this relief money on a lot of temporary projects; and I hope no objection will be made to this bill, because not only am I advised but I have seen with my own eyes the necessity for the proposed legislation.

Mr. WHITE. Mr. President, I never heard of this proposed legislation until this morning. The fact was then called to my attention that the bill permits the Federal Government to go into Puerto Rico and to engage in any sort of agricultural or commercial enterprise it sees fit. Is that a fair statement?

Mr. TYDINGS. I do not think it is. I think that inference might be drawn; but, primarily, the purpose of this "rehabilitation", as it is called, is to provide homes and take these people off relief. They are absolutely penniless. Everything they have had has been swept away; and, in my judgment, this is the soundest expenditure in the interest of economy which we can make there for a long-range program.

Mr. WHITE. With the relief purpose everyone must be in sympathy; but I have been told—I know only what I have been told about it—that this bill will authorize the Federal Government to go into the sugar business, the grapefruit business, and any other business.

Mr. TYDINGS. This is not the Chardon plan. I am opposed to that plan, just as is the Senator from Maine. I am not advocating that plan. I have opposed it.

Mr. WHITE. What are the "agricultural and industrial enterprises" which are contemplated by the bill?

Mr. TYDINGS. What makes the Senator phrase his question in that fashion?

Mr. WHITE. I think I am quoting almost the exact language of the bill.

Mr. TYDINGS. The title of the bill is:

A bill * * * for permanent rehabilitation, and for other purposes.

Mr. WHITE. Yes; but, to quote the language of the bill—

Projects for rural rehabilitation in Puerto Rico may include the acquisition, development, maintenance, and operation of agricultural and industrial properties and enterprises.

What has been said to me is that that language is sufficiently broad, and I assume it is, to permit the Federal Government to go into the sugar business in Puerto Rico, to permit the Federal Government to go into the grapefruit business in Puerto Rico, or any other character of agricultural or industrial undertaking it sees fit.

Mr. TYDINGS. Mr. President, I should be as much opposed to this bill as is the Senator from Maine if that were the case. In order to be fair to the Senator I am going to ask that the bill go over until we can have that matter decided; but my advices are that the Chardon plan, which seeks to put the Government into the sugar business, and so forth, is not included in this bill. I wish just as much as he does, however, to be certain that it is out of the bill.

Mr. WHITE. Very well.

Mr. TYDINGS. I hope that the next bill, which also is a Puerto Rican bill, will not be objected to; and while I am on my feet I will say that the following bills relating to Alaska and Hawaii are simply measures which will permit those Territories to avail themselves of the public-works program money. Without this proposed legislation they will not be able, as the States will, to borrow funds on a 45–55 basis.

The PRESIDENT pro tempore. The bill will be passed over.

EXEMPTION OF PUERTO RICAN BONDS FROM CERTAIN LIMITATION

The bill (H. R. 8209) temporarily to exempt refunding bonds of the Government of Puerto Rico from the limitation of public indebtedness under the Organic Act was considered, ordered to a third reading, read the third time, and passed.

LUDWIG LARSON

The Senate proceeded to consider the bill (S. 2166) for the relief of Ludwig Larson, which had been reported from the Committee on Claims with an amendment, at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Ludwig Larson, former private, Company L, Three Hundred and Fifty-second Regiment United States Infantry, the sum of $100, being the amount of a second Liberty Loan bond purchased by him during his military service which was lost before delivery to him: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WILLIAM E. WILLIAMS

The Senate proceeded to consider the bill (S. 1483) for the relief of William E. Williams, which had been reported from the Committee on Claims with an amendment, on page 2, line 3, after the word "disability", to insert "alleged to be", so as to make the bill read:

Be it enacted etc., That the provisions and limitations of sections 15 to 20, both inclusive, of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, are hereby waived in the case of William E. Williams (claim no. 398860); and the United States Employees' Compensation Commission is authorized and directed to consider and act upon any claim filed with the Commission, within 1 year after the date of the enactment of this act, by said William E. Williams for compensation under the provisions of said act of September 7, 1916, as amended, for disability alleged to be due to injuries received by him while employed on the lighthouse tender *Manzanita* at Astoria, Oreg., in January 1932: *Provided*, That compensation, if any, shall be paid from and after the date of enactment of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JAMES M. MONTGOMERY

The Senate proceeded to consider the bill (S. 2618) for the relief of James M. Montgomery, which had been reported from the Committee on Claims with an amendment, at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay, out of any money the Treasury not otherwise appropriated, to James M. Montgomery, of Edge Moor, Del., the sum of $380.30, in full satisfaction of his claim against the United States for compensation for damages resulting from injuries received by him while placing mail on a train in the performance of his duties as postmaster at Edge Moor, Del., on November 5, 1934: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ANNA CARROLL TAUSSIG

The Senate proceeded to consider the bill (S. 1124) for the relief of Anna Carroll Taussig, which had been reported from the Committee on Claims with amendments.

The first amendment was, on page 1, line 6, after the words "sum of", to strike out "$25,000 as compensation" and to insert "$5,000, in full settlement of all claims against the Government", so as to read:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Anna Carroll Taussig, the sum of $5,000, in full settlement of all claims against the Government for permanent injuries sustained while riding in an automobile which was run into by a large post-office auto truck used in the mail service, owned by the United States, whereby Anna Carroll Taussig lost her right eye and was permanently scarred and disfigured.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I understand a similar bill was vetoed by the President in the last Congress. I should like to inquire if that is correct.

Mr. ROBINSON. Mr. President, I do not understand that that is the case.

The PRESIDENT pro tempore. The bill was introduced by Senator from Pennsylvania [Mr. DAVIS], and reported by the Senator from Vermont [Mr. GIBSON].

Mr. VANDENBERG. I think the Senator will find that the Department is opposed to it, and that the President vetoed a similar bill at the last session.

Mr. ROBINSON. Under date of July 16, 1921, there is a recommendation by Will H. Hays, Postmaster General, which says that it is doubtful whether the Department would be warranted in recommending favorable consideration. The Senator is correct. Does the Senator ask that the bill go over?

Mr. VANDENBERG. Yes.

The PRESIDENT pro tempore. The bill will be passed over.

CAPT. GUY L. HARTMAN

The Senate proceeded to consider the bill (S. 2719) for the relief of Capt. Guy L. Hartman, which had been reported from the Committee on Claims with an amendment, at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $20,000 to Capt. Guy L. Hartman, as reimbursement for loss suffered upon forfeiture of appearance bonds by United States commissioner in Kansas City, Mo., May 22, 1915, in connection with prosecution of cases wherein complete recovery was had by the Government: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MRS. L. B. GENTRY

The Senate proceeded to consider the bill (H. R. 3149) to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry, which had been reported from the Committee on Claims with an amendment, on page 2, line 2, after the word "act", to insert "*Provided*, That the judgment, if any, shall not exceed the sum of $5,000", so as to make the bill read:

Be it enacted, etc., That jurisdiction is conferred upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to hear and determine, and to render judgment, as if the United States were suable in tort, on the claim of Mrs. L. B. Gentry, Corpus Christi, Tex., to recover damages for the death of her husband, L. B. Gentry, resulting from injuries sustained when the automobile which the said L. B. Gentry was driving was struck by a United States Army truck near Alice, Tex., on or about September 3, 1931, if such suit is brought within 1 year after the enactment of this act: *Provided*, That the judgment, if any, shall not exceed the sum of $5,000.

SEC. 2. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, a sum sufficient to pay the judgment rendered against the United States, if any, as a result of suit hereunder.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

SGT. SAMUEL WOODFILL

The bill (S. 3145) authorizing the President of the United States to appoint Sgt. Samuel Woodfill a captain in the United States Army and then place him on the retired list was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized, by and with the advice and consent of the Senate, to appoint Sgt. Samuel Woodfill, late of the Headquarters Company, Eleventh Regiment United States Infantry, an officer with the rank of captain in the United States Army and then to place him on the retired list in that grade.

BILL PASSED OVER

The bill (S. 2456) to provide for the appointment of an additional district judge for the northern and southern districts of West Virginia was announced as next in order.

The PRESIDENT pro tempore. Upon the request of the Senator from Utah [Mr. KING], this bill will be passed over.

REFUND OF INCOME AND PROFITS TAXES ERRONEOUSLY COLLECTED

The Senate proceeded to consider the bill (S. 2044) for the refund of income and profits taxes erroneously collected, which had been reported from the Committee on Finance with an amendment at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Commissioner of Internal Revenue is hereby authorized and directed to receive, consider, and determine, in accordance with law, but without regard to any statute of limitations, any claim filed not later than 6 months after the passage of this act by the Hartford-Connecticut Trust Co., a corporation organized and existing under the banking laws of the State of Connecticut, having its principal place of business in Hartford, Conn., for the refund of income and profits taxes erroneously collected from the said Hartford-Connecticut Trust Co. in 1919, 1920, 1921, 1922, and 1923: *Provided, however*, That the Commissioner of Internal Revenue shall deduct from the amount of any overpayment determined under the provisions of this act the amount of any additional taxes determined to be due for the years 1921 or 1922, whether or not the assessment or collection of such additional taxes is barred by any statute of limitations.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 3183) to amend the Agricultural Adjustment Act to make all varieties of potatoes included in the species Solanum tuberosum a basic agricultural commodity, to raise revenue by imposing a tax on the first sale of such potatoes, and for other purposes, was announced as next in order.

Mr. McNARY. Mr. President——

Mr. ROBINSON. Mr. President, I think the provisions of this bill were incorporated in the amendments to the Agricultural Adjustment Act.

Mr. McNARY. Yes; that is what I was about to say. The bill should be indefinitely postponed.

Mr. ROBINSON. Mr. President, while the provisions of the bill, or the substance of them, have been incorporated in the amendments to the Agricultural Adjustment Act, that bill is not yet out of conference; so I suggest that this measure be permitted to remain on the calendar.

Mr. McNARY. I think that would be better.

The PRESIDENT pro tempore. The bill will be passed over.

NATIONAL PROGRAM OF FOREST-LAND MANAGEMENT

The Senate proceeded to consider the bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper

administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes, which was read.

Mr. ROBINSON. Mr. President, this is an important bill.

Mr. McNARY. I know it is.

Mr. ROBINSON. The Senator from South Carolina [Mr. SMITH] telegraphed me about the measure this morning. I hope it may be found consistent to consider it.

Mr. McNARY. Will the Senator state, in a word, what the bill provides?

Mr. ROBINSON. The bill authorizes cooperation of the Federal Government with the several States to provide for the acquisition, development, and administration of State forests, and the coordination of Federal and State activities in carrying out a national program of forest-land management. It is a rather important measure.

Mr. FLETCHER. Mr. President, all the information I have about it is favorable.

Mr. ROBINSON. It is unanimously reported by the committee.

The bill was ordered to a third reading, read the third time, and passed.

ISSUANCE OF BONDS BY HAWAII

The bill (H. R. 8270) to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

MUNICIPAL IMPROVEMENTS AT ANCHORAGE, ALASKA

The bill (H. R. 7882) to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works was considered, ordered to a third reading, read the third time, and passed.

E. SULLIVAN

The bill (S. 3016) for the relief of E. Sullivan was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to E. Sullivan, captain, Air Corps, United States Army, the sum of $1,613.25; such sum representing stoppage in his pay on account of the embezzlement by E. J. Barricklow, a civilian employee, of public funds for which said E. Sullivan was held accountable as agent finance officer at Kelly Field, Tex., from June 1927 to June 1928.

CHANGE OF NAME OF DEPARTMENT OF THE INTERIOR

The bill (S. 2665) to change the name of the Department of the Interior and to coordinate certain governmental functions was announced as next in order.

Mr. BANKHEAD. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. COPELAND subsequently said: Mr. President, the Senate passed over Calendar No. 1204, Senate bill 2665, a bill to change the name of the Department of the Interior and to coordinate certain governmental functions.

I wish to have inserted in the RECORD a letter I have received from the American Forestry Association, protesting against the enactment of this measure. At the same time I should like to insert a letter I received this morning from the Secretary of the Interior relating to the same bill.

It is very apparent that those who are in opposition to this measure, as, for example, Mr. Collingwood, who signed the letter to which I have referred, are not fully informed regarding the merits of the bill. I hope that Senators will read the letter of the Secretary of the Interior, which I shall ask to have printed in connection with my remarks following the letter of Mr. Collingwood, and I shall also ask to have printed the very brief material which he has presented. I am sure that a reading of these matters will give a different idea about the merits of the bill.

I am in the greatest sympathy with the American Forestry Association and everything they desire, but at the same time I am much impressed by what Secretary Ickes says as to the importance of the change of the name and functions of his Department. The change will be made in such a way that I am confident there will be no embarrassment to the Department of Agriculture or any other department involved, and at the same time that the activities of the Department of the Interior will be such as to promote the interests of the forests of the United States, and to please those who are interested in forestation.

Mr. McNARY. Mr. President, I shall not object to the insertion of the matters referred to. I, too, have a letter and an accompanying statement from the Secretary of the Interior, Mr. Ickes, which I had intended to have printed, but I assume it is probably the same statement the Senator is now offering. If it is not, I should like to have the one I have received printed in the RECORD.

Mr. COPELAND. I think it is probably the same, because the statement was manifolded, and I have no doubt it is the same material which the Senator received. If it is not, I should be glad, of course, to have his statement included.

Mr. McNARY. I shall be very glad to give my consent to the publication of the statement.

The PRESIDING OFFICER (Mr. COSTIGAN in the chair). Is there objection to the request of the Senator from New York?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

PUBLIC ACTION NECESSARY TO PREVENT CONGRESSIONAL AUTHORITY TO TRANSFER FORESTS AND CONSERVATION AGENCIES FROM AGRICULTURE TO INTERIOR

THE AMERICAN FORESTRY ASSOCIATION,
Washington, D. C., July 24, 1935.

The Senate Committee on Public Lands reported favorably on July 16 the Lewis bill (S. 2665) to change the name of the Department of the Interior to the Department of Conservation and Works and to empower the President to study and make recommendations for the transfer of all conservation activities of the Government and all public works to the newly named department. With the bill on the calendar, early Senate action may be expected. Defeat of the bill is the only hope for permanently retaining the national forests under their established jurisdiction in Agriculture.

Hearings on the companion bill (H. R. 7712) were completed by the House Committee on Expenditures in the Executive Departments on July 17, and the bill was referred for action to a subcommittee whose report is expected by July 26. It is believed that the report will be favorable to the bill.

The bill was defended by Secretary Ickes, but objected to by Secretary Wallace. Objections were also vigorously presented by representatives of the American Forestry Association, the Society of American Foresters, the American Federation of Farm Bureaus, the National Grange, and the Florida Chamber of Commerce on the grounds that it threatens to transfer the Forest Service, the Biological Survey, and the Soil Conservation Service from their present associations with other land use and crop-producing agencies in the Department of Agriculture to the Department of the Interior.

That this would disrupt the entire land-use program of the Department of Agriculture and develop expensive duplication within the two departments was argued by the representative of the American Forestry Association. Reviewing the successful administration of the Forest Service as a bureau in the Department of Agriculture since its transfer from the Department of the Interior in 1905, Secretary Wallace declared against the bill and said there are no facts known to the Department which would warrant the belief that this bill, if enacted into law, would result in greater benefits to agriculture, greater efficiency, or greater economy of Federal expenditures.

The bill is a real threat to administration of the national forests and to all forestry development. Its passage would open a door through which the Forest Service will sooner or later pass from the Department of Agriculture to the newly named Department of Conservation and Public Works.

Opposition must be directed, without delay, to all Senators and Representatives. The situation is acute. If the Forest Service, the Biological Survey, and the Soil Conservation Service are to remain with the Department of Agriculture, neither S. 2665 nor H. R. 7712 should be allowed to pass. I hope you will express your opposition to your Senators and Representative.

G. H. COLLINGWOOD, *Forester.*

THE SECRETARY OF THE INTERIOR,
WASHINGTON, *July 30, 1935.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Senate bill 2665, in which, as you know, I am personally very much interested, is likely to be reached any day and, for your information, I am sending you a brief statement on the purposes of the bill. I am also sending a factual comparison of the Department of the Interior and the Department of Agri-

culture. The latter is designed to meet the claim that this Department is already topheavy and that agriculture is in a better position not only to handle its present activities but additional ones which it is desired to take away from this Department, such as grazing, reclamation, etc.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

The following figures are the latest available and were taken from official records:

Department of the Interior: 46,392 employees (as of May 1935); 813,700 square feet of space in Washington (as of January 1935); seven bureaus.

Department of Agriculture: 107,771 employees (as of May 1935); 1,664,900 square feet of space in Washington (as of January 1935); 23 bureaus and offices.

The following States now already have departments of conservation: Illinois, Indiana, Iowa, Louisiana, Massachusetts, Michigan, Nebraska, New Jersey, New York, North Carolina, Virginia, and Wisconsin.

California has a department of natural resources.

The chief argument against S. 2665 is on the theory that the bill seeks to transfer the National Forest Service to the renamed Department of the Interior. This is not the fact.

The bill is a simple one and contains no ambiguities. Section 1 changes the name of the present Department of the Interior to that of Department of Conservation and Works. The proposed title more accurately expresses the activities of the Department than the present name, and there is no good reason why it should not be adopted. The Interior Department as a title may have a certain historical significance, but as a descriptive designation, it is utterly meaningless.

Section 2 gives the President the right, upon a determination after investigation that economies and efficiencies will be promoted thereby, to transfer any bureau or agency into the new Department; or, conversely, to withdraw any bureau or agency from the new Department and transfer it elsewhere. This right is limited to the period of 2 years.

Nor can even this power be exercised if Congress disapproves. The right is reserved in the Congress, under the amended bill, to disapprove, within 110 days, any such transfer by the President, and in such case such transfer shall not become effective.

The bill, aside from the proposed change of name, is permissive only. There is no warrant for saying that there is any automatic transfer of activities from other departments or agencies to the renamed Interior Department. No rights of any individual or department are impaired in the slightest degree. If any such transfer should be proposed, those affected thereby would have their day in court with the President. Moreover, they would have a further day in court before both the House of Representatives and the Senate.

The power sought to be given under section 2 to the President is the same power that was given to him under emergency legislation that was passed in the spring of 1933, except that in that former legislation the power to transfer bureaus was general, whereas in this bill it is limited. The President did not abuse the power conferred in 1933, and it is not to be presumed that he will abuse the power conferred by this bill if it is enacted into law. Those who argue that a certain activity might be transferred to the renamed Department are merely building up fears which may never have any basis in fact. And if, as has been said, they may have 3 days in 3 different courts to oppose any proposed transfer that is not to their liking, they certainly cannot complain that they have been foreclosed.

Mr. LEWIS. Mr. President, the bill referred to by the Senator from New York [Mr. COPELAND] and the Senator from Oregon [Mr. MCNARY] was on the calendar yesterday when we were considering bills on the calendar under the 5-minute rule. Senators had previously expressed a desire to discuss the bill, and I agreed that it should take such course as would permit such discussion. It is impossible that the measure could be disposed of under the 5-minute rule.

I thank the Senator from New York for including certain matters in the RECORD which are very pertinent, but I desire to say that it is necessary that we have an understanding as to some date, as early as possible, when we may take the measure up, so that all those who are interested may be present. For that reason the bill has gone over, and if the Senators have a suggestion as to a time when it may be brought up, the Senator from Arkansas [Mr. ROBINSON] and the Senator from Oregon [Mr. MCNARY] might suggest a day, and the Senator from New York and I could then consider it.

Mr. ROBINSON. Mr. President, it is not practicable to fix a date at this moment. There are a number of bills which will have to be taken up in some other way than by unanimous consent. I will discuss the matter with the Senator from Illinois. I suggest that the Senate proceed with the regular order.

Mr. LEWIS. Mr. President, it is not fair to cut us off after the debate of the Senator from New York has continued at such length.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LEWIS. I yield.

Mr. WAGNER. I wish to join with the Senator from Illinois in the request that at an early day we may have consideration of this bill. I think it is a very important measure, and very much misunderstood. Those who are opposing the bill seem to be under the impression that in itself it provides for the transfer of a bureau from one department to another. It does not do anything of the kind. It authorizes the President, if he deems it wise, to transfer a bureau to the Interior Department from another department, but only upon the initiation of the President, and after the approval of the Congress, which is quite different from the thought of those who assert that the bill itself proposes to make a change in any one of the departments of the Government.

Mr. MCNARY. Regular order.

The PRESIDING OFFICER. The regular order is demanded. The clerk will state the next bill in order on the calendar.

PAYMENT OF WISCONSIN FOR SWAMP LANDS

The Senate proceeded to consider the bill (S. 3045) providing for payment to the State of Wisconsin for its swamp lands within all Indian reservations in that State, which was read, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of $1,631,699.83, in full compensation to the State of Wisconsin for the value of the land, timber, or any other interest said State may now have or claim in and to any swamp lands within the Menominee, Lac du Flambeau, Lac Courte Oroilles, Bad River, or any other Indian reservation in said State: *Provided, however,* That no part of the appropriation herein authorized shall be paid until the said State of Wisconsin, by appropriate legislative enactment, agrees to assume all expenses connected with the future education of Indian youth within its borders on a parity with that provided for white pupils, and until said State, by proper instruments of conveyance, surrenders, releases, transfers, and conveys to the United States, for the benefit of the Indians of the respective reservations therein, all right, title, and interest of said State in and to any swamp lands within any Indian reservations in said State.

Mr. ROBINSON. Mr. President, this appears to be an important bill.

Mr. LA FOLLETTE. It is.

Mr. ROBINSON. I suggest that the Senator explain it.

Mr. LA FOLLETTE. I shall be delighted to make a statement concerning it.

Mr. President, this bill relates to a controversy between the State of Wisconsin and the Federal Government extending over a number of years and relating to the title to swamp lands.

At the time Wisconsin came into the Union, of course, the question of making treaties with the Indians for reservations arose; and the Indians, and apparently the Federal Government, assumed that, despite a statute which had given the swamp lands to the State, swamp lands in Indian reservations were Government property.

As a result there ensued a long controversy, as I have stated, and ultimately the matter, insofar as the State of Minnesota was concerned, reached the Supreme Court of the United States. In that case, which involved the identical principle underlying the Wisconsin case, the Supreme Court held that these swamp lands belonged in fact to the State.

The result is that a number of reservations within the State of Wisconsin have had lands within them which the State contended was the property of the State and not of the Federal Government or of the Indians. Ultimately the Department came to the conclusion, in view of the decision in the Minnesota case, that there was no point in carrying on the case which they then had pending against the State of Wisconsin, and it was dropped.

After considerable negotiation between the officials of the State of Wisconsin and the office of the Secretary of the Interior they have come to an agreement that this is a fair

settlement of the amount of money to which the State is entitled for these swamp lands. Therefore, even if the bill did not contain any further provisions, it would be an equitable settlement of this long controversy.

However, in order to induce the Federal Government to make this settlement, the State of Wisconsin has agreed that, before the money shall be paid to the State, the State shall enact appropriate legislation in which the State will assume in perpetuity full financial responsibility for the education of all Indian children within the State of Wisconsin upon a basis of parity with white children.

Therefore I think it may be fairly said that this is an excellent bargain from the point of view of the Federal Government, because it provides for what is obviously a just price for the settlement of the controversy, and at the same time the State agrees to relieve in perpetuity the Federal Government of all responsibility for the education of Indian children in the State.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. ROBINSON. What is the amount of the annual expense incurred by the Federal Government for the education of the Indian children?

Mr. LA FOLLETTE. The records of the Indian Office show that there are 2,305 Indian children in the State of Wisconsin between the ages of 6 and 18. Tuition amounting to $26,000 has been set aside for payment to local school districts during the fiscal year 1935 for the education of 530 pupils. There are about 130 enrolled in Government day schools. Approximately $41,250 is expended each year from tribal funds of the Menominee Indians for the education of children of that tribe in a mission school maintained on the reservation.

Mr. ROBINSON. The direct answer to the question I asked is found in the last paragraph save one of the letter from the Secretary of the Interior. Therein it is stated that, applying the average of 40 cents per day per pupil to the total number of Indian children between the ages of 6 and 18 in Wisconsin, namely, 2,305, the cost to the State of Wisconsin for educating these children would be $165,960 annually.

Mr. LA FOLLETTE. And in 10 years' time the State will have expended all of the money it receives from the Federal Government in payment for these lands which the State in fact owns, according to the Supreme Court of the United States.

Mr. ROBINSON. It is noted that there is a statement in the letter of the Secretary that he favors the bill personally, but is compelled to report that it is contrary to the financial program of the Budget.

Mr. LA FOLLETTE. I do not quite understand why the Bureau of the Budget turned down a proposition which is as desirable as is this from the point of view of the Federal Treasury. I cannot understand it because, as the Senator has pointed out, within 10 years' time, if this bill shall be enacted, the State will have paid out every dollar which it receives in payment for land which the Supreme Court has adjudicated in a similar case belongs to the State of Wisconsin.

Mr. ROBINSON. I have no further question.

Mr. FLETCHER. Mr. President, may I ask how much is involved in the payment referred to?

Mr. LA FOLLETTE. The amount involved is approximately $1,600,000.

Mr. FLETCHER. Is the Federal Government to pay that amount to the State?

Mr. LA FOLLETTE. The Federal Government is to pay that amount to the State, but before the payment is made the State must enact legislation by which it will assume responsibility for the future education of the Indian children in the State of Wisconsin.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that there may be printed in the RECORD at this point the report of the committee on the bill just passed.

There being no objection, the report (no. 1151) submitted by Mr. LA FOLLETTE on the calendar day July 24, 1935, was ordered to be printed in the RECORD, as follows:

REPORT

[To accompany S. 3045]

The Committee on Indian Affairs, having had under consideration the bill (S. 3045) providing for payment to the State of Wisconsin for its swamp lands within all Indian reservations in Wisconsin, having considered the same, report thereon with a recommendation that it do pass without amendment.

A statement of the facts concerning this proposed legislation is contained in the report of the Secretary of the Interior on this bill, dated July 22, 1935.

The Commissioner of Indian Affairs personally appeared before the committee and manifested his approval of this method of settling this long-standing controversy.

The Secretary of the Interior favors the enactment of this bill, but he states that the Director of the Budget advises that the proposed legislation would not be in accord with the financial program of the President.

A copy of the Secretary of the Interior's report on this bill, dated July 22, 1935, is appended hereto and made a part of this report, which reads as follows:

THE SECRETARY OF THE INTERIOR,
Washington, July 22, 1935.

Hon. ELMER THOMAS,
Chairman Committee on Indian Affairs,
United States Senate.

MY DEAR MR. CHAIRMAN: Further reference is made to your request of June 17 for report upon S. 3045, a bill to authorize payment to the State of Wisconsin for swamp lands within Indian reservations in that State.

While the bill applies to all Indian reservations in the State of Wisconsin, yet the only reservations there involving large areas of swamp land are the Menominee, the Lac du Flambeau, and the La Pointe or Bad River.

A brief preliminary statement will prove helpful to a better understanding of the situation now here. During earlier days the domain included within the present State of Wisconsin was claimed by sundry Indian tribes, including the Menominee and the Chippewa. By sundry treaties prior to 1849, responsive to an insistent demand on the part of the white man, including representatives of the Federal Government, that the Indians move farther west, large areas of these lands were ceded by the Indians to the United States; a part of the consideration for such cession being that the Indians would be provided with suitable reservations elsewhere or diminished reservations within the territory formerly claimed by them. See the treaties of February 8, 1831 (7 Stat. 342), and October 18, 1848 (9 Stat. 952), with the Menominees, and treaties of July 29, 1837 (7 Stat. 536), and October 4, 1842 (7 Stat. 591), with the Chippewas.

Wisconsin was admitted into the Union as a State by the act of May 29, 1848 (9 Stat. 233), pursuant to the enabling act of August 6, 1846 (9 Stat. 56). The act of September 28, 1850 (9 Stat. 519), commonly called the "Swamp Land Act", granted to the several States, including Wisconsin, of course, "the swamp and overflowed lands therein." Subsequent to the date of this latter act, greatly diminished areas in Wisconsin were set apart by treaty with the Menominees and with the Chippewas for their use and benefit. See the treaties of May 12, 1854 (10 Stat. 1064), and February 11, 1856 (11 Stat. 679), with the Menominees, and the treaty of September 30, 1854 (10 Stat. 1109), with the Chippewas. At that time it was generally understood, particularly by the Indians and doubtless by representatives of the Federal Government as well, that the entire area within these greatly diminished reservations was, by these treaties, being made available to the Indians, no thought being given to the fact or it not then being realized that a considerable part of these diminished reservations had passed to the State under the Swamp Land Act of September 28, 1850, supra. In some instances these treaties contemplated and practically guaranteed that the Indians would thereby receive not less than certain acreages therein stipulated. See article 2 (subsections 3 and 4) of the treaty of September 10, 1854, supra, with the Chippewas, and the preamble to the treaty of May 12, 1854, supra, with the Menominees.

At any rate for a long period following the foregoing transactions a serious controversy existed as to the title to the swamp lands within these Indian reservations, both in the State of Wisconsin and also in Minnesota. This is evidenced by that item in the Indian Appropriation Act of May 18, 1916 (39 Stat. 157), directing that proceeds derived from the sale of timber on swamp and school lands within the Bad River (La Pointe) and the Lac du Flambeau Indian Reservations should be held in escrow until the controversy then pending regarding the title to such lands could be settled. In the meantime, and in most instances long prior to 1900, considerable areas within these two reservations had been allotted in severalty to the Indians, for which restricted fee patents issued, pursuant to the treaty of September 30, 1854, supra. These allotments were made without regard to whether the lands selected by the Indians were swamp or nonswamp and in many instances such lands have long since passed from governmental supervision into the hands of innocent purchasers from the Indians, by removal of restrictions, approval of sales, etc. The area so allotted in the La Pointe Reservation aggregates 116,132 acres, leaving but 1,766 acres of tribal land within that reservation. In the Lac du Flambeau 45,756 acres have been allotted, and 24,363 acres of tribally owned land still remain. In the Lac Courte Oreille, also a Chippewa

reservation, 68,511 acres have been allotted in severalty, leaving but 1,079 acres of tribal land.

In 1925 the Supreme Court of the United States, in a case then pending involving swamp lands in Indian reservations in Minnesota, held, in effect, that the Swamp Land Act was a grant in praesenti and that the subsequent creation of an Indian reservation did not deprive the State of its right and title to such lands. See *United States* v. *Minnesota* (276 U. S. 181).

A similar suit was then pending in the Supreme Court against the State of Wisconsin, but after the decision by that Court in the Minnesota case it was deemed useless to further prosecute the suit against Wisconsin, it being apparent that the latter State was admitted into the Union and the Swamp Land Act became effective during the period when these lands had been ceded by the Indians, and a subsequent reservation for their benefit, even by treaty, did not defeat the right of the State under the swamp land grant. Accordingly, on motion of the Solicitor General, representing the United States in behalf of the Indians, the suit against Wisconsin was dismissed.

The area of swamp lands on the three major Wisconsin reservations above mentioned is approximately 60,530 acres. These lands are valued by the State at $113,022.20, which is at the rate of approximately $1.87 per acre. The main value of this swamp area does not lie in the land itself, but in the timber grown thereon. At Menominee most of the timber is still standing, but on the other two reservations it has practically all been cut. The following table discloses the area and value of the land and timber on each reservation:

Reservation	Acreage of swamp land	Value of swamp land	Value of timber
Menominee	26,369.23	$60,438.49	$791,509.20
Lac du Flambeau	22,595.40	36,706.33	243,188.37
Bad River (La Pointe)	11,565.93	15,877.39	157,396.06
Total	60,530.56	113,022.20	1,192,093.63

The funds received from the sale of timber from lands of these reservations classified as swamp have been used for Indian benefit, with the exception of $119,000 at Lac du Flambeau, which sum was set apart in escrow under authority of the act of May 18, 1916, supra, pending final settlement of the swamp-land matter. This money has not been turned over to the State or the Indians, but is now on deposit in the United States Treasury. In the event settlement is made as proposed by S. 3045, this impounded money and interest that has accumulated thereon will then become available for the benefit of the Indians of the Lac du Flambeau Reservation.

The presence of State-owned lands within the boundaries of the Indian reservations of Wisconsin seriously interferes with and complicates administration of Indian affairs. It prevents development on the reservations of work along the lines that the Indians can pursue, chiefly timber operations, and which work, if available and properly supervised, undoubtedly will lead to Indian self-support. The lands that would be acquired by this bill for Indian purposes are very greatly needed by the Indians, and it will also put at rest the title to a considerable area of swamp land that has previously passed into claimed private ownership by allotment in severalty to the Indians, sales by them to white purchasers, etc.

Careful consideration of this matter and negotiations with the State authorities have disclosed that the sum of $1,631,699.83 mentioned in S. 3045 is a fair valuation for settlement with the State in full for the value of the land, timber, and any other interest the State may have to swamp lands within all Indian reservations in Wisconsin. This sum exceeds by $326,584 the total value of the lands and timber as shown in the table set out above. Timber valued at approximately $600,500 was sold by the Indian Service, but no part of the proceeds was received by the State. The State authorities hold that the State is entitled to interest on this money. As such sales occurred many years ago, this Department is satisfied that an accurate accounting of interest would disclose an amount greatly in excess of $326,584.

As a further consideration for enactment of this legislation, the bill proposes that the State assume full responsibility for the education of Indians within its borders. Some of the responsibility for the education of Indians has already been assumed by the State, and under this proposed settlement the Government will be entirely relieved of the necessity of providing any additional gratuity appropriations for the education of Indians in Wisconsin.

The records of the Indian Office show that there are 2,305 Indian children in the State of Wisconsin between the ages of 6 and 18. Tuition amounting to $26,000 has been set aside for payment to local school districts during the fiscal year 1935 for the education of 530 pupils. There are about 130 enrolled in Government day schools. Approximately $41,250 is expended each year from tribal funds of the Menominee Indians for the education of children of that tribe in a mission school maintained on the reservation.

The Indian Reorganization Act of June 18, 1934, will probably increase the number of children eligible for education and other benefits at the expense of the Government. Applying the average of 40 cents per day per pupil to the total number of 2,305 Indian children in Wisconsin between the ages of 6 and 18, the cost to the State of Wisconsin of educating these children would be $165,960 annually. On this basis, the amount to be paid to the State of Wisconsin under the terms of S. 3045 would be absorbed in about 10 years.

From the foregoing it is evident that the settlement here proposed of this long-standing controversy will be to the advantage of the Indians and the Government. While I personally favor the enactment of S. 3045, the Assistant Director of the Bureau of the Budget has advised "that the proposed legislation would not be in accord with the financial program of the President."

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

JOANNA FORSYTH

The bill (H. R. 6703) for the relief of Joanna Forsyth was considered, ordered to a third reading, read the third time, and passed.

MARINE BAND AT CONFEDERATE VETERANS' 1935 REUNION

The Senate proceeded to consider the bill (S. 3289) to authorize the attendance of the Marine Band at the United Confederate Veterans' 1935 reunion at Amarillo, Tex., which had been reported from the Committee on Naval Affairs with an amendment, on page 1, line 9, after the words "sum of", to strike out "$3,700" and to insert in lieu thereof "$10,000", so as to make the bill read:

Be it enacted, etc., That the President is authorized to permit the band of the United States Marine Corps to attend and give concerts at the United Confederate Veterans' reunion to be held at Amarillo, Tex., on September 3, 4, 5, and 6, 1935.

SEC. 2. For the purpose of defraying the expenses of such band in attending and giving concerts at such reunion there is authorized to be appropriated the sum of $10,000, or so much thereof as may be necessary, to carry out the provisions of this act: *Provided*, That in addition to transportation and Pullman accommodations the leaders and members of the Marine Band be allowed not to exceed $5 per day each for actual living expenses while on this duty, and that the payment of such expenses shall be in addition to the pay and allowances to which they would be entitled while serving at their permanent station.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATIONAL MILITARY PARK, SARATOGA, N. Y.

The Senate proceeded to consider the bill (S. 32) to establish a national military park to commemorate the campaign and Battles of Saratoga, in the State of New York, which had been reported from the Committee on Public Lands and Surveys with an amendment to strike out all after the enacting clause and to insert in lieu thereof the following:

That when title to all the lands, structures, and other property in the military battlefield area and other areas of Colonial and Revolutionary War interest at and in the vicinity of Saratoga, N. Y., as shall be designated by the Secretary of the Interior, in the exercise of his discretion, as necessary or desirable for national historical park purposes, shall have been vested in the United States, such areas shall be, and they are hereby, established, dedicated, and set apart as a public park for the benefit and inspiration of the people and shall be known as the "Saratoga National Historical Park": *Provided*, That such areas shall include at least that part of the Saratoga Battlefield now belonging to the State of New York.

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized to accept donations of land, interests in land and/or buildings, structures, and so forth, within the boundaries of said historical parks as determined and fixed hereunder and donations of funds for the purchase and/or maintenance thereof, the title and evidence of title to lands acquired to be satisfactory to the Secretary of the Interior: *Provided*, That he may acquire on behalf of the United States out of any donated funds, either by purchase when purchasable at prices deemed by him reasonable, or by condemnation under the provisions of the act of August 1, 1888, such tracts of land within the said historical park as may be necessary for the completion thereof.

SEC. 3. That the administration, protection, and development of the aforesaid national historical park shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes", as amended.

SEC. 4. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed to the extent of such inconsistency.

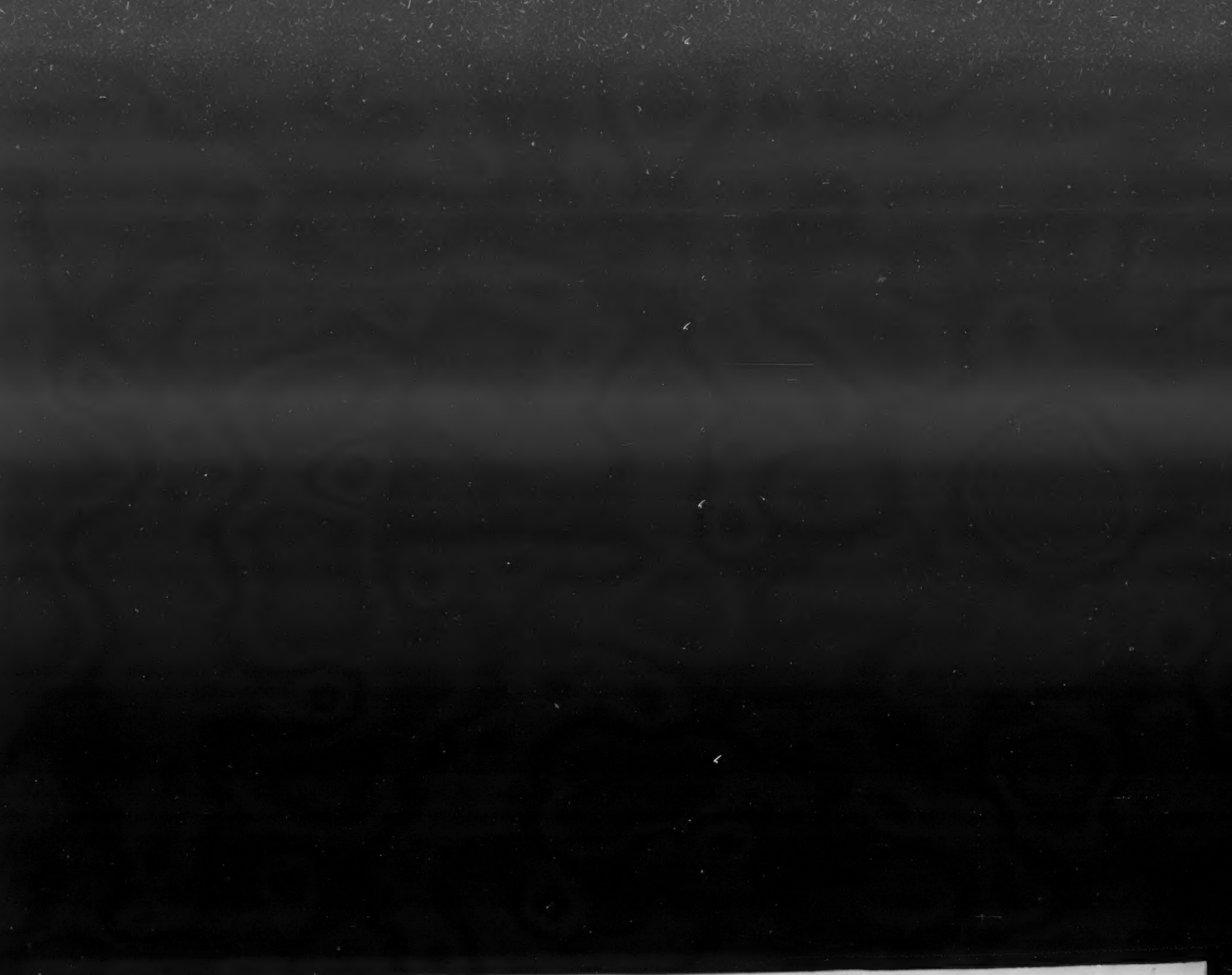
The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for the creation of the Saratoga National Historical Park in the State of New York, and for other purposes."

WAGES OF EMPLOYEES ON PUBLIC BUILDINGS

The bill (S. 3303) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics



employed by contractors and subcontractors on public buildings was announced as next in order.

Mr. McNARY. Mr. President, on the surface this appears to be a very important bill, and I should like to have an explanation of it.

Mr. COPELAND. Mr. President, I should like to ask a question concerning the bill before the Senator from Massachusetts [Mr. WALSH] begins his explanation. Complaint has been made to me regarding a bill concerning which there has been a desire to be heard, but no opportunity was given to those interested in the legislation to be heard. I suppose that is a mistake.

Mr. WALSH. Mr. President, has the Senator in mind this bill or a subsequent bill on the calendar?

Mr. COPELAND. I thought it was this one.

Mr. WALSH. I think the Senator has in mind a bill on the next page of the calendar. This bill is the result of an investigation conducted by the Committee on Education and Labor into unscrupulous methods practiced by contractors who have contracts on public buildings with the Federal Government and who were found to be violating the Bacon-Davis law. That investigation lasted several months, and the report is now printed and on file.

In view of the exhaustive discussion contained in that report of the deplorable employment conditions existing on Government constuction work, it is unnecessary to repeat the disturbing extent to which the prevailing rate of wage principle has been flaunted. Suffice it to say that the committee found that unscrupulous contractors have taken advantage of the wide-spread unemployment among the building crafts to exploit labor and to deprive employees of the wages to which they were entitled under the law. The committee also found that the present statute was inadequate to cope with many of the practices to which contractors have resorted, a finding with which the departments of the Government intrusted with the administration of the existing act fully concurred.

In order to carry out the obvious intent of Congress, the committee recommended that legislation be enacted, amending the Bacon-Davis Act in the following respects:

First. To provide that laborers and mechanics on all Federal construction work in excess of $2,000, of whatever nature, and where not in conflict with existing law, are guaranteed payment of local prevailing wages.

Second. To provide for a predetermination of the prevailing wage on contracts so that the contractor may know definitely in advance of submitting his bid what his approximate labor costs will be.

Third. To provide for withholding payments to contractors to reimburse laborers and mechanics who have not been paid prevailing wages.

Fourth. To provide a system of coordination between various Government departments to assure that the Government will not be in the position of continuing to contract with a contractor who disregards his obligations to his employees and subcontractors.

Fifth. To provide remedies for laborers and mechanics aggrieved by forced rebates or failure to pay the prevailing rate of wages by allowing such laborers and mechanics to have the same right of action against the contractor and his sureties in court which is now conferred by the bond statute on persons furnishing labor and materials when there are no funds to withhold for reimbursement.

All of these recommendations are embodied in the bill, together with a few suggestions taken from the body of the report with a view to clarifying the present act.

I think the committee has done a useful service in recommending this bill for the purpose of strengthening the Bacon-Davis law and making it an effective weapon in protecting the Government against unscrupulous contractors and to protect the employees working on public buildings, so they will enjoy the full benefit of the Bacon-Davis law. I hope the bill will be enacted into law.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3303) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings, which had been reported by the Committee on Education and Labor with amendments.

The amendments of the Committee on Education and Labor were, on page 2, line 7, after the word "of", to strike out "skilled, unskilled, and intermediate labor" and insert "laborers and mechanics"; in line 8, after the word "the", to strike out "minimum"; in line 10, after the word "for", to strike out "work of a similar nature" and insert "the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work"; in line 20, after the word "week", to insert "and without subsequent deduction or rebate on any account"; on page 3, line 10, after the word "wages", to strike out "actually paid to such laborers and mechanics" and insert "received by such laborers and mechanics and not refunded to the contractor, subcontractors, or their agents"; in line 18, after the word "the", to strike out "prevailing"; in line 19, after the word "wages", to insert "required by the contract to be paid"; in line 22 after the words "has been", to insert "a"; in line 23, before the word "wages", to strike out "prevailing" and insert "required"; on page 4, line 3, after "Sec. 3", to insert "(a)"; in line 4, after the word "authorized", to insert "and directed"; in line 14, after the word "list", to strike out "without approval of the Comptroller General" and insert:

or to any firm, corporation, partnership, or association in which such persons or firms have an interest until 3 years have elapsed from the date of publication of the list containing the names of such persons or firms.

On page 4, after line 18, to insert:

(b) If the accrued payments withheld under the terms of the contract, as aforesaid, are insufficient to reimburse all the laborers and mechanics with respect to whom there has been a failure to pay the wages required pursuant to this act, such laborers and mechanics shall have the right of action and/or of intervention against the contractor and his sureties conferred by law upon persons furnishing labor or materials, and in such proceedings it shall be no defense that such laborers and mechanics accepted or agreed to accept less than the required rate of wages or voluntarily made refunds.

On page 5, line 15, to strike out "act." " and insert "act."; and on the same page, after line 15, to insert the following new section:

SEC. 7. The funds appropriated and made available by the Emergency Relief Appropriation Act of 1935 (Pub. Res. No. 11, 74th Cong.), are hereby made available for the fiscal year ending June 30, 1936, to the Department of Labor for expenses of the administration of this act.

So as to make the bill read:

Be it enacted, etc., That the act entitled "An act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors or subcontractors, and for other purposes", approved March 3, 1931, is amended to read as follows:

"That the advertised specifications for every contract in excess of $2,000, to which the United States or the District of Columbia is a party, for construction, alteration, and/or repair, including painting and decorating, of public buildings or public works of the United States or the District of Columbia within the geographical limits of the States of the Union or the District of Columbia, and which requires or involves the employment of mechanics and/or laborers shall contain a provision stating the minimum wages to be paid various classes of laborers and mechanics which shall be based upon the wages that will be determined by the Secretary of Labor to be prevailing for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the city, town, village, or other civil subdivision of the State in which the work is to be performed, or in the District of Columbia if the work is to be performed there; and every contract based upon these specifications shall contain a stipulation that the contractor or his subcontractor shall pay all mechanics and laborers employed directly upon the site of the work, unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account, the full amounts accrued at time of payment, computed at wage rates not less than those stated in the advertised specifications, regardless of any contractual relationship which may be alleged to exist between the contractor or subcontractor and such laborers and mechanics, and that the scale of wages to be paid shall be posted by the contractor in a prominent and easily accessible place at the site of

the work; and the further stipulation that there may be withheld from the contractor so much of accrued payments as may be considered necessary by the contracting officer to pay to laborers and mechanics employed by the contractor or any subcontractor on the work the difference between the rates of wages required by the contract to be paid laborers and mechanics on the work and the rates of wages received by such laborers and mechanics and not refunded to the contractor, subcontractors, or their agents.

"SEC. 2. Every contract within the scope of this act shall contain the further provision that in the event it is found by the contracting officer that any laborer or mechanic employed by the contractor or any subcontractor directly on the site of the work covered by the contract has been or is being paid a rate of wages less than the rate of wages required by the contract to be paid as aforesaid, the Government may, by written notice to the contractor, terminate his right to proceed with the work or such part of the work as to which there has been a failure to pay said required wages and to prosecute the work to completion by contract or otherwise, and the contractor and his sureties shall be liable to the Government for any excess costs occasioned the Government thereby.

"SEC. 3. (a) The Comptroller General of the United States is hereby authorized and directed to pay directly to laborers and mechanics from any accrued payments withheld under the terms of the contract any wages found to be due laborers and mechanics pursuant to this act; and the Comptroller General of the United States is further authorized and is directed to distribute a list to all departments of the Government giving the names of persons or firms whom he has found to have disregarded their obligations to employees and subcontractors. No contract shall be awarded to the persons or firms appearing on this list or to any firm, corporation, partnership, or association in which such persons or firms have an interest until 3 years have elapsed from the date of publication of the list containing the names of such persons or firms.

"(b) If the accrued payments withheld under the terms of the contract, as aforesaid, are insufficient to reimburse all the laborers and mechanics with respect to whom there has been a failure to pay the wages required pursuant to this act, such laborers and mechanics shall have the right of action and/or of intervention against the contractor and his sureties conferred by law upon persons furnishing labor or materials, and in such proceedings it shall be no defense that such laborers and mechanics accepted or agreed to accept less than the required rate of wages or voluntarily made refunds.

"SEC. 4. This act shall not be construed to supersede or impair any authority otherwise granted by Federal law to provide for the establishment of specific wage rates.

"SEC. 5. This act shall take effect 30 days after its passage, but shall not affect any contract then existing or any contract that may thereafter be entered into pursuant to invitations for bids that are outstanding at the time of the passage of this act.

"SEC. 6. In the event of a national emergency the President is authorized to suspend the provisions of this act.

"SEC. 7. The funds appropriated and made available by the Emergency Relief Appropriation Act of 1935 (Public Resolution No. 11, 74th Cong.), are hereby made available for the fiscal year ending June 30, 1936, to the Department of Labor for expenses of the administration of this act."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2969) to authorize the deportation of criminals, to guard against the separation from their families of aliens of the noncriminal classes, to provide for legalizing the residence in the United States of certain classes of aliens, and for other purposes, was announced as next in order.

Mr. SHEPPARD. Mr. President, I wish to have further time for the examination of this measure, and I ask that it be passed over.

The PRESIDING OFFICER. The bill will be passed over.

PURCHASE OF SUPPLIES, ETC., BY THE UNITED STATES

The bill (S. 3055) to provide conditions for the purchase of supplies and the making of contracts, loans, or grants by the United States, and for other purposes, was announced as next in order.

Mr. COPELAND. Mr. President, may I ask the Senator from Massachusetts whether this is the bill with respect to which there has been some objection by reason of interested parties not having an opportunity for hearing?

Mr. WALSH. Mr. President, I am not conscious of any objection of that kind having been made. I will say that the bill as originally drafted by the Department of Justice and upon which public hearings were held has been revised several times after consultation with heads of various governmental bureaus.

The objects of the bill are: to provide conditions for the purchase of supplies and the making of contracts, loans, or grants by the United States, and for other purposes.

The purpose of the bill is to direct Government purchases along lines tending to maintain the advance in wages and purchasing power achieved under the N. R. A. Its effect will be to set a standard of wages and hours of labor which otherwise is threatened in view of the abandonment of N. R. A. It will end the present paradoxical and unfair situation in which the Government, on the one hand, urges employers to maintain and uphold fair wage standards and, on the other hand, gives vast orders for supplies and construction to the lowest bidder, often a contractor or manufacturer who does not sympathize with and fights hardest against labor and social-welfare policies.

The provisions of the bill may be summarized briefly as follows:

Section 1 provides that a principal contractor to an agency of the United States must adhere to certain minimum-wage and maximum-hour requirements, and shall not employ child or convict labor on the contract.

Section 1–A provides for the same conditions to be adhered to by every subcontractor or supplier to the principal contractor.

Section 2 requires an industrial borrower—or grantee—to adhere to the same conditions. Also, if the borrower—or grantee—contracts with others in the expenditure of Federal funds, that he will obtain a similar representation agreeing to maintain the aforementioned standards.

Section 2–A requires that States and political subdivisions thereof receiving Federal loans or grants shall write into their contracts an agreement that the principal contractors will comply with wage and hour and child and convict labor standards. Also, that if the borrower—or grantee—directly carries out projects or operations financed wholly or in part with Federal funds, the standards prescribed will be maintained with respect to its employees engaged on the project.

Section 2–B provides that a principal contractor, under sections 2 and 2–A, shall obtain a representation from subcontractors or suppliers that the standards prescribed will be maintained.

Section 3 permits the President, in his discretion, to extend the act to all of a contractor's operations to June 30, 1937, or for the duration of the contract.

Section 4 provides several penalties, among them:

1. (a) A penalty of a sum equal to twice the difference between the amount required to be paid and that actually paid the employee. A like penalty for overtime labor in excess of the prescribed maximum hours.

(b) A penalty in the sum of $10 a day with respect to every person under 16 years of age employed.

2. A penalty of five times the amount of refund (kickback).

3. For cancelation of contracts for breach of a covenant of this act, and purchases may be made against the account of the breaching contractor.

The other sections need not be considered at this time.

The bill is of considerable importance, and if the Senate is not prepared to act upon it now, I wish to suggest to the Senator from Arkansas [Mr. ROBINSON] that a time be set aside for the consideration of the measure, although I am prepared to go forward with the consideration of the bill at the present time.

Mr. McNARY. Mr. President, it is always a pleasure for me to follow the judgment of the Senator from Massachusetts. This is an important measure. There are some Senators who would like to study the bill, and in order that they may do so I ask that the bill be passed over for the day.

Mr. WALSH. I think the Senator from Oregon is justified in that request. However, I think after he studies the bill and hears the explanation of it he will probably find much merit in its provisions.

Mr. ROBINSON. Mr. President, in reply to what the Senator from Massachusetts has said with respect to taking up the bill under another order, I shall be glad to confer with him about it.

Mr. WALSH. I thank the Senator from Arkansas.

The PRESIDING OFFICER. The bill will be passed over.

PROMOTION OF MINING ON THE PUBLIC DOMAIN

The Senate proceeded to consider the bill (S. 3311) to amend an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437; U. S. C., title 30, secs. 185, 221, 223, 226), as amended, which had been reported from the Committee on Public Lands and Surveys with amendments.

The first amendment was, on page 3, line 10, after the word "this", to strike out "amendmendatory" and insert in lieu thereof "amendatory", so as to make the sentence read:

No prospecting permit shall be granted upon any application filed after 90 days prior to the effective date of this amendatory act.

The amendment was agreed to.

Mr. NORBECK. Mr. President, when is the presentation of individual amendments in order? Is it in order as amendments are stated or after the committee amendments are agreed to?

The PRESIDING OFFICER. The Chair assumes they will be in order after the committee amendments are disposed of.

The clerk will state the next amendment.

The next amendment was, on page 8, in line 24, after the word "bonus", to insert "to be paid out of production and to be added to the royalty."

The amendment was agreed to.

Mr. McNARY. Mr. President, without further consideration of the amendments, it seems to me that this is a very important bill, particularly to those States which have within their borders large areas of public lands. I think some statement should be made with respect to the bill.

Mr. ROBINSON. I myself was just about to make the same suggestion as the Senator from Oregon has made. There ought to be an explanation of the bill.

Mr. O'MAHONEY. This bill has been favorably reported with amendments by the Committee on Public Lands and Surveys. It undertakes to amend those provisions of the general leasing act which refer to the leasing and development of oil lands on the public domain. The practical effect of the measure is to substitute for the present system of issuing prospecting permits on lands which are not known to be productive a system of what might be called "prospecting leases." Under the law as it now stands, prospecting permits covering 2,560 acres are issued upon the public domain upon the application of a qualified applicant under terms which require the permittee to start drilling within 6 months and to proceed with development according to a schedule specified in the law.

Upon discovery of oil or gas such a permittee is entitled to a lease at a royalty of 5 percent upon one-fourth of the area embraced in the permit. It has been ascertained, as a matter of administration, that the continual extension of these permits has occasioned a great deal of uncertainty and instability. Of some 40,000 permits which have been issued, only about 308 have actually ripened into preferential leases with a 5-percent royalty. The others have, in great numbers of cases, been the subject of application for extension, and there has been much uncertainty as to what proper grounds of extension were.

The bill, as reported by the committee, substitutes for this permit system a new system whereby leases are to be issued in tracts of 640 acres for 5 years and as long as oil or gas may be produced upon lands which are not known to be productive at a royalty of 12½ percent when the production does not exceed an average of 50 barrels of oil per day, or, in the case of gas, an average of 5,000,000 cubic feet per day. Higher royalties are to be charged when the production is greater.

Leases on producing areas are to be issued by the Secretary of the Interior for 10 years, and as long as oil and gas is produced, at competitive bidding at royalties from 12½ percent upward, according to production.

Under the leasing act 37½ percent of all royalties are distributed to the States in which the oil or gas is produced for the purpose of supporting the public schools and building roads. Another large proportion of the royalties goes into the reclamation fund, and thereby becomes available for the development of that section of the country in which oil and gas are found on the public domain. It is to be hoped that the new system will bring about an increased revenue for the public schools, for public roads, and for reclamation without in any way whatsoever interfering with the development of oil and gas lands in the public-land States.

Outstanding prospecting permits which have heretofore been extended and upon which no discovery has been made, amounting, as I recall, to approximately 4,600, but under which the permittees have established equities are given a statutory extension of 1 year with discretionary authority in the Secretary when diligence is shown to grant another extension to December 31, 1937.

Applicants for permits upon which no action has been taken will in proper cases be allowed permits under the present law, with all the rights and privileges of the present law when those applications are found to have been filed more than 90 days prior to the enactment of the pending bill except, that if a permit should be issued upon a structure upon which, since the filing of the application oil or gas has been discovered, the royalty will be 10 percent instead of 5 percent on the one-quarter area to which the applicant is by law entitled to a lease.

In cases where the application was filed within 90 days prior to the enactment of the act, the permittee will be entitled to take leases instead of permits. These leases will carry the minimum royalty of 12½ percent.

The income of school districts in many of the oil-producing States has seriously fallen off in recent years. In the State of Wyoming, for example, the State's share of oil royalties has fallen from in excess of $6,000,000 in 1929 to scarcely more than $1,250,000 in the last fiscal year. Considerable hardship has necessarily resulted. It has been found that in most cases the States themselves seldom charge less than a 12½-percent royalty.

Mr. PITTMAN. Mr. President, I wish to add a few words to the explanation made by the Senator from Wyoming.

The real object of this proposed legislation is to abolish the prospecting application and permit.

As stated by the Senator from Wyoming, on a prospecting permit the royalty is only 5 percent on a quarter of the ground. That is not thought to be sufficient, and it is desired to have it at least 12 percent, so that there will be more money going into the treasuries of the States, and to the reclamation fund.

I am very much attached to the prospecting system. I think I had the honor of offering a provision for such a system to the general leasing bill in 1913. I think that the prospecting permit system has accomplished good. However, under the development of our country with regard to oil during the last 20 years, the necessity of and incentive to find oil does not exist to the extent it did when we provided for the prospecting permit.

While we have no oil in the State of Nevada, and probably never will have, we do benefit indirectly from the royalties of oil by reason of our participation in the reclamation fund. For that reason, I had no objection gradually to doing away with the prospecting system, which will result in competitive bidding for leases and also in higher revenues both for the States and for the reclamation fund. There was, however, one thing on which I insisted, namely, that the bill should be so framed that the large oil companies of the country should not have the advantage in bidding for leases. Under the present law they have all the advantages because, while the Secretary of the Interior fixes the amount of royalty in a lease that is to be bid for, there is what is called the "cash bonus basis", and a large company can bid $100,000 cash or a larger sum in addition to the royalty.

The bill has now been so framed that the bid for the lease is not in cash but is in the nature of a bonus in addition to the royalty provided in the lease, to be carried along

with the rest of the royalty. That will give the smaller companies without large cash resources an equal chance with the large companies which have a great deal of cash.

There is another proposition, and that is that while the prospecting system is going to be terminated, there will have to be recognized the equities of the applicants for permits and the permittees at least until 90 days prior to the effective date of the bill, if it shall become a law.

If those provisions were not carried in the bill I would not support it; and if they shall not be maintained in the bill after it passes the other branch of Congress, then I will oppose this bill, as I opposed it at the start. However, we have now had several weeks of conferences on this bill, and I think that the equities of the small independent oil man and the equities of the applicants for prospecting permits and the permittees are protected as the bill is now drawn. The bill has been agreed to unanimously by the Public Lands Committee. I give this warning, however, that if the safeguards for the applicant and for the prospector and the permittee and the small independent bidder for leases are not retained in the bill, I will do everything I can to defeat it.

Mr. O'MAHONEY. Mr. President, if I may add to what the Senator from Nevada has stated, let me repeat that the bill as framed authorizes the issuance of prospecting leases to all applicants for permits whose applications have been filed within 90 days prior to the effective date of the act. In other words, an effort has been made to protect the rights and equities of all applicants for permits.

I ask to have printed in the RECORD as a part of my remarks the report of the committee.

There being no objection, the report (No. 1158) submitted by Mr. O'MAHONEY on the calendar day July 25, 1935, was ordered to be printed in the RECORD, as follows:

REPORT

[To accompany S. 3311]

The Committee on Public Lands and Surveys, to whom was referred the bill (S. 3311) to amend an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437; U. S. C., title 30, secs. 185, 221, 223, 226), as amended, having considered the same, report favorably thereon and recommend the passage of the said bill with the following amendments:

Page 8, line 24, after the word "bonus", insert a comma and the words "to be paid out of production and to be added to the royalty,".

Page 9, lines 4, 5, and 6, strike out the words "such royalty may be fixed at not more than 33⅓ percent in amount or value of the production" and insert in lieu thereof "such higher royalty may be fixed as the Secretary may by regulation prescribe."

Page 11, lines 16, 17, and 18, strike out the words "and at a royalty of not more than 33⅓ percent in amount or value of the production when the said production exceeds 500 barrels per day per calendar month" and insert in lieu thereof "and, when the said production exceeds 500 barrels per day for the calendar month, at such higher royalty as the Secretary may by regulation prescribe."

Page 11, lines 22, 23, and 24, strike out the words "and of not more than 25 percent in amount or value of production when the said production exceeds 5,000,000 cubic feet per day per calendar month" and insert a comma and the words "and, when the said production exceeds 5,000,000 cubic feet per day for the calendar month, at such higher royalty as the Secretary may by regulation prescribe. Such royalties in the case of oil and of gas shall be based on the amount and value of production and the depth of the producing wells and the cost of operation."

This bill puts an end to the system now provided by law of issuing permits for a period not exceeding 2 years to prospect for oil or gas upon not to exceed 2,560 acres of public lands not within the known geological structure of a producing field to qualified applicants who, upon discovery, are entitled to receive a preferential lease to one-fourth of the acreage embraced in a permit at a flat royalty of 5 percent and to a preferential lease upon the balance at a royalty of not less than 12½ percent.

In lieu of the prospecting permit on areas not known to be productive, this measure provides for the issuance of leases for 5 years and as long thereafter as oil or gas is produced in paying quantities at a royalty of not more than 12½ percent when the production does not exceed 50 barrels per day per calendar month and of not more than 25 percent when the production exceeds 50 barrels per day, but does not exceed 500 barrels per day per calendar month. In the case of gas the royalty on such a lease is fixed at not more than 12½ percent when the production does not exceed 5,000,000 cubic feet per day per calendar month. When the production of oil is more than 500 barrels per day per calendar month, and the production of gas exceeds 5,000,000 cubic feet per day per calendar month, the Secretary may establish such royalty as the facts justify due consideration being given to the depth of the wells and the cost of operation.

In the case of producing areas, the Secretary is authorized to award leases for 10 years and as long as oil or gas may be produced to the highest responsible qualified bidder and to accept a bonus which may be paid out of production in addition to such royalty not less than 12½ percent nor more than 25 percent except when the production exceeds 500 barrels of oil per day per calendar month, or in the case of gas 5,000,000 cubic feet per day per calendar month. The Secretary may fix such higher royalty as he may by regulation prescribe when production of oil exceeds 500 barrels and of gas exceeds 5,000,000 cubic feet per day per calendar month.

In repealing the present statutory authority for the issuance of prospecting permits, the bill protects applicants who filed more than 90 days prior to the effective date of this amendatory act by directing the Secretary to issue permits under such regulations as he may prescribe, it being provided, however, that in the event any prospecting permit by reason of this direction is issued upon any structure after discovery of oil or gas thereon, the preferential royalty of 5 percent now provided shall be increased to 10 percent. In the case of applicants who may have filed within 90 days prior to the effective date of the amendatory act, option for 6 months is granted to take leases in lieu of permits.

Protection for equities already earned on outstanding permits is provided by a statutory extension to December 31, 1936, of permits not subject to cancelation for violation of law or regulation and discretionary authority in the Secretary to grant an additional extension not to exceed 1 year on permits on which diligence has been exercised or upon which drilling or prospecting has been suspended at the direction of the Secretary.

The bill requires that all leases whenever issued under any section of the act shall be conditioned upon an agreement by the lessee to operate under such reasonable cooperative or unit plan as the Secretary may approve or prescribe.

The measure also requires that grants of rights-of-way on the public domain for pipe-line purposes shall be conditioned upon an agreement to accept, convey, transport, or purchase without discrimination, oil or gas produced from Government lands in the vicinity.

The committee amendment which authorizes the payment of a bonus out of production is designed to afford a greater opportunity to the independent operator or one who does not possess large capital, it being the thought of the committee that such a bidder would not be able successfully to compete with a wealthy company if the bonus were required to be paid in cash.

The amendments on page 9 and 11 are designed to enable the Government to charge a royalty greater than 25 percent in the case of unusually large production.

The following report was submitted to the committee upon the original bill by the Secretary of the Interior:

THE SECRETARY OF THE INTERIOR,
Washington, February 25, 1935.

Hon. ROBERT F. WAGNER,
Chairman Committee on Public Lands and Surveys,
United States Senate.

MY DEAR SENATOR WAGNER: I am in receipt of your letter of February 12 requesting a report on S. 1772, a bill to amend an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437, U. S. C., title 30, secs. 185, 221, 223, and 226), as amended, generally known as the "Mineral Leasing Act." The bill amends the provisions of the 1920 act relating to oil and gas, particularly sections 13, 14, 17, and 28.

In reporting on this bill I desire to submit certain fundamental facts for consideration by your committee.

Under the general custom of leasing lands for the discovery and production of oil and gas from the early days of the industry, the lessee pays the lessor a bonus in cash for the privilege of leasing and a percentage royalty on production obtained. The amount of bonus and royalty paid for private lands has been a matter for trading between the interested parties. For public lands the percentage royalty has most generally been fixed by law or regulation and the bonus determined by competitive bidding. In most cases a royalty of 12½ percent, plus a cash bonus in dollars per acre, has been the result, though royalties of 16⅔ percent are not uncommon and higher royalties have been obtained under exceptional conditions. Royalties of less than 12½ percent have been practically unknown in the industry.

Sections 13 and 14 of the act of February 25, 1920, made a departure by way of experiment from this long-standing custom. Taken together, they provide that an applicant for unproved Federal lands may obtain a permit to prospect for oil and gas and, if successful, may obtain a lease for not less than one-fourth of the permit area at a royalty of 5 percent and a preference right to a lease for the remainder at a royalty of not less than 12½ percent. No rental or other holding charge for land under permit was authorized. The purposes of this legislation were to encourage prospecting, to provide a reward in the form of an exceptionally low royalty to an operator who was successful in prospecting operations, and to recoup to the United States for loss under this low (5-percent) royalty on one-fourth of the permit area by a relatively higher royalty on three-fourths of the area.

These purposes were perhaps commendable, but the experiment has signally failed to accomplish what was expected of it. Speculation rather than prospecting has been expedited. No urgent need for Government subsidy for prospecting on the public domain exists or has existed. The reward for successful prospecting, the difference between the special royalty of 5 percent and the customary royalty of 12½ percent, 16⅔ percent, or more, in practice

has not gone to an operator who expended money in search of oil on the permit area but, in general, to a promoter, lease broker, or speculator who sold his prospecting rights to the real operator, reserving to himself the reward for discovery and oftentimes a cash bonus in addition. This royalty and bonus, rightful property of the United States as owner of the mineral deposits, has been granted by the terms of the experimental legislation of 1920 to those who have done little or nothing toward development. Furthermore, royalty obtained on preference-right leases to the remaining three-fourths of permit areas has averaged only about 14½ percent, far too little to make up for the prodigal subvention involved in the grant of 5-percent royalty on one-fourth the permit area.

In the fiscal year 1934 the average royalty received for oil and gas leases on public lands was 11.30 percent, or less than the lowest customary royalty under commercial leases. This was due solely to the unprecedented 5-percent-lease provision of section 14. Thirty-seven percent of the oil production from Government lands, being at 5-percent royalty, produced only about a seventh of the total revenue from oil and gas royalties; while 59 percent of the oil production, at royalty of 12½ percent and upward, afforded about four-fifths of the revenue. In terms of cash this subsidy to the promoter in that year cost the State and Federal Governments more than $1,000,000, and since the passage of the leasing act in 1920 has amounted to about $10,000,000.

The proposed amendments to sections 13 and 14 nullify the experimental legislation of 1920 and if one proviso is eliminated they would establish the customary practice of having the royalty and/or bonus of prospective as well as proven oil and gas lands determined by competitive bidding. This practice has long obtained in the Department of the Interior with respect to oil leases for Indian lands and has proven to be eminently satisfactory to all parties interested in bona fide prospecting and development. The proposal substantially eliminates speculation in oil and gas rights obtained free from the Government, a practice not only permitted but actually encouraged under the act of 1920.

Provision is properly made in the bill for the recognition and protection of the holders of valid outstanding prospecting permits, and it is further provided that permits in good standing may be exchanged for leases under the new system subject to conditions prescribed in the bill. Outstanding leases are unaffected, though it is provided that a lessee may, if he so desires, exchange an outstanding lease for a lease under the act as amended. It is also provided that the Secretary of the Interior may issue new leases at a royalty rate of not less than 12½ percent and upon such other terms and conditions as he may prescribe, in lieu of leases now held. All valid existing rights are, therefore, most carefully protected.

Oil and gas leases issued under the 1920 law are for a term of 20 years, with a preference right to renewal for successive periods of 10 years on such terms and conditions as the Secretary of the Interior may impose. There being no assurance of tenure or terms beyond the first 20-year period lessees attempt to produce all possible oil and gas within that period. In the case of oil and gas leases on private lands it is customary to grant leases for a definite period of time and so long thereafter as oil or gas is produced in paying quantities. A lessee may thus adjust his rate of production to the market demand without fear of loss. The cost of drilling wells and the hazards involved in developing oil and gas leases are great. In view of the existing overproduction of crude oil and the necessity for curtailing production from a few percent to as much as 80 percent or more of the potential productive capacity of wells, it seems only reasonable that the term of the lease should be for the productive life of the wells thereon, thus avoiding the necessity of producing all oil possible within a prescribed term regardless of conditions in the industry.

In this connection it is noted that the proposed legislation in section 17 provides for leases for a 5-year period and so long thereafter as oil or gas is produced in paying quantities when the lands leased are not within any known geological structure of a producing oil or gas field, and for leases for a 10-year period and so long thereafter as oil or gas is produced in paying quantities when the lands leased are within any known geological structure of a producing oil or gas field. In my opinion, there is no necessity to distinguish as to lease periods between leases within or without the geological structure of a producing oil or gas field, and in order to avoid unnecessary complexities of administration I suggest that this clause be modified to provide for the same initial lease period, either 5 years or 10 years, whichever Congress considers appropriate. In the same proposed section it is very appropriately provided that leases shall not be issued for lands on which there is no reasonable prospect for the discovery of oil or gas.

The proviso in section 17 that gives an applicant for lease of lands not within the known structure of a producing field a preference right thereto without competition, in its present form, is believed to be subversive of the public interest. In particular it offers an invitation and encouragement to him who in public-land parlance is called a "sooner." Such an individual, for example, seeing a geologic party at work, may take advantage of his knowledge of their presence and hurriedly file application and substantially without expense or effort obtain a preference right, to the disadvantage of persons who are in good faith making expensive preliminary investigations. If preference right is to be given to anyone, it should be limited to those who by substantial efforts have acquired a claim to equitable consideration. Furthermore, it is believed that opportunity for competitive bidding should be given in every case so that there may be no basis for charges of collusion or favoritism in the granting of leases. An appraised value may be set as the lowest acceptable bonus or royalty, but if the value is low and the lease turns out to be highly productive, charges of improper action are almost sure to be made unless the appraised value is subjected to the test of competition. The lease for Teapot Dome was for land not within the known structure of a producing field and was entered into without competition. It has been claimed that under competitive bidding this lease could have been sold for $1,000,000 or more. I suggest that this proviso be eliminated.

The act of March 4, 1931 (46 Stat. 1523), authorizes the Secretary of the Interior to approve unit plans of development and operation, and the bill adds a further provision requiring the Secretary of the Interior to reserve the right in issuing new leases to approve or prescribe cooperative or unit plans of development and operation for the purpose of more properly conserving the oil and gas resources of any field or pool. This provision will tend to encourage development and operation of fields under unit or cooperative plans of development and is believed to be in the public interest.

The bill vests in the Secretary of the Interior authority to negotiate agreements whereby the United States or its permittees, lessees, or grantees will be compensated for drainage of oil or gas caused by wells drilled upon lands not owned by the United States. This provision is desirable in order to protect adequately the interests of the Federal Government.

In section 28 as amended it is required that applicants for rights-of-way for pipe-line purposes not only operate the pipe line as a common carrier but also accept, convey, transport, and/or purchase without discrimination on a 100-percent volume measurement basis all oil and/or natural gas produced from Government lands in such proportionate amounts as the Secretary of the Interior may determine to be reasonable. Section 28 of the original act provides that pipe lines crossing Government lands must be operated as common carriers, and the proposed amendments would expand this provision to require that withdrawals of oil and/or natural gas produced from wells on Government or private lands be made in such proportionate amounts as are determined to be fair and equitable. The necessity for such a provision has been apparent for some time. In several cases gas lands of the United States have been subjected to drainage because pipe-line companies or others in control of a field have failed or refused to transport or purchase gas produced from wells on public lands while at the same time they are transporting and/or purchasing gas from wells on adjoining private lands.

The proposed amendment to section 28 also requires that the volume of all oil or natural gas transported or purchased be measured on a 100-percent volume basis; that is to say, the standard of measurement now recognized for the purpose of computing royalties on production from public lands must be adhered to by all pipe lines operating on public lands.

It is my considered opinion that this bill, modified in section 17 as indicated, is in the public interest, and I respectfully urge that it receive favorable consideration.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

Mr. McNARY. Mr. President, I should like to ask, Were hearings held on this bill?

Mr. PITTMAN. Hearings were held for 5 or 6 weeks.

Mr. McNARY. Were representatives from the public-land States in attendance?

Mr. PITTMAN. They were all there, and the Department of the Interior, of course, was represented.

Mr. NORBECK rose.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota desire recognition at this time?

Mr. NORBECK. I will yield to the Senator from Wyoming until he concludes his explanation.

Mr. O'MAHONEY. May I inquire whether the committee amendments have all been agreed to?

The PRESIDING OFFICER. The committee amendments have not all been agreed to.

Mr. O'MAHONEY. May I suggest, before amendments are offered from the floor, that the committee amendments be agreed to?

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The next amendment of the Committee on Public Lands and Surveys was, on page 9, line 5, after the word "case", to strike out "such royalty may be fixed at not more than 33⅓ percent in amount or value of the production" and insert "such higher royalty may be fixed as the Secretary may by regulation prescribe", so as to read:

"SEC. 17. All lands subject to disposition under this act which are known or believed to contain oil or gas deposits, except as herein otherwise provided, may be leased by the Secretary of the Interior after the effective date of this amendatory act, to the highest responsible qualified bidder by competitive bidding under general regulations. Such lands shall be leased in units of not exceeding 640 acres, which shall be as nearly compact in form as possible. Such leases shall be conditioned upon the payment by the lessee of such bonus, to be paid out of production and to be added to the royalty, as may be accepted and of such royalty as may be fixed in

the lease, which shall be not less than 12½ percent nor more than 25 percent in amount or value of the production, except when the said production is greater than 500 barrels of oil per day per calendar month, in which case such higher royalty may be fixed as the Secretary may by regulation prescribe and the payment in advance of a rental to be fixed in the lease of not less than 25 cents per acre per annum, which rental except as otherwise herein provided shall not be waived, suspended, or reduced unless and until a valuable deposit of oil or gas shall have been discovered within the lands leased.

The amendment was agreed to.

The next amendment was, on page 11, after line 17, to strike out "and at a royalty of not more than 33⅓ percent in amount or value of the production when the said production exceeds 500 barrels per day per calendar month" and insert "and, when the said production exceeds 500 barrels per day for the calendar month, at such higher royalty as the Secretary may by regulation prescribe"; and on page 12, line 2, after the word "month", to strike out "and of not more than 25 percent in amount or value of production when the said production exceeds 5,000,000 cubic feet per day per calendar month" and insert "and, when the said production exceeds 5,000,000 cubic feet per day for the calendar month, at such higher royalty as the Secretary may by regulation prescribe. Such royalties in the case of oil and of gas shall be based on the amount and value of production and the depth of the producing wells and the cost of production", so as to read:

Leases hereafter issued under this section shall be for a period of 5 years and so long thereafter as oil or gas is produced in paying quantities when the lands to be leased are not within any known geological structure of a producing oil or gas field, and for a period of 10 years and so long thereafter as oil or gas is produced in paying quantities when the lands to be leased are within any known geological structure of a producing oil or gas field: *Provided*, That no such lease shall be deemed to expire by reasons of suspension of prospecting, drilling, or production pursuant to any order of the said Secretary: *Provided further*, That the person first making application for the lease of any lands not within any known geological structure of a producing oil or gas field who is qualified to hold a lease under this act, including those applicants for permits who, having filed after 90 days prior to the effective date of this amendatory act, have exercised the option to exchange granted by section 13 hereof, shall be entitled to a preference right over others to a lease of such lands without competive bidding at a royalty, in the case of oil, or not more than 12½ percent in amount or value of the production when the said production does not exceed 50 barrels per day for the calendar month, and of not more than 25 percent in amount or value of the production when the said production exceeds 50 barrels per day and does not exceed 500 barrels per day for the calendar month, and, when the said production exceeds 500 barrels per day for the calendar month, at such higher royalty as the Secretary may by regulation prescribe, and, in the case of gas, at a royalty of not more than 12½ percent in amount or value of the production when the said production does not exceed 5,000,000 cubic feet per day per calendar month, and, when the said production exceeds 5,000,000 cubic feet per day for the calendar month, at such higher royalty as the Secretary may by regulation prescribe. Such royalties in the case of oil and of gas shall be based on the amount and value of production and the depth of the producing wells and the cost of operation.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. O'MAHONEY. Mr. President, I desire to offer a clarifying amendment. On page 11, line 12, and on the same page in line 24, I move to strike out the words "not more than."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wyoming.

The amendment was agreed to.

Mr. NORBECK. Mr. President, I desire to offer an amendment, on line 6, page 3, to strike out the words "10 percent" and insert in lieu thereof the words "12½ percent."

Mr. PITTMAN. Mr. President, I desire to oppose that amendment.

The PRESIDING OFFICER. Does the Senator from Nevada desire to be heard on the amendment?

Mr. PITTMAN. I desire to be heard on it.

The PRESIDING OFFICER. Does the Senator from South Dakota yield for that purpose?

Mr. NORBECK. I yield.

Mr. PITTMAN. Mr. President, this provision now sought to be amended is a concession on behalf of the applicant. When a permittee discovers oil he is now entitled to a lease on it at 5 percent royalty. If he has an application that has been pending for a long time, and is not allowed to sink but is held up, and another permittee is allowed to sink and gets oil, it was sought to provide that he could not go ahead and continue sinking until he secured oil and then obtain a 5-percent lease. So in the committee we compromised and provided that he has got to pay 10 percent instead of 5 percent.

Now the Senator from South Dakota wants to make him pay 12½ percent instead of 5 percent. The only objection is that those who are looking for benefits for their States do not think quite as much of the prospector as some of us do who have no oil in our States. We have compromised on 10 percent. Let us stand by the compromise.

Mr. NORBECK. Mr. President, this amendment does not affect the general provisions of the bill. I am not in disagreement with the Senator from Nevada or any other member of the committee on the main question. This amendment has reference only to a peculiar situation that has developed.

My amendment proposes a 12½-percent royalty to the Government instead of a 10-percent royalty. It applies only to those certain applications for permits on Government land which have not been granted by the Secretary of the Interior and which are on valuable lands, on geological structures, and in some instances a proven oil field, because oil has been discovered in the meantime.

Now, these applicants feel they ought to be granted the right to these oil lands in preference to others, but they also demand it at a lower royalty, though they have expended no money for drilling or other development work. They are valuable properties, but the applicant does not want to pay a good royalty.

This is not a heavy royalty; 12½ percent is the usual royalty given the landowners, even in the "wildcat" fields, where the prospector takes all the risk, where no discovery has been made. Why should not the Government get 12½-percent royalty in this case? Any oil company would be very anxious to get the leases at an advanced royalty, because discovery has been made on adjoining lands on the same structure.

The PRESIDING OFFICER. The amendment offered by the Senator from South Dakota will be stated.

The LEGISLATIVE CLERK. On page 3, line 6, after the word "be", it is proposed to strike out "10 percent" and insert in lieu thereof "12½ percent."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota.

The amendment was rejected.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOHN J. O'CONNOR

The bill (H. R. 1951) for the relief of John J. O'Connor was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers John J. O'Connor, who was a member of Company K, Forty-third Regiment United States Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a corporal of that organization on the 15th day of November 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

TEXAS CENTENNIAL EXPOSITION

The joint resolution (S. J. Res. 167) to amend the public resolution approved June 28, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes", was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the last sentence of section 3 of Public Resolution No. 37 of the Seventy-fourth Congress, approved June 28, 1935, is hereby amended to read as follows: "The salary and expenses of the commissioner general and such staff as he may

require shall be paid out of the funds authorized to be appropriated by this joint resolution for a period of time covering the duration of the exposition and not to exceed a 6 months' period following the closing thereof, and for such period prior to the opening of the exposition as the commission shall determine."

CHARLES DAVIS

The bill (H. R. 2480) for the relief of Charles Davis was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Charles Davis, father of the late Charles L. Davis, private, first-class, Battery E, Fifty-second Coast Artillery, United States Army, who died on May 9, 1926, shall be regarded as the duly designated beneficiary and dependent of the late Charles L. Davis, under the act approved December 17, 1919 (41 Stat. L. 367).

BILL PASSED OVER

The bill (S. 1843) to authorize the presentation of a Distinguished Service Cross to George J. Frank was announced as next in order.

Mr. VANDENBERG. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

STATE ALLOTMENTS UNDER COTTON CONTROL ACT

The joint resolution (H. J. Res. 258) to provide for certain State allotments under the Cotton Control Act was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 5 (a) of the act entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes", approved April 21, 1934, as amended, is amended by inserting before the period at the end of the first sentence thereof a colon and the following: "*Provided further*, That no State shall receive an allotment for any crop year beginning with the crop year 1935–36 of less than 4,000 bales of cotton if during any 1 of the 10 crop years prior to the date of the enactment of this act the production of such State exceeded 5,000 bales.

CLAIMS OF INDIANS OF CALIFORNIA

The Senate proceeded to consider the bill (S. 1793) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928 (43 Stat. L. 602), which had been reported from the Committee on Indian Affairs with an amendment to strike out all after the enacting clause and insert the following:

Be it enacted, etc., That the act of May 18, 1928 (45 Stat. 602), entitled "An act authorizing the Attorney General of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", as amended by the act of April 29, 1930 (46 Stat. 259), be, and the same is hereby, amended as follows:

SEC. 2. That section 1 of the act of May 18, 1928 (45 Stat. 602), be amended to read as follows:

"SECTION 1. That for the purposes of this act the Indians of California shall be defined to be all Indians who were residing in the State of California on June 1, 1852, and their descendants living on May 18, 1928, who are now on the census roll of the Indians of California under the act of May 18, 1928 (45 Stat. 602), and who may be enrolled in addition thereto under the provisions of this act."

SEC. 3. That sections 2 and 3 of the act of May 18, 1928 (45 Stat. 602), be amended to read as follows:

"SEC. 2. That all claims of whatsoever nature the Indians of California as defined in section 1 of this act may have against the United States by reason of lands taken from them in the State of California by the United States without just compensation or for the failure or refusal of the United States to protect their interests in lands in said State and for the loss of the use of the same, may be submitted to the United States Court of Claims by the Attorney General of the State of California or attorneys acting for and on behalf of said Indians, and it is hereby declared that the loss to the said Indians on account of their failure to secure the lands and compensation provided for in the 18 unratified treaties entered into with certain bands of said Indians in 1851 and 1852, and the loss to such Indians who were not parties to said unratified treaties of their lands to which they had title rising from occupancy and use, without just compensation therefor, is sufficient ground for equitable relief, and jurisdiction is hereby conferred upon the said court, with the right of either party to appeal to the Supreme Court of the United States, to hear, consider, and determine all such claims submitted to them and the said courts shall settle the equitable rights therein and decree just compensation therefor, notwithstanding the lapse of time or statutes of limitation or the fact that the same claim or claims have or have not been presented to any other tribunal, including the commission created by the act of March 3, 1851 (9 Stat. L. 631): *Provided*, That the courts shall determine, as near as may be, the acreage of the lands described in said unratified treaties as lands set apart forever for the occupancy and use of the tribes or bands of Indians parties to the said unratified treaties and shall determine, as near as may be, the acreage of the lands to which such tribes or bands of said Indians not parties to the said unratified treaties had title by reason of occupancy and use and shall compute the value of said acreage at $1.25 per acre and shall render judgment for such value: *And provided further*, That the courts shall consider and determine, as near as may be, the value of the personal property, rights, services, facilities, and improvements set out and described in the aforesaid 18 unratified treaties and include just compensation for the value and loss of the benefit of the same in any decree rendered hereunder. Any payment which may have been made by the United States or moneys heretofore expended for the benefit of the Indians of California made under specific appropriations for the support, education, health, and civilization of Indians of California, including purchases of land, shall not be pleaded as an estoppel but may be pleaded by way of set-off; but no such payment or appropriation shall be treated as a set-off unless it shall appear that the same was received by said Indians or that such expenditure was actually beneficial to said Indians."

SEC. 4. That section 7 of the act of May 18, 1928 (45 Stat. 602), as amended by the act of April 29, 1930 (46 Stat. 259), is further amended by adding the following proviso: "*Provided further*, That the Secretary of the Interior is authorized and directed to allow 2 years from the date of the approval of this act in which to receive applications for enrollment of Indians residing in the State of California on June 1, 1852, and their descendants living on May 18, 1928, not now on the census roll of the Indians of California under the act of May 18, 1928 (45 Stat. 602), and the Secretary of the Interior shall have 6 months thereafter to approve such supplemental roll, at the expiration of which time the roll shall be forever closed and thereafter no additional names shall be added thereto.

"The time for filing amendments to the petition is hereby continued and extended to any time prior to the entry of judgment."

SEC. 5. That the act of May 18, 1928 (45 Stat. 602), be amended by adding a new section as follows:

"SEC. 8. That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amount as may be necessary to defray the expenses of enrollment herein authorized."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend the act entitled 'An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California', approved May 18, 1928 (45 Stat. L. 602)."

E. E. SULLIVAN

The bill (S. 2691) for the relief of E. E. Sullivan was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to E. E. Sullivan, of Sioux Falls, S. Dak., the sum of $352.50, in full satisfaction of his claim against the United States for a refund in accordance with the contract entered into between said E. E. Sullivan and the Department of the Interior on November 18, 1921, relating to the purchase of 80 acres of land owned by the estate of one Knocked Over, deceased Crow Creek Indian, such sum having become due under the terms of such contract but remaining unpaid.

SAN JUAN NATIONAL MONUMENT, PUERTO RICO

The Senate proceeded to consider the bill (S. 2864) to establish the San Juan National Monument, Puerto Rico, and for other purposes, which had been reported from the Committee on Public Lands and Surveys with amendments.

The amendments were, on page 8, line 5, after the word "minutes", to insert the word "east"; on page 9, line 3, to strike out the word "hence" and insert the word "thence"; and on page 16, line 6, to strike out the words "Secretary of the Interior" and insert the word "President", so as to make the bill read:

Whereas the act of Congress approved July 1, 1902 (32 Stat. 731), authorized the President within 1 year from its approval to reserve public lands and buildings in the island of Puerto Rico for public purposes; and

Whereas by Executive order dated June 30, 1903, the President reserved the hereinafter-described lands for military purposes and placed the jurisdiction thereof under the War Department; and

Whereas the public interest will be promoted by including a portion of said lands within a national monument for the preservation of the historical, educational, and scientific interests contained in the area: Therefore

Be it enacted, etc., That there is hereby established the San Juan National Monument to include, subject to all existing private rights, the following-described lands in the island of Puerto Rico, to wit:

MAIN RESERVATION, SAN JUAN, P. R.

All that piece or parcel of land forming the westerly and northerly portions of the island of San Juan, P. R., and extending from the Marina to El Morro on the west and from El Morro to San Geronimo on the north, said tract of land containing part of the southerly wall of the city, all of the westerly wall, and all of the northerly wall together with Casa Blanca, the Infantry Barracks, El Morro, Artillery Park, San Cristobal, San Geronimo, and other military lands and buildings, which said tract of land is more particularly described as follows:

Beginning at the northwesterly corner of Tetuan and San Cristo Streets as said corner is now marked by the corner of the house on said corner, and running thence along said house—

1. South 85°48′ west 56.6 feet; thence
2. North 6°46′ west 15.3 feet; thence
3. North 80°35′ east 4 feet; thence
4. North 7°42′ west 22.7 feet to the northwesterly corner of said house; thence
5. South 81°7′ west 57.5 feet to the easterly side of Pink Palace; thence along the Pink Palace
6. South 10°7′ east 9.5 feet; thence
7. South 78°26′ west 149.2 feet to the southwesterly corner of said Pink Palace, said point being marked by an old iron cannon; thence still along Pink Palace
8. North 11°11′ west 66.6 feet to the yard of said Pink Palace; thence along the same
9. South 78°49′ west 64.9 feet; thence
10. North 13°6′ west 71.6 feet to the southerly line of Fortaleza Street; thence along the southerly side of said street
11. South 78°57′ west 18 feet; thence leaving said street and running along the Palace property
12. South 13°6′ east 90.9 feet to the property of La Conception; thence along said property
13. North 78°49′ east 44.4 feet; thence along the same
14. South 11°11′ east 80.1 feet; thence along the same
15. South 78°49′ west 89.1 feet; thence along the same
16. North 11°42′ west 26.6 feet to the Palace property; thence along the same
17. North 72°17′ west 202.3 feet; thence
18. North 21°59′ west 106.1 feet; thence
19. North 7°59′ east 25 feet; thence
20. South 82°1′ east 14 feet to the wall along the Palace garden; thence along said wall
21. North 7°59′ east 134.2 feet; thence
22. North 71°22′ east 62.5 feet; thence
23. North 3°15′ west 27.9 feet; thence
24. North 14°29′ west 306.3 feet to the line of Raphael Cordero Street; thence along said street
25. North 74°59′ west 97.6 feet to a granite post; thence along said street
26. North 50°43′ west 111.2 feet to the northerly line of Sol Street and the southwesterly corner of the Casa Blanca property; thence along said northerly line of Sol Street
27. North 43°5′ east 137.1 feet to the southeasterly corner of the Casa Bianca property; thence
28. North 37°14′ west 85.9 feet; thence
29. North 76°24′ east 190.6 feet; thence
30. North 17°32′ west 68.1 feet; thence

30½. North 80°9′ west 34.1 feet; thence

31. South 82°6′ west 152.7 feet; thence
32. North 1°28′ west 50.5 feet to the southerly line of San Sebastian Street; thence
33. North 38°24′ west 170.9 feet to the Beneficencia property; thence along said property
34. South 52°2′ west 286.4 feet; thence along the westerly side of the wall of the Beneficencia property
35. North 38°50′ west 337.3 feet; thence still along said wall
36. North 36°10′ west 128 feet to the northwesterly corner of said property; thence
37. North 51°45′ east 302.9 feet to the westerly line of a street or roadway in front of said property; thence along said street or roadway
38. South 38°32′ east 426 feet; thence
39. North 79°21′ east 390.6 feet; thence
40. North 10°20′ west 475.9 feet, passing parallel to and 11 feet easterly from the easterly side of the barracks building to the easterly side of the roadway to the cemetery; thence along the easterly side of said roadway
41. South 63°2′ east 377.7 feet; thence
42. South 85°43′ east 358 feet; thence
43. North 37°30′ east 97.8 feet, more or less, to point 16 feet distant from the parapet of Las Animas Bastion; thence
44. North 68°51′ east at same distance from parapet, 68.5 feet, more or less; thence
45. South 77°27′ east at same distance from parapet, 109.2 feet, more or less; thence
46. South 24° east at same distance from parapet, 81 feet, more or less; thence
47. South 87°30′ east at same distance from parapet, 58.4 feet; thence

47a. South 13° west 45 feet, more or less, to a point bearing south 77° east from the beginning of course 48, as described in the Executive order of June 30, 1903; thence

47b. North 77° west 86 feet, more or less, to point of beginning of said course

48. South 7°6′ east 118 feet to the southerly line of the Artillery Park property; thence along the southerly line of said property.
49. South 73°38′ east 162.3 feet; thence still along the same
50. North 79°47′ east 35.5 feet to the easterly line of said property; thence along said easterly line
51. North 10°18′ west 41.3 feet; thence
52. North 4°4′ east 65.3 feet; thence
53. North 89° east 337.2 feet; thence
54. South 80° east 607.8 feet; thence
55. North 89°10′ east 283.5 feet; thence
56. South 67°1′ east 147.1 feet; thence
57. South 53°2′ east 98.1 feet to the northerly line of Sol Street; thence along the same
58. North 84°6′ east 13.3 feet; thence along the easterly line of Norzagaray Street and passing just west of an old cannon at the entrance way to San Cristobal
59. South 34°29′ east 133.6 feet; thence still along the easterly line of said street
60. South 19°41′ east 335.5 feet; thence
61. South 76°37′ east 415 feet; thence
62. South 1°54′ east 81.8 feet to the northerly line of the main highway or military road, said side line being 20 feet northerly from the center line of said road; thence along the northerly line of said road
63. North 88°6′ east 125 feet; thence
64. North 3°53′ west 260 feet; thence
65. North 88°6′ east parallel to said military road 305.4 feet; thence continuing parallel to said military road
66. North 86°7′ east 1,100 feet; thence
67. North 3°53′ west 116.2 feet; thence
68. North 86°7′ east 370 feet to the corner of the wall on the municipal hospital property; thence along the northerly side of said wall

68½. North 89°17′ east 341.5 feet; thence

69. South 3°53′ east 357.3 feet to the northerly line of said military road; thence along the northerly line of said road
70. South 67°45′ east 537.5 feet; thence
71. North 22°15′ east 415 feet; thence
72. South 55°50′ east 566.2 feet to the corner of the hospital property; thence along said property
73. South 78°55′ east 237.2 feet; thence
74. South 76°3′ east 560 feet; thence
75. South 88°50′ east 1,229.5 feet; thence
76. South 5°16′ west 239.7 feet; thence
77. South 75°17′ east 184.5 feet; thence
78. South 14°43′ west 65 feet, passing 4 inches east of the southeasterly corner of the Caminero house to the northerly side of the military road; thence along said military road
79. South 75°17′ east 270.7 feet; thence
80. North 23°29′ east 400 feet; thence
81. North 83°29′ east 466 feet; thence
82. South 66°31′ east parallel to the military road and 633 feet distant therefrom 1,746 feet; thence
83. South 23°29′ west 633 feet to the northerly line of said military road; thence crossing said military road
84. South 23°29′ west 1,000 feet more or less to the San Antonio Channel; thence following said channel easterly to the San Antonio Bridge; thence northerly along the shore line of the Laguna to the sea in front of San Geronimo; thence northerly and westerly along the sea passing San Geronimo, Escambron, and San Cristobal to a point in line with the westerly line of the San Sebastian Bastion; thence south 18°18′ west 310 feet to the foot of the scarf wall; thence along the foot of the scarf wall on the northerly side thereof westerly passing the Santo Tomas Bastion, the Animas Bastion, the Santo Domingo Bastion, the Santa Rosa Bastion to the most northerly corner of the San Antonio Bastion near the westerly end of the cemetery; thence north 34° east 100 feet to the sea; thence westerly and southerly along the sea and San Juan Bay passing Morro Castle, Santa Elena Battery, San Augustine Battery to an angle in the scarf wall which is about 100 feet northerly from the western gate of the city of San Juan at the westerly end of San Juan Street; thence along the foot of the scarf wall southerly passing said city gate, the Santa Catalina Battery, the Conception Battery, to a point in the foot of said scarf wall nearly opposite the end of Cristo Street, said point being exactly in line with the westerly line of Capilla del Cristo Building; thence along said line north 4°6′ east 31.9 feet to a corner in the said Capilla del Cristo Building; thence still along said building north 85°54′ east 13.6 feet to the westerly line of Cristo Street, produced; thence along the line of said street north 11°7′ west 18.1 feet to the point or place of beginning.

The occupants of buildings abutting on the scarf wall will be allowed to use the passageway along the same as a way during time of peace, subject to revocation by the Department of Interior and to such police regulations for good order and discipline on the monument as may be prescribed by proper Government authority.

LA PALMA BASTION, SAN JUAN, P. R.

All that piece or parcel of land in the southerly part of the city of San Juan, on San Juan Island, P. R., occupied by the La Palma Bastion, bounded and described as follows:

Beginning at the corner of a stone wall at the intersection of the southerly line of Tetuan Street with the southwesterly line of Recinto Sur Street, and running thence along the southerly side of Tetuan Street south 77°17′ W. 83.6 feet; thence still along Tetuan Street south 85°16′ west 181.2 feet; thence crossing the scarf wall south 3°44′ east 48.7 feet to the bottom of the scarf wall at the southwesterly corner of said bastion; thence along the bot-

tom of said scarf wall south 77°44′ east 155.4 feet; thence along the same north 84°19′ east 144 feet; thence along the same north 4°51′ west 27.9 feet; thence crossing the scarf wall and along the southwesterly line of Recinto Sur Street north 24°57′ west 80.4 feet to the point or place of beginning.

SAN SEBASTIAN GUARDHOUSE, SAN JUAN, P. R.

All that piece or parcel of land situated in the northerly part of the city of San Juan, on San Juan Island, P. R., and known as the "San Sebastian guardhouse", and bounded and described as follows:

Beginning at a point in the northerly side of Sol Street distant 113 feet easterly from the easterly side of Tanca Street, said point of beginning being also at the intersection with the westerly side of a street just west of the old San Sebastian powder magazine and running thence along said northerly side of Sol Street south 82°10′ west 56.5 feet; thence north 7°50′ west 41.6 feet; thence north 82°10′ east 56.5 feet to the westerly line of a street; thence along said street south 7°50′ east 41.6 feet to the point or place of beginning.

SANTO DOMINGO BARRACKS, SAN JUAN, P. R.

All that piece or parcel of land situated on San Juan Island, in the city of San Juan, P. R., and known as the "Santo Domingo Barracks site", adjoining the Church of San Jose.

Also the following-designated lands which it is impracticable to describe by metes and bounds:

1. All of the lands comprising the islands of Cabras and Canuelo, lying at the entrance of San Juan Harbor, and the island of Punta Salinas, lying about 3 statute miles westerly of said entrance.

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to accept in behalf of the United States, lands, easements, and buildings located on San Juan Island as may be donated for addition to the San Juan National Monument, and upon acceptance thereof the same shall be a part of said monument.

SEC. 3. That the administration, protection, and development of the aforesaid national monument shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service and for other purposes" (U. S. C., title 16, secs. 1–4; 39 Stat. 535) as amended (U. S. C., 6th supp., title 16, sec. 443d): *Provided*, That the President may authorize the use of lands therein by other Federal agencies when deemed by him not detrimental to the purposes of said national monument.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

OLD-AGE PENSIONS FOR INDIANS

The Senate proceeded to consider the bill (S. 3293) providing old-age pensions for Indians of the United States, which had been reported from the Committee on Indian Affairs with amendments.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. NORBECK. Mr. President, this bill covers a provision which was included in the social-security bill, which became a part of that bill and was approved by the Senate. However, the House conferees would not accept it, mainly because the Senate had not held hearings on the matter and gone into the question fully. A new bill accordingly was introduced and hearings were held.

Mr. McKELLAR. Does the social-security bill include this provision?

Mr. NORBECK. No. It was stricken out of the social-security bill. The main difference is that the Indians will pay it themselves, if and when they get judgment from the Government and recover the money for the loss of their land. In the meantime they will be permitted to draw pensions to keep them from starving.

Mr. McKELLAR. What is the estimated cost?

Mr. NORBECK. In my judgment it will be a little less than $2,000,000 annually.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER (Mr. MOORE in the chair). The amendments will be stated.

The first amendment was, in section 1, on page 1, line 3, after the words "persons of", to insert the words "one-fourth or more"; in line 4, after the word "blood", to insert the words "as defined in section 3 hereof"; on page 1, beginning in line 9, to strike out:

Application for pension hereunder must be made in writing, upon such form as the Secretary of the Interior may prescribe and shall be filed by the applicant with the superintendent or such other field officer as the Secretary of the Interior may designate having supervision over the applicant or the tribe or tribes to which such applicant belongs. In all cases where the said Secretary finds that the annual income of such applicant is less than $1 per day, said Secretary shall award to such applicant a pension in an amount which, when added to such other annual income of the applicant, will bring such annual income up to but not in excess of $1 per day, and.

And to insert:

The Secretary of the Interior is hereby directed to ascertain the names of all heads of families and single persons of one-fourth or more Indian blood who have heretofore attained or shall hereafter attain the age of 65 years. In all cases where the Secretary finds annual net income of such person or persons to be less than $1 per day he shall award a pension in an amount which when added to such other annual income will bring such annual income up to but not in excess of $1 per day. The amount of such pension shall be adjusted annually as the net income of the pensioner may increase or diminish.

So as to make the section read:

That heads of families and single persons of one-fourth or more Indian blood, as defined in section 3 hereof, who have heretofore attained or shall hereafter attain the age of 65 years, are hereby declared to be entitled to a pension from the United States in a sum not exceeding $30 per month, subject to the following conditions:

The Secretary of the Interior is hereby directed to ascertain the names of all heads of families and single persons of one-fourth or more Indian blood who have heretofore attained or shall hereafter attain the age of 65 years. In all cases where the Secretary finds annual net income of such person or persons to be less than $1 per day he shall award a pension in an amount which when added to such other annual income will bring such annual income up to but not in excess of $1 per day. The amount of such pension shall be adjusted annually as the net income of the pensioner may increase or diminish.

The amendment was agreed to.

The next amendment was, on page 2, line 22, after the words "date of", to strike out the word "approval" and insert the word "certification"; in line 23, after the words "interior of the", to strike out the words "application therefor" and insert the words "eligibility of the individual to receive a pension"; on page 3, line 1, before the word "Indian", to strike out the word "such"; on page 3, line 6, before the word "payments", to strike out the word "such", so as to make the paragraph read:

SEC. 2. Payments to Indian pensioners hereunder shall be made in equal monthly installments, from date of certification by the Secretary of the Interior of the eligibility of individual to receive a pension. In the discretion of the Secretary of the Interior, payments to Indian pensioners may be made direct to the individual beneficiary thereunder or to such other person or persons found by the Secretary of the Interior to be providing for the care of such Indian pensioners: *Provided, however*, That in the discretion of the Secretary of the Interior, payments due any Indian beneficiary hereunder may be handled in accordance with regulations governing individual Indian money accounts, and the Secretary of the Interior is hereby authorized to prescribe such further rules and regulations as may be necessary to carry out the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 3, line 21, after the word "act", to insert a proviso so as to make the section read:

SEC. 4. There is hereby authorized to be appropriated annually, out of any money in the Treasury of the United States not otherwise appropriated, so much as may be necessary to carry out the provisions of this act: *Provided*, That expenditures made under this act shall be, and shall be held to be, solely for the individual benefit of the Indian pensioner and the whole amount received by or expended for any such Indian pensioner may be charged against any money standing to the credit of such individual Indian or against money which may hereafter become due such Indian pensioner.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. NORBECK. I ask that Calendar No. 592, being the bill (S. 1697) providing old-age pensions for Indian citizens of the United States, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

TEXAS CENTENNIAL EXPOSITION

The joint resolution (H. J. Res. 335) to permit articles imported from foreign countries for the purpose of exhibi-

tion at the Texas Centennial Exposition and celebration to be admitted without payment of tariff, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That all articles which shall be imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be held in Texas beginning in June 1936 or for use in constructing, installing or maintaining foreign buildings or exhibits at the said exposition and celebrations, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition and celebrations, to sell within the area of the exposition and celebrations any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles, which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at any time during or within 3 months after the close of the exposition, any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such articles shall be remitted: *Provided further*, That articles, which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond, and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition and celebrations under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That the Commission of Control for Texas Centennial Celebrations and Texas Centennial Central Exposition shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for, articles imported under the provisions of this act, shall be reimbursed by the Commission of Control for Texas Centennial Celebrations and the Texas Centennial Central Exposition to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930.

CHIPPEWA INDIANS COOPERATIVE MARKETING ASSOCIATION

The Senate proceeded to consider the bill (H. R. 6228) authorizing a capital fund for the Chippewa Indians Cooperative Marketing Association, which had been reported from the Committee on Indian Affairs with an amendment, on page 1, line 5, before the word "much", to insert the word "so", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to withdraw from the Treasury of the United States the sum of $100,000, or so much thereof as may be necessary, of the funds on deposit to the credit of the Chippewa Indians in Minnesota, and to loan such sum to the Chippewa Indian Cooperative Marketing Association. The amount so loaned to said association shall be available for all purposes, including compensation and reasonable expenses of attorneys, purchase of land and erection of suitable buildings, necessary to the businesslike operation of a cooperative marketing system to be conducted in accordance with articles of incorporation and bylaws approved by the Secretary of the Interior. All funds loaned the association under this authorization shall bear interest at 4 percent per annum and shall be repaid to the Chippewa tribal fund within a period of 10 years from date of such loans.

SEC. 2. The use of funds hereby authorized shall not disbar the association from receiving loans from any amounts appropriated pursuant to section 10 of the act of June 18, 1934 (48 Stat. 986), authorizing the creation of an Indian credit revolving fund.

SEC. 3. The Secretary of the Interior shall formulate rules and regulations for carrying out the purposes of this act.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

EMPLOYMENT OF SHORTHAND REPORTERS IN EXECUTIVE DEPARTMENTS

Mr. CONNALLY. Mr. President, I ask unanimous consent to return to Calendar 353, the bill (S. 1452) providing for the employment of skilled shorthand reporters in the executive branch of the Government. I desire to offer an amendment, which I send to the desk.

Mr. McKELLAR. Mr. President, has not that bill been objected to?

Mr. McNARY. Mr. President, some objection has been made to the bill. I do not remember who made the objection, but undoubtedly the RECORD will show. That Senator should be present before consideration of the bill is agreed to.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. CONNALLY. Mr. President, it was the Senator from Tennessee [Mr. McKELLAR] who objected. I have offered an amendment which, if he will examine it, I am sure will remove his objection. The bill as amended would not involve a dollar of expense to the Treasury. It would simply authorize the departments to employ shorthand reporters without advertising for bids and accepting the lowest bid. Under the present law the departments often do not get the best service in employing shorthand reporters.

Mr. McKELLAR. But there are so many requirements involved in the bill.

Mr. CONNALLY. There will not be if my amendment shall be adopted. I ask that the amendment be stated.

THE PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 1, line 8, after the word "such", to strike out the words "number of", and on page 2, to strike out sections 2 and 4, and on page 3, to strike out section 5, so as to make the bill read:

That any department, bureau, board, commission, or independent agency in the executive branch of the Government is authorized, without regard to civil-service laws and without regard to any provision of law requiring advertising for proposals to furnish supplies or services to any of the departments of the Government, to employ such shorthand reporters as may be necessary in the conduct of its business.

SEC. 2. Said reporters shall be sworn to report and transcribe correctly any proceedings in connection with which they are employed. Copies of the transcript of such proceedings when certified by the reporter making the same may be admitted as prima facie evidence of their correctness in the courts of the United States and shall have the same force and effect as the original would have if produced and authenticated in court.

Mr. KING. Mr. President, I ask that the bill go over. I shall be glad to discuss the matter further with the Senator from Texas.

The PRESIDING OFFICER. On objection of the Senator from Utah, the bill will be passed over.

CONSIDERATION OF BRIDGE BILLS AND RIVER-SURVEY BILL

Mr. SHEPPARD. Mr. President, this morning I reported a number of bridge bills which are in the usual and ordinary form, and also one bill, in the usual form, providing for an examination of a river. In order to save time and the expense of printing, I ask unanimous consent for their immediate consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the bills will be considered in order.

The following Senate bills, which had been reported from the Committee on Commerce without amendment, were severally considered, ordered to be engrossed for a third reading, read the third time, and passed:

A bill (S. 2977) authorizing the George Washington Memorial Bridge Public Corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Potomac River at or near Dahlgren, Va.

Be it enacted, etc., That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the George Washington Memorial Bridge Public Corporation, its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a highway or combined highway and railroad bridge and approaches thereto across the Potomac River at a point suitable to the interests of navigation

from a point in the vicinity of Dahlgren in the northeastern end of King George County, in the State of Virginia, to a point south of Popes Creek, in the county of Charles, in the State of Maryland, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the said George Washington Memorial Bridge Public Corporation, its successors and assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches and terminals as are possessed by railroad corporations for railroad purposes, or by bridge corporations for bridge purposes in the State or States in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State or States, and the proceedings therefor shall be the same as in the condemnation and expropriation of property for public purposes in such State or States.

SEC. 3. The said George Washington Memorial Bridge Public Corporation, its successors and assigns, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. After the completion of such bridge, as determined by the Secretary of War, either the State of Virginia, the State of Maryland, any public agency or political subdivision of either of such States, within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interests in real property necessary therefor, by purchase, or by condemnation or expropriation, in accordance with the laws of either of such States governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of 20 years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include goodwill, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion costs (not to exceed 10 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property); and (4) actual expenditures for necessary improvements.

SEC. 5. If such bridge shall at any time be taken over or acquired by the States or public agencies or political subdivisions thereof, or by either of them, as provided in section 4 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches, under economical management to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, within a period of not to exceed 30 years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for operation, repairing, and maintaining the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 6. The said George Washington Memorial Bridge Public Corporation, its successors and assigns, shall within 90 days after the completion of such bridge file with the Secretary of War and with the Highway Departments of the States of Virginia and Maryland a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and actual financing and promotion costs. The Secretary of War may, and upon the request of the highway department of either of such States shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said George Washington Memorial Bridge Public Corporation, its successors and assigns, shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 4 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 7. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to the said George Washington Memorial Bridge Public Corporation, its successors and assigns, and any corporation to which or any persons to whom such rights, powers, and privileges may be sold, assigned, or tranferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 8. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3107) to exempt publicly owned interstate highway bridges from State, municipal, and local taxation

Be it enacted, etc., That each interstate highway bridge and approaches thereto which has heretofore been constructed or acquired or which shall hereafter be constructed or acquired by any State, or by any commission, board, or agency of a State; or by any county, city, town, or other political subdivision or public corporation, or by any commission, board, or agency thereof; or by any commission, board, or authority created by the Congress or by a compact entered into between two States with the consent of the Congress, each thereof being herein sometimes termed a public authority, and which has been, or shall be, constructed pursuant to an act of the Congress consenting to or authorizing such construction, is hereby declared to be a Federal instrumentality for facilitating interstate commerce, improving the postal service, and providing for military purposes, and shall be exempt from all State, municipal, and local taxation so long as such bridge shall be owned and operated by such public authority either as a free bridge or as a toll bridge: *Provided, however*, That if such bridge shall be operated as a toll bridge, it shall not be exempt from such taxation unless all tolls received from the operation thereof, less the actual cost of operation and maintenance, are applied to the repayment to such public authority of the cost of construction or acquisition of such bridge or to the amortization of such cost, with reasonable interest and financing costs; nor unless after the amount contributed by such public authority, with reasonable interest and financing costs, in the construction or acquisition of such bridge has been repaid from the tolls; or after a sinking fund sufficient for the amortization of such cost shall have been provided, such bridge shall thereafter be maintained and operated free of tolls.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3130) granting the consent of Congress to the State of Tennessee and certain of its political subdivisions to construct, maintain, and operate a toll bridge across the Tennessee River at or near a point between Dayton and Decatur, Tenn.

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Tennessee, any political subdivision thereof within or adjoining which any part of the bridge herein referred to is located, any bridge district created or to be created by the State, or any two or more of them jointly to construct, maintain, and operate a bridge and approaches thereto across the Tennessee River at a point suitable to the interest of navigation, at or near a point between Dayton and Decatur, Tenn., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 30 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3131) to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point, and Dauphin Island, Ala.

Be it enacted, etc., That the times for commencing and completing the construction of a bridge and causeway between the mainland, at or near Cedar Point, and Dauphin Island, Ala., heretofore authorized to be built by Dauphin Island Railway & Harbor Co., its successors and assigns (Mobile County, Ala., transferee), as last extended by Public Law No. 399, Seventy-second Congress, approved March 1, 1933, are hereby extended 1 and 3 years, respectively, from the date of approval of this act.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3164) authorizing the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, to construct, maintain, and operate a toll bridge across the Missouri River at or near Brownville, Nebr.

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and provide for military and

other purposes, the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, be, and are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near Brownville, Nebr., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, are hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3244) relating to the Oregon-Washington Bridge Board of Trustees

Be it enacted, etc., That section 1 of the act entitled "An act authorizing the Oregon-Washington Bridge Board of Trustees to construct, maintain, and operate a toll bridge across the Columbia River at Astoria, Clatsop County, Oreg.", approved June 13, 1934, is hereby amended to read as follows:

"That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, Guy Boyington, judge of the county court of Clatsop County, Oreg., and his successors in office, J. C. Ten Brook, mayor of the city of Astoria, Oreg., and his successors in office, and L. D. Williams, chairman of the Board of County Commissioners of Pacific County, Wash., and his successors in office, all as trustees, are hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Columbia River, at a point suitable to the interests of navigation, at Astoria, Clatsop County, Oreg., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act; and said trustees shall own and hold said bridge in trust for Clatsop County, Oreg., Pacific County, Wash., and the city of Astoria, Oreg.; said trustees being known as and functioning as the "Oregon-Washington Bridge Board of Trustees", and serving without compensation. Said board of trustees is hereby granted the right to borrow money and issue bonds and to assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act.

A bill (S. 3245) to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg.

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Columbia River, at Astoria, Clatsop County, Oreg., authorized to be built by the Oregon-Washington Bridge Board of Trustees by an act of Congress approved June 13, 1934, are hereby extended 1 and 3 years, respectively, from June 13, 1935.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3279) authorizing the city of Natchez and the county of Adams, State of Mississippi, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Natchez, State of Mississippi

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the city of Natchez, State of Mississippi, and the county of Adams, State of Mississippi, singly or jointly, be, and are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River, at a point suitable to the interests of navigation, at or near Natchez, State of Mississippi, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon said city and county, acting singly or jointly, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge puposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said city and county, acting singly or jointly, are hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3290) to revive and reenact the act entitled "An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Ouachita River at or near Monroe, La.", approved January 26, 1925

Be it enacted, etc., That the act approved January 26, 1925, heretofore extended by acts of Congress approved February 6, 1928, and January 15, 1931, granting the consent of Congress to construct, maintain, and operate a bridge and approaches thereto across the Ouachita River, at or near Monroe, La., be, and is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3291) to revive and reenact the act entitled "An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Red River at or near Alexandria, La." approved January 15, 1931

Be it enacted, etc., That the act approved January 15, 1931, granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge and approaches thereto across the Red River, at or near Alexandria, La., be, and is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

A bill (S. 3277) authorizing a preliminary examination of the Nehalem River and tributaries, in Clatsop, Columbia, and Washington Counties, Oreg., with a view to the controlling of floods

Be it enacted, etc., That the Secretary of War is authorized and directed to cause a preliminary examination to be made of the Nehalem River and its tributaries, in Clatsop, Columbia, and Washington Counties, Oreg., with a view to the control of floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

RESOLUTIONS REPORTED FROM COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. BYRNES. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate

I report back favorably four resolutions, and I ask unanimous consent for their immediate consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will state the resolutions for which the Senator from South Carolina requests consideration.

MANIPULATION OF COTTON MARKETS AND PRICES

The Senate proceeded to consider the resolution (S. Res. 172) submitted by Mr. SMITH on the 18th instant, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment. The resolution was read, as follows:

Resolved, That in addition to the authority conferred upon the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, under Senate Resolution No. 103, Seventy-fourth Congress, first session, agreed to March 16, 1935, and Senate Resolution No. 125, agreed to May 7, 1935, the committee, or any duly authorized subcommittee thereof, shall have authority to investigate, with a view to determining whether there has been any manipulation, direct or indirect, of the cotton markets, or any undue influence thereupon in connection with the issuance or publication of cotton reports or statements, (1) the causes of the decline of the price of cotton on the cotton exchanges on, prior, and subsequent to March 11, 1935, and (2) the activities of the Department of Agriculture, cotton exchanges, cotton merchants, cotton brokers, cotton millers, bankers, and any other persons, firms, or corporations connected with the cotton business on, prior, and subsequent to March 11, 1935.

The said committee shall report to the Senate at the earliest practicable date the result of its investigation, together with its recommendations for the enactment of necessary legislation.

For the purpose of this resolution and Senate Resolutions 103 and 125, the said committee, or any duly authorized subcommittee thereof, is hereby authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses, and the production of such books, papers, and documents, to administer oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The limit of expenditures to be made under the authority of this resolution, as well as under the aforesaid Senate Resolutions 103 and 125, is hereby increased by $25,000, and shall be paid from the contingent fund of the Senate upon vouchers to be approved by the Chairman of said Committee on Agriculture and Forestry.

Mr. KING. Mr. President, I should like to ask the Senator from South Carolina a question. We have had cotton investigations over and over again by the Committee on Agriculture and Forestry, particularly in connection with the Agricultural Adjustment Act, and the present amendments to that act. With the voluminous reports which have been made, and the studies which have been made, it seems to me that nothing additional could be obtained.

Mr. BYRNES. Mr. President, the investigation which was ordered some 3 or 4 months ago relates to certain transactions on the New York Cotton Exchange with reference to a break in the cotton market. It was ordered as a result of a unanimous report of the Committee on Agriculture and Forestry favoring the investigation. The investigation has been under way, and this appropriation is to enable the committee to complete the investigation which the Committee to Audit and Control the Contingent Expenses of the Senate believes is absolutely necessary in order to wind up the investigation.

The amount asked in the resolution is $25,000. The committee has reported an amendment recommending $12,500.

The PRESIDING OFFICER. The amendment of the committee will be stated.

The CHIEF CLERK. On page 2, line 24, it is proposed to strike out "$25,000" as reported by an amendment of the Committee on Agriculture and Forestry, and insert "$12,500."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The resolution, as amended, was agreed to.

PRESERVATION OF OLD DOCUMENTS IN SENATE LIBRARY

The Senate proceeded to consider the resolution (S. Res. 149) submitted by Mr. ROBINSON on June 5, 1935, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate without amendment, which was read and agreed to, as follows:

Resolved, That the Secretary of the Senate is authorized to expend from the contingent fund of the Senate such sums as may be necessary, not to exceed $1,500, for the purpose of adequately providing for the preservation of old documents on file in the Senate Library.

NATIONAL PARKS

The Senate proceeded to consider the resolution (S. Res. 102) submitted jointly by Messrs. WAGNER, ASHURST, NORBECK, and NYE on March 14, 1935, reported by Mr. ASHURST on the calendar day of March 21 from the Committee on Public Lands and Surveys with amendments, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate with a further amendment.

The amendments of the Committee on Public Lands and Surveys were, on page 1, line 4, after the word "parks", to insert "and national monuments"; and in line 6, after the word "parks", to insert "and national monuments", so as to make the resolution read:

Resolved, That the Committee on Public Lands and Surveys, or any subcommittee thereof, be, and it is hereby, authorized and directed to investigate the advisability of establishing certain additional national parks and national monuments and the proposed changes in, and boundary revisions of, certain other national parks and national monuments. For the purpose of carrying out the provisions of this resolution such committee or subcommittee is hereby authorized to sit, act, and perform its duties at such times and places as it deems necessary or proper; to require by subpena or otherwise the attendance of witnesses; to require the production of books, papers, documents, and other evidence; and to administer such oaths and to take such testimony and make such expenditures as it deems advisable.

The cost of stenographic service to report such hearings shall not exceed 25 cents per 100 words. The expenses of such committee or subcommittee, which shall not exceed the sum of $7,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The amendments were agreed to.

The amendment of the Committee to Audit and Control the Contingent Expenses of the Senate was, on page 2, line 5, after the words "sum of", to strike out "$7,500" and insert "$5,000."

The amendment was agreed to.

The resolution, as amended, was agreed to.

GENERAL SURVEY OF INDIAN CONDITIONS—EXPENSES

The Senate proceeded to consider the resolution (S. Res. 156) submitted by Mr. THOMAS of Oklahoma on June 20, 1935, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment.

The amendment was, on page 1, line 4, after the word "expend", to strike out "$10,000" and insert "$5,000", so as to make the resolution read:

Resolved, That the Committee on Indian Affairs, or any subcommittee thereof, authorized and directed by Senate resolutions to make a general survey of Indian conditions in the United States, is hereby authorized to expend $5,000 from the contingent fund of the Senate in addition to the sums heretofore authorized for said purpose.

The amendment was agreed to.

The resolution, as amended, was agreed to.

GEORGE J. FRANK

Mr. TYDINGS. Mr. President, I ask unanimous consent to recur to Calendar No. 1216, being Senate bill 1843; and I should like to make a brief explanation.

It will be noted that this is a bill to authorize the presentation to George J. Frank of a decoration for distinguished conduct. If Senators will read the record in the case, they will find that Mr. Frank, from the standpoint of gallantry in action, is entitled to this decoration; but the captain under whom he served, and who was preparing the citation for the decoration, was killed before he could send in the citation. However, the facts in the matter have been reviewed, and Paul C. Paschal, major (Infantry), General Staff Corps, has verified the facts. This is the only way in which a recommendation could now be made, as the officer who originally was to make it has been killed.

The bill has been favorably reported by the Committee on Military Affairs, and while, as a rule, I am opposed to awarding decorations in this manner, in this particular case I see

no way in which a deserving man may receive his decoration except in this manner.

Mr. VANDENBERG. In other words, Mr. President, the passage of this bill would not create the precedent of awarding decorations by legislation?

Mr. TYDINGS. It would not. It is a case where in all probability the man would have received the decoration had his captain lived, but although his captain had prepared the citation, he died before he could send it in. The Committee on Military Affairs has recommended the passage of the bill.

Mr. VANDENBERG. I withdraw the objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1843) to authorize the presentation of a Distinguished Service Cross to George J. Frank, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and to insert:

That the President is hereby authorized to cause the recommendation for the award of a decoration to George J. Frank, formerly a bugler, Company K, Thirtieth Regiment United States Infantry, for distinguished conduct during the German offensive at the Marne River, on July 15, 1918, to be considered by the proper boards or authorities, and such award made to Frank as his said conduct merits.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the award of a decoration for distinguished service to George J. Frank, formerly a bugler, Company K, Thirtieth Regiment United States Infantry, in the World War."

SEAL FOR VETERANS' ADMINISTRATION

Mr. ASHURST. Mr. President, I am about to do that which I have not done for many years and which is, I admit, a bad practice, to wit, report a bill and ask for its immediate consideration; but the bill I am about to report is in the nature of an emergency measure.

At the request of the Veterans' Administration, I introduced a bill to provide and authorize the Veterans' Administration to adopt and use a seal.

From the Committee on the Judiciary I now report the bill favorably with an amendment, and I submit a report (no. 1171) thereon. I ask that the bill be read, because I am about to ask unanimous consent that it be considered at this time.

The PRESIDING OFFICER. The bill will be read.

The bill (S. 3328) to provide an official seal for the United States Veterans' Administration, and for other purposes, was read, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, empowered and directed to cause a seal, which shall be judicially noticed, to be made and provided for the Veterans' Administration, with such device as in his judgment shall seem proper. Copies of any public documents, records, or papers belonging to or in the files of the Veterans' Administration, when authenticated by the seal and certified by the Administrator of Veterans' Affairs, or employee of the Veterans' Administration to whom proper authority shall have been delegated, in writing, by the Administrator, shall be evidenced equal with the originals thereof.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. McNARY. Mr. President, what is the request which has been made?

The PRESIDING OFFICER. The Senator from Arizona has requested unanimous consent for the consideration of this bill.

Mr. McNARY. Has it been referred to a committee?

Mr. ASHURST. Yes; it has been referred to the Committee on the Judiciary, and has been unanimously reported favorably by that committee.

Mr. McNARY. Let it be read again. My attention was diverted for the moment.

The PRESIDING OFFICER. The clerk will state the title of the bill.

The Chief Clerk read the title of the bill.

Mr. McNARY. That is all right, Mr. President.

Mr. ASHURST. I thank the Senator.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

HOURS OF DUTY OF POSTAL EMPLOYEES

Mr. McKELLAR. Mr. President, yesterday, when House bill 6990 was before the Senate, an amendment offered by the Senator from South Carolina [Mr. BYRNES] was adopted by the Senate. I have made inquiry of the Post Office Department as to what the changes in hours of service proposed by that amendment would cost. I have a reply from the Second Assistant Postmaster General which I desire to have placed in the RECORD at this point as part of my remarks, and I ask all Senators to read the letter. It will cost $4,000,000 to carry out the provisions of the amendment adopted yesterday.

The PRESIDING OFFICER. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

POST OFFICE DEPARTMENT,
SECOND ASSISTANT POSTMASTER GENERAL,
Washington, July 30, 1935.

Hon. KENNETH MCKELLAR,
Chairman Post Offices and Post Roads Committee,
United States Senate.

MY DEAR SENATOR: In accordance with your telephonic request of Monday afternoon I am setting out below the information you desire concerning the hours of service by railway postal clerks and their pay under (1) the present 44-hour law, (2) the House bill, (3) the Senate bill, and (4) the Byrns amendment:

PRESENT 44-HOUR LAW

The present act provides—

"* * * *And provided further*, That for the purpose of extending the benefits of this section to railway postal clerks the service of said railway postal clerks assigned to road duty shall be based on an average not exceeding 7 hours and 20 minutes per day for 306 days per annum, including a proper allowance for all service required on lay-off periods * * *."

The result of this is as follows:

	Maximum daily average hours of road service	Allowance for service on lay-off periods	Total hours
Class B clerks	6.00	1.20	7.20
Class A clerks	6.40	.40	7.20

Under administrative policy most clerks have a daily average road service less than the maximum, many as low as 5.30 hours, some below that, and some as low as 4¼ hours. This indicates a willingness on the part of the Department to be liberal in requirements under certain unusual conditions. The allowances for service on lay-off periods are considered liberal.

The average annual salary and travel allowance of road clerks are shown below:

Average salary:
Class B, $2,501.
Class A, $2,433.

Average travel allowance, $261.

At present there are in road service 900 clerks of class A, and 11,690 of class B.

The appropriation for current fiscal year is:

Salaries, Railway Mail Service	$52,500,000
Railway Mail Service, travel allowances	3,250,000
Total	55,750,000

H. R. 6990: Estimates show probable annual increase in cost, as follows:

40-hour week (without mileage feature)	$3,000,000
40-hour week (including mileage feature)	7,000,000
Increase, account mileage feature	4,000,000

Maximum road service which could be required of a clerk, approximately 32½ hours per week.

Many clerks, account of mileage feature, would perform less than 32½ hours per week; several hundred less than 30 hours; and some as low as 18 hours a week.

Under the 40-hour provision, without the mileage feature, the average hours of road duty for class B lines cannot be over 5.32 per day, but the mileage feature will bring many down below

this—some as low as 3 hours per day. The daily average will be approximately 4.30 hours for those affected by the mileage feature.

S. 3221: It is estimated that the increased annual cost will be approximately $3,000,000, with a daily average road service of from 5 to 5.32 hours for class B clerks.

Byrns amendment: It is estimated annual increase in cost over S. 3221 will be $3,300,000, and the daily average road service will be about 4.30 hours per day for those affected by the mileage feature.

Very truly yours,

HARLLEE BRANCH,
Second Assistant Postmaster General.

Mr. BYRNES. Mr. President, in reference to the letter which the Senator from Tennessee has inserted in the RECORD, calling attention to the adoption of the amendment inserted in the bill yesterday at my suggestion, and the statement that it would cost more than $4,000,000 per year, even an ordinary analysis of the figures will show that the Department is wrong in its estimate.

This subject was presented to the House. At that time it was stated by Mr. Donaldson, representing the Department, that the change would necessitate the employment of 1,150 additional men, and that at the average salary the maximum possible cost by reason of the provisions of the amendment, so far as it affects the railway mail service employees, would be $2,830,000.

Mr. McKELLAR. Mr. President, I wish to call the attention of Senators further to the fact that under the system proposed by the amendment these employees will work only from about 3 hours to 5 hours per day.

Mr. BYRNES. Mr. President, I wish to say that the statements of the Department officials appearing in the hearing before the House committee show a different state of facts as to the service of the employees. Those hearings are in print; and on pages 27, 28, and 29 they show an entirely different statement as to the hours of service by the railway mail employees.

Mr. BYRNES subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD a statement of W. M. Collins, president of the Railway Mail Association, in connection with the few remarks I made as to House bill 6990.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF W. M. COLLINS, PRESIDENT RAILWAY MAIL ASSOCIATION

While the Senate had under consideration H. R. 6990 on July 29, Senator BYRNES offered the following amendment which was agreed to by the Senate:

"or not to exceed an aggregate annual mileage of 44,450 on lines 350 miles or less in length, or not to exceed an aggregate annual mileage of 50,800 miles on lines over 350 miles in length, and railway postal clerks required to perform service in excess of the standards herein provided shall be paid in cash at the annual rate of pay or granted compensatory time, at their option, for such overtime."

This amendment was in lieu of the language of the House bill which had been stricken out by the Senate committee.

On March 20, 1935, a subcommittee of the Committee on the Post Office and Post Roads of the House considered H. R. 4876. The subcommittee favorably reported this to the House committee and that committee later reported H. R. 6990 and added to the text of H. R. 4876, so as to make it a general bill to cover all postal employees. The only hearings were held upon H. R. 4876. At that time the Deputy Second Assistant Postmaster General specifically stated that the provisions of H. R. 4876 would require 1,150 additional clerks for that part of the service which would be covered by the Byrnes amendment, which is a modification of the House bill and would not require as many additional clerks as the Department had stated would be required under the House bill. This testimony of the Department appears on page 27 and 28 of said hearings.

While the Department stated that the cost of reducing the road service from a 44-hour weekly basis to the 40-hour weekly basis, together with the added cost of a mileage provision, would be 1,150 men, he also stated that the approximate cost would be $5,072,727 a year additional. Attention might be invited to the fact that the cost of 1,150 additional men based upon the average salary would be approximately $2,830,000, and that cost would cover both the reduction in hours and the mileage feature of the road service.

Attention might be called to the number of employees in the road service in 1930, while the service was operating under a 48-hour week. The number in the road service was then 14,001. Effective July 1, 1931, Congress reduced the work week from 48 hours to 44 hours, and with the close of the first fiscal year under the operation of that law there were 14,355 road clerks. On June 30, 1935, still operating under the 44-hour week law there were 12,592 road clerks. This reduction in the number of employees in road service has been effected by reductions in service through administrative action, with a considerable part of it due to increased speed of trains.

The speed of trains has been increased very decidedly in recent years and particularly so during the past year, with further very decided increases in speed confronting us at the present time. Increased speed increases the hazards and difficulties in the performance of the work of these clerks on those trains. It also increases the number of trips required of the clerks per annum, as well, as their service is based only upon an hour basis. One illustration may be cited between Omaha and Kansas City, where it requires four clerks to keep up a run on one set of trains, while on another set of trains, traveling over the same trackage, requires only two clerks. The train of the faster schedule requires the clerks to make more than twice as many round trips per annum as those upon the slower schedule. We have some clerks today traveling a few miles under 90,000 miles per year under the present hour law, and a 40-hour law without mileage restriction would reduce that a few miles.

PROTECTION OF PUBLIC GRAZING LANDS

The Senate resumed the consideration of the bill (H. R. 3019) to amend sections 1, 3, and 15 of "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes", approved June 28, 1934 (48 Stat. 1269).

PENSIONS TO SPANISH-AMERICAN WAR VETERANS AND OTHERS

Mr. McGILL. Mr. President, I have taken up the matter, to which I am about to refer, with the majority leader and also with the Senator in charge of the bill which is the unfinished business before the Senate. I am about to propose a unanimous-consent agreement which I understand is agreeable to them.

I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 6995. It is a bill granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion, the Philippine Insurrection, their widows and dependents, and for other purposes.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I ask that the proposal be stated in a formal way.

The PRESIDING OFFICER. The Senator from Kansas has asked for the present consideration of a bill the title of which will be stated by the clerk.

The CHIEF CLERK. A bill (H. R. 6995) granting pensions to veterans of the Spanish American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes.

Mr. ROBINSON. The Senator from Kansas has asked unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of this bill. I shall not object to that.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Pensions without amendment.

The PRESIDING OFFICER. The question is on the amendment offered yesterday by the Senator from Arkansas [Mr. ROBINSON], which will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and to insert in lieu thereof the following:

That all laws in effect on March 19, 1933, granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, are hereby reenacted into law and such laws shall be effective from and after the first day of the month following the date of the enactment of this act: *Provided*, That the rates payable to those veterans who served 90 days or more or who having served less than 90 days were discharged for disability incurred in the service in line of duty and to their widows and/or dependents, shall be 100 percent of the rates in effect on March 19, 1933, and as to those veterans entitled only under section 3 of the act of June 2, 1930 (Public, No. 299, 71st Cong.), the rates payable shall be 75 percent of the rates in effect on March 19, 1933: *Provided further*, That any pension payable under this act shall be subject to the regulations issued pursuant to Public Law No. 2, Seventy-

third Congress, pertaining to hospitalized cases: *Provided further*, That the provisions of this act shall not apply—

(1) To any veteran whose disability is the result of his own willful misconduct;

(2) To persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive;

(3) To any person during any year following a year for which such person was not entitled to exemption from payment of a Federal income tax;

(4) To a veteran in Federal employ if his salary if single exceeds $1,000 and if married or having a minor child $2,500, except that such veteran if otherwise entitled shall receive $6 per month; and

5. To any person who enlisted after August 12, 1898, and who did not serve in either the Boxer Rebellion or the Philippine Insurrection unless such person left the continental United States under orders for military or naval service in Guam, Cuba, or Puerto Rico between August 13, 1898, and July 4, 1902, both dates inclusive.

SEC. 2. That all acts and parts of acts in conflict with or inconsistent with the provisions of this act are hereby repealed as of the last day of the month in which this act is enacted: *Provided*, That any pending claim theretofore filed may be adjudicated under such acts and any such claim shall be considered as a claim under this act: *Provided further*, That where there is entitlement both under this act and any act or acts enacted or Executive orders promulgated since March 19, 1933, the Administrator of Veterans' Affairs is authorized and directed to pay to the claimant the greater benefit.

Mr. McGILL. Mr. President, I do not care to occupy much of the time of the Senate in explanation of the bill. I assume the Senator from Arkansas desires to explain the amendment proposed by him, which is an amendment in the nature of a substitute for the bill.

This measure passed the House of Representatives at the present session of the Congress a few weeks ago by unanimous consent. No objection of any kind or character was raised to any of the provisions of the bill in that body. If the bill shall be enacted into law, it will merely restore the pension laws in effect prior to the enactment of the so-called "Economy Act" as it affected the Spanish-American War veterans, the veterans of the Boxer Rebellion, and those of the Philippine Insurrection.

By virtue of the act of Congress known as the "independent offices appropriation bill", with the exception of a very few of these veterans, comparatively speaking, they have been restored to the extent of 75 percent of the amounts they were receiving prior to the Economy Act. According to the estimates furnished by the Veterans' Administration, the amount which would be paid in 1936 under present law to the veterans of the Spanish-American War, the Boxer Rebellion, and the Philippine Insurrection would be $72,647,632, and to dependents of those veterans $12,971,236, or a total of $85,618,868.

It is estimated by the Veterans' Administration that if the measure now pending shall be enacted into law the payments for 1936 will be:

To veterans	$111,600,000
To dependents	19,600,000
Total	131,200,000

The difference, as estimated by the Veterans' Administration, if this bill shall be enacted into law, will be $45,581,132.

In 1933 there were on the pension rolls with service-connected disabilities, with disabilities not service connected, and as a result of special acts of the Congress, 196,043 veterans of the Spanish-American War, Boxer Rebellion, and Philippine Insurrection. There were in 1933 on the rolls 39,173 dependents of such veterans.

The Veterans Administration estimates if this bill should be enacted there would be on the pension rolls in 1936 201,200 such veterans and 49,400 of their dependents.

The number on the pension rolls by reason of legislation which was enacted in 1933 as well as since that time has been materially reduced due to the fact that many were taken off the pension rolls by virtue of the so-called "needs" clause regulations.

According to the estimates made by the Veterans Administration, there are approximately 265,000 veterans of the Spanish-American War, Boxer Rebellion, and the Philippine Insurrection now living. According to the estimates made by the Spanish-American War Veterans' Association there are but few in excess of 200,000 of these veterans now living. I do not know that either estimate is quite accurate, because at the conclusion of the Spanish-American War, and at the time the Philippine Insurrection was in progress, many of these veterans, having served the period of their enlistment, reenlisted, so that many of the same individuals served two enlistments.

I do not care to discuss in detail at this time the amendment proposed by the Senator from Arkansas, which, I take it, whether rightly or not, is an amendment of the Veterans' Administration.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. LEWIS. I call the attention of the chairman of the committee to the fact that in his correct statement about officers and soldiers of the Spanish-American War having served during the Philippine Insurrection, thus having enlisted twice, the Senator did not mean to intimate that they likewise sought two pensions, one upon the other, by virtue of their mere enlistment twice? They merely seek such pensions as are granted under the law, do they not?

Mr. McGILL. I had no thought of indicating that they were attempting, or would attempt under any circumstances, to have two pensions paid to them by the Government. I referred to those second enlistments in order to demonstrate that there is a dispute as to how many men actually served in the United States Army during the Philippine Insurrection.

Mr. President, with the exception of the second proviso and the fifth proviso of the amendment proposed by the Senator from Arkansas [Mr. ROBINSON], the substance of each of the provisos was contained in the veto message of President Hoover when he vetoed the act of June 2, 1930, which this bill seeks to reenact. The veto of President Hoover was overwhelmingly overridden in both Houses of Congress. There were but 14 votes to sustain the veto in the House of Representatives, and but 18 votes to sustain the veto in the Senate.

The act of June 2, 1930, is a pension law identical in language, I think, and identical in every other way, except as to amounts, with previous pension laws which had been enacted by the Congress affecting Civil War veterans.

The act of June 2, 1930, was the product of the Congress of the United States, and expressed, I feel, the attitude of the Congress, and the attitude of the Government toward the Spanish-American War veterans. Accordingly, the measure, regardless of the attitude of the then President of the United States, was overwhelmingly adopted by the two Houses of the Congress.

One amendment, proposed by the Senator from Arkansas, is as follows:

Provided further, That the provisions of this act shall not apply—that decisions as to degree of disability rendered prior to March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive;

As I understand, this proviso was in the measure which was contained in the previous independent offices appropriation act. Whatever investigations, if any, may have seemed necessary with reference to "unmistakable error as to conclusions of fact or law or misrepresentation of a material fact" could and should have been completed prior to this time.

Insofar as the question of fraud is concerned, my understanding is—and I think unquestionably the law is—that when any veteran of any war obtains a pension or payment by the Government to him through fraud, in such case the Government is entitled immediately to stop such payment, and such person could be taken before the courts of the country and criminally prosecuted for having perpetrated a fraud upon his Government. I see no reason for the reenactment of the provisions in proviso 2. That proviso affords to the Veterans' Administration and those it sends to investigate this man and that man an opportunity to take a veteran off the pension rolls simply because, after having had submitted to him some form of questionnaire, in answering those questions he makes some mistake, a clear mistake,



a clear error, not intentional and not with a view of defrauding his Government, but by such error, by such mistake in answer to questions, the Veterans' Administration can take him off of the pension roll, regardless of whether it be a mistake with reference to a conclusion of law or a material fact.

Mr. President, it would seem to me the veterans of the Spanish-American War, the Philippine Insurrection, and the Boxer Rebellion should not be left in any such state of uncertainty. They were volunterrs who served their country in a time of need and at a time when their country called for them. They have now reached the average age of 62 years, and the average death rate among them is now 6,000 per year; and to say that they should continually, from day to day, and year in and year out, be in a state of uncertainty by reason of some power to investigate their right to the payment of a pension which had been granted to them by their Government would, to my mind, manifestly be an unfair attitude on the part of the Government.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. STEIWER. I should like to see the Senator develop that point just a little further. As I remember, in the independent offices act of last year, the bill which became Document No. 141, restoring certain World War veterans to the roll, a rather similar provision was included. I do not know that it has worked any considerable amount of injustice upon World War veterans.

I was wondering if the Senator had given consideration to whether such a provision applying to the veterans of the War with Spain would be workable in the face of the fact that the soldiers of that war had been discharged more than 35 years ago; that in many cases the records are lost, if they were not nonexistent in the first place, and that a charge by the Veterans' Administration of mistake or fraud would be a most difficult charge for the veteran to deal with in order to establish his entitlement to a pension.

Mr. McGILL. I thank the Senator from Oregon. Unquestionably a veteran of either of the wars to which I have referred would have extreme difficulty in demonstrating from any records kept by the War Department the question of whether he had made a misstatement of fact, committed an error in answer to a question, or anything of that character. In other words, records were not kept of the service and misfortunes of Spanish-American War veterans, as was the case with reference to the veterans of the World War.

Mr. STEIWER. Mr. President, will the Senator further yield?

Mr. McGILL. I yield.

Mr. STEIWER. It has been stated on the floor of the Senate, and I think it is true—I have never heard it denied—that in the case of many thousands of the veterans of the War with Spain, after their title had been established, the Pension Bureau, thinking the records were of no further use, destroyed them. If that be true, what chance would the veteran have against the charge of the Bureau that there had been mistake or fraud in the granting of the entitlement in the first instance?

Mr. McGILL. In such case it would be impossible for him to refute a charge made by the Veterans' Administration.

Mr. LEWIS. Mr. President, may I be pardoned for injecting, in addition to what the able Senator from Oregon intimated, that I know personally from experience that in many instances the soldiers in the Spanish-American War service were enlisted in the State guard? They volunteered and joined in their own home States, and then the regiments were made up, and some officer of the Regular Army would be put in chief command. They would then proceed to duty, but there was no way for them to be enlisted and their records to be kept in the War Department in many, many instances. There was no way for the War Department to have a record of them. In the instance, such as the Senator from Oregon correctly explained, when a certain service would end, the War Department, feeling that there was no longer the necessity of maintaining such records as had been sent in to it by the officers of the State guard, or feeling that it had to displace them, either because it had to make room for new records or because it regarded the records as unnecessary to be continued in existence, destroyed the records. Thus it is we account for the absences of records which have been referred to by well-meaning Senators in their desire to keep the pension roll free of fraud.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. COSTIGAN. Has the amendment tendered by the able Senator from Arkansas [Mr. ROBINSON] been considered by the Committee on Pensions?

Mr. McGILL. The amendment has not been considered by the Committee on Pensions in that it had not been presented in the Senate until yesterday. The bill had been reported out unanimously by that committee several weeks prior to that time. However, some of the questions or issues involved in the amendment proposed by the Senator from Arkansas were discussed and considered, especially in the hearings held in the Pensions Committee of the House of Representatives.

Mr. COSTIGAN. As a result of that discussion, I assume that the Senator from Kansas has reached the conclusion that certain features of the amendment of the Senator from Arkansas are unfavorable and unfair to veterans of the Spanish-American War?

Mr. McGILL. I regard them as manifestly unfair to the Spanish-American War veteran. I am not finding fault with the proponent of the amendment. As I have heretofore stated, the amendment contains the provisions which have been heretofore contended for by the Veterans' Administration, and no doubt in some respects it would furnish employment to a good many men to carry out the requirements of the amendment. The Congress, however, I repeat, was wholly responsible for the principles contained in the act of June 2, 1930. It was purely the work of the Congress of the United States. It was passed overwhelmingly over the veto of former President Hoover, whose veto, as I heretofore pointed out, contains practically everything which is contained in the amendment here proposed.

Proviso 5 of the amendment proposed by the Senator from Arkansas was not, at least in language, contained in the veto message of former President Hoover. It reads as follows:

> That the provisions of this act shall not apply—
> (5) To any person who enlisted after August 12, 1898, and who did not serve in either the Boxer Rebellion or the Philippine Insurrection unless such person left the continental United States under orders for military or naval service in Guam, Cuba, or Puerto Rico between August 13, 1898, and July 4, 1902, both dates inclusive.

These were veterans and nurses who enlisted in the Army primarily to serve in the Philippine Insurrection.

Mr. WALSH. How many are there in that group?

Mr. McGILL. I called the Veterans' Administration this morning and also discussed the matter with a gentleman who is connected with the Pension Bureau in an effort to ascertain the number of these veterans who are now living.

Mr. WALSH. Will the Senator please state the number?

Mr. McGILL. They cannot state the number; they do not know.

Mr. WALSH. What is the number, approximately?

Mr. McGILL. The number who were on the pension roll when the act of 1933 was passed was 6,600.

Mr. WALSH. That is when the Economy Act was passed?

Mr. McGILL. It is the Economy Act I have in mind. That number, 6,600, were they reinstated, would draw at this time a pension of $40 a month.

Mr. WALSH. Have the group affected by the amendment of the Senator from Arkansas been denied pensions up to the present time?

Mr. McGILL. They are not, as I understand, now drawing any pensions. They were drawing pensions until the Economy Act was passed.

Mr. WALSH. So the only change we have made in the Economy Act, so far as it affects the Spanish War veterans, was the increase voted last year?

Mr. McGILL. That is correct.

Mr. WALSH. But we have not enlarged the group as is proposed in the bill which the Senator has reported from the Committee on Pensions?

Mr. McGILL. If the Senator will permit me, these men were on the pension rolls and drawing pensions prior to the so-called "Economy Act."

Mr. WALSH. And they are provided for in the House bill?

Mr. McGILL. They are provided for in the House bill.

Mr. WALSH. And also in the bill as reported by the committee?

Mr. McGILL. They are.

Mr. WALSH. But the amendment of the distinguished Senator from Arkansas would keep them off the rolls as they are now?

Mr. McGILL. Yes, sir; they would be eliminated. There were 6,600 of them on the pension rolls at that time, and the estimate is that there were probably twice that number who enlisted in 1898.

Mr. STEIWER. Mr. President, will the Senator permit me to interrupt him?

Mr. McGILL. I yield.

Mr. STEIWER. I hope I am not intruding upon the remarks of the Senator from Kansas?

Mr. McGILL. Not at all.

Mr. STEIWER. I think I can make a more categorical answer to the question propounded by the Senator from Massachusetts [Mr. WALSH]. At the time of the Economy Act; that is, the act of March 1933, there were on the pension roll something over 12,000 of the so-called "nonparticipating" Spanish-American War veterans; that is, the group that enlisted subsequent to August 13, 1898. They were entirely removed, for the time, from the pension roll by the Economy Act and by regulations made pursuant thereto.

Mr. WALSH. Will the Senator please repeat the number.

Mr. STEIWER. The number was something in excess of 12,000. Not so long ago—I think it was last year—the President, by further regulation, restored to the roll some part of that group. I am advised that the number restored was approximately 5,500 of the 12,000. Those who were restored were restored by an Executive order which based their restoration upon service involving Guam, Cuba, or Puerto Rico between the dates named; that is, August 13, 1898, and July 4, 1902, inclusive.

Mr. WALSH. On what principle were those veterans by Executive order restored and others not restored?

Mr. STEIWER. By identifying the service. The veterans who had performed a service in certain areas were regarded as being entitled to more consideration than the others, and they were restored by Executive order.

Mr. WALSH. I presume it was considered that the hazards and risks were greater in that kind of service than in the other?

Mr. STEIWER. I presume that was the reason.

With the permission of the Senator from Kansas—and, I hope, I am not taking too much of his time——

Mr. McGILL. I yield.

Mr. STEIWER. The language of the amendment which is now pending before the Senate evidently intends to retain on the rolls those who were restored by Executive order, because there is an exception made commencing in line 5, on page 3.

In the first place, paragraph (5) of the amendment provides that a person who enlisted after August 12, 1898, would not be protected by the amendment, but in line 5 it is provided:

> Unless such person left the continental United States under orders for military service or naval service in Guam, Cuba, or Puerto Rico.

So the effect of this amendment is to retain on the rolls those who were restored by Executive order, but in my judgment, to condemn the remainder numbering about 6,500 men.

Mr. WALSH. Did the group not included engage in actual combat during the period?

Mr. STEIWER. I think they did not.

Mr. WALSH. I assume the amendment and the executive department have undertaken to treat them as members of the Regular Army organization?

Mr. STEIWER. Yes; as peace-time soldiers.

I thank the Senator from Kansas.

Mr. McGILL. Mr. President, I did not intend, in response to the Senator from Massachusetts, to convey the thought that the proviso to which I referred in the amendment would in anywise affect those who served in Guam, Cuba, or Puerto Rico. It affects the ones who enlisted for the same purpose but who were not sent from the United States. There were on the pension rolls about 6,000 or 6,500 who did not leave continental United States.

Mr. WALSH. The 6,500 enlisted for the purpose of serving in foreign countries, but, as a matter of fact, were never sent there?

Mr. McGILL. That is correct.

Mr. WALSH. That is probably the reason why the executive department felt they were not entitled to pensions.

Mr. McGILL. I desire to point out the fact, however, that they enlisted for the same purposes as those who did go to Guam, Cuba, Puerto Rico, or the Philippines.

Mr. WALSH. They were in camps.

Mr. McGILL. They were in camps, but they were in the service for a period of approximately 2 years.

Mr. WALSH. And, of course, they must have complied with the orders issued just as every other soldier who was enlisted?

Mr. McGILL. In every respect the same as any other soldier.

However, Mr. President, I am trying to point out to the Senator from Massachusetts that many of the veterans of the War with Spain never were actually engaged in any battle but were kept in this country.

Mr. WALSH. That is also true of veterans of the World War.

Mr. McGILL. But they were enlisted for the same purposes as were those who did go to Cuba, and, to my mind, are in exactly the same class.

Mr. WALSH. We have not distinguised in our pension laws between the soldiers who remained in this country and those who served abroad during the World War?

Mr. McGILL. We have not.

Mr. CONNALLY. Mr. President——

Mr. McGILL. I yield to the Senator from Texas.

Mr. CONNALLY. May I suggest to the Senator from Kansas and the Senator from Massachusetts that in case the veterans who enlisted after the 12th of August 1898, it is assumed that they enlisted for the purpose of going to the Philippines just as in the case of those who actually did go to the Philippines. The fact that they did not go was not their fault. There is no rule of the kind in the case of the World War veterans. Many of the World War veterans who enlisted and who remained in America and never got out of the training camps are treated, so far as disability incurred is concerned, just the same as the men who went to France and were shot at. Why, in the case of the Spanish-American War veterans, the soldier who did not go abroad should be denied a pension and the one who did go abroad should get a pension, I cannot see.

So I am unwilling to vote for a provision which discriminates against the man who was not sent abroad by the Government. He was ready to go; he enlisted for that purpose; and yet, because he remained at home, he is denied a pension, while his brother who went abroad gets a pension, although he had nothing to say whatever as to what was done with him.

Mr. COPELAND. Mr. President——

Mr. McGILL. I yield to the Senator from New York.

Mr. COPELAND. I should like to ask what happened to the soldiers who remained at home? Some of them were at Chickamauga where typhoid fever was rampant, were they not?

Mr. McGILL. I will say to the Senator from New York that they are not affected by the proviso. The proviso affects only those who enlisted after August 12, 1898, and did

not go to the island of Guam or Puerto Rico or the Philippines.

Mr. COPELAND. Where were they? Were they not in camps here?

Mr. McGILL. As I understand, they were largely on the west coast.

Mr. COPELAND. And they suffered disease and privation?

Mr. McGILL. My information is, I will say to the Senator from New York, that the number who enlisted for the Philippine Insurrection, and the Boxer Rebellion and the Spanish-American War was something like 480,000 men. There were many reenlistments, so there was not quite that number in the aggregate and that 1 out of every 7 of them became afflicted with typhoid fever during his service, and many of them became afflicted with malarial fever and other ailments which were common in the camps and in the countries to which they were sent.

Mr. COPELAND. We cannot disregard the fact, if the Senator will permit me to say it, that the state of medical science was then such that the medical profession did not know how to deal in a sanitary way with men who were brought together in large camps. The result was that they suffered from typhoid fever and from various intestinal disturbances and also from malaria. There is no doubt that many of them suffered just as severely and contracted just as serious permanent injuries as if they had served across the seas. Certainly they faced death and disease as their brothers did who saw actual service abroad.

Mr. McGILL. I think the hearings disclose, I will say to the Senator from New York, that the men who were kept in the camps suffered greater hardships and endured more during the period of time they were in the service than men did in some other wars.

Now I think I have covered the fifth proviso. I merely wish to point out, if I may——

Mr. WALSH. Mr. President——

Mr. McGILL. I yield to the Senator from Massachusetts.

Mr. WALSH. Mr. President, perhaps the Senator from Kansas has already answered my question, because I have not been able to follow his statement in detail. How much money will be necessary to raise to carry out the provisions of the bill to which he is referring, and how much money would be deducted from that amount in case the amendment of the Senator from Arkansas should be adopted?

Mr. McGILL. I think the Senator from Arkansas and I will not agree in our answers to that question. May I say to the Senator from Massachusetts and to other Senators that I am basing my answer upon information given me today by the Veterans' Administration. It ought to be accurate.

Mr. WALSH. Yes; it ought to be.

Mr. McGILL. The Veterans' Administration says there were 6,600 of these men on the pension roll in 1933; that they would draw a pension of approximately $40 per month today, which would amount to $3,168,000 per year. The estimates they make as to the entire bill are that it would increase the cost of the pensions for all veterans of the various wars to which I have made reference by $45,500,000.

Mr. WALSH. If the bill the Senator is now presenting for consideration should be passed it would increase the amount of money to be paid the Spanish-American War veterans $45,000,000?

Mr. McGILL. A little over $3,000,000.

Mr. WALSH. I thought the Senator said $3,168,000 was the amount of money to be paid to the 6,600 veterans if the amendment of the Senator from Arkansas should be defeated.

Mr. McGILL. That is correct.

Mr. WALSH. Is the total increase in appropriation for all Spanish-American War veterans, in the event of the passage of this bill, the amount just stated by the Senator, to wit, $45,0000,000?

Mr. McGILL. That is the estimate made by the Veterans' Administration. That includes veterans and their dependents, and it also includes nurses.

Mr. WALSH. Even if the amendment of the Senator from Arkansas should be adopted, the increase would be about $42,000,000 or $43,000,000?

Mr. McGILL. Oh, no; not at all, because the Senator from Arkansas proposes that those who served 90 days or more in the Spanish-American War and those who served less than 90 days, but were discharged by reason of disabilities incurred in the line of duty, shall be restored 100 percent. The Senator from Arkansas, by his amendment, would not in my judgment materially reduce the amount estimated to be necessary should the bill be passed as originally reported; at least, would not reduce the entire amount in excess of $8,000,000 or $9,000,000.

Mr. WALSH. Does the Senator contend that in some particulars the amendment offered by the Senator from Arkansas is more liberal than the terms of the bill reported by the Senator?

Mr. McGILL. I do not. It is just as liberal in some respects except that it puts every veteran drawing a pension in the position of having a club hanging over his head at all times, a continual threat relative to how long he may be entitled to draw that pension.

Mr. President, provisos nos. 1, 3, and 4 were the substance of the veto message heretofore discussed which was sent to Congress by former President Hoover.

There is another provision in the amendment which provides with reference to veterans who served 70 days or more but not as many as 90 days the rates shall be 75 percent of the rates in effect March 19, 1933. I want to demonstrate, if I may, just how unreasonable this proposal is. It would affect, according to the Veterans' Administration, 1,700 pensioners who under the bill would draw a pension of $20 per month. It would maintain the amount they are receiving under existing law which is 25 percent less than they would receive should the bill as reported be adopted.

In other words, it would amount to a saving on the $45,000,000 of $96,000 annually.

The amendment also has reference to section 3 of the original act as well as to other provisions to which I have referred. To my mind section 3 of the act of June 2, 1930, should be in no wise disturbed because it refers to veterans who served 70 days or more and who, by reason of mental or physical disabilities of a permanent character, are unable to earn a livelihood.

In my judgment the act of June 2, 1930, is a meritorious act and the Congress should stand by its position taken at that time. According to the estimates made by the Association of Spanish-American War Veterans, the increase would amount only to $32,000,000. However, I have been arguing the issues involved on the basis of estimates made by the Veterans' Administration.

Mr. President, I sincerely hope the amendment submitted by the Senator from Arkansas will be rejected by the Senate. Its adoption would merely mean that the measure which has unanimously passed the House of Representatives would have to go to conference. I should say that after having unanimously passed the measure the House would not accept the amendment proposed by the Senator from Arkansas. The acceptance of his amendment would merely mean delay. In my judgment the bill as originally reported is just, and the Senate should pass it without amendment.

HAVE REPUBLICANS AND DISGRUNTLED DEMOCRATS ENTERED INTO A CONSPIRACY TO DEFEAT ROOSEVELT?

Mr. HASTINGS. Mr. President, I remember very well the veto message of President Hoover with respect to this bill now sought to be restored. I remember how much interested the junior Senator from Texas [Mr. CONNALLY] was with respect to it. My recollection is that President Hoover warned the Senate at that time that the surplus was decreasing and that there was some danger in the near future of a deficit.

Mr. CONNALLY. Mr. President——

Mr. HASTINGS. I yield to the Senator from Texas.

Mr. CONNALLY. I beg the Senator's pardon, but I heard him make some remarks to the Senator from Texas. I did not clearly understand what he said.

Mr. HASTINGS. I shall repeat it. I remember distinctly when President Hoover, in vetoing the bill, called attention to the condition of the Treasury, and suggested that in a little while we might be faced with a deficit, and that the Senator from Texas treated that suggestion very lightly and assured the Senate and the country that we were not in any danger of a deficit at all.

I remember also that in the veto message the President objected in particular to paying pensions to veterans whose disability was the result of their own willful misconduct.

I think I voted to sustain the President's veto, together with some six or seven other Senators, very few in number.

The other act of the Congress which interests me with respect to this subject is the Economy Act which was presented to the Congress shortly after March 4, 1933. I voted for that act with the assurance of the President to the Congress and to the country that we might all rest assured that the President would deal fairly with the soldiers. I remember the drastic action which was taken, action which I think shocked the soldiers, if not the country itself. I also know that from time to time the President has modified the various Executive orders, until the Economy Act has been very nearly done away with.

But, Mr. President, as I view the situation here today, with the Senator from Kansas [Mr. MCGILL] advocating this bill and with the Senator from Arkansas [Mr. ROBINSON] offering an amendment which makes very great changes in the bill, I am reminded of a newspaper article which was sent to me by some person who knew but little about my appreciation of such things, entitled "ROBINSON Assails Foes as Plotters."

It is dated Forrest City, Ark., under date of July 27. It is by the Associated Press, so I am quite certain that it is reliable. It reads as follows:

ROBINSON ASSAILS FOES AS PLOTTERS—NAMES FLETCHER, SHOUSE, AND LONG AS SEEKING TO CONTROL GOVERNMENT

FORREST CITY, ARK., July 27.—Senate Majority Leader JOE T. ROBINSON voiced a stinging denunciation here Thursday of political groups which, he said, had for their purpose the discrediting of the national Democratic administration and President Roosevelt and charged that "they are united in a drive to seize control of the Government."

Senator ROBINSON was principal speaker at the peach-crop celebration of Crowley Ridge.

"In this combination are old line Republicans, disgruntled Democrats and the proponents of many varieties of impracticable schemes", declared ROBINSON.

"Typical of these 'conspirators'", charged the Democratic majority leader, "are Chairman Fletcher of the National Republican Committee and Senators Hastings, Long of Louisiana, and Shouse, the president of the Liberty League.

"It must be understood that these groups are not representative of any common social or political viewpoint. Their principles, insofar as they have any, are divergent and conflicting."

Mr. President, I desire to call attention to the fact that Wednesday of last week was the first time during my service in the Senate when I had been asked to pair with the distinguished Senator from Arkansas; and I was so pleased and complimented that such a suggestion had been made to me that I readily agreed to it, and said, "Make it as long as you like." Little did I know that at that very time the distinguished Senator from Arkansas was on his way home with a speech in his pocket in which he declared that I was a conspirator bent upon destroying the Roosevelt administration, if not the Democratic Party.

In order that I might be certain whether or not I had been insulted, I looked at a dictionary which, before the new deal, used to be an authority—Webster's Dictionary—in order that I might find out what a conspirator is. The definition is:

One engaged in a conspiracy; a plotter.

Then, in order that I might be fully informed, I concluded to look at the word "conspiracy" itself, and I find this definition of it:

Act of conspiring; combination of men for an evil purpose; an agreement between two or more persons to commit a crime in concert, as treason; a plot.

I really did not take the Senator seriously after I had read the definition, because I remembered that he was home, and I knew very well that when he got home he was in trouble; and if I could be of any assistance to him by being charged as a member of a conspiracy to destroy Roosevelt and his administration, I was perfectly willing that the Senator might get all the pleasure he could out of it.

But, Mr. President, it is not only the feeling I had with respect to that article which disturbs me; it is the effect of the article itself on the Senate. The article appeared in the latter part of last week. In the early part of this week—Monday morning, to be exact—I found on the front page of the Washington Post a splendid picture of the distinguished Senator from Idaho [Mr. BORAH]. I wondered what it was that he had done which brought him on the front page on Monday morning. Then I looked at the article itself, and I found, much to my distress, that "Farley had decided that BORAH must be defeated in 1936."

Mr. President, it did not occur to me that that would disturb the distinguished Senator from Idaho very much, nor did I suppose that it would have any great effect upon the disgruntled Democrats in the Senate; but on that day, yesterday, the distinguished Senator from Oregon [Mr. MCNARY] called upon the Senate to consider a resolution which had been submitted by me, and it is necessary for me to give a little history of the offering of that resolution in order to make pertinent what I am about to say.

I had previously submitted a resolution suggesting that we take a recess or adjourn as soon as we could clean up the business before us other than the tax bill; that we adjourn until November 18 and give to the committees of the House and Senate a proper opportunity to pass upon a proper tax bill, and not a half-baked tax bill such as is about to be presented to us. At the suggestion of some Democratic Senators, however, in the cloakroom and otherwise, I had been induced to change that resolution and submit another one. While the original resolution which I drew as a substitute had named August 17 as the date of adjournment or recess, it was insisted by certain Democrats that that was not early enough; and, knowing that they were in control, I changed the date named in my resolution to August 10.

I had had some notion that I might have an opportunity to explain to the Senate and to the country why I believe it important that we adjourn on August 10; but, following a practice which has developed within the past few days, and been practiced to a greater extent, in my judgment, than during the entire number of years I have been here, the distinguished Senator from Arkansas [Mr. ROBINSON] moved to lay the resolution upon the table.

As the roll call began, I got out my pencil and paper, assuming that I should have to listen with care and to mark with accuracy if I desired to see which was ahead in the vote on that resolution; and, lo and behold, not a single Democrat, disgruntled or otherwise, agreed with the resolution I had submitted. Then, in my sadness and sorrow, as I retired to the cloakroom, I saw this newspaper statement again:

BORAH about to be defeated by Farley in 1936. ROBINSON assails foes as plotters, disgruntled Democrats.

I said to myself, "There is the explanation! These two articles have had their effect. The disgruntled Democrats are back in line, and BORAH has to fight alone in order to have himself reelected."

Mr. President, my conclusion may not be correct, but I know there is a statement going around—and it is not mine—by a distinguished Democrat who was talked to quietly, and to whom it was said that Democrats in the Senate have no courage; and his prompt and indignant reply was, "Democrats in the Senate have the courage of Roosevelt's convictions."

After this vote I reached the definite conclusion that that was probably correct. The Democrats in the Senate, disgruntled or otherwise, finally have the courage of Roosevelt's convictions.

Mr. President, I do not take lightly this suggestion of Mr. Farley about going to Idaho. It seems to me it is not quite as reasonable for him to go to Idaho as it would be to stay a little nearer home and to defeat a man who has mouthed more about his administration and agreed with it less than

the Senator from Idaho. But I remember Mr. Farley's coming to my State last year in opposition to my colleague, and he expressed sincere regret that I was not running that year. I did not disagree with him, but I can assure him now that he did no good for his own party, and he did no harm to my colleague in coming to Delaware, and I will tell the Senate why.

There is a very good reason why Mr. Farley can have no effect in Delaware, why he did no good for his party last year, or will do any good for it next year; it does not make any difference which year we refer to. Before his administration started this Government paid $500,000 for a piece of ground on which to build a post office in Wilmington, Del. Architects were employed to draw the plans, and we expected that million-dollar building to be started in little or no time during the depression. But when Mr. Farley came into office, they immediately used the money that was appropriated for that purpose in order to get the C. C. C. camps going.

Then came along the $3,300,000,000 appropriation for public works, and we all assumed that, of course, this post office would be paid for out of that. But from the beginning of that year, 1933, until the election of 1934, we saw no activity at all with respect to that post office, until a few days before the election, they moved there two of these steam shovels which lift dirt and put it into trucks. They did not start them up, but they moved them in there, leading the voters to believe that after all the post office was about to be built. But after the election was over the big machines were moved out, and not until within the past few days have they sent out bids for the erection of that particular building. I do not know when they will start it, but my judgment is that they will start it sometime next spring, and have it going at the time the next election comes around. That will not do them any good, however, because we have needed that post office, and we might have had it long ago, instead of having to pay some hundred or two hundred thousand dollars more for it now than we would have had to pay for it if it had been built at the proper time.

Mr. President, I wish to review for a few moments the history of the disgruntled Democrats. "Disgruntled" means fellows who grunt and complain, as I understand it. It is these disgruntled Democrats, with the old-line Republicans, and the proponents of many varieties of impractical schemes, who are trying to ruin the Democratic Party.

If anyone in this country can pick up more impractical schemes and more funny things to talk about and to try to interest the people in than this administration, with its "brain trust", I should like to know just where they are in this country, and I should like to know just who they are.

I know what the Senator means by "disgruntled Democrats." I am going to refer to them in a moment. But who are "the proponents of many varieties of impractical schemes" who are in this conspiracy? I just want to call attention to some of these disgruntled Democrats and to what they have done.

It might be well, in the first place, to take the Senate itself and find out how many are members of this body, and I imagine we will see evidence of them on the vote that is about to be taken as soon as we get to it. There will be a lot of disgruntled Democrats who will not follow the administration. That is just as certain as that we will vote on the measure at all. But I wish to call attention to the fact that on the McCarran amendment to the $5,000,000,000 relief bill 19 Democrats voted against the administration. Think of that; 19 disgruntled Democrats sitting right here in 1935 being lectured by their leader!

On the Cutting amendment to the bill, 31 Democrats voted against the administration.

On the amendment to the food and drugs act, 33 Democrats voted against the administration.

On the amendment to the Federal Home Loan Bank Act 32 Democrats voted against the administration.

On the vote to recommit the Farmers' Home Corporation bill, 25.

On a motion to adjourn, in order to displace the anti-lynching bill, 18 Democrats voted against their leader.

On the passage of the holding company 18 Democrats voted against the administration.

Think of it, with the President and the White House urging everyone to do what he is told to do, 18 disgruntled Democrats voted against the President. I never before heard of such a thing in a Democratic administration!

On the Dieterich amendment 29 Democrats voted against the administration; there were 29 Democrats who joined in this conspiracy to defeat Roosevelt and this administration.

On the Clark amendment to the social security bill 35 Democrats voted against the administration, and on the various amendments to the Agricultural Adjustment Act Democrats voting against the administration on the various amendments numbered 20, 29, 27, 34, 27, 40, 16, 19, 39, and upon its final passage 9 Democrats were recorded against it.

On the ratification of the World Court, 20 of these disgruntled fellows did not follow the administration.

Mr. President, perhaps after all we get so accustomed to each other around here that it might be well to find out what people outside are thinking, and to find out whether there are any disgruntled Democrats on the outside. I have little extracts which I have been collecting from time to time with respect to them, and as Lincoln once said, "To sin by silence when we should protest makes cowards of men", I should like first to call attention to a statement made by Alfred E. Smith. Some of you may not know who he is, but the distinguished Member of the Senate from Arkansas [Mr. ROBINSON] will remember him well. In 1928 he went all over this country with him, and he praised him as no man ever was praised, and he was praised in return, to which praise he was entitled.

Oh, it reminds me of what they say up in my State about the Senator from Arkansas. They say, "What's the matter with him? What has gone wrong with him?" I reply to them, "The only explanation I can make is this: He is first a Democrat, bear that in mind, and my prediction is that at the last he will be a Democrat, but God knows for 4 years in between he will be a real "new dealer", leading the new-deal cause, and nobody could stop him, whether he was in a conspiracy or not."

But what did his friend, and this distinguished candidate for the Presidency on the Democratic ticket in 1928, say? Has he joined this crew that is trying to destroy this administration? Has he joined in this conspiracy or not?

When asked the question what he thought of the soundness of Roosevelt's policies, he made a characteristic reply by asking the questioner, "Did you ever try to nail a custard pie to the wall"? [Laughter.]

Mr. President, the shadows of Alfred Smith, as they fall upon the distinguished Senator from Arkansas in his activities in 1935, make a great and interesting chapter in American history.

Then there is Senator BAILEY, of North Carolina. He sometimes grunts and complains. Sometime ago, warning the country that the historic character of the Republic must be saved, he said:

> Nothing has happened to justify socialistic or communistic doctrines in this country. Private enterprise must be permitted to resume its functioning. There is no alternative.

Here is another man—John W. Davis—one-time Democrat, and one-time candidate for the presidency on the Democratic ticket, warning the country of the threat of death to representative democracy by the slow strangulation of an engirdling bureaucracy. He said:

> I am aware that one who comes as I do to lay this wreath at the feet of the old order runs serious risks. Some are sure to denounce him as a Bourbon and others, perhaps, to baptize him as a Tory. He may be invited to be silent until he can bring forth some new thing of his own; although it is not quite clear why one who sees his friend driving headlong toward a precipice, must wait to warn him until he can produce a road map of the district.

Former Senator James A. Reed, of Missouri, said recently:

> We hear much of the new deal. But if it is new it did not altogether originate in the United States. The Bolshevist government declared that any person owning more than three cows was a capitalist, and must surrender his cows to the state. If he did not, the government took them by force. The (Roosevelt) administration declares that if you have more than a hundred dollars in

gold and do not surrender it to the Government, you will be sent to the penitentiary. The injustice in each case is the same. * * *

What is this new philosophy—this so-called "new deal"? Slogans are dangerous things. We have had them in the past; remember one, "Make the world safe for democracy." The world is not safe for democracy abroad * * * neither is democracy safe in this Republic.

Owen D. Young, frequently mentioned as a Democratic presidential candidate, and another disgruntled Democrat, said:

It is a fact that the only way in which the Government has been able to plan the agriculture of this country, impose its notions upon farmers, restrict acreage, determine production limits, provide for the destruction of livestock and crops in its grandiose scheme to better the ways of Providence and dictate to a vast industry supporting and involving the vital interests of 30,000,000 people, has been to buy their consent by the expenditure of hundreds of millions of dollars of public funds in the form of so-called "benefit payments"—which is the euphonious name for bribes.

Senator GLASS, one time Secretary of the Treasury and another disgruntled Democrat, said:

I am old enough to know when the currency of the United States was worth 34 cents on the dollar and that was all it was worth. We did not call it a dollar; we called the money "shin-plasters" and it is my considered judgment that if we proceed with any more of these vagaries and these experiments the money in the pockets of the American people, their currency, will be worth about what the currency was worth in the Civil War period.

Representative KENNEDY, Democrat, of New York, said the other day:

What we need now is honest criticism. And what happens when someone offers it? These thin-skinned Cabinet members and near Cabinet members, instead of making the dignified, intelligent replies we would expect, deal in bitter, trivial, and intemperate language * * *.

It just goes to show that these very men haven't had the training and experience that justifies their holding important positions. We need the best brains in America, and in my opinion, we have a mediocre Cabinet * * *. And they all run around the country making speeches when they ought to be in Washington functioning as Cabinet officers.

Senator TYDINGS said:

It may be unpleasant news for our distressed people but the sooner we in this country make up our minds that there is no one man who can wave a magic wand and restore prosperity, the better it will be for all concerned.

Apparently few people in this country are conscious of the fact that the Government of the United States alone has an average first mortgage of $1,000 on every American farm and home in the land. And even more alarming than that are the consequences which a continued policy of unbalanced budgets will bring to the Nation.

Governments which have permitted large and repeated deficits to be financed by recurrent borrowings from the banks, have universally seen their money precipitately drop in value, with great losses, wild confusion, panic, disorganization, and disorder. Government credit, like all things, has a beginning and an end. * * *

There may be people deluded by demagogues who suppose that this money does not have to be repaid or that only the rich will repay these borrowings by our Government. That has been the thought for centuries but always when the inevitable new tax has been levied it has been found that the man who toils down the furrow, labors at the forge, or drives the engine along the track, in proportion to his income finds that he is contributing most to the maintenance of government.

And this great national debt will be wrung out of the labors and the sweat of our people, just as all the other government debts in all history of mankind have been repaid.

Mr. President, on the very day when the Senator from Arkansas [Mr. ROBINSON] was making his speech, Mr. Bainbridge Colby, former Secretary of State in the Wilson Cabinet, in an interview at Omaha, said:

I heard Mr. Roosevelt say, in sincere tones, that he was for the Democratic platform 100 percent. The only way he was 100 percent was in repudiation of the platform.

Everywhere I go the striking thing is the determination to get back to American fundamentals, freedom, and individualism. Roosevelt had a formula and we agreed to see if it would work. But now we're tired of brain trusters and professors with books but no experience, tired of blind alleys and leadership that itself does not know the way.

Again, Mr. Colby, addressing the American Publishers' Association in New York, said:

Within a period of 2 years the political party founded by Thomas Jefferson and elected upon a platform which proclaimed the liberties of which I speak, has converted the American Republic into a socialist state and enveloped it in a mesh of tyrannous and bureaucratic rule which has no counterpart save among the peoples of Europe, now sunk under the autocratic sway of unresisted dictatorship.

As a Democrat, I would venture to remind the heady and nonchalant innovators of the moment who are officiating as instruments of the Democratic Party, and usurping its name, that the Government of the United States was established to get rid of arbitrary discretionary executive power.

It is the counsel of fools or enemies of the United States that we should alter the fundamental form of our society in order to solve economic problems which would be easy of solution if we would but cease our efforts to abort and throttle established economic law.

Again, Mr. Colby said:

Collective farming, State operation of factories, and gradually the entire Soviet concept of a regimented life, are to be set up on our soil. Of course, such a program, on the part of the administration spells the end of the United States of America. The name may survive but it will no longer describe the country of Washington and Jefferson, of Madison and Franklin; the country of Lincoln and Theodore Roosevelt, of Cleveland and Woodrow Wilson.

No; Mr. President, I think my friend from Arkansas is entirely mistaken if he thinks these complaints are confined to disgruntled Democrats and to regular Republicans. I think he will find that the complaint goes very much deeper than that.

In this statement the Senator from Arkansas refers to LONG, of Louisiana, and to Shouse, the president of the Liberty League. My recollection is that Mr. Shouse was the assistant of Mr. John J. Raskob in the campaign of 1928, who did their very level best to elect Alfred E. Smith and Joe T. Robinson President and Vice President, respectively, of the United States—and, as has been suggested to me, poor John has not got his money back. The Democratic Party still owes him a great deal of that money. But, Mr. President, in the statement of the Senator from Arkansas we find this remarkable thing, that there is included "LONG, of Louisiana, a member of the conspirators."

I should like to know when it was done, or where the record is of the Republican Party joining this program of Senator LONG to distribute the wealth of the Nation. I should like to know whether or not it was done by the White House itself, and I should like to know whether the President's recent message to the Congress on June 19 asking us to pass a tax bill is not conclusive evidence that instead of the Republican Party joining with HUEY LONG, it is the President of the United States joining with him, because here is what the President said, and this reads like HUEY LONG himself:

The transmission from generation to generation of vast fortunes by will, inheritance, or gift is not consistent with the ideals and sentiments of the American people.

In the last analysis such accumulations amount to the perpetuation of great and undesirable concentration of control in a relatively few individuals over the employment and welfare of many, many others.

Such inherited economic power is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our Government.

The disturbing effects upon our national life that come from great inheritances of wealth and power can in the future be reduced, not only through the method I have just described, but through a definite increase in the taxes now levied upon very great individual net incomes.

No, Mr. President, Mr. Roosevelt knows very well that there is no conspiracy among us with HUEY LONG. When that distinguished Senator from Louisiana heard this message from the President of the United States read, he said "Amen!" assuming, of course, that the President meant what he said.

If there be a conspiracy of the character which the distinguished Senator from Arkansas has described, I must confess my shame at the little influence I have had with respect to it. If I could do what the distinguished Senator from Arkansas says we are trying to do, I am frank to confess that I would do it almost overnight. I do not mean that I would do it by violence. If I could do it legally overnight, I would do it. I would not have anything happen to the President for the world.

Mr. President, reference has been made to me in this connection, and instead of being offended I feel quite complimented. It is true that I have opposed most of this "new

deal." I suppose it would not be worth while for me to say that I have done it because my conscience told me to do it. I suppose it would not be worth while for me to say in the presence of this distinguished audience, particularly those on the other side, that I did it for any other reason than political reasons. That may be true. I know many of us are frequently influenced without knowing just what it is that influences us.

I started out with the President of the United States in 1933, and I say frankly now, as I said then, that with the very first message to the Congress on March 10 he made a great impression upon me. While I never believed during the campaign that it would be possible for him to live up to the obligations of the platform and reduce Government expenses by 25 percent, yet when I heard that message read and saw the bills which accompanied it, and then saw the drastic action taken by the President with respect to the war veterans, I reached the conclusion that he had uppermost in his mind to carry out the platform upon which he was elected and with which he had declared so many times he agreed 100 percent.

My only complaint then was that in the campaign he had not said what he proposed to do if he had that in his mind. I insisted it was not fair to the soldiers to make such a drastic cut as that without submitting the question to the country. However that might be, I was interested in what he did. I voted for the particular measure, and then saw him in less than 2 or 3 weeks turning entirely around and going the other way.

Mr. President, if I may be permitted, I wish briefly to recount the things to which I have objected, and if that be considered a conspiracy, then I am entirely guilty.

I opposed the giving to the President of the authority to reduce the gold content of the dollar. I think I probably should have been opposed, reducing it directly by the Congress, but my personal objection to it did not go so far as to determine whether as a Member of Congress I should vote for a bill which did it directly, because the question put up to us was whether or not we should give that authority to the President. I insisted at that time, and I insist now, that it was one of the great mistakes Congress made—that and the granting of other authority later given.

Giving the President authority to print $3,000,000,000 in greenbacks kept this country in jitters for months because nobody knew whether or not the President was going to avail himself of that authority and print the $3,000,000,000 of greenbacks and circulate them.

Repudiation of our promise to pay our debts in gold coin, forcing the citizens to give up their gold coin or go to jail.

Giving the President authority to make reciprocal tariff agreements without approval of the Senate. The distinguished Senator from Arkansas [Mr. ROBINSON] the other day did everything possible to prevent—and my recollection is finally succeeded in preventing—the Senate from voting upon that very question at this late time after it had been definitely shown, as it seems to me, that the plan had not worked and after it had been demonstrated without any question that it was unconstitutional.

Mr. President, let me go a step further and take a few more minutes to invite attention to my position on the N. R. A. and the result of the position on the N. R. A. which had been declared unconstitutional. I pointed out time and again, but no one in the Senate apparently paid any attention to the question as to whether the bill presented was constitutional or otherwise. I have always insisted that the oath we take has reference to bills we pass, and that if we do our duty we must in the first instance pass upon the question of whether the bill itself is constitutional.

There is another very grave reason why we should do it, and that is that what we do here the courts assume, in the first place, and the presumption is on the part of the courts, that we have done a constitutional act. That makes it all the more important why we as Members of Congress should be more careful and more discreet in what we do in order that we may not violate our own oaths, and in order that the acts we pass shall be constitutional.

While no one paid any attention to it, in the question involving the *Humphrey case*, I presented a resolution to the Senate calling attention to the fact that the Congress itself had provided that the man should not be removed except for cause. In that resolution I asked that we be permitted to name counsel to go before the Supreme Court and test the constitutionality of that act, but that resolution was disposed of as quickly as the two resolutions I had before the Senate yesterday, because the Democrats had a large majority and did not want any such question raised.

I argued here late in the session, but no one paid any attention, with respect to the Frazier-Lemke bill. The A. A. A. is just as certain, in my judgment, to meet the same fate, all of which is emphasized by the decisions of the courts before which that question has come. It was practically admitted in the Senate the other day, when an effort was made to prevent people from bringing suits against the United States in order to collect taxes which had been improperly paid, that my position on that measure was correct.

I was opposed to the Bankhead Cotton Control Act, and I am certain it will meet the same fate, being unconstitutional. The Railroad Pension Act has already been declared unconstitutional. The Wagner labor bill is certain to meet the same fate, and so are the social-security bill, the holding-company bill, and the Guffey coal bill.

We have been remaining here to enact all these sorts of social reform and what not, all against the Constitution of the United States, when we very much better had been at home, leaving the country in peace, than to have remained here struggling all the while and raising these serious questions, disturbing the country, and no one knowing where the administration stood.

The $2,000,000,000 appropriation to the Secretary of the Treasury to do with as he pleased and make no report to the Congress for a period of 3 years was as un-American a thing as Congress ever did.

The $3,300,000,000 Public Works program, the $4,880,000,000—we all know about those. I protested and I called attention to the plank in the Democratic platform. I showed how they had promised to reduce expenses, and yet here they were running wild, paying no attention to any kind of economy.

If that, Mr. President, constitutes a conspiracy against Roosevelt, then I admit again I am proud of the record I have made in that regard. I have called attention to the $4,000,000,000 annual deficit. I have called attention to the $500,000,000 emergency nuisance taxes. Those nuisance taxes were imposed for a proper purpose. So far as I know, generally there was no objection to them. Now we are asked to remain here, and little or no consideration is given to the requests of the minority with respect to how long we shall stay, in order that we may pass a tax bill which has no particular purpose, in order that we may pass a tax bill that is not for the purpose of balancing any budget, not for the purpose of meeting any particular emergency, but merely to satisfy the whim of the man in the White House—not another thing in the world! If he had proposed some such thing as this in order that he might relieve the poor people of the United States of these $500,000,000 of nuisance taxes it would have been a different thing. But he had not anything in mind like that.

I was taken to task the other day by the distinguished Senator from Mississippi [Mr. HARRISON] because I stated that when that message was sent to Congress I assumed, as millions of other people assumed, that it was merely a political gesture. I did not say it was a political gesture. I assumed it without saying it. The Senator from Mississippi went on to say that the suggestions made by the President were not political gestures.

I call attention, however, to what I have read from that message; namely, the statement of the President that his purpose is largely social, and not to raise money.

But, Mr. President, as I think about the matter, I am not quite certain whether there is not back of it a little more than I know about. I have seen in the newspapers recently the statement that the persons who are engaged in preparing the Budget for next year probably are planning for another

appropriation of $3,000,000,000. If that be true, I can understand how important it is to have this tax upon the books in order that we may carry the additional load of $3,000,000,000 and make it a little easier for the Secretary of the Treasury to sell additional bonds. I do not know whether or not that is true, but it may be true. If it be true, and if the President would say it is true, we should be very much more in sympathy with what he is trying to do.

One thing will be observed about the tax bill which is about to pass the House—a half-baked sort of measure, which has neither sugar nor salt, and is satisfactory to nobody—that in the matter of income taxes the increase has been limited to persons with $50,000 income and more. I assume that the Ways and Means Committee of the House of Representatives have reached the conclusion that that will not affect a single Democrat in the country, because nobody with $50,000 annual income can be found as a Democrat any more, except one or two persons—Vincent Astor, for example. I do not know how he is going to make out if this bill passes. I do not know what is going to happen to him.

Perhaps the Roosevelts themselves also may have to pay a little larger tax; and the House Ways and Means Committee may be in a little difficulty about that if they press the matter too far. After all, however, what they are seeking to do is to affect as few people as possible with the tax bill.

The President says those who are opposed to the tax bill are taking the position of the lawyer who has a weak case and wishes to have it continued, knowing that the only chance he has is when he has it continued. That is not true at all. These rich people know that they will have to pay. They know that this administration has indicted them, and that they are about to be fined; but what we object to is that the little fellow, the man with an income below $50,000 is being made to believe that he is never going to be indicted and never going to have to pay a fine. I serve notice on all of them now, however, that whether the next administration shall be Democratic or Republican, somebody will have to pay this bill; and when we get down to actually paying it, it cannot be done by taking all the property of the rich people of the country. It will be necessary to get down to the grass roots, and to take the money from those who work on the soil, and, as the Senator from Maryland [Mr. TYDINGS] says, those who run the railroads, and whatnot. Before this tax bill is paid the tax collector will be going around taking the pennies off dead men's eyes.

Mr. President, I know what will be said—that I come from the du Ponts' State, that the du Ponts control the State, that it is the State of monopolies, and what not. If I did not have any constituents who gave me any more trouble than the du Ponts do, I should not be much bothered. They need no defense from me. I should be perfectly willing to defend them at any time it was necessary.

But, Mr. President, it may be that there is a reason why some of us have a little more interest in the tax bill than others. My State last year paid $117.50 per capita to the Nation as its share of the Federal expense, while the per capita payment for the whole Nation was only $27.50. For the State of Arkansas the per capita payment was $1.70.

I do not wish to be misunderstood with respect to this matter. I agree that the people with money, and the wealthy States, however small they may be, ought to bear their share of the burden; but when every man, woman, and child in a State is being taxed $117.50, it is a little more logical, and nobody can complain, if a Senator who represents those people should raise a little more fuss about it than the distinguished Senator from Arkansas, coming as he does from a State where the per capita payment is only $1.70 instead of $117.50.

I make no complaint again when I call attention to the fact that during the 21 months for which we have the record of relief, Arkansas received $18,000,000, and the State of Delaware received $1,250,000. While we paid 9 times as much taxes as Arkansas, Arkansas received 15 times as much in the form of relief.

I have no particular complaint about that, but I desire to emphasize the fact that I do not wish to have this per capita payment increased three times for Delaware. It seems to me that unless something is done, and unless a tax bill is passed which is intelligent in character, and reaches the people it ought to reach, and all the people it ought to reach, the chances are that the little State of Delaware will have its per capita payment very much increased.

Mr. President, I should go back, if I could, to the dear old Red Cross, and let the Red Cross do something again, as it used to do. I should go back to the Red Cross, and turn the relief of the country over to the Red Cross; and I should not be quite so careful as the President of the United States is with respect to where the Red Cross got its money. If the Standard Oil Co. of New Jersey—and I do not care whether it does it for the purpose of making itself more popular or not—desires to contribute a million or two or three million dollars to the relief of the Nation, I think it is very unwise for the President of the United States to say, "You may not do it." If the Du Pont Co. wishes to contribute some millions of dollars to help the distressed in Arkansas or anywhere else, I should like to see them receive credit for it when they pay their tax to the Federal Government.

Mr. President, if the President of the United States will get out of his head the idea that all the world is revolving around him, and that all the world is depending upon his great authority, and that nothing can be done without that authority being increased—if he will get that idea out of his head, and get down to being the ordinary President of the United States that we are accustomed to, it seems to me these disgruntled Democrats will be better pleased, and such men as myself, who are said to be in a conspiracy to throw the President out of office, will let up a little, and the whole world will be a little better off.

ORDER OF BUSINESS—LEGISLATIVE PROGRAM

Mr. ROBINSON obtained the floor.

Mr. McNARY. Mr. President——

Mr. ROBINSON. I yield to the Senator from Oregon.

Mr. McNARY. On Friday last it was agreed that the Senator from Minnesota [Mr. SCHALL] might have an opportunity today to have a speech read by the reading clerk. The Senator from Kentucky [Mr. BARKLEY] was then acting in place of the Senator from Arkansas; and I think at this time it conformable to the pledge, and proper, that the Senator from Minnesota may be recognized.

Mr. ROBINSON. Very well, Mr. President; if such an arrangement was entered into, I will agree that it shall be executed.

Mr. BARKLEY. Mr. President, the Senator from Oregon will recall that the Senator from Minnesota [Mr. SCHALL] insisted on speaking on last Friday; and in order that the Senate might not be delayed in its consideration of other matters I, together with the Senator from Oregon, persuaded the Senator from Minnesota to wait until today. No special time was set at which he should speak, but such an agreement was made.

Mr. ROBINSON. Very well; let him speak. I shall reserve the right, as heretofore, to object to any remarks which I deem violative of the rules of the Senate.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Arkansas a question before the Senator from Minnesota proceeds?

Mr. ROBINSON. Certainly.

Mr. VANDENBERG. I wonder if the Senator can indicate yet what the legislative program may be for the remainder of the week?

Mr. ROBINSON. Mr. President, it had been my expectation that consideration of the bill now before the Senate would require not exceeding 1 hour. It has been before the Senate 2 hours. I had anticipated that, at the conclusion of the consideration of the bill now before the Senate, an executive session would be held, and that then the Senate would take a recess until Thursday, expecting resumption of the consideration of the unfinished business on Thursday. In all probability at the close of business on Thursday it will be possible to take a recess until Monday, but I am not now in a position to pledge that unqualifiedly, since there

may be conference reports presented which should receive consideration, and there may be other matters which will require consideration.

Mr. McNARY. Mr. President, is it the purpose of the Senator to have a session tomorrow in order to complete the consideration of the unfinished business?

Mr. ROBINSON. No. My purpose was to complete the consideration of the pending bill, the pension bill, today, and to have an executive session, and then take a recess until Thursday, and complete the consideration of the unfinished business on Thursday.

Mr. McNARY. It is not likely, in my judgment, that we can complete the business now before the Senate this evening.

Mr. ROBINSON. Very well; we will probably have a session tomorrow.

THE SCUTTLING OF THE GOOD SHIP "LEVIATHAN"

Mr. SCHALL. Mr. President, I ask consent to have the clerk read.

The PRESIDING OFFICER. Is there objection? Without objection, the speech of the Senator from Minnesota will be read.

The Chief Clerk read as follows:

Mr. SCHALL. Mr. President, Gen. George Washington said, "Put no one but Americans on guard tonight."

The *Leviathan*, the flagship and the pride of the American merchant marine, has been scuttled at the command of the President of the United States and his friends, Cousin Roosevelt and Vincent Astor, owners of the fishing yacht *Nourmahal*, and of the largest block of shares of the International Mercantile Marine, with its 85 percent of British shipping. It seems that the same person who is now President, then Assistant Secretary of the Navy, was fated to connive before at the torpedoing of this greatest, fastest, and most luxurious ship in the world.

Sometime ago I told the Senate that perhaps I had a better opportunity than some Senators to get acquainted with the President early. I was on the *Mount Vernon* when it was torpedoed about 250 miles off the coast of Brest. This was a former German ship named the *Crown Princess Cecilia* and was the vessel, I understand, upon which the Kaiser was when he received the news of the Serbian killings which brought about the World War. The *Mount Vernon* and the *Leviathan* were forced into our ports for safety to get away from English cruisers pressing them hard. Under the rules of war, having sought safety in a neutral port, they were required to dock here for the duration of the war.

We took the *Mount Vernon* and *Leviathan* over after we had been dragged into the World War by the connivings of another Democratic administration, and refitted them for the service of carrying troops to France.

The *Leviathan* was, under the German flag, named the *Vaterland*, and was built in 1914. It was the pride of the German nation. It was the longest, carried more tonnage, had more speed, and altogether was the finest ship the world had ever seen. It was truly the greatest ship that the ingenuity of man had contrived to put together, and still was the greatest, fastest ship of the world up to the time the plan of its destruction had been conceived by the competing British shipping interests. It remained only for unscrupulous Americans to carry out the foreign plan to complete its destruction and remove it as a rival to British shipping interests, which the order of the President has finally accomplished.

The *Mount Vernon* had torn in her side by the torpedo a hole about 20 by 30 feet and shipped something like 10,000 tons of water. A third of the 27 boilers were left operating because of the airtight compartment, so that we could keep moving, and we finally got back to Brest. I was then transferred to the *Leviathan*. The Germans had continually dropped notes saying they were going to get both of those ships.

I talked with Admiral Wilson just before I went on the *Leviathan*. I was in a great room on the top floor of a building where one whole side of the room was covered with a map of the Atlantic Ocean, with fine wires running across it indicating here and there the location of the different ships, so that Admiral Wilson might be in constant control and know what was happening on the Atlantic Ocean. He said: "I am putting you on the *Leviathan*." Orders of route were issued to the captains of these ships, and they did not open them until they had started on their trips. He said to me further, "I am routing you over the same course the *Mount Vernon* took. I believe the Germans will think that since we had one ship torpedoed there we will not send another one on that route. But", he said, "I do not know of any safer way. Any way is dangerous."

The afternoon of the night we sailed my attention was attracted by a great clamor of bands, and I inquired what might be happening. It was explained to me that undoubtedly a great personage was coming aboard. The bands marched upon the deck of the ship, and they played; and then there came on board—as the Bible says of Absalom, with 500 men to run before him—the Assistant Secretary of the Navy of the United States.

The next morning I came on deck, and the captain was in controversy with somebody, saying that a flag of the Secretary of the Navy was at the top of the flagpole, and that it was hazarding and jeopardizing the ship.

That ship, the great *Leviathan*, which has been put out of commission today in the interest of English shipping, carried over 15,000 soldiers. It made a trip about every 10 days. That one vessel, Senators, could have carried enough men "over there" to win the war if it had been alone, and it was doing it. It was the ship that brought back in its return trips thousands of wounded and those otherwise incapacitated. The saving of those ships meant everything. This was early in the morning, near to 8 o'clock, about the same time of the morning when the *Mount Vernon* was torpedoed, which was about 7:55 a. m., on which ship I happened to be, and in about the same position. The captain explained to me that this ship stood some 90 feet, I think it was, above the water level; that it could be seen over a circle so many miles in circumference on a clear day.

The flag at the top of that thin flagpole, running high into the air, he explained, would enlarge the circle of visibility so many times. I do not remember just what it was, but it was a tremendous amount of visibility that the flag at the top of the pole would carry out to the enemy, and give them an opportunity to torpedo the *Leviathan*. The captain said, "That flag must come down", and so he sent down word to communicate with Mr. Roosevelt. Mr. Roosevelt sent back word that he was sick, and that the captain could confer with his secretary. The captain conferred with the secretary, and asked him to have the flag pulled down, but Mr. Roosevelt said not, that the flag should remain; that he was not afraid, and he did not see why a captain trained to encounter danger should be afraid. The captain finally ended the argument by saying, "I never shall be an admiral, but that flag must come down", and so it was taken down.

Senators, this man's vanity is so great that he must have his flag at the top of the mast even though the ship of state is threatened with torpedoing. Thirty-eight men were killed in the *Mount Vernon*. Some of them were shut in when it was necessary to close the water-tight compartments. I could hear the poor devils yelling down there, but it was a question of their lives or the life of the ship, and so they were shut in, and there they died.

But the death of these 38 men nor the contemplation of what it meant to lose a ship did not deter the then Assistant Secretary of the Navy from insisting on gratifying his vanity by putting his flag at the top of the mast to help the enemy direct a torpedo at the *Leviathan* which carried thousands of wounded soldiers going back home from the battlefields.

The *Leviathan* was the glory of the United States upon the waters of the world. Its flag was the American flag, the emblem of home and country, the emblem of liberty, of individualism, the emblem of the greatest Nation in the world, whose highest standard of living far outstripped its next competitor, the emblem of a Republic built upon the teachings of Christ with which God had been, for nearly 150

years, writing as an example to the world the salvation of men and nations.

The *Leviathan* was framed; an unjust trial reeking with falsehoods as to its character and crimes was held before a fixed jury and the verdict of death to this noblest of ships was agreed upon months before the mock trial took place in conference with Cousin Roosevelt and Vincent Astor upon the President's flagship *Nourmahal*.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. SCHALL. I yield.

Mr. COPELAND. I know the Senator from Minnesota desires to be entirely fair in what he has to say, but I could not submit to the statement that has just been made and accept it as true. I think the transfer of the *Leviathan* to inactive duty was primarily instigated by the Department of Commerce; that it did not originate in the minds of the International Mercantile Marine or the men whose names have been stated here; and that, so far as the President is concerned, the only part he had in it was that there had been so much said about loans for construction and other shipping activities, so much had been said by reason of the investigation of the Black Committee, that there was a hesitation on the part of the Department of Commerce to take, without notifying the President of its intention, the action which it had decided upon.

Mr. President, it has been my official duty to know the truth about these matters. I am satisfied that what was done was done by the Department of Commerce in accordance with the shipping law, and that no reflection whatever can be made upon the President for any part he had in it. He did not initiate what was done. It originated with the desire of the company, of course, to escape the loss incurred by reason of operating this ship; but it was the act of the Department of Commerce, in accordance with the law, and in no sense a reflection upon the President. I am sure my friend from Minnesota does not wish to have the RECORD show that he so believes, because if he had looked into the matter as some of us have done, I am sure he could not believe quite so strongly as he has stated in his speech what he thinks about the origin of the action and what followed.

I desired to say that much, Mr. President; and I thank the Senator from Minnesota for permitting me to interrupt him to make a statement such as I have made.

Mr. SCHALL. Mr. President, I feel that the data taken from the hearings and official documents will bear out every word I have said.

The PRESIDING OFFICER. The clerk will resume the reading of the speech.

The legislative clerk read as follows:

Mr. SCHALL. And so just the other day the administration scuttled the *Leviathan* without a qualm, without a wave of patriotic feeling or glory in that greatest of all vessels that ever sailed the seas, which was American, which belonged to the United States, the ship that was to lead our merchant marine in recapturing our place in the world of shipping.

No wonder the Fourth of July heard no voice of any man connected with this administration throughout this broad land. The American flag and what it has represented and does represent is anathema to this new-deal outfit. The American flag, and the Constitution that keeps that flag, was referred to by the President as a "horse and buggy" flag. Yet the flag he would erect in its stead is a Roman chariot flag, going back 2,000 years to the time of Emperor Fabius Maximus, who usurped the Republic of Rome and called himself emperor, and Cataline, who distributed doles to the populace to keep them quiet while the emperorship was riveted upon them. Cataline's beneficiaries of doles ran to the thousands, but our Cataline's doles run to twenty-two million plus over thirteen million unemployed. Our flag to this administration, which does not understand or care to understand what it means, is a meaningless thing. Our flag represents the highest degree of civilization to be found on earth. It has been, up to the present administration, an emblem of the most powerful, the most wealthy, the most progressive Nation under the sun. It meant all there was of human freedom and human equality.

After the war the *Leviathan* was placed in service with the United States merchant marine, where she afforded serious and dangerous competition for the British liner *Majestic*, controlled by the International Mercantile Marine. Thousands of veterans, because of sentiment, contributed to the reconditioning of this vessel. Thousands of school teachers and other patriotic citizens invested their money in the line that operated her. But what she meant to our country was to no avail when she afforded dangerous competition for the British line, the International Mercantile Marine, of which cousin Roosevelt and Vincent Astor are the heaviest stockholders.

The reckless irresponsibility of the man who, as Assistant Secretary of the Navy, insisted on having his flag at the top of the mast, although the ship would be torpedoed, seemed to be favored by fate to succeed in destroying this vessel. He has now put her in the junk yard at Hoboken, and announced that she has run her last voyage. What cares he for the soldiers whom the *Leviathan* transported, for the school teachers who invested their money, or for the ship of state if it is torpedoed? What cares he if his red flag of destruction, chaos, communism, regimentation waves at the top? His irresponsibility is equaled only by his vanity. The Constitution be damned. He will be a Caesar, Fabius Maximus, a Napoleon. His grandiose ideas must be realized. Let no *Leviathan* stand in his way. To the junkyard with her. Heed not the whisper from the American graves in Flanders Fields to this mighty ship, "O thou good and faithful servant."

Briefly, the *Leviathan* was reconditioned after the war at a cost of over nine and a half million dollars, and put in first-class condition, as I shall show hereinafter. She was a first-class liner, and endangered the business of the White Star liner *Majestic*, also controlled by the International Mercantile Marine. She was sold and resold until she fell into the hands of a subsidiary of the International Mercantile Marine, which bought her for little or nothing, with an agreement to operate her for the American merchant marine, with subsidies from the United States Government in mail contracts and other concessions totaling millions of dollars. In return, the International Mercantile Marine was to operate this liner to help develop the American merchant marine.

But to operate her was to cut down the income of the British Liner *Majestic*, and the problem arose as to how best to do away with the *Leviathan*. We can surmise that more than one plan on that subject was concocted aboard the *Nourmahal*. Finally the President, after being furnished with the framed case, announced that the ship was losing money, and that it was best to lay her up, in return for which the Government would receive for its line two other ships to be built by the Nevada Lines, I. M. M.-controlled. But these ships were to be built with Government money, and they were already under contract to build them. As Mr. Woodward says, this was no consideration for laying up the *Leviathan*. Furthermore, the only reason why the *Leviathan* lost money was because the I. M. M. people deliberately sabotaged her, caused her to rust, to deteriorate, opened her to the wind, the rain, and the elements, routed her across the Atlantic to Germany, where she met with competition of the *Bremen* and the *Europa*, owned by a highly nationalistic country under Hitler, cut down her speed by changing her propellers, substituted cheap furniture for first-class furniture, canceled her mail contract; and, in short, this administration and the I. M. M. deliberately conspired to destroy her, as it has done in the case of our currency, our farms, our industries and, in short, followed up the same campaign of destruction and chaos it has carried on consistently and constantly under the new deal.

For a more complete description of how the *Leviathan*, famed the world over as the flagship of the American Merchant Marine, has been permanently retired from the sea, pursuant to request of British interests and pursuant to a contract made over the protest of the American shipping adviser and over the protest of the Comptroller General of the United States, let us look at the record of her case.

The British interests demanding retirement of the *Leviathan* were officers and directors of the International Mercantile Marine Co. and its subsidiaries and affiliates. The International Merchantile Marine (hereafter abbreviated to I. M. M.), it appears from the hearings before the Senate Special Committee on Investigation of Air Mail and Ocean Mail Contracts, 1934, operated a large foreign-flag tonnage, was heavily affiliated with British lines, and had a contract with the British Government calling for such British preferences as the following:

First. That a majority of the directors in its company and subsidiaries must be British.

Second. That the ships must be operated by British sailors and officers.

Third. That the ships or a substantial part thereof must be operated under the British flag, except by special British consent.

Fourth. That the British Government reserve the right to requisition the ships for British service.

Fifth. That future tonnage acquired by the International Mercantile Marine to the extent of one-half thereof must fly the British flag.

Sixth. The International Mercantile Marine agreed never to pursue a policy injurious to British merchant marine interests and trade, and the British Government reserved the right to judge what was injurious to British trade and shipping and the right to cancel the contract.

Significant of Government new-deal policy in withdrawing the *Leviathan* from the sea, Senators may recall that Secretary Wallace, high chief of the A. A. A., about the time Secretary Roper signed the *Leviathan* retirement contract, pursuant to the order of the President, was propagandizing the country with a proposal, presented in speeches, a book, and numerous articles, that in order to advance the agricultural export trade of the United States we turn over American shipping to the British in return for British cooperation in marketing American farm products.

This Wallace proposal, which must have been made with the approval of the President, as the Roper contract undoubtedly was, found no favorable response, so far as I am able to learn from the American press from American farmers, or from any American quarter outside of the Government and its new-deal bureaucrats.

Moreover, the Roper contract with the International Mercantile Marine to retire the *Leviathan* met no favorable response from qualified Government officials to whom the proposal was officially submitted, without the knowledge either of Congress or of the public.

On March 29, 1934, and again on April 17, 1934, Thomas M. Woodward, a member of the advisory committee to whom the request of the International Mercantile Marine and its subsidiary, the Roosevelt Steamship Co., had been referred, protested against these International Mercantile Marine proposals by presenting the following recital of facts:

(a) The reconditioning at a cost of over $9,000,000, the records indicate, completely modernized the *Leviathan*, added 10 years to her life, and made her the finest luxury liner afloat.

(b) The records show that the *Leviathan* earned her operating cost in 1929, and if normal world prosperity returns there seems to be no good reason why she could not do as well or better in the future, particularly if our Post Office Department extended the same preference to this American ship in forwarding mail on a poundage basis that the British show in their flag vessels. (Hearings, House committee, 1932, p. 115.)

(c) The estimated cost to recondition and operate the *Leviathan* in 1934 is less than the loss contemplated by the Nevada Corporation (International Mercantile Marine affiliate) when the October 30, 1931, agreement was executed.

(d) Operation for only 5 voyages in 1934 would not help to maintain the American merchant marine as much as would operation for 7 voyages, and even though a penalty for omitting 2 voyages were paid, the Government's interests in building up a merchant marine would be better served through operation.

(e) The continued operation of the *Leviathan*, "the pride of our American merchant marine", has been hitherto one of our outstanding policies.

(f) The United States has not expected to make a profit on operation by private interests. If operation of the *Leviathan* would "weaken the capital structure" of the Nevada Corporation (I. M. M. affiliate), it should be remembered that the Government waived $5,000,000 in notes to secure the operation.

(g) If the life of the *Leviathan* was lengthened 10 years by her reconditioning, she should still have 7 years of usefulness after 1936.

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One of the problems that seemed to concern the 1932 House committee was whether the control of the United States Lines Co. of Nevada by the I. M. M. would be to the best interests of the American merchant marine. * * * It seems to me that we should also seek to discover whether the manner of handling the *Leviathan* by the United States Lines of Nevada has conduced to the upbuilding or to the detriment of our passenger lines' business and prestige in the North Atlantic trade.

The Woodward report of the Advisory Committee, protesting the proposal of the I. M. M. and its Roosevelt Steamship subsidiary to retire the *Leviathan* after paying the company a huge subsidy to cover possible losses of operation during the depression, then proceeded to disclose the findings of the United States Shipping Board in regard to the *Leviathan* operation in the interest of the British.

This pro-British domination of *Leviathan* operation had perpetrated such outrages as these against the interests of American shipping:

(1) Practically all employees of the United States Lines, Inc., most of whom had been associated with the United States Lines under Government operation from 1931 were peremptorily dismissed and all agencies in 14 cities of this country where the United States Lines, Inc., maintained its own offices under its own name were ordered closed.

(2) Bookings on freight and passengers for the United States Lines of Nevada were handled by the organizations booking for the White Star, Leyland, Atlantic Transport, Red Star, and other foreign competitors.

(3) The *Leviathan* * * * destination was changed (from British ports) to Bremen, which gave her direct competition with the *Europa* and *Bremen* (foreign, but not British) and removed her as a competitor to the *Majestic* and other White Star ships (British).

(4) In 1931 (second year of the depression) the *Leviathan* carried more passengers than any other ship except the *Bremen* and *Europa*, and carried more first-class passengers than either one of those vessels. (House Committee Hearings, p. 59.)

(5) Although the *Leviathan* was laid up in 1933, the *Majestic* continued to run with no reduction in sailings (p. 92). The difference in operating costs between the *Leviathan* and the *Majestic* was only 6 or 7 percent (p. 86). Was the lay-up of the *Leviathan* in 1933 beneficial to the business of the *Majestic*?

Then Mr. Woodward, of the advisory committee, pertinently inquires:

If the English Government can afford to spend millions of pounds to subsidize its luxury liners and to complete the new superliner so that England shall not be second to France, as explained by Mr. Franklin, and such vessels are found after adequate consideration to be a desirable complement to our merchant marine, why should the United States now retire defeated in its contest for first-class business and be content with cabin liners?

The advisory committee report of Thomas M. Woodward, member, charges that the Franklin representations made to Secretary Roper and President Roosevelt on April 9, 1934, were ex parte. They ignored the known facts of the case, such as these, involving the efforts of the British interests to cut down the efficiency of the *Leviathan*, "the pride of the American merchant marine":

I am informed that the statement that the right hull design of the *Leviathan* would have to be changed is entirely erroneous; that she was designed for standard commercial maximum speed of 30 knots, but capable of doing substantially more without injury to hull or frame; that she is designed and is the outstanding example of such design on the seaplane principle; that instead of pushing before her tons of water, as suggested by Mr. Franklin, the faster she goes the more she will rise out of the water; that her original design has been changed and rendered very much less efficient by the wrong location of wing tanks, which have tended to unbalance the stem-to-stern position in that the tanks as now placed make her sink her head down when all tanks are full. In addition the propeller blades now on the *Leviathan* are not the type originally designed for the vessel, and not as efficient.

ADVISORY COMMITTEE PROTEST OF THOMAS M. WOODWARD

Thus there was laid before Secretary Roper and President Roosevelt, pursuant to the Woodward report of April 14, 1934, the following protest representing the American interest as against the British interest, represented by the International Mercantile Marine Co. and its subsidiary, the Roosevelt Steamship Co., all of which facts were officially

established by the records of the United States Shipping Board:

No decision permitting the withdrawal of the *Leviathan* from operation should be made on the scanty record now before us.

It is therefore apparent that in a matter of such grave national importance the Secretary of Commerce should not act without having before him all the facts, so far as practicable, from impartial sources.

Before considering seriously the modification of the agreement suggested by Mr. Franklin, careful investigation should be instituted. It is apparent that even if his statement at this time as to the *Leviathan* is accurate, the Board in October 1931 must have been in grievous error. If that error existed as to the *Leviathan*, it is not improbable that other provisions of the agreement may be based on erroneous premises.

The interests of the International Mercantile Marine in foreign-flag vessels and the nature of their competition with American-flag vessels of the United States should be fully explored as of the present time before new commitments are made by the Government.

The six grounds of protest for protection of Government interests were then summarized:

1. The agreement of October 30, 1931, should be reviewed by the Attorney General of the United States.

2. If that agreement be held to have been within the power of the Board, the owner has not sustained the burden of showing that the *Leviathan* should not be operated in accordance with the agreement.

3. Undertaking to operate the *Leviathan* was at a contemplated loss of $3,500,000 under the owner's own estimate. (Note.—For this estimated loss it will be seen in the subsequent report of the Comptroller General, the company had received an advance subsidy by the Government for operation not performed.)

4. There has not been investigation sufficiently adequate to warrant a drastic change in policy whereby the American merchant marine * * * would be deprived of any liners in the trans-Atlantic trade of the nature and character of the *Leviathan*, or to conclude that the interests of the American merchant marine would be adequately served by building additional vessels such as the *Manhattan* and *Washington*, and leaving the field of the super-liner entirely to foreign flags.

5. The suggested loan by the Government of $7,500,000 on what is conceded by the owner to be in all probability a successful commercial venture, would be no consideration. In effect it proposes: "If the Government will forgive a contractual obligation of the owner of more than $2,000,000, we will be willing to allow the Government to lend us $7,500,000 as capital for a venture which we expect to be profitable to us."

6. The contract as a whole is inequitable to the United States. If any reformation is now to be considered, it should not be confined to a provision which is disadvantageous to the owner, but should be comprehensive, particularly with a view to reforming section 13 of the agreement which gives the International Mercantile Marine Co., thrcugh the United States Lines of Nevada, a monopoly of the North Atlantic trade.

THOMAS M. WOODWARD,
Member Advisory Committee.

UNITED STATES GOVERNMENT AID TO BRITISH SHIPPING

Whatever may have been done through mistaken Government action and sundry business affiliations to build up British interests on the sea at the expense of American shipping prior to March 4, 1933, this much is plainly established: That since March 4, 1933, at least in the case of the International Mercantile Marine Co. and its subsidiaries, as illustrated by the fate of the *Leviathan*, the United States Government has aided British shipping even to the extent of forgiving contract obligations and in effect subsidizing British shipping.

This is shown by four official sources of United States information and investigation:

First. Letter of March 12, 1935, by Comptroller General's Office to Solicitor of Commerce Department, reciting that what "in effect amounted to a subsidy of over $600,000 per annum for the continued operation of the vessel (S. S. *Leviathan*) for a period of 5 years" had been paid before, "now it is proposed to subsidize the nonoperation of the vessel for the 2 remaining years by waiving liquidated damages that would accrue for failure to operate the vessel during the years 1935–36 to the extent of $1,300,000 in addition to $920,000 accrued for the years 1933–34."

In addition to these cash-in-effect subsidies for the 4 years 1933–36 amounting to $2,220,000 for nonoperation, the Comptroller General likewise appended a statement of direct cash payments, including Merchant Fleet Corporation payment for future bookings, $216,639.96; reimbursement of insurance premiums on steamship *Leviathan*, $68,340.52; dredging costs for laying up *Leviathan* in 1933, $16,416.52—or direct cash outlays of $301,397, making a total 1933–36 subsidy of $2,521,397, or over $600,000 a year for nonoperation.

This in effect was a subsidy of the United States to advance the shipping interests of Great Britain and against United States shipping.

These United States Government subsidies—not including the $7,500,000 to be advanced from the P. W. A., the R. F. C., or other United States Treasury funds, for building for the I. M. M. two smaller vessels—were for the nonoperation of the great American liner, S. S. *Leviathan*, after the plan of the A. A. A. corn-hog or other checks aimed to reduce American agricultural production.

In other words, after giving the British-controlled I. M. M. and its subsidiaries, the United States Lines of Nevada and the Roosevelt Steamship Co., $2,521,397 in sundry "corn-hog checks" for the period of 1933–36, these British interests asked the Secretary of Commerce to adopt the A. A. A. policy and contract to advance $7,500,000 on the next British shipping "crop." This in effect would amount to a total subsidy of $10,000,000 in aid of British shipping and for the nonoperation of the American liner S. S. *Leviathan*, the outstanding British competitor.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from New York?

Mr. SCHALL. I yield for a question.

Mr. COPELAND. If I may put it in the form of a question, I should like to ask where the Senator got his mathematics by which he figured out that the loss was as stated? Certainly there is nothing in the record to indicate any substantial foundation for the statement made in the Senator's speech.

Mr. SCHALL. I think if the Senator will listen to the entire statement he will find there is nothing in it but quotations.

Mr. COPELAND. But the Senator speaks of liquidated damages. If the contract had been carried out and liquidated damages claimed it would have included the repossession by the United States of all vessels of the I. M. M., so as a matter of fact the only loss to the United States under the contract would have been the loss of $10,000 a voyage. As a matter of record there was not the loss of a voyage. While the *Leviathan* herself did not make the seven voyages a year in all those years, yet in substitution for the *Leviathan* operation there was another ship which did make the voyages, so the 103 voyages called for by the contract actually have been made.

Furthermore, the Senator disregards the fact that the I. M. M. is paying over $500,000 to the Shipping Board, and furthermore is obligating itself to build a $10,000,000 ship. When we think about the highest interests of the country and the welfare of the Nation, I say with all due deference to the Senator that I think the welfare of our country is well served by the plan which has been entered into by the Shipping Board.

Mr. SCHALL. Mr. President, as for building a new ship, the I. M. M. were already under contract to do that. Furthermore, they were only paying $500,000 toward its construction, and the balance will be furnished by a loan from the Shipping Board.

As for the substitute ship making the voyages, the success of the Government lines depended mostly on the use of the *Leviathan*, which was world-known, and on which the most exclusive people were anxious to ride. No substitute ship could compete with its competitor, the *Majestic*.

SCUTTLING OF THE STEAMSHIP "LEVIATHAN", 1933

The PRESIDING OFFICER. The clerk will continue the reading of the speech of the Senator from Minnesota.

The legislative clerk read as follows:

Mr. SCHALL. Second. The Senate Special Committee to Investigate Foreign and Domestic Ocean and Air Mail Contracts received on October 30, 1933, an engineering report on the condition of the *Leviathan* after 9 months of neglect and apparent scuttling while lying in the Hoboken Dock in violation of the company's contract for operation, and while the company was enjoying in effect a subsidy for nonoperation.

The report is signed by W. L. Bunker and William Perrott, consulting engineers and marine surveyors, 26 Water Street, New York. From this engineering report we gather the following history of the *Leviathan:*

On May 3, 1914, the *Vaterland*, the world's greatest carrier, started on her maiden voyage from Germany to America. She was built at Hamburg in 1914. Original dimensions: Length, 950 feet, which is 43 feet greater than the present length recorded by Lloyd's Register, and 35 feet greater than that of the British ship *Majestic*, today accorded the rank of largest ocean carrier afloat.

When the United States declared war on Germany, the *Vaterland* was seized and the United States flag hoisted. On July 15, 1917, she was assigned to the United States Navy as a troop ship, and the German name *Vaterland* changed, September 6, 1917, to "U. S. S. *Leviathan*." She carried over 200,000 American troops, officers, and nurses to the war.

Reconditioned for merchant service and transferred to the United States Shipping Board and Merchant Fleet Corporation, the *Leviathan*, on July 4, 1923, started on her merchant career from New York to Cherbourg and Southampton as the world's greatest luxury liner. That was only 12 years ago. She was the pride of the sea, with a displacement of 65,640 tons, turbine, quadruple screws, capable of 80,000 s. h. p., not only the largest but the fastest liner on the ocean.

The *Leviathan* carried more passenger business than any British ship up to the time of her lay-up in May 1933. She was also the most profitable carrier, frequently earning over $1,000,000 a year. Even during the first 2 years of the depression, down to the time of the I. M. M. control in October 1931, the *Leviathan*, under the Chapman management, made 40 voyages at an average profit of $70,245.49 per voyage. This was not far short of the 1927–29 record, which approximated $1,000,000 a year.

The *Leviathan* entered upon her permanent lay-up on May 5, 1933. It is significant that her competitors, the British ships with which the I. M. M. and subsidiaries were contracted not to give "injurious" competition, did not lay up in 1933, but continued their profitable business while the *Leviathan* was rusting, rotting, and being looted in the dock at Hoboken.

Consulting engineers Bunker & Perrott thus reported to the Senate committee investigating ocean mail contracts (Oct. 30, 1933):

It was a great shock to the American traveling public—

Declare these engineers—

when last May (1933) the press published the announcement that the *Leviathan* would be laid up, especially when so much had been done by the Government and her former owners to establish a first-class service on the North Atlantic that was on a parity with that of any competitor, and developed for the purpose of increasing the carrying of Americans under our flag.

Passing from the report of the engineers for a moment, it appears from the report of the Comptroller General of the United States, March 12, 1935, page 2, that "the reconditioning costs amounted to $9,563,000", which had made the *Leviathan* the highest-class luxury liner on the sea. It likewise appeared from the report of Thomas M. Woodward, of the advisory committee, page 3, April 14, 1934, that—

(a) The reconditioning at a cost of over $9,000,000, the records indicate, completely modernized the *Leviathan*, added 10 years to her life, and made her the finest luxury liner afloat.

The same advisory committee report indicated:

(g) If the life of the *Leviathan* was lengthened 10 years by her reconditioning, she should still have 7 years of usefulness after 1936.

Yet the *Leviathan* was laid up on May 5, 1933, only 60 days after Roosevelt's inauguration, when she had 10 years of usefulness, as found by shipping experts.

Let us now continue with the report of the engineers, Bunker & Perrott, showing what happened between May 5, 1933, and October 30, when the engineers reported to the Senate committee. The engineers say:

With the decommissioning of the *Leviathan*, first-class service on the North Atlantic under the American flag has been entirely eliminated. This move, in our opinion, was what our foreign competitors have patiently looked forward to; that is, the day when the American flag would again disappear from the North Atlantic.

The engineers continue their discussion of the new policy indicated by the move of May 5, 1933, as follows:

The above action (p. 5) is obviously only the beginning of such a move, for if the *Leviathan* under our flag cannot operate and meet such competition as is offered by the *Berengaria*, *Mauretania*, and *Aquitania* of the Cunard Line, *Majestic*, *Olympic*, and *Homeric* of the White Star Line, then we are not worthy as a nation to be in the North Atlantic service; and this should preclude the building of first-class superliners by Americans, for in the *Leviathan* we have superb accommodations and spacious decks comparable with any of the most modern superliners on the North Atlantic. * * * The vessel meets the most exacting requirements the service demands, and, if properly advertised so as to obtain her full share of publicity, should have attracted her full share of the passenger traffic.

Then comes the physical inspection by the engineers, begun on October 11, 1933, when the engineers found—

Instead of adequate maintenance crew and fire watch of 150, the insurance requirement, there was a total crew of only 13, including 7 deck officers and 6 engineers, all drawing salary, with nothing to do.

The effect of such neglect is thus discussed by engineers Bunker & Perrott:

In the highly competitive conditions on the Atlantic, where foreign ships fight with every modern weapon and instrument to gather the American dollar, a ship is soon discredited and loses her patronage if allowed to deteriorate, either in equipment or service.

As the engineers proceeded with the inspection, this is what they found:

Grounding: The *Leviathan* had been allowed to ground off the northern end of the Isle of Wight—"a strange sound along bottom of ship on starboard side", as shown by engine-room log. Several tank leaks had been developed, and the International Mercantile Marine representative stated that to the best of his knowledge no "seaworthy certificate" had been issued thereafter. (Note: This checks up with the rest of this tale of willful neglect.)

Drydocking: The last drydocking was in April 1932 and the last painting under water was at that time. At the end of voyage 57 the *Leviathan* went into lay-up, May 12, 1933, at pier 59, North River, where she remained until October 16, 1933, when she was moved to pier 4, Hoboken, where she is still moored. Report of the engineers reads: "We recommend drydocking the vessel at once."

Deck department: Pilot house has been left open to weather. Storm doors at both sides removed and interior shows weather effects. Storm doors should be replaced to protect valuable instruments inside. (Query: Where were those seven deck officers and what were they doing? Were they drawing salaries to insure the nonoperation of the *Leviathan?*)

The report of the engineers then proceeds to disclose the sabotage of the *Leviathan*, after the policy of the A. A. A., then going forward by plowing under farm crops and killing the pigs, while at the same time the N. R. A. was closing the mills, and the President, through the operations of the Treasury was applying the "stagger" policy to the banks, and four members of the Cabinet were getting charters for "perpetual-existence" corporations in Delaware to sabotage and socialize all industries under the planned-economy system of Moscow.

The report of the engineers on what was being done to sabotage the "deck department" continues:

Navigational instruments removed. * * * Frigidaire ice box * * * missing. Fire-alarm system to hold, baggage, and mail rooms, etc., not working, due to no suitable electric current. * * * No steam on ship. * * * Sun deck over pilot house badly weathered and checked, deck plugs dried out and missing. * * * Decks need attention and recaulking. * * * Teakwood skylights and doors badly weathered. * * * Ventilating blower casings and ducts bare and corroding. * * * Upper part nos. 1 and 2 smokestacks badly corroded. * * * NOTE.—Painters employed there after inspection started did not touch the scale and rust on fidley casing deck. * * * Lifeboats uncovered and left exposed to weather. * * * Internal parts and equipment * * * neglected, including 33 metal lifeboats, 11 wooden lifeboats, and 2 motorboats. * * * Rudder stock and bearings started to rust. Nothing done since lay-up to remedy. * * * Refrigerating coils badly rusted. * * * Insulation in cold-storage rooms missing. * * * Deck-house plating in way of tourist social hall cracked; should be electrically welded. * * * Swimming pool badly rusted. * * * Ventilating system corroded away. * * * Paint in spots is sagged and unsightly. * * * Rain and atmospheric condensation show signs of disintegration of boilers and furnace lining. * * * Fuel-oil service leaking. * * * Water on tank tops. * * * Total of 46 boilers of the Express Yarrow type show scattered leaks in angle bars, seams, and rivets in all firerooms and fuel-oil service tanks.

Main engine room: Condensers and tubes badly corroded. Logs show that 10 to 30 tubes are "plugged away" every voyage at end of each run. * * * Retubing necessary. * * * Condensers show pitted tubes and leakages. * * * Main bilge pumps after

main engine found badly corroded. * * * Both auxiliary condensers * * * corroded away and patched. * * * Letter from chief engineer states: "Machinery is being laid up as well as possible with the limited number of men on hand" (21 men).

Only 6 men were in the engine room at time of inspection, as against 200 kept at work during lay-up by former owners. No bilge pumps were in operation to protect vessel in time of fire. Electric wiring shows moisture leakage. Short-wave set used daily for commercial work "has been removed." "Copper pipe cracked at flange." "The above are only a few of the many items under the classification of voyage repairs necessary to be performed in the engine room. Similar repair items necessary in the deck, stewards, and electrical departments, preparatory to vessel sailing again."

Stewards' department: Throughout passageway, public rooms, and staterooms, the dirt has accumulated in windrows on the bare decks, and on the carpets in the staterooms the dust and dirt has been allowed to gather * * * Carpets should be removed, cleaned, treated to prevent vermin * * * Some of the bedrooms "have been left as when last occupants left the rooms" * * * "Heat should be kept on vessel and quarters ventilated" * * * "Water is left in many toilet fixtures that will freeze."

The dreary tale of neglect and sabotage continues:

All books in first-class library have been removed—books in tourist library scattered throughout the quarters.

We found all fire doors open throughout passenger quarters.

In seven suites the expensive tables had been removed to other ships. In one suite the expensive desk was missing and an inferior desk left in its place—more or less furniture missing.

Third class social hall: Deck tiling cracked and parts missing.

Galley apparently vacated suddenly. Broilers, steamers, bake ovens, ranges, soup kettles, and washing machines left without attempt to preserve material. Rust and dirt accumulated all over galley. Electric slicing machines missing. Other machines missing as shown by inventory check.

CONCLUSIONS OF REPORT OF ENGINEERS

Hull and deck equipment: "We found no evidence of the proper steps having been taken to preserve and protect deck equipment and structure during lay-up."

Insurance: The Government contract called for $4,500,000 of insurance to be carried on the *Leviathan*. "Up to the present time no money has been paid." "Apparently no steps have been taken by the Government to protect its interest."

Manning: "The ship at present has 13 men on board. It cannot be expected that this vessel will be preserved without an increase of men aboard to keep up steam and fire watches at all times."

Unless definite steps are taken there will be a tremendous depreciation in the Government's equity and hundreds of thousands of dollars will have to be spent to restore vessel to its proper condition. * * * The Government should insist that vessel be drydocked and the necessary repairs made to protect its interest.

Respectfully submitted.

W. L. BUNKER, *Consulting Engineer.*
WM. PERROTT, *Consulting Engineer.*

Thus, in the 8 months, March 4 to October 30, 1933, under the new deal there had been done to the *Leviathan* by nonoperation and apparently planned neglect what had been done to industry and agriculture under the N. R. A. and A. A. A. under the same sort of planned destruction, and what has been attempted under sundry crack-down plans to banks and utilities, and what has been done to sound currency by destroying the gold standard, and what has been done to Government finance by piling up over $10,000,000,000 of debt and deficits and a total of $18,000,000,000 of emergency funds for 30 bold experiments and 22,000,000 dole recipients.

The case of the *Leviathan* is typical of the whole deal of planned emergency and planned chaos. It is typical of the 3-year assault on American progress and prosperity, on American ideals and principles and achievements under the American Constitution and bill of rights. The foreign plan to dismantle the flagship of the American merchant marine is on the same plane as the foreign plans imported from Europe to overthrow American industry and American institutions.

The hearings and report of the Senate special committee investigating air-mail and ocean-mail contracts, though written by friends of the administration, only support and in effect substantiate the findings of the advisory committee, the shipping engineers, and the Comptroller General, as above summarized.

THE CORPORATE WEB OF I. M. M.

Under the above headline, page 20 of the Senate committee report, June 18, 1935, we learn that—

The Roosevelt Steamship Co. (contractor on route 46) is a subsidiary of the International Mercantile Marine Co. As of December 31, 1933, the International Mercantile Marine Co. had invested in the United States Lines Co. (contractor on routes 43 and 44) $1,020,000.

The Roosevelt Steamship Co. collects commissions of approximately 19 percent of gross voyage revenue (excluding mail) of vessels owned and controlled by the United States Lines Co. R. Stanley Dollar, when president of the United States Lines, testified that he knew of no other operating agreement amounting to so much as 15 percent.

Commissions thus received by the Roosevelt Steamship Co. totaled $3,097,537.95 between December 8, 1931, and December 31, 1933, and of this amount, $2,712,055.65 was paid by the Roosevelt Steamship Co. to the International Mercantile Marine. During the same period the books of the United States Lines showed a purported loss of $1,886,379.11.

The Roosevelt Steamship Co., having a capital stock of only $22,000, passed on to the I. M. M. 90 percent of the gross commission received for operating the vessels owned and controlled by the United States Lines. * * * The exact amount of profit to the I. M. M. from this operation cannot be ascertained, in view of the complicated and varied activities of this holding company—

Says the Senate committee.

And these are the British sea robbers, looting American lines and receiving a subsidy of $600,000 a year for doing it, whom Secretary Roper and President Roosevelt listened to in laying up and scuttling the *Leviathan*, "the flagship of the American merchant marine."

The Roosevelt Steamship Co., capital $22,000, is shown by this record as simply a racketeering fiction, or British cat's-paw, for a commission loot of $3,000,000 in 3 years, a subsidy of $600,000 a year, besides the mail contracts on routes 43, 44, and 46, which the two corporations controlled. If the President is so keen in his alleged war on holding companies, why does he tuck under his wing these British holding companies and subsidize them?

We shall soon see the personal reason why when we get to the committee hearings.

In this corporate web of the I. M. M. please note the following characteristic item as a sample of corporate racketeering:

The I. M. M. Dock Co., a 100-percent-owned subsidiary of the I. M. M. Co., has a capitalization of $100.

This $100 legal fiction leases two docks for $384,000 a year and operates piers of the White Star Line almost exclusively.

The net profit to the I. M. M. Co.—

Says the committee report—

from operation of these piers has been more than half a million dollars a year during the period of the mail contract.

From three United States mail contract routes it collects wharfage from subsidized companies of $434,222 a year.

Incidentally—

Says the committee report—

the I. M. M. has made substantial advances to its subsidiary, the Frederick Leyland & Co., Ltd., a British corporation, owner and operator of foreign-flag tonnage.

These are the advisers who had the exclusive ear of the President and his Secretary of Commerce, against the protests of American officials, in demoting the *Leviathan* and American shipping.

The president of the I. M. M., P. A. S. Franklin, according to the committee—

Has drawn as salaries, bonuses, and commissions from that company, its subsidiaries and affiliates, $1,952,410.06, an average exceeding $139,000 a year.

Subsidiary officials, J. M. Franklin, Basil Harris, Kermit Roosevelt, drew various amounts around $28,000 a year apiece. Twenty-six vice presidents drew in the 5 years ending 1933 a total of $1,717,137. Yet these companies received an average subsidy of $600,000 a year to cover alleged losses. In addition to the officers, six lawyers of the I. M. M. received $370,000, and 10 law firms and tax specialists got $384,000.

A fitting climax to this tale of piracy is found on page 34 of the Senate committee report, as witness:

The International Mercantile Marine, through the mail contracts operated by its subsidiaries and affiliates, and clauses protecting it from competition by American Shipping Board vessels, has obtained a virtual monopoly of fast-freight and passenger service from United States North Atlantic ports to the ports of France, Germany, and the United Kingdom.

And it was upon the demands of this British monopoly that the *Leviathan*, which, after a $9,000,000 reconditioning, had 10 years of active service in sight, was laid up May 5, 1933, while the British controlling interest receives in the aggregate subsidies approximating $10,000,000 for nonoperation, pursuant to contract signed and approved by the administration.

WHY DID THE ADMINISTRATION BOW TO THE I. M. M.?

Does the stock ownership of the I. M. M. suggest the reason why the President and his secretary listened only to I. M. M. and Roosevelt Steamship advice in retiring the *Leviathan*?

On page 3723 of the hearings, we learn from the testimony of President P. A. S. Franklin:

A group has been formed to buy the control of the I. M. M. Co., which group embraces the Roosevelt interests. This group includes C. D. Barney Co., Vincent Astor, Kermit Roosevelt, Basil Harris, John Franklin, and one or two others.

On page 3728, the corporate picture of the I. M. M., and shares of principal stockholders were listed thus:

	Shares
Vincent Astor, as of Mar. 25, 1933	17,500
P. A. S. Franklin, as of May 29, 1933	11,800
Basil Harris, as of Mar. 16, 1934	14,442
John M. Franklin, Mar. 16, 1934	9,842
Kermit Roosevelt, as at June 1, 1933	12,012

Vincent Astor, who seems to be the largest stockholder in this group of pro-British shipping and subsidy beneficiaries, is the famous skipper of the yacht *Nourmahal*, the President's favorite boat for his monthly fishing trips with Astor and Kermit Roosevelt as his official advisers in catching barracuda and entertaining the Duke and Duchess of Kent.

Vincent Astor, owner of 17,500 shares of I. M. M. stock on March 25, 1933, was one of the chief beneficiaries in the retirement of the *Leviathan*, for which the company received a subsidy of $600,000 a year for nonoperation, besides three ocean-mail contracts and forgiveness of the debts due the United States for violation of contract.

Kermit Roosevelt, after whom the $22,000 Roosevelt Steamship Co. fiction was named, owned 12,000 shares of I. M. M. stock, and was the President's companion as an Izaak Walton on the flagship *Nourmahal*, of which Vincent Astor was admiral of the new-deal fish navy.

It was the advice of these five leading shareholders in the I. M. M.—Vincent Astor, P. A. S. Franklin, his son John M. Franklin, Basil Harris, and Cousin Roosevelt, the controlling group described in the Senate committee hearings—that led to the scuttling of the *Leviathan* and American shipping on the North Atlantic, and what the committee describes as "a virtual monopoly of fast freight and passenger service from United States North Atlantic ports", approved by a signed contract of the Secretary of Commerce pursuant to the orders of the President.

They scuttled the *Leviathan* and our North Atlantic shipping and subsidized British shipping, just as they scuttled American agriculture under the A. A. A., scuttled American industry under the N. R. A. for the benefit of industrial monopoly, scuttled American banking under the War-Time Act of 1917, attempted to electrocute the utilities under the Rayburn-Roosevelt bill drawn by Cohen and Corcoran, scuttled sound currency by demonetizing gold and reducing the dollar to 59 cents, increased unemployment from 7,000,000 in April 1932 to over 13,000,000 in latest reports, and piled up public debt and deficits beyond all records.

SIGNING THE DEATH WARRANT OF THE STEAMSHIP "LEVIATHAN" AND AMERICAN SHIPPING

On August 10, 1933, the President's Executive order placed the United States Shipping Board under control of the Secretary of Commerce, so that no more protests like that of Woodward and the advisory committee could delay the execution of the contract with the I. M. M. and its subsidiaries.

Ewing Y. Mitchell, a Missouri Democrat, was the Assistant Secretary of Commerce in charge of the *Leviathan* case. When Mitchell read the Woodward protest and the testimony laid before the Senate committee of investigation he appealed to the Secretary of Commerce and then to the President against a contract that would subsidize British interests and give them a shipping monopoly that would practically shut out American shipping on the world's greatest sea route—the North Atlantic route between the United States and Europe.

On September 24, 1934, the I. M. M. subsidiary, called the "United States Lines Co.", proposed that the Government forgive the $5,000,000 debt waiver, the $3,000,000 due for operation up to 1933, the $920,000 due for 1933–34 operation, and the $1,300,000 for 1935–36 operation—an aggregate obligation of $10,000,000—and in consideration of such subsidy in effect for unpaid debts up to 1933 and nonoperation during the 4 years 1933–36 the I. M. M. group would be willing to accept an advance of $7,500,000 from the United States Government to build two small ships to take the place of the *Leviathan*, which gave the British too much competition.

In other words, the "brainstorm trust" of the I. M. M. followed the precedent told by Mark Twain. When his creditors got together and offered to throw off half his debt, Mark Twain said:

Gentlemen, I will equal your generosity and throw off the other half.

But the I. M. M. group went one step farther than Mark Twain. They added to defalcation by demanding that the United States Government advance to them $7,500,000 more. In addition to aggregate subsidies of $10,000,000 and numerous mail contracts, they wanted a loan of $7,500,000 as an evidence of immunities to come.

The protests of Assistant Secretary of Commerce Mitchell were overcome by removing him from office.

Memorandum of the Commerce Department, as of February 8, 1935, indicated that the President favored laying up the *Leviathan*, pursuant to the I. M. M. demands, on the following terms:

1. All further obligations to keep the *Leviathan* in operation for trips during the season of 1935 and 1936 to be extinguished.
2. Government to participate in financing a new ship (for the I. M. M.) costing approximately $10,000,000.

Thereby the order of the President carried out the program denounced by the Comptroller General as illegal (Mar. 12, 1935), when the Comptroller charged:

Now it is proposed to subsidize the nonoperation of the vessel for the 2 remaining years by waiving liquidated damages that would accrue for failure to operate the vessel during the years 1935–36 to the extent of $1,300,000 in addition to $920,000 accrued for the years 1933–34.

Just 1 week later, March 19, 1935, after the Solicitor of the Commerce Department had received the letter of March 12 from the Comptroller General's office, the Secretary of Commerce signed the I. M. M. contract pursuant to the orders of the President.

The contract carrying the death warrant of the *Leviathan* was signed after full knowledge filed both by the American Shipping Advisory Committee as to the consequences of the act in subsidizing British interests and destroying American shipping and after a week's study of the Comptroller General's charge of illegality.

The death warrant was issued in full knowledge that the I. M. M. and its subsidiaries and affiliates were the sole beneficiaries and that it meant a death knell to American shipping on the North Atlantic.

It was signed with full knowledge of the Senate committee revelations and the report of the engineers on the scuttling of the *Leviathan* in its lay-up dock in Hoboken.

It was signed in full knowledge of the Vincent Astor-Cousin Roosevelt ownership interests, which undoubtedly was the subject matter of those fishing trips on the *Nourmahal*.

It was signed in full knowledge of such grafts as that $22,000 Roosevelt Steamship Co. put over in seizing 19 percent of the gross income—not including mail contracts—of the contract subsidiary, the United States Lines Co., and

thereafter handing 90 percent of the boodle to the I. M. M., in which Astor and Roosevelt are chief shareholders.

Moreover, this death warrant of the *Leviathan* was signed in the light of the Senate committee findings that—

The International Mercantile Marine, through the mail contracts operated by its subsidiaries and affiliates, and clauses protecting it from competition by American Shipping Board vessels, has obtained a virtual monopoly of fast freight and passenger service from United States North Atlantic ports to the ports of France, Germany, and the United Kingdom.

Thus, the death of the *Leviathan* becomes the typical case demonstrating the aims of the new deal, namely, the crack down of everything American and the substitution of European institutions and interests under a Federal autocracy, such as that which has cursed humanity from the day of Fabius Maximus, twice dictator and censor of Rome, down to the new deals over there today in Rome, Berlin, and Moscow.

It was new-deal dictatorship and royal favoritism that scuttled the *Leviathan*. Will it also scuttle the Constitution and Bill of Rights in 1936? That is America's problem!

SUMMARY

On May 5, 1933, 60 days after Franklin D. Roosevelt's inauguration, the famous U. S. S. *Leviathan*, the flagship of the American merchant marine, pursuant to demand of British interests, was taken off the sea and laid up in New York Harbor.

The *Leviathan*, up to the time of her lay-up, according to Thomas M. Woodward, of the Shipping Advisory Board, had carried more passenger business than any British vessel.

After $9,000,000 expended on reconditioning, the life of the *Leviathan*, according to shipping authority, had been extended 10 years and was held to possess an efficiency good for 7 years after 1936.

But the *Leviathan* had the misfortune to fall under the contract management of the International Mercantile Marine Co., and the British interests of the I. M. M. were nailed to the following: (1) Majority of directors must be British, (2) ships must have British sailors and officers, (3) substantial part of the I. M. M. ships must carry the British flag, (4) the I. M. M. ships must never pursue a policy injurious to British shipping and trade, and the British Government was to be the judge and have power to cancel contracts.

The crime of the *Leviathan* was that it was the outstanding competitor of British ships in the North Atlantic trade. It was too large, too fast, too popular, and carried more business than the best British liner. It was marked for slaughter as soon as there came to the White House an administration that would carry out British desires.

When the controlling stockholding group was headed by Vincent Astor, and included Cousin Roosevelt—the two friends of Franklin D. Roosevelt on his fishing trips in the Astor yacht *Nourmahal*—the fate of the *Leviathan*, as events show, was sealed. No protests by American shipping interests could save it.

In vain, Woodward, of the Advisory Committee, protested that the *Leviathan* was the finest luxury liner afloat and had 10 years of future service.

In vain Consulting Engineers Buckner & Perrott warned that the *Leviathan* was being damaged and looted at her Hoboken dock and suffering hundreds of thousands of dollars in depreciation of the Government's equity.

In vain the Senate committee investigating ocean-mail contracts reported that the I. M. M., through mail contracts and clauses protecting it from American competition, "has obtained a virtual monopoly of fast-freight and passenger service from the United States" in the North Atlantic.

In vain the Comptroller General of the United States warned the Commerce Department that the proposed new contract of the Government, permanently retiring the *Leviathan* and granting new loans and subsidies to the I. M. M. was illegal and constituted a subsidy for nonoperation amounting to $1,300,000 in 1935–36, and $920,000 for 1933 and 1934, besides waiving past obligations, making a total donation aggregating $10,000,000.

On March 17, 1935, 1 week after the Comptroller's protest was delivered, the Secretary of Commerce, by order of the President, signed the contract. The protest of the Assistant Secretary of Commerce Ewing Y. Mitchell was silenced by removing him from office.

Thus the *Leviathan* and the fate of the American merchant marine are typical of the whole new-deal program. It will be recalled that Secretary Wallace proposed to turn over American shipping to the British for trade benefits. The *Leviathan* received the same treatment as the plowed-under crops and sabotaged pigs, the mills closed by the N. R. A., the demonetized gold standard, the closed banks, and followed the plan of the 50 or more new-deal measures to sabotage American interests and institutions, assault government by the people under the Constitution and Bill of Rights, and place the United States under an autocracy imported from Europe.

The high-handed proceeding of March 19, 1935, the death warrant issued by Executive order in aid of a British shipping monopoly, will have an echo throughout the United States when in 1936 public meetings will ring with the cry, "Remember the *Leviathan*."

Mr. COPELAND. Mr. President, at an appropriate time I shall attempt to make a statement giving the other side of the picture which we have seen today. I desire to say at this time, without any reflection at all upon the Senator from Minnesota [Mr. SCHALL], that the statement he has made today is a statement filled with half truths. I have no desire whatever to defend any practices which may have gone on in connection with mail contracts, but I want to make it very clear, and I think perhaps I can do that without fear of having to seem unduly prejudiced, that I regard the action of the President in connection with the I. M. & M. and of the *Leviathan* transaction as above suspicion of any sort. He has acted honorably and openly, and whatever has been done regarding the *Leviathan* has been done by the Department of Commerce, and the Department of Commerce in its turn, as I said a little while ago, acted wholly in accordance with the law. I want the RECORD to show that much, and perhaps at some other time I shall take the opportunity to go into more detail regarding this particular matter.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Daniel H. Case, of Hawaii, to be circuit judge, second circuit, Territory of Hawaii. (Reappointment.)

Mr. WHEELER, from the Committee on Interstate Commerce, reported favorably the following nominations:

John M. Hall, of the District of Columbia, now assistant chief inspector of locomotive boilers, to be chief inspector of locomotive boilers, vice Alonzo G. Pack; and

John Brodie Brown, of Oregon, to be assistant chief inspector of locomotive boilers, vice John M. Hall.

The PRESIDING OFFICER (Mr. MOORE in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Charles West, of Ohio, to be Under Secretary.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of Cleon A. Summers to be United States attorney, eastern district of Oklahoma.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Edward D. Bolger to be United States marshal, western district of Michigan.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 12 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Wednesday, July 31, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 30 (legislative day of July 29), 1935

UNDER SECRETARY OF THE INTERIOR

Charles West to be Under Secretary of the Interior.

UNITED STATES ATTORNEY

Cleon A. Summers to be United States attorney, eastern district of Oklahoma.

UNITED STATES MARSHAL

Edward D. Bolger to be United States marshal, western district of Michigan.

POSTMASTERS

ARKANSAS

Samuel B. McCall, El Dorado.
Elizabeth B. Dabney, Lake Village.
Edward H. Dunning, Wilmot.

CONNECTICUT

Charles E. Batayte, Granby.
Thomas W. Dwyer, Middlebury.

MISSOURI

Joseph D. Stewart, Chillicothe.
Chester M. Eoff, Knox City.
Charles A. Stallings, Morley.
Harry E. Rothe, O'Fallon.
Leta D. Smith, Pineville.
Helen J. Baysinger, Rolla.

NEW YORK

Harry Averill, Adams Center.
Edwin G. Champlin, Cherry Creek.
Jeremiah J. Reagan, Clymer.
Edward J. O'Mara, Cornwall.
Evenor A. Andre, Croghan.
Jacob Tolosky, Dannemora.
Lee M. Meldrim, Edwards.
Herbert H. Rockwell, Esperance.
Leon J. Rider, Falconer.
Sam Rosenberg, Fallsburgh.
Edward J. Kelleher, Fort Edward.
John V. Kelly, Friendship.
Sister Mary Valeria Desmond, Gabriels.
Marguerite F. Grady, Goldenbridge.
Frank Leo Brady, Harriman.
James H. Mulligan, Hillburn.
Thomas R. Morris, Ilion.
John Joseph Fox, King Ferry.
Carson C. Faulkner, Margaretville.
Eugene M. Gailey, Montour Falls.
Lee H. Starr, Morris.
Frederick W. Colligan, Nanuet.
John H. Douglass, Orient.
Thomas J. Conmy, Port Jervis.
Frank P. Bakutis, Quogue.
Frederick M. Jones, Red Creek.
Martha A. Poole, Richland.
George L. O'Marra, Romulus.
Leo B. Bennett, Schenevus.
George W. Kelly, Sodus.
Henry H. Fisher, Spencer.
Charles F. Pallister, Staten Island.
Frederick N. Brown, Stephentown.
Charles M. Stanton, Wellsburg.
William T. Burns, Whitehall.

PENNSYLVANIA

Joseph P. Duffy, Bristol.
Mary Brumbaugh, Brockway.
Clarence J. Weary, Carlisle.
Harry P. Shreiner, Columbia.
Edna M. Jacobs, East Berlin.
George M. Neely, Fairfield.
Harold B. Dill, Finleyville.
Katherine A. T. Shearer, Herminie.
Charles H. Held, Loganton.
Adam D. Swartz, New Freedom.
George L. Corrigan, New Hope.
Marion S. Schoch, Selinsgrove.
John L. Considine, Sharon.
Sarah J. Stimmel, Starjunction.
Merton G. Minner, Wampum.
Austin L. Moredock, Waynesburg.
Harry Coulson Reece, West Grove.

VERMONT

George N. Clark, Groton.
Robert H. Royce, Johnson.
William Harbutt, Putney.

WYOMING

Percival F. McClure, Worland.

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 30, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who art supremely pure and glorious, we humbly acknowledge our weaknesses and tendencies. We beseech Thee that out of Thine abundance of mercy and compassion pardon our infirmities; help us to rise above matter to the soul, which is nearest like God. Be present with us today, O Lord. Breathe upon every sentient human mind of every nation and every tongue. We pray that humanity everywhere, touched of God, may be lifted up, so that man may rise as the redeemed child of the Father everlasting. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H. R. 29. An act to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty;

H. R. 373. An act for the relief of the American Surety Co. of New York;

H. R. 419. An act for the relief of Ruth Relyea;

H. R. 1073. An act for the relief of John F. Hatfield;

H. R. 1864. An act for the relief of Henry Dinucci;

H. R. 2606. An act for the relief of the estate of Paul Kiehler;

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington;

H. R. 3337. An act for the relief of James Akeroyd & Co.;

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails; and for other purposes";

H. R. 3558. An act for the relief of Capt. Walter S. Bramble;

H. R. 3612. An act to provide for adjusting the compensation of post-office inspectors and inspectors in charge to correspond to the rates established by the Classification Act of 1923, as amended;

H. R. 3760. An act for the relief of Capt. Arthur L. Bristol, United States Navy;

H. R. 4146. An act for the relief of Mrs. Olin H. Reed;

H. R. 4274. An act correcting date of enlistment of Elza Bennett in the United States Navy;

H. R. 4406. An act for the relief of Anna Farruggia;

H. R. 4410. An act granting a renewal of Patent No. 54296, relating to the badge of the American Legion;

H. R. 4413. An act granting a renewal of Patent No. 55398, relating to the badge of the American Legion Auxiliary;

H. R. 4623. An act for the relief of George Brackett Cargill, deceased;

H. R. 4828. An act for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes;

H. R. 4838. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

H. R. 4850. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 5382. An act to provide for advancement by selection in the Staff Corps of the Navy to the ranks of lieutenant commander and lieutenant; to amend the act entitled "An act to provide for the equalization of promotion of officers of the Staff Corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., Supp. VII, title 34, secs. 348 to 348t); and for other purposes;

H. R. 5532. An act to provide for the acquisition of a portrait of Thomas Walker Gilmer;

H. R. 5920. An act to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498;

H. R. 6549. An act for the relief of Horton & Horton;

H. R. 6656. An act to authorize the Pennsylvania Railroad Co., by means of an overhead bridge to cross New York Avenue NE.; to extend, construct, maintain, and operate certain industrial sidetracks; and for other purposes;

H. R. 6768. An act to authorize the Secretary of War to lend War Department equipment for use at the Seventeenth National Convention of the American Legion at St. Louis, Mo., during the month of September 1935;

H. R. 6825. An act for the relief of Mrs. Clarence J. McClary;

H. R. 6983. An act to provide for the transfer of certain land in the city of Anderson, S. C., to such city;

H. R. 7022. An act to authorize the selection, construction, installation, and modification of permanent stations and depots for the Army Air Corps, and frontier air-defense bases generally;

H. R. 7050. An act to amend the act of June 27, 1930 (ch. 634, 46 Stat. 820);

H. R. 7902. An act to provide a right-of-way;

H. R. 7909. An act to amend the act creating a United States Court for China and prescribing the title thereof, as amended;

H. R. 8297. An act to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives;

H. R. 8400. An act providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes;

H. J. Res. 182. Joint resolution to provide for membership of the United States in the Pan American Institute of Geography and History; and to authorize the President to extend an invitation for the next general assembly of the Institute to meet in the United States in 1935, and to provide an appropriation for expenses thereof; and

H. J. Res. 208. Joint resolution to provide for the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the Ordinance of 1787 and the settlement of the Northwest Territory.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 351. An act for the relief of Jane B. Smith and Dora D. Smith;

H. R. 3090. An act for the relief of Mayme Hughes;

H. R. 3641. An act to amend section 559 of the Code of the District of Columbia as to restriction on residence of members of the fire department;

H. R. 3979. An act to safeguard the estates of veterans derived from payments of pension, compensation, emergency officers' retirement pay, and insurance, and for other purposes;

H. R. 4507. An act to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes;

H. R. 5159. An act to authorize the Postmaster General to contract for air mail service in Alaska;

H. R. 7447. An act to amend an act to provide for a Union Railroad Station in the District of Columbia, and for other purposes; and

H. J. Res. 351. Joint resolution authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by Washington (D. C.) 1935 Improved, Benevolent, and Protective Order of Elks of the World, and for other purposes.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 85. An act for the relief of Homer H. Adams;

S. 382. An act to provide for the purchase of a certain lot of land in Cedar City, Utah;

S. 423. An act for the relief of Lynn Brothers' Benevolent Hospital;

S. 470. An act for the relief of the Hauser Construction Co.;

S. 478. An act to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U. S. C., title 28, sec. 592);

S. 479. An act to amend section 126 of the Judicial Code, as amended;

S. 491. An act for the relief of Fred Herrick;

S. 620. An act to authorize the periodic construction of channels for fishing purposes in the Siltcoos and Takenitch Rivers, in the State of Oregon;

S. 739. An act to provide for the establishment of a national monument on the site of Fort Stanwix, in the State of New York;

S. 754. An act to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States;

S. 997. An act to provide for the establishment of a national monument on the site of Red Hill, estate of Patrick Henry;

S. 1042. An act for the relief of J. R. Collie and Eleanor Y. Collie;

S. 1118. An act to confer jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of the Bankers Reserve Life Co., of Omaha, Nebr., and the Wisconsin National Life Insurance Co., of Oshkosh, Wis.;

S. 1120. An act for the relief of J. P. Nawrath & Co., Inc.;

S. 1194. An act for the relief of the State of Maine;

S. 1227. An act to authorize the issuance and sale to the United States of certain bonds of municipal governments in Puerto Rico, and for other purposes;

S. 1314. An act to make the husband or wife of accused a competent witness in all criminal prosecutions;

S. 1359. An act for the relief of A. N. Ross;

S. 1381. An act to amend the act approved February 13, 1925, entitled "An act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes;

S. 1567. An act to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Act";

S. 1683. An act for the relief of Robert L. Monk;

S. 1786. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for finding of fact and recommendations to the Congress;

S. 1950. An act for the relief of Julius Crisler;

S. 1991. An act for the relief of Wilson G. Bingham;

S. 2021. An act to recognize the service of Brig. Gen. Edward R. Chrisman;

S. 2203. An act to promote the development of Indian arts and crafts and to create a board to assist therein, and for other purposes;

S. 2257. An act to amend the act entitled "An act to provide additional pay for personnel of the United States Navy assigned to duty on submarines and to diving duty" to include officers assigned to duty at submarine training tanks and diving units, and for other purposes;

S. 2268. An act for the relief of Bausch & Lomb Optical Co.;

S. 2296. An act to reduce the interest rate on delinquent taxes;

S. 2297. An act to amend section 17, as amended, of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898;

S. 2321. An act for the relief of S. M. Price;

S. 2330. An act authorizing the Virgin Islands Co. to settle valid claims of its creditors, and for other purposes;

S. 2340. An act to authorize the Attorney General to determine the fee to be paid in connection with the taking of depositions on behalf of the United States;

S. 2343. An act for the relief of Maj. Edwin F. Ely, Finance Department; Capt. Reyburn Engles, Quartermaster Corps; and others;

S. 2463. An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claim which the Kiowa, Comanche, and Apache Tribes of Indians may have against the United States, and for other purposes;

S. 2470. An act to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended;

S. 2504. An act to incorporate the Marine Corps League;

S. 2523. An act authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896;

S. 2558. An act for the relief of Pettus H. Hemphill;

S. 2564. An act for the relief of Charles L. Wymore;

S. 2577. An act to eliminate the requirement of cultivation in connection with certain homestead entries;

S. 2590. An act for the relief of James E. McDonald;

S. 2603. An act to authorize the Attorney General to determine and pay certain claims against the Government for damage to persons or property in sum not exceeding $500 in any one case;

S. 2644. An act for the relief of the estate of Harry F. Stern;

S. 2657. An act for the relief of Harold Dukelow;

S. 2666. An act for the relief of the Nacional Destilerias Corporation;

S. 2682. An act for the relief of Chief Carpenter William E. Twichell, United States Navy;

S. 2689. An act for the relief of the city of New York;

S. 2697. An act for the relief of the United Pocahontas Coal Co., Crumpler, W. Va.;

S. 2731. An act to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes;

S. 2734. An act to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania;

S. 2741. An act for the relief of Maj. Joseph H. Hickey;

S. 2762. An act to exempt from taxation, under certain conditions, on the basis of reciprocity, official compensation of a consular officer, nondiplomatic representative, or employee of a foreign country;

S. 2808. An act for the relief of Grier-Lowrance Construction Co., Inc.;

S. 2810. An act for the relief of the State of Pennsylvania;

S. 2833. An act for the relief of Mrs. Jack J. O'Connell;

S. 2834. An act to provide for the appointment of Ira W. Porter as a second lieutenant, United States Army;

S. 2867. An act to reenact section 463 of the act of Congress entitled "An act to define and punish crime in the District of Alaska and to provide a code of criminal procedure for said District", approved March 3, 1899, and for other purposes;

S. 2875. An act for the relief of J. A. Jones;

S. 2877. An act to reimpose and extend the trust period on lands reserved for the Pala Band of Mission Indians, California;

S. 2888. An act to provide for the disposition, control, and use of surplus real property acquired by Federal agencies, and for other purposes;

S. 2929. An act for the relief of Margaret McCandlass Otis;

S. 2958. An act authorizing the Secretary of the Treasury to execute a quitclaim deed of certain land located in the village of Lyons, N. Y.;

S. 3040. An act authorizing the Secretary of the Navy to accept gifts and bequests for the benefit of the Office of Naval Records and Library, Navy Department;

S. 3043. An act for the relief of the State of Maine;

S. 3050. An act granting the consent of Congress to the States of New York and Vermont to construct, maintain, and operate a bridge across Lake Champlain between Rouses Point, N. Y., and Alburg, Vt.;

S. 3060. An act to amend section 6 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, as amended; to extend the time within which applications for benefits under the World War Adjusted Compensation Act, as amended, may be filed; and for other purposes;

S. 3077. An act for the relief of Constantin Gilia;

S. 3078. An act for the relief of C. R. Whitlock;

S. 3105. An act to amend the act approved June 12, 1934, relating to the granting of the consent of Congress to certain bridge construction across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala.;

S. 3111. An act to authorize the Secretary of Commerce to grant to the State of Louisiana an easement over certain land of the United States in Natchitoches Parish, La., for highway purposes;

S. 3123. An act to provide for the relief of public-school districts and other public-school authorities, and for other purposes;

S. 3192. An act to increase the limit of cost for the Department of Agriculture Extensible Building;

S. J. Res. 110. Joint resolution authorizing Brig. Gen. C. E. Nathorst, Philippine Constabulary, retired, to accept such decorations, orders, medals, or presents as have been tendered him by foreign governments;

S. J. Res. 145. Joint resolution authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the period August 16, 1935, to August 31, 1935, both inclusive;

S. J. Res. 153. Joint resolution providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in commemoration of the four hundredth anniversary of the landing of Hernando De Soto in Tampa Bay, and to permit articles imported from foreign countries for the purpose of exhibition at such exposition to be admitted without payment of tariff, and for other purposes; and

S. J. Res. 168. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 16 to May 23, 1936, inclusive.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 8492) entitled "An act to amend the Agricultural Adjustment Act, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. BANKHEAD, Mr. MURPHY, Mr. NORRIS, and Mr. MCNARY to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 8554) entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ADAMS, Mr. GLASS, Mr. MCKELLAR, Mr. HALE, and Mr. DICKINSON to be the conferees on the part of the Senate.

LEAVE OF ABSENCE

Mr. KRAMER. Mr. Speaker, my colleague the gentleman from California, Mr. STUBBS, has been called away on account of illness and was absent yesterday during the roll calls on this account. I wish the RECORD to show that he was absent on account of illness, and I ask unanimous consent that permission for him to be absent may be extended for a period of 3 weeks.

The SPEAKER. Without objection, the request will be granted.

Mr. TRUAX. Mr. Speaker, on yesterday my colleague the gentleman from Ohio, Mr. SWEENEY, was absent on account of illness in his family. He requests an additional leave of absence for 5 days on this account.

The SPEAKER. Without objection, the request will be granted.

REVENUE ACT OF 1935

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes, and that the minority members may have the same privilege with respect to filing minority views.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COMMITTEE ON RULES

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain rules or reports from that committee.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE EPIC PLAN

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, the remarks I propose to put in the RECORD are remarks I made in a debate with Mr. Upton Sinclair. Some Members have asked me to put Mr. Sinclair's remarks, as well as my own, in the RECORD, and, therefore, I ask unanimous consent to put the remarks of Mr. Sinclair in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the debate between Mr. Upton Sinclair and myself on the EPIC plan, held at the Chautauqua Assembly, Chautauqua, N. Y., July 20, 1935, as follows:

Mr. SINCLAIR. Ladies and gentlemen, I have come, as you know, out of the wild and woolly West, somewhat embarrassed and timid at this, my first appearance at your famous old institution. I am debating with one of America's distinguished public men who is well known throughout the country because of his anxiety concerning communism and Communists.

I am as much opposed to communism as Congressman FISH can possibly be, but I differ from him, I think, in that I have given more time to the study of the causes of communism and, therefore, I think I know how to eliminate it, and that is by removing its causes; and I am bringing you this afternoon a plan which I advocate as the only possible method of preventing communism in the United States. Because of that fact I hope to win over my distinguished opponent. I am not concerned with winning the debate, but I hope to convince Congressman FISH and make an Epic out of him before I get through. If, incidentally, I could convert some of the rest of you ladies and gentlemen, constituents of Congressman FISH, why, of course, that would be all to the good.

Now, first, I want to tell you how I met Congressman FISH once before in the city of Los Angeles, Calif. He was at that time chairman of the House committee investigating the spread of communism throughout the United States, and I testified before that commission or committee in the hope of carrying a little enlightenment to Congressman FISH and the others.

I did not know how Communists were made in other parts of the United States, but I knew how they had been made in Los Angeles, because I had been present in the happening and so I told Congressman FISH how some 700 striking longshoremen in the harbor of Los Angeles had been thrown into jail and kept there incommunicado several days, deprived of all the civil liberties to which they were entitled under the Constitution which Congressman FISH is here to defend. I pointed out to him how, of my personal knowledge, I could tell him that some Communists had been made that night, and how I, being a believer in the Constitution, went down to San Pedro and attempted to speak, to exercise my rights as an American citizen, and how I was kidnaped by the police and held incommunicado by the police for 8 hours. I have never forgotten the reception my testimony received from my distinguished opponent. He asked me how I knew 700 men had been thrown into jail; had I counted them; and when I told him I had seen great numbers of men packed into the jails, being one of them myself, but I had not been afforded an opportunity of counting them, because they had been kept in several jails, my distinguished opponent was uncertain about my testimony and when I told him all the newspapers had published that fact, he refused to accept the authority of the capitalistic press of California, and said that I might take it as a compliment that he had read a book of mine called "The Brass Check."

Now, I meet Congressman FISH again and I have to convey other information to him. Well, I do not know whether he will accept that or not. In the first place, I inform him we have a depression in the United States. I know that of my own personal knowledge. My wife, many years ago, bought some lots in Pasadena, Calif., and has been unable to sell them. I personally have been told by magazine editors they could not buy my articles these days because there is a depression. Then, I have a further item; I have been traveling over California for the last 18 months, speaking to people. I have also spoken in Oregon and Washington and just a few days ago in Butte, Mont., and in each place I have taken the precaution to get direct first-hand information as to the number of unemployed in those communities.

I have a habit of asking my audience a number of questions. I do not know whether it is proper to ask questions of a distinguished audience like this; it may be you will not care to answer my questions.

First, I will tell you what the question is I asked of the audiences in California. I asked: "How many in this audience are out of work?" and everywhere in California, Oregon, Washington, and in Butte, Mont., from 1 in 4 to 1 in 5 of the audience have raised their hands. Now, I am going to ask it here. If it is embarrassing to you, do not answer, but let us hear from people who are willing to answer. How many people in this audience are willing to state they are out of work? Please oblige by raising your hands. You see, not very many. I do not know whether to at-

tribute that to the fact you are all employed or perhaps you belong to the class that does not have to be employed, or you belong to that large refined class that does not tell its troubles in public.

I now ask my audience another question, and you will not, I am sure, hesitate in your answer to this. Please think carefully before you answer this.

I have also asked, wherever I have spoken in the United States, "How many in this audience are willing to starve to death?" I do not see a single hand raised and I have never seen a single hand raised in any city or town in which I have asked that question.

The importance of the question is this: If people are not willing to starve to death, and cannot earn money to buy food, they have to be fed at public expense, and if they are fed at public expense, it is not merely a disgrace to them as individuals, but it will bankrupt cities, counties, states, and nations which attempt to do it.

I have been saying to my audiences—of course, I cannot say it here because none so far have admitted being out of work—but in places where 1 in 4 have admitted being out of work I have said, "Will the three of you who have jobs, as you leave this audience, please pick up the out-of-work man and carry him on your shoulders and see how fast you go and how much you enjoy the process and say to yourselves, 'This physical act which I am performing is a symbol of what I am doing financially'", as every three or four employed persons in the United States are carrying an unemployed person on his or her backs.

Now, then, our Nation is going into bankruptcy because of that procedure. Congressman Fish may be able to tell you some other way to get the unemployed fed. I leave that to him. What I say is, there is only one other way conceivable. If they cannot be employed by our present profit system, and they cannot be fed as objects of public charity, they must be given access to land and machinery and given an opportunity to produce that which they themselves are going to consume. [Applause.]

Well, I have some friends here after all. I was told that this was a strictly conservative audience but I am happier right away. [Laughter.]

Now, then, that is what we call the "EPIC plan" out in our benighted region of the far West. The name is derived from the first letter of four words: "End Poverty in California."

Recently, desiring to carry this plan over the rest of the country, we decided to modify our slogan and make it read, "End Poverty in Civilization", and I have been traveling over the country, telling audiences—making to them this very bold statement. I say, without qualification, and without apology, I know how to end poverty. I do not say that I can do it. I say that you can do it any time you get ready, meaning by "you" the people of America.

I say that we have in our country the means of producing almost unlimited wealth. We can produce comfort and even luxury for every man, woman, and child in our country. We have the land; we have the machinery; we have the skilled workers; we have the productive organization; we can produce wealth in unlimited quantities whenever we are ready to use our productive machinery. And in proposing to the people of the United States that they shall begin with the unemployed, that they shall give the unemployed an opportunity to produce for themselves that which they are going to consume, we in California are inviting the American people to make a start, to try an experiment.

You know, for 30 years—I have a dark and devious past—I was a Socialist. I traveled around and talked to audiences and advised they should establish a cooperative commonwealth, a system of producing for use for all the people, and I took 30 years at the job and did not get very far. The most votes I got, as a candidate in California, was about 60,000 out of one or two million, but I had another 30 years, and I was perfectly happy and cheerful about it, and then a new phenomenon arrived in the world, and that was Hitler; and when I saw Hitler I was frightened out of my wits. I saw the socialistic movement of Germany, the labor movement of Germany, of which I had been so proud, wiped out in 24 hours.

I said, "Something is wrong", and I sat myself down at the very difficult task, at 54, to rethink all the ideas of my whole thinking life and try to find out what was wrong with my way of presenting a cooperative commonwealth to the American people.

I decided it was too good to be true; that it sounded that way to them; and it was too much to ask for; it was not right; and I said to myself: "What in this is real to everybody? What really moves and will move the hearts of all earnest Americans?" And I realized it was the ten or twelve million unemployed persons of our country, and I said, "That is the place to begin", and I have gone out to the businessmen, to the middle classes, the ruling classes, and to the property classes of California, and I have said: "Ladies and gentlemen, give us the unemployed; let us make a start there. Let us experiment with them, and when I ask 'Give us the unemployed' I am asking for something which is of no use to you, and the reason is I am speaking to the businessmen in this audience. The unemployed are of no use to you, because you have got all of their money now. I know you think the unemployed are of use to you; they come in your store and buy goods from you, buy goods you manufacture, and you think you are making money out of them; but what I ask you—and think this over carefully—where do the unemployed get the money they spend in your stores? The answer is, they get it from you. They get it from you because there is no other place to get it from. Of course, they get it from an agency of the Government—city, county, State or Nation—which gives them the money; but what is the agency of the Government, be it city, county, State, or Nation, financially? It is the taxpayers of the community. The taxpayers of the community have to put up the money which the unemployed are spending today, and that means simply you business men are putting it up. You put it up in immediate taxes and in the form of loans which most of you have to pay later on"; and what I have said to the businessmen of California I am saying to you.

You are taking money out of your right-hand pocket and putting it into your left-hand pocket and going home and telling your wife what a fine day's business you did. What I say to you is: Give up the unemployed and in doing this, make up your minds so far as spending power is concerned they are out, and that the intelligent thing for you to do is to permit them to make themselves self-sustaining, to take themselves off the backs of the taxpayers, to produce everything in the way of food, clothing, and shelter which they are going to consume.

That means a capital investment by the State, because, of course, they have no land or machinery. The State must buy it and make it available to them. But the point I am trying to make is that if the State does that, it makes an investment, and it makes it once and for all, and then is through; whereas, if you go on, keeping them as objects of charity, you keep them this year, next year, and the year after, and you are no nearer the solution of the problem. The only difference is this, the State is four or five billion dollars nearer bankruptcy.

Now then, we have the same old curse, national bankruptcy and inflation as in Germany. We ought to have the intelligence to understand and to follow a rational course.

I am invited here to discuss a subject, but there is one thing more I want to say before I go on and that is, what would be the effect of this plan upon the employed persons in this audience? If I ask how many in this audience have jobs, presumably more would raise their hands. What would be the effect of this EPIC plan on you? The answer is, it would take unemployment off the labor market and by that means make it possible for wages to go up for the first time in peace time in our country. We had that happen in the late World War. We sent 3,000,000 men overseas, and we put three or four or five million men, at home, at work making goods for the men overseas to destroy.

What was the result? Wages went up. You could get a job anywhere in the United States if you asked for it, and the wages of bricklayers went up to $16 and $20 a day.

I am told Congressman Fish is opposed to the new deal. He may tell you some of its evils here today. He cannot think much worse about it than I do. So far I think it is pretty nearly a complete failure, and this is why I think so: According to the statistics issued by the United States Government during the period of the new deal, wages have gone down 35 percent. I mean the total wage fund of the country has decreased 35 percent, and profits at the same time have increased nearly 100 percent, and I say anyone, whether a statesman, no matter how kind and good he may be, as I believe Franklin Roosevelt to be, when he permits that to happen he is accentuating the cause of depression and is knocking down the forgotten man whom he thinks he is trying to lift up, and I am trying to tell the people of America the only way by which a living wage can really be increased, and that is by taking the unemployed off the labor market, so they are no longer banging at the factory gates and beating down wages.

We are invited here to discuss the question whether this plan is constitutional. Let me say at the very outset the Constitution provides for its own amendment, and if it should turn out that a plan which is necessary to save this country from bankruptcy, and to save this people from misery and depression, if it should turn out that that plan is unconstitutional, I believe every man and woman in this audience will agree with me the time has come for a constitutional amendment, and I am going to play a mean trick on my distinguished opponent by quoting to him the great founder of his party, which party I think is a dying party, although the founder of that party lives. [Applause.]

My! I do not know whether you are applauding the death of the Republican Party or the immortality of Abraham Lincoln [applause], but during the Lincoln-Douglas debates, Lincoln set us our example by establishing the fact that it is permissible to discuss the matter of amending the Constitution, and he furthermore made plain to his audience, I think it was in his first inaugural address—unfortunately I have been motoring four or five hundred miles a day and was not able to look it up—but the substance of his statement is, when the Constitution fails to serve the people, and now I am going to quote these words exactly, "They can exercise their constitutional right to amend it or their revolutionary right to overthrow it."

It so happens I do not want to overthrow the Constitution, but, in passing, I ask my distinguished opponent, during the days when he traveled over this country opposing Communists, how many times did he cite that phrase of Abraham Lincoln?

Now, to come back to the point: Three things have to be done by the United States in order to carry out the EPIC plan. First, it has to manufacture some goods. Is it constitutional for the United States Government to buy factories, build them, and run them? Our Government has been manufacturing postage stamps and manufacturing envelops for many years, and I have never heard of any court decision to the effect it was unconstitutional. Second, can the Government buy land? Well, the Government has bought a lot of land out in Los Angeles for subsistence homesteads and other purposes, and I would venture the opinion that if a court were to declare that act unconstitutional it would meet not merely with the opposition of people begging for homes,

but it would at once meet with the opposition of the real-estate men who have found it very good business to sell land to the Government. I do not think that is going to be declared unconstitutional in California. The third thing is, Can the Government make tools and the means of production available to the unemployed? Again, that is being done all over California to my personal knowledge. I have seen it.

I know of a case in which the Government wanted a ditch dug and sent out 1,200 men to dig the ditch and provided them with 600 shovels. Furthermore, they did not seem to care especially where the ditch was dug, and after it was dug it was too close to the ocean and the water leaked in, and the water had to be baled out and they sent the 600 men to bale it out with the same shovels they dug the ditch with.

Now, those procedures are idiotic, but unfortunately many procedures that are idiotic are not unconstitutional and the point I am trying to make to this audience is if the Government can provide land, factories, and tools for the unemployed and make those things available to the unemployed, the Government can carry out the EPIC plan.

Now, one thing more, of course, is the question of money. Where is the Government going to get the money? Well, I was running for Governor in the State of California. They told us there we could not issue script. As a matter of fact, I was defeated, I think, on that issue, and the capitalistic press of California, all the great lawyers—and law is an honorable profession—and all the great authorities were unanimous on the point that a State cannot issue script. I meant to bring it with me, but unfortunately I changed my clothes before I left Cleveland; I was going to show you some samples of script which I discovered, to my consternation, in Washington. The State of Washington is issuing script. We have a sales tax and tax people who can only afford to pay a penny. I found that in Washington they are taxing people who are so poor they can only afford to pay one-fifth of a penny, and are issuing script. Any State can do what the State of Washington is doing.

The United States Government does not have to issue scrip because it has power to print money and has power from Congress to print $3,000,000,000 worth of greenbacks.

I said to the President a year ago if he would print that $3,000,000,000 and not give it to the unemployed, to go back to the chain grocery stores, but utilized it in putting the unemployed back to work, he would save half that $3,000,000,000. He told me he was coming out for production not later than the 25th of October. Somebody got to him and he changed his mind. I am going to try to persuade him to come out before the 25th of next October. I think the people will wait that long but not much longer. He is proceeding to squander it in the old-fashioned way of what I call "manicuring the highways." He is going to squander this $4,000,000,000, and I say it is the great tragedy of all times; and I hope you people, after you have heard this debate and heard your questions answered, will appeal to President Roosevelt to spend that $4,000,000,000 to carry out the EPIC plan.

I thank you. [Applause.]

Mr. FISH. Mr. Chairman, Mr. Sinclair, and fellow citizens, there is much that Mr. Sinclair has said that I find myself in hearty accord with. In fact, when he announces that the new deal has broken down and failed, I find I am 100 percent with him. [Applause.]

But at the outset of my remarks I want to make it very clear to this audience that although I come from the same congressional district as the President of the United States, that I have not come here from Washington to represent the views of the President, and I want to make it very clear that although I was chairman of a committee to investigate the activities of the Communists in the United States, that I do not necessarily belong to the reactionary or the ultraconservative wing of my party. For many years I have been a liberal. I was elected originally to office as a follower of Theodore Roosevelt back in 1912. [Applause.]

For three terms I served in the legislature, as we were called in those days, as a "Bull Mooser." I stood on a platform of social and industrial justice. I believe in those principles more today than back in those times, but I believe in putting those principles of social and industrial justice into effect within the confines of the Constitution of the United States of America [applause], and not beyond or behind or underneath the Constitution as the "new dealers" are doing today.

I agree with Mr. Sinclair that any time the American people desire to change or amend the Constitution, that is their right to do so. What we object to is the indirect amendment of the Constitution by bills for this, that, or the other thing being rushed through the House or Congress in utter defiance of the Constitution and without regard to the wishes or approval of the American people back home. Any time the American people want to amend the Constitution—and I say to you that if Mr. Sinclair is right, and proves what he has proposed to you today, and if it is for the best interests of the American people, then the Constitution should be changed. After all, all government is for the interests and protection of the people and for the welfare of the people. There is nothing we object to in this question of changing the Constitution. All we want to know is what the issue is and then present it to the people, and when the people have the facts, then they will make up their own minds whether it is for their own welfare or not.

I have to admit having a great deal of difficulty in following certain aspects of Mr. Sinclair's proposals. If Mr. Sinclair limits his proposals merely to the unemployed, that is one question; but as I take it from listening to him and from reading Mr. Sinclair's books, that he proposes to advocate a policy of production for use and not for profit for the entire United States, not only for the unemployed but for everyone. Now, I think that this audience and most American audiences must know that when you stand for a policy of production for use and not for profit you are advocating sheer socialism—call it any name you want, but it is the fundamental plan of socialism—and I am going to argue today that the EPIC and socialism are practically one and the same. It is the right of Mr. Sinclair, who has been a life-long Socialist, and a fearless one, and it is the right of anyone, to advocate socialism in the United States under our laws and under the Constitution. But having failed, as all Socialists have, to carry their message with any success to the American people, Mr. Sinclair very wisely comes into the Democratic Party with his former plans and then attempts to use the Democratic Party as the vehicle to put into effect his old socialistic plans that had been more or less unpopular and repudiated by the American people.

So what we have got today is simply an old socialistic proposal. The voice is the voice of Jacob, but the hands are the hands of Esau. [Laughter and applause.] It is the old wolf in sheep's clothing. There is nothing new about it at all. People for years have been advocating doing away with our system of production for profit. Now they have got it "production for use only." That is unadulterated socialism, and that is what the EPIC is. But Mr. Sinclair is a highly intelligent and persuasive gentleman and a wise man, because he sees the fallacies of trying to impose socialism on the American people, as they do not want it, so he comes into the Democratic Party [applause] and he says: "Now, we will put the same plans into effect and impose them on the American people without their knowing what they are getting." I hope myself that he will not be able to persuade the President—although he admits the new deal has broken down and is a failure, and the $4,000,000,000 are going to be squandered—to turn his back upon our American system, which is based on individual efforts, and reasonable profits, individual enterprise for the profit that is in it, which has made the United States of America the richest and greatest and freest Nation in the world. [Applause.]

I have a limited time—we both have a limited time. I could speak to you for an hour on the abuses and evils in our own industrial and profit system, but at the end of that time I would conclude by telling you that it is the best industrial and economic system known in the world today. [Applause.]

We have only one criterion by which to answer the arguments made by Mr. Sinclair for a system of production for use and not for profit, and that is socialistic and communistic Soviet Russia. There is one thing all people agree on, or at least all who have studied the problem, that communism and socialism are identical as far as their economic aspect is concerned, that they both get all their doctrines from the manifesto of Karl Marx, written in 1847 in Germany, when labor had no rights, no rights to strike, no economic rights, no political rights, and practically no standard of living and wages, and no freedom of any kind. There may have been some reason for some philosophy of that kind of communism or of socialism in Germany in 1847, but the economic aspect is the same for both Socialist and Communist. Karl Marx's manifesto is the bible for both and the economic aspect is identical.

What is going on in Soviet Russia today is what Mr. Sinclair wants to a large degree; that is, the abolition of the profit system and production for use, ownership by the Government of property, of production, of transportation, and of sale, so there we find the only test on a large scale of socialism and communism.

It is not fair to go back into history and look into what Mr. Robert Owens did on a small scale in a few factories or what Louis Blanc did in the work shops of France, likewise on a small scale, which all naturally failed. But now we have a great country where they have been practicing socialism for 17 years, taking the profit out of their economic system, and adhering to production for use only. It would not be fair to criticize Soviet Russia, due to the fact there were a number of civil wars for the first 5 years of its existence, but after 17 years of a strongly entrenched Government, we have every right to criticize and find out what is taking place there under their communistic system, and we find that in communistic Russia, which should be the granary of the world, that after 17 years it has broken down. There is famine throughout Russia, and we find that between 5 and 6 million people in 1933 and 1934 starved to death in this socialistic country. Why, if 500 people or if even 100 people starved to death in the United States of America, there would be headlines of the doom of capitalism in every paper in the United States, yet in socialistic Russia, after 17 years, 5 or 6 million people can starve to death in the former granary of the world where they have tried to put into effect this system of production for use and not for profit. The time has come for the American people to realize even in the midst of this depression which we are in, that our industrial system is the best in the world. It is true, that 50 years ago we may have worked in the United States 12, 14, and 15 hours a day, with no protection in the factories, and at a pitiful scale of wages, and of living, step by step, under our economic system, call it capitalism if you will, a misnomer and name of opprobrium, because in the past we have had the big capitalist and the small capitalist, the big banker and the little banker, the man who owns a big house and the man who owns a little house, the man who owns a big automobile and the man who owns a small car. The American people, by and large, have all been capitalists, but under our political institutions we have been able to abolish most of the evils and abuses that have arisen step by step under our free institutions.

At the demand of the people back home, the free, sovereign American people, on the State legislatures and upon the Congress, we have brought about shorter hours for labor, a better standard of living and of wages, protection in the factory, workmen's compensation laws, old-age-pension laws, and there is not a single evil or abuse in our industrial or economic system that cannot be solved on sound American principles of Government for the best interests of all the American people without recourse to socialism or communism of the left or Hitlerism or nazi-ism of the right, and that is the only way they can be solved, and that is the way we propose to solve them.

There is no doubt and we all agree that Mr. Sinclair is a clever and wise man, and whenever you want to put anything over on the American people—perhaps that is not quite the word—whenever you want to sell anything to them, the thing to do is to have a slogan, and here is his slogan: "End poverty." How many people in this audience are against that? Who wants to stop anyone from ending poverty? We are all in favor of ending poverty; but when you analyze the program, and I am not going to argue against Mr. Sinclair trying it in his own State, out in that wonderful State of California where they have 350 days of sunshine; yes, and all guaranteed by the various chambers of commerce, it is all right out there for him to test this out with the unemployed, putting them back to work picking fruit or into the shops or anywhere else where factories are available under State laws. Test it out and see if it will work. If it works, fine; there isn't any one of us here that is not for helping the unemployed and doing away with poverty; but the trouble is there are a lot of us that do not believe this is the way out, that believe this will produce and establish poverty instead of ending poverty, that it will impoverish the people, that it will destroy the business interests of California, that it will cause capital to fly out of California, that it will bring these workshops and people into competition with industry, and that it will destroy the value of other industry.

You cannot have socialism and our own American economic system based on profit at the same time. One must destroy the other. Just the same way you could not have slavery and freedom at the same time, so you cannot have two different economic systems in the same country. One will drive out the other, but I am not opposed to it as far as the unemployed are concerned in California. Let them try it out there; let them test it; let them give them every possible opportunity to work it out. But that slogan of "End poverty", if put to a vote, ought to carry 100 percent. Those who are opposed to it use the words "Economic prostration in California." They believe that it will destroy confidence, that it will destroy wealth, that it will destroy business, the big business man, the small business man, the wholesaler and retailer; they believe it will put them out of business, and when Mr. Sinclair started with his program, I think that he had about 75 percent of the people of California with him in his campaign for Governor. Everybody was for that slogan, "End poverty", and yet when the arguments were presented from the platform, Mr. Sinclair, brilliant though he is, persuasive though he is, did not get enough votes to be elected when the decision at the polls was reached.

There are a great many Socialists, Communists, erstwhile Socialists, radical pink intellectuals, Fascists, and Hitlerites going around this country of ours and telling you everything is wrong, rotten, and corrupt, and particularly its economic system, and that everything of the past must be scrapped, especially all the experience and wisdom of the past; that Americans have been wrong; that labor has been brutalized; that labor has been exploited; and that labor has been oppressed.

Unfortunately, in days of depression there are lots of defeatists in our ranks, there are lots of men and women who want to believe everything has been wrong and seek to do things differently, and yet when you have an election and the sound common sense of the American people responds, how many votes do Communists and Socialists get? Not 1,000,000 votes all together. There will be no communistic revolution in America, not tomorrow morning at dawn or the next day or next year, because if they should ever put on a revolution by force and violence, which they will not, because they are only limited in numbers—probably not more than 1,000,000 in America—using a Russian term, they would be "liquidated" in 2 weeks' time by the American Army, National Guard, and World War veterans.

Do not get the idea that I am an alarmist. When I investigated the Communists I was only instructed to find out the facts about Communists, what they stood for, and what they were doing. You and I know that there will be no Communist revolution and that we can all sleep quietly tonight. However, it is not the same so far as the Socialists are concerned. The Socialists are not advocating direct action by force and violence. They have the same rights of freedom of speech that we have. I have debated with Norman Thomas a number of times. He is a brilliant individual, persuasive of his own views and logical in his own views and absolutely fearless. He does not deviate from socialism, win or lose; he does not care. I do not mind him or the Socialists so much, because you know where they stand.

The people I am fearful of are Mr. Sinclair [applause] and the President of the United States, who was elected on a sound Democratic platform and then violated and repudiated every plank in that platform [applause] and trampled in the mud every one of those old Jeffersonian principles, the very creed of the Democratic Party, and takes the United States, without the consent of the people back home, into regimentation, bureaucracy, collectivism, and into state socialism, where we are now. I am glad to come here today to debate with Mr. Sinclair. He has an absolute right to present his remedies to you; but his remedies are the same old socialistic remedies in disguise, the destruction of our economic system, destruction of our industrial system, and the substitution in its place of nothing but socialism and Government ownership. I defy anybody to see any difference between Government ownership and production for use only and socialism. They are one and the same, and the EPIC is just a first cousin or brother or sister; and so in debating today we are debating partially against the new deal, mostly against EPIC, and socialism, and the socialistic aspect of communism. They are just triplets. They may be different in size, the color of their hair, and in temper, but they all have the same ends and purposes, like a lot of termites to bore within, to undermine our American constitutional government, our American system, our economic system, and to tear it down and bring it down on the heads of free Americans and substitute some foreign form of socialism in its place. [Applause.]

Mr. SINCLAIR. Ladies and gentlemen, my opponent has made matters very difficult for me in this debate, because he has presented you with an eloquent argument against the new deal, with another eloquent argument against socialism, and with still another argument against communism, and he has said practically nothing about the EPIC plan. In fact, he seems to agree with the EPIC plan so far as he mentioned anything that has to do with the EPIC plan.

He says he is for that in California. That is fine. I wish he would come out there, and if he would come out there before an election, it would be something to the point.

He has called me a termite and a wolf in sheep's clothing. The termite I do not mind so much, because they live in nice, cool underground places, but if I were a wolf in weather like this, I would prefer to go around in no clothing at all, and that is, as a matter of fact, exactly what we have done in California. We told too much truth; that was the matter with us. We laid ourselves naked to our enemies. We told exactly what we wanted to do. We used no camouflage. The word "camouflage" was used here this afternoon, and anyone who knows what we did in California knows night after night, up and down that State, in more than 150 meetings I stood before audiences frequently four or five times as large as this and answered every question anybody asked me about the EPIC plan, and I assure Congressman FISH I am sorry he did not take the trouble to inform himself about the EPIC plan before he appeared here, because the EPIC plan was a definite bargain offered to the business men and property owners and the whole people of California.

We said: "Give us the unemployed, give us one-sixth of the population of California whom you can no longer feed, whom you can no longer keep at work, whom you no longer have any use for, and let us put them at work for their own benefit, and we agree with you and we pledge ourselves in entire good faith we ask nothing else. We will see how that plan works. If it works, well and good; then it can be adopted by others. If it does not work, no one will want to adopt it and we will forget it, but at least it can do no harm because all the unemployed will be put at productive labor, they will certainly produce something, and if they produce one pair of shoes the State of California will be one pair of shoes to the good, rather than to give those people money and have them spend it in demoralizing charity and promoting idleness."

Now, ladies and gentlemen, we have had a long and interesting discourse here against socialism and communism, and so far as the Soviet Union is concerned, I am not here to defend it. I am a little sorry for Congressman FISH, because he has had such a beautiful argument for so many years. He has had it for 17 years, and very shortly he will have it no longer. He will be compelled to find some other argument because the Soviet Union today stands no. 1 in the production of agricultural machinery and no. 2 in the production of steel and oil, and if our steel continues to go down except for Government subsidy, Government gifts to the steel people, and if it were not for that, our steel industry would not be running 15 percent today; if we continue to go down and the Soviet Union continues to progress 25 percent a year, as it has done all through the 5-year plan, Congressman FISH will soon be no. 2 and he will find another argument.

We are told nobody starves to death in the United States, and I sat there and thought of our ruling, privileged classes that can face 25,000,000 on public charity and so many of them not getting it, and knowing hundreds of people are starving and dying of starvation in this country every day. I know, if Congressman FISH does not know it, that we have at least half a million wild children in the United States, children who have left home because they could not get food, because their parents have no work, running over this country, becoming demoralized tramps, pursued by ruin and distress, dying of a hundred diseases, in filth, degradation, misery, and the Soviet Union, with the biggest crop in its history last year and a bigger crop this year, and bread cards abolished in the Soviet Union, and we are told nobody is starving in the United States.

I have a little more time in a few minutes and I will start again. I thank you. [Applause.]

Mr. FISH. This question of the EPIC in California, of course, was thoroughly discussed all over the State 2 years ago. I thought Mr. Sinclair had made very clear that it meant simply to take all the idle factories and put the idle people to work in the State of California, but he did not emphasize the fact that he would do it with the money from the State, and that it would require $300,000,000 to carry out the main principles of the EPIC. The money would come from the pockets of the taxpayers of the State of California. It was proposed to get that money by taxing

all corporations with over $50,000, practically taxing them out of business. That is what they were fearful of. At the present time I assume that in California the unemployed are being treated the same way as the unemployed in the rest of the United States.

Of course, Mr. Sinclair, I want to tell you, as I started to tell this audience in the beginning, I am not here as a spokesman of the President of the United States or of the new deal, and I agree with you the new deal has failed and broken down. It has failed and broken down only because it was inevitable, because it was unsound, unworkable, and socialistic. It never had a chance to succeed. In spite of the expenditure of $15,000,000,000, there are more unemployed, a million more unemployed today than there were a year ago, and the people are impoverished.

Now, what is the anwser? The answer is that this new-deal administration, and I do not indict it as a Democratic administration. Let me for a minute talk to the Democrats in the audience and state what the Democratic Party has stood for all these years, for 135 years, fearlessly, without fear or favor, win or lose. It has stood for the principles of Thomas Jefferson, the rights and liberty of the individual under the Constitution, for State rights, for national economy, and against the concentration of power in the Federal Government and the use of that power to interfere with the rights and liberties of the individual and with business. That has been the political creed of the Democrats all these years, and yet today you find the new-deal administration at Washington has repudiated those principles. I admit that President Roosevelt gave an admirable administration for the first 3 or 4 months, and that he was regarded at that time by 80 percent of the people as a Moses almost divinely sent to lead us out of the economic wilderness.

Then he turned around and made an about face and called in all these radicals, socialists, near-socialists, and wolves in sheep's clothes to devise all these experiments and rush them through Congress without a change and impose them on the Nation. Practically every one of these radical experiments violate the Constitution, and every one of which has destroyed public confidence and business confidence, retarded recovery, and prolonged the depression, and that is why today we have 11,000,000 unemployed and 20,000,000 on relief. Getting back to those Jeffersonian Democrats, all their principles have been violated by the new-deal administration. The "new dealers" have gotten just as far away as they could from Jeffersonian principles to regimentation, bureaucracy, collectivism, and into state socialism, and that is why these Jeffersonian Democrats throughout the Nation, and constitutional Democrats, are up in arms. They have been deceived. They are dissatisfied and disgruntled and opposed to socialism and socialistic doctrines, and they mean to be heard in this country before we adopt the EPIC or socialism in any form, and they will cast an enormous protest vote against the new deal in the next campaign. There will be millions of them leaving their party to fight socialism in every form, whether you call it the new deal or whether you call it the "EPIC", or whether you call it the socialism of Norman Thomas. The people of California knew all about the EPIC and that is why they voted against it. The moving-picture industry, the biggest in California, knew that if EPIC was put into effect, and the crushing taxation which would follow it went into effect, they would have to get out, and they served notice they would move to Florida. That is why Mr. Sinclair started off with his platform to end poverty in a big way, but when he began to explain it to the people back home they voted it down, as they understood its consequences.

It is not for me to question the people of California whether they want to have EPIC to take care of their unemployed or not, if they want to put up the money, let them do it and let us have a test; but when it comes to Soviet Russia, I insist that is the only fair and honest test of socialism, and you find it a gigantic failure, the greatest in all history. What we want to know is whether it is for the welfare of the people, whether their wage scale is better, their standard of living is better, and everybody tells me—and I have been on the House Committee on Foreign Affairs for 15 years and know our diplomats—that if you want to know the difference between a capitalistic and a communistic country go to Finland or Latvia, formerly part of Russia, and walk across from those capitalistic countries, where the peasants have ordinary well-kept houses and are well fed and clothed, and walk across the border line and see the dilapidated houses in Soviet Russia and the half-famished people, undernourished, terrorized, and in rags. That is the history of socialism as opposed to what you call "capitalism" or our own industrial system based on private enterprise and profit.

I have not time to read you any of the clippings I hold in my hand, but they are clippings and statements issued in the last few days by a former Communist, Fred Beale, one of the well-known Communists we investigated, who had to flee the country because he was charged with murder at the time in the Gastonia riots and ducked his bond and went to Soviet Russia. However, rather than stay in that country and witness the degradation, misery, and suffering of the people, he has come back here and exposed the workings of communism, the piece-time work, the speed ups, the low standard of living, the bread tickets, the terror, and the starvation. The American people should be thankful for our free institutions and standards of wages and of living.

We have plenty of abuses and evils left in our industrial and economic system, and there are discriminations, but it is time we realized we are better off in America than any other nation in the world, and that if we let down our immigration barriers millions and millions of foreigners would flock to this country to enjoy the equal opportunities under the law and the equal opportunities afforded in this country of ours.

It is true we have unemployment. It is true we are in the midst of a great depression, because we all went money-mad between 1921 and 1929, when we had prosperous times, when we took that wealth and abused it and threw it away, when we were extravagant, wasteful, gambled, and speculated, and brought this deplorable situation on ourselves. But let me say to you that does not mean our economic, industrial, and political system is wrong. Our political and economic system today is the best in the world. The trouble is this administration in Washington has destroyed confidence. Fear and dread, like a dark cloud, overhang the entire land. All you have got to do in America today is to put into power a Republican administration or any other that has sound policies, and then you will restore confidence in America and will put 10,000,000 people back to work, because confidence and employment are one and inseparable.

If the other nations of the world—if England and Canada and the rest can balance their budgets, with their lack of natural resources, this country of ours, with all its natural resources, with the same man power, the same capacity, and the same patriotism, can solve all of its problems for the best interests of our people if given a chance; but we must have confidence first, and you must stop imposing on the American people these destructive forms of socialism that are ruining the country, prolonging the depression, impoverishing the people, and increasing unemployment. [Applause.]

Mr. SINCLAIR. Ladies and gentlemen, my distinguished opponent is much interested in the Soviet Union, and he is much interested in Norman Thomas and Karl Marx and his ideas, and he is much interested in President Roosevelt and his new deal, but he is apparently very little interested in the EPIC plan. For that, of course, I can only be sorry. I am here to talk to you about the EPIC plan. You were told that it would cost the State of California $300,000,000 to put it into effect. Well, I will tell you what I told the people of California, that it would cost them $300,000,000 a year not to put it into effect, and it will, and it is. They voted $24,000,000 about 8 or 9 months ago. The legislature has just passed another $24,000,000. Relief money is pouring in from the Federal Government. We have a million and a quarter people in our State dependent upon public charity. Those people must be fed, and if you reckon every dollar for those people, you will find that $300,000,000 is used up in less than 2 years, and I ask if you are going to keep the American citizen alive on less than half a dollar a day?

Now, we are going into bankruptcy, a nation going into bankruptcy, not because of a mad new-deal experiment, denounced here, but because of the basic fact human beings have to eat three times a day, and if they don't eat once in 30 days they die of starvation, whether in America under a free system or under the oppressive system of the Soviet Union.

We were told we were going to tax big business out of business and because the movie business was afraid of taxation they voted the EPIC plan down. I will tell you why they voted the EPIC plan down. They voted it down because the poor people, in 14 months' campaign, sweating and suffering as they were, in 2,000 EPIC clubs, many coming without food, and working there and many times being too weak to work because they had no food, that was the kind of labor we had for EPIC, and in the entire campaign we were unable to raise more than $100,000, and what did the other people have? They had three or four million dollars of all the dirty money in California, and we might have had it, my friends. I haven't the time to go into the details, but my wife, who is sitting here, could tell you of a $400,000,000 campaign fund offered here in one day by a big business man, and I personally had an offer of $2,000,000, and what did we have to do to get that money? Just one thing, sell out the people of California, and my answer was, We were not selling out anybody and that is why I am here as a private citizen instead of as Governor of California; and we were lied about and slandered in the dirtiest campaign in America's history, and yet the facts remain just as they were.

I said to the people of California, "My friends, if you haven't suffered enough, you are free American citizens, and it is your God-given right to suffer some more", and I say to you people at Chautauqua, and I say to the people of the United States, "Suffer all you please. When you get through, you will recognize the fact that the profit system has broken down and that you are going to have a system of production for use, because there is no other way you can get the goods produced and distributed."

We propose a system of production for those persons whom the profit system has cast out. Those outcasts of the system have to live and we ask for them the means of life, and we propose to write into our American system of laws a new law, and if necessary a new constitutional amendment, granting to every person in the United States the right to have productive labor and to engage in it, and to have the proceeds of his labor. [Applause.]

PERMISSION TO ADDRESS THE HOUSE

Mr. SABATH. Mr. Speaker, for several days I have endeavored to obtain unanimous consent to make an oral report from a special committee of the House, but on account of important business I have refrained from pursuing the request. I wonder if I could ask unanimous consent to address the House in order to give the House some information relative to the work of the special committee investigating the so-called "Protective Bondholders Committees".

The SPEAKER. If the gentleman will withhold his request until the unfinished business has been disposed of, the Chair will then recognize the gentleman to submit his request.

Mr. SABATH. I withhold it, Mr. Speaker.

FLOODS ON THE MISSISSIPPI RIVER

The SPEAKER. The unfinished business is the disposition of the bill (H. R. 7349) to amend the act entitled "An act for the control of floods on the Mississippi River", and so forth.

The Clerk will read the engrossed copy of the bill.

The Clerk read the title of the engrossed copy.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the further reading of the engrossed copy of the bill be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the passage of the bill.

Mr. SNELL. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 216, nays 118, not voting 95, as follows:

[Roll No. 147]

YEAS—216

Adair	Doxey	Kopplemann	Rankin
Arnold	Drewry	Kramer	Rayburn
Ashbrook	Driscoll	Lanham	Richards
Ayers	Driver	Lea, Calif.	Robertson
Barden	Duffy, N. Y.	Lemke	Romjue
Beiter	Duncan	Lewis, Colo.	Sabath
Biermann	Dunn, Pa.	Lewis, Md.	Sadowski
Bland	Eagle	Lundeen	Sandlin
Bloom	Eckert	McAndrews	Schaefer
Bochne	Edmiston	McClellan	Schulte
Boland	Evans	McCormack	Scott
Boylan	Faddis	McFarlane	Scrugham
Brennan	Farley	McGehee	Sears
Brooks	Flannagan	McGrath	Secrest
Brown, Ga.	Fletcher	McLaughlin	Shanley
Brunner	Ford, Calif.	McReynolds	Short
Buck	Ford, Miss.	Mahon	Sirovich
Buckler, Minn.	Frey	Maloney	Sisson
Burch	Fuller	Mansfield	Smith, Conn.
Burdick	Fulmer	Martin, Colo.	Smith, Va.
Caldwell	Gambrill	Mason	Smith, Wash.
Cannon, Mo.	Gasque	Massingale	South
Carlson	Gilchrist	Maverick	Spence
Carmichael	Gildea	May	Stack
Carpenter	Gillette	Mead	Starnes
Cartwright	Goldsborough	Meeks	Steagall
Casey	Greenwood	Merritt, N. Y.	Tarver
Chandler	Greever	Miller	Taylor, Colo.
Chapman	Gregory	Mitchell, Ill.	Terry
Coffee	Griswold	Monaghan	Thomason
Colden	Guyer	Montet	Thompson
Colmer	Gwynne	Moran	Thurston
Connery	Haines	Mott	Tolan
Cooley	Hamlin	Murdock	Turner
Cooper, Tenn.	Hildebrandt	Nelson	Utterback
Cox	Hill, Ala.	Nichols	Vinson, Ga.
Cravens	Hill, Samuel B.	O'Brien	Vinson, Ky.
Crosby	Hobbs	O'Connor	Wallgren
Cross, Tex.	Hook	O'Day	Walter
Crosser, Ohio	Houston	O'Leary	Warren
Crowe	Huddleston	O'Neal	Wearin
Cullen	Imhoff	Owen	Weaver
Cummings	Jenckes, Ind.	Palmisano	Werner
Daly	Johnson, Okla.	Parsons	West
Darden	Johnson, Tex.	Patman	Whelchel
Dear	Jones	Patton	White
Delaney	Kee	Pearson	Whittington
DeRouen	Keller	Peterson, Fla.	Wilcox
Dies	Kennedy, Md.	Peterson, Ga.	Williams
Dingell	Kenney	Pittenger	Wilson, La.
Disney	Kerr	Quinn	Woodruff
Dobbins	Kleberg	Rabaut	Woodrum
Dorsey	Kloeb	Ramsay	Zimmerman
Doughton	Kocialkowski	Randolph	Zioncheck

NAYS—118

Allen	Bolton	Crawford	Englebright
Amlie	Brewster	Crowther	Fiesinger
Andresen	Buchanan	Culkin	Fish
Andrew, Mass.	Buckbee	Darrow	Focht
Arends	Castellow	Deen	Gearhart
Bacharach	Cavicchia	Dickstein	Gehrmann
Bacon	Christianson	Dirksen	Gifford
Beam	Church	Ditter	Goodwin
Binderup	Citron	Dondero	Granfield
Blackney	Collins	Doutrich	Gray, Pa.
Blanton	Cooper, Ohio	Eaton	Halleck
Bolleau	Costello	Ekwall	Hancock, N. Y.
Harlan	Luckey	Powers	Taber
Hart	Ludlow	Ransley	Taylor, Tenn.
Hess	McLean	Reece	Thom
Hill, Knute	McLeod	Reed, Ill.	Tinkham
Hoffman	Maas	Reed, N. Y.	Tonry
Hollister	Mapes	Reilly	Treadway
Holmes	Marcantonio	Rich	Truax
Hope	Martin, Mass.	Robinson, Utah	Turpin
Hull	Merritt, Conn.	Robsion, Ky.	Wadsworth
Jenkins, Ohio	Michener	Rogers, Mass.	Welch
Kahn	Millard	Ryan	Wigglesworth
Kelly	Mitchell, Tenn.	Sauthoff	Withrow
Kennedy, N. Y.	Moritz	Schneider	Wolcott
Kinzer	Patterson	Seger	Wolfenden
Kvale	Pettengill	Snell	Wolverton
Lambertson	Pierce	Stefan	Young
Lambeth	Plumley	Stewart	
Lesinski	Polk	Sutphin	

NOT VOTING—95

Andrews, N. Y.	Eicher	Kniffin	Richardson
Bankhead	Ellenbogen	Knutson	Rogers, N. H.
Bell	Engel	Lamneck	Rogers, Okla.
Berlin	Fenerty	Larrabee	Rudd
Brown, Mich.	Ferguson	Lee, Okla.	Russell
Buckley, N. Y.	Fernandez	Lehlbach	Sanders, La.
Bulwinkle	Fitzpatrick	Lloyd	Sanders, Tex.
Burnham	Gassaway	Lord	Schuetz
Cannon, Wis.	Gavagan	Lucas	Shannon
Carter	Gingery	McGroarty	Smith, W. Va.
Cary	Gray, Ind.	McKeough	Snyder
Celler	Green	McMillan	Somers, N. Y.
Claiborne	Greenway	McSwain	Stubbs
Clark, Idaho	Hancock, N. C.	Marshall	Sullivan
Clark, N. C.	Harter	Montague	Sumners, Tex.
Cochran	Hartley	Norton	Sweeney
Cole, Md.	Healey	O'Connell	Taylor, S. C.
Cole, N. Y.	Hennings	Oliver	Thomas
Corning	Higgins, Conn.	O'Malley	Tobey
Dempsey	Higgins, Mass.	Parks	Umstead
Dietrich	Hoeppel	Perkins	Underwood
Dockweiler	Jacobsen	Peyser	Wilson, Pa.
Duffey, Ohio	Johnson, W. Va.	Pfeifer	Wood
Dunn, Miss.	Kimball	Ramspeck	

So the bill was passed.

The following pairs were announced:

On the vote:

Mr. Fernandez (for) with Mr. Tobey (against).
Mr. Jacobsen (for) with Mr. Perkins (against).
Mr. Kniffin (for) with Mr. Andrews of New York (against).
Mr. McMillan (for) with Mr. Fenerty (against).
Mr. Lee of Oklahoma (for) with Mr. Marshall (against).
Mr. Cole of Maryland (for) with Mr. Wilson of Pennsylvania (against).
Mr. Dunn of Mississippi (for) with Mr. Lehlbach (against).
Mr. Sanders of Louisiana (for) with Mr. Higgins of Connecticut (against).
Mr. Taylor of South Carolina (for) with Mr. Lord (against).
Mr. Parks (for) with Mr. Hartley (against).
Mr. McSwain (for) with Mr. Cole of New York (against).

Until further notice:

Mr. Sanders of Texas with Mr. Kimball.
Mr. Cochran with Mr. Carter.
Mr. Montague with Mr. Engel.
Mr. Oliver with Mr. Burnham.
Mr. Ramspeck with Mr. Knutson.
Mr. Bulwinkle with Mr. Thomas.
Mr. Bankhead with Mr. Richardson.
Mr. Fitzpatrick with Mr. Stubbs.
Mr. Green with Mr. Hoeppel.
Mr. Umstead with Mr. Gingery.
Mr. Johnson of West Virginia with Mr. Underwood.
Mr. Wood with Mr. Sweeney.
Mr. Harter with Mr. Gray of Indiana.
Mr. Somers of New York with Mr. Hennings.
Mr. Lamneck with Mr. Bell.
Mr. Larrabee with Mr. McGroarty.
Mr. Berlin with Mr. Lloyd.
Mr. McKeough with Mr. Buckley of New York.
Mr. Cary with Mr. Cannon of Wisconsin.
Mrs. Norton with Mr. Dempsey.
Mr. Dietrich with Mr. Pfeifer.
Mr. Rudd with Mr. O'Connell.
Mr. Celler with Mr. Dockweiler.
Mr. Schuetz with Mr. Claiborne.
Mr. Sullivan with Mrs. Greenway.
Mr. Sumners of Texas with Mr. Healey.
Mr. Gavagan with Mr. Snyder.
Mr. Smith of West Virginia with Mr. Higgins of Massachusetts.
Mr. Russell with Mr. Eicher.
Mr. Ferguson with Mr. Gassaway.
Mr. Rogers of New Hampshire with Mr. Duffey of Ohio.
Mr. O'Malley with Mr. Rogers of Oklahoma.
Mr. Corning with Mr. Clark of Idaho.
Mr. Clark of North Carolina with Mr. Ellenbogen.

Mr. McCORMACK. Mr. Speaker, my colleague, Mr. HIGGINS of Massachusetts, is absent on official business. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

A motion to reconsider the vote was laid on the table.

INVESTIGATION OF BONDHOLDERS' PROTECTIVE COMMITTEES

Mr. SABATH. Mr. Speaker, I renew my request that I may have 10 minutes to give the House some information.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. FISH. Reserving the right to object, on yesterday after an attack was made on me I requested time to answer it, and one of the leaders on that side refused to give me the permission.

Mr. SABATH. I am merely asking to make a report to the House from the select committee that the House appointed in the Seventy-third Congress to investigate the Bondholders' Protective Committees.

Mr. FISH. I want to be fair with the gentleman, but I would like an opportunity to defend myself.

Mr. SABATH. I am sure the gentleman will get that opportunity later.

Mr. FISH. Then I will not object.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, ladies, and gentlemen of the House, the Seventy-third Congress by unanimous action voted to appoint a select committee to investigate the so-called "protective real-estate bondholders committees." That committee immediately sent out questionnaires to banks, depositaries, receivers, and the so-called "protective bondholders committees" to ascertain as to the activities of all of these hand-picked committees.

When the answered questionnaires were received from these committees they were analyzed by a staff of accountants and analysts of our committee and data prepared for direct investigation in the field.

Thereupon the select committee started an investigation in a number of larger centers of the country.

The Committee has held hearings in New York, Chicago, Detroit, Milwaukee, as well as in Washington, and is ready to resume its public hearings in these cities, and to commence hearings in different sections of the Nation as soon as conditions permit.

The committee found that more than $10,000,000,000 worth of real-estate securities had been unloaded in many instances by shameful misrepresentations of various bond these committees, they were analyzed by a staff of account- and mortgage houses. These issues in securities were purchased and held by nearly 4,000,000 thrifty American citizens, who purchased these bonds in good faith and believed they were amply secured. Our investigation disclosed that nearly eight billions worth of these securities are now in default, and many were in default when sold to the public.

The moment some of the defaults occurred, and in many times before the default occurred, these houses of issue, through their lawyers, bankers, and guaranty and trust companies, immediately started to organize so-called "protecting committees" for the purpose of allegedly protecting the bondholders. These self-appointed, self-annointed, and self-designated committees absolutely were controlled by the houses of issue—the mortgage companies, the bankers, and the lawyers.

The bondholders never had any representation on these committees, and instead of protecting the rights and interests of these 4,000,000 bondholders, the so-called "protective committees" began to assume complete possession and control by obtaining from the bondholders, by shameful misrepresentations and the use of prominent names, the deposit of these securities and a billion dollars worth of these bonds.

Instead of representing the rights and interests of the bondholders and protecting the securities of these investors they started to trim and milk them; and they have started to defraud the bondholders in a majority of instances of nearly all their hard-earned investments. There are thousands upon thousands of these bondholders who lost their all, many of whom had as much as $50,000 invested who are now obliged to seek public charity and, unfortunately, are on our relief rolls.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I shall in a few minutes. This select committee, realizing the fraud that was being perpetrated upon the best American citizens who, in good faith, following the recommendations of our probate courts and bankers, invested their life savings, including estate, fraternal, benevolent, and labor organizations' moneys, widows' and orphans' funds, this congressional committee of yours has endeavored and is endeavoring to stop this racket. We have worked diligently, loyally, and faithfully, and I take occasion now to thank the other members of the committee and the many attorneys, accountants, and investigators for their magnificent cooperation and for the time, zeal, and ability they have given this important work. It was a hard task, and though we have not been able to accomplish all we expected, we have succeeded in safeguarding the bondholder to a greater degree than anyone thought possible, for by today we have been able to stop or remedially change in many instances the fraudulent reorganizations by which these self-appointed committees would have obtained absolute, unrestrained, and complete control over thousands of the finest and most valuable hotels, theaters, apartment buildings, and other structures in the United States.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I cannot yield at present. We have stopped, to the best of our ability, the excessive—yes, I will say criminal—fees that these unscrupulous lawyers and recreant committees have charged against these properties. Only 2 weeks ago we had hearings in New York City and ascertained in one case alone that the fees of the lawyers, the banks, and the receivers and trustees amounted to more than $4,000,000. That is in the Paramount-Publix Corporation bankruptcy proceedings. In many of these instances the bondholders would have been completely wiped out, but, happily, to a great extent we have stopped this abuse, but not all. A great deal more work is necessary to stop these designing, scheming, conniving racketeers from obtaining not only 10, 15, and 20 years of absolute control of these properties, but eventually acquiring the complete ownership of the property; and mind you, none of the men on these committees, lawyers, or banks ever had a dollar invested in any of these bonds. The bondholders themselves never had a chance, or opportunity to appoint anybody of their own selection to these committees.

In addition to the tremendous fees the lawyers, the banks, the depositaries, and the committees have charged, greedy manipulators have created other committees, so that in many instances as much as 8 and 9 percent of the face value of the bonds were charged against the valuation of the bonds, while the same bonds have been selling for 3, 4, and 5 cents on the dollar. It is a despicable outrage and a crying shame. We feel that some remedial, permanent, and early legislation is absolutely necessary to immediately stop this criminal abuse. The committee has worked hard in preparing a bill which I have introduced and which is now before the Committee on Banking and Currency. We have had several hearings before this committee in the hope of securing legislation to create a conservator that would have the power to control or at least minimize the frauds that have been perpetrated against these 4,000,000 bondholders.

Unfortunately, we have not as yet received a favorable report from the Committee on Banking and Currency. That committee has been extremely busy, as they have informed us, with other duties; but we hope to press our demand for immediate action. I have had at least 200 letters from Members of Congress asking for information about different issues of these bonds and pleading and urging remedial legislation. To the best of our ability, we tried to keep the Membership informed.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent that the time of the gentleman be extended for 10 minutes so that he may be able to answer some questions.

The SPEAKER. Is there objection?

There was no objection.

Mr. SABATH. Mr. Speaker, in addition to the hearings held in Washington recently and hearings held in Detroit, New York, Chicago, and Milwaukee, we have uncovered enough evidence to compel the committee to hold hearings in St. Louis, Philadelphia, and half a dozen other cities, as soon as it is possible for the committee to absent itself from Washington.

Evidence has shown that the houses of issue, bankers who floated and underwrote them and their lawyers, have appointed their own employees and clerks as members of these bondholders committees and by clever and misleading publicity and literature secured the deposit of bonds under deposit agreements, which instead of protecting the rights of the bondholders were designed to give them full control over the bonds and properties. They manipulated these properties deliberately and willfully, without regard to the rights of these hundreds of thousands, yes, millions of bondholders who deposited their bonds with them—the so-called "protective committees"—believing that such committees had been formed to protect and safeguard their rights and interests.

When this committee began its investigation the bondholders protective committees, trustees, and some banks were refusing to give bona fide bondholders access to the lists of the bondholders of properties within their control. Such refusal prevented contact between and consolidated action by any substantial number of the holders of the bonds to protect their interests. These committees and their allies or agents, the trustees, managers, houses of issue, regarded these lists as of vital importance to their continued control. In many instances such lists were sold to brokers or ex-bankers, rival committees, or others affiliated with them in the struggle for personal advantage and profit for a very large sum. To illustrate in one instance, $25,000 was paid to a bankrupt for its assets consisting largely of the bondholders lists.

The inability of any group of bondholders to act jointly gives the houses of issue and their protective bondholders' committees a double advantage. It makes possible for them to put over on the courts their own receivers. They stand as the only parties litigant before the court—most of the time as plaintiffs and defendants. The courts with the best intention will accept the recommendations as to who should be receiver and who should be trustee by both parties litigant who supposedly represent adverse interests. Thus they gain complete control of the property even while it is under the jurisdiction of the court. It is also true, in some cases, the courts have had very sensitive ears to the interests of some of these committees.

Prior to this investigation the managers of large apartment hotels and office buildings who had been appointed through the bondholders' committees or their receivers made it a practice to purchase unnecessary furnishings, furniture, and supplies and do unnecessary redecoration or remodeling to the end that profits might be split. The committee's exposure of these practices, together with the fear of what may follow, has resulted at least temporarily in stopping and greatly lessening such practices.

The investigators of this committee are now engaged in checking the excessive costs incurred, charged, and collected by these committees and following up the evidence adduced at the hearings of the committee to establish further the dealings between contractors of all kind and the representatives, agents, and servants of the bondholders' committees.

The committee has also found that many of the managers of these hotels, apartment and office buildings have permitted friends and relatives to reside and occupy offices and luxurious apartments without payment of rental, or at one-half the rental charged other tenants and, in some instances, discovered the rental was 25 percent of a fair rental for apartments or suites.

The committee has also found in many instances bondholders' committees would make deals with and take in the equity owners so they could work out their reorganizations without interference.

Some of the committees have made arrangements between the bondholders' committees and brokers who would create a so-called "market" value on defaulted bonds and pick them up at nominal and panicky prices. In most instances it was found that the value was less than 10 cents on the dollar, and this notwithstanding that many of the properties were paying and could pay, if properly managed or reorganized, the interest on the outstanding bond issue.

It is my opinion the committee's investigation has already dampened and stopped many of the abuses and increased the value of these bonds for approximately 4,000,000 bondholders of these properties from 3 to 12 cents on the dollar to 40 and, in some instances, 60 cents on the dollar. This means hundreds of millions to these bondholders.

In numerous cases our records reveal self-appointed bondholders' committees came to life even before any default in payment of interest or payment of a small portion of the principal obligation, or within a few days of such defaults, and immediately would take control of the property either directly or as trustee under the mortgage. These actions were taken in the face of the fact that the income on the property was greater than the actual amount needed for interest or taxes after they themselves had failed to pay interest or taxes. Besides this violation of trust to the bondholders, they caused rumors and reports to be issued as to the unstability of the property, all in favor of brokers and racketeers, who were thus placed in position to acquire the bonds at a very low price or to offer in exchange worthless bonds or stocks. These are a few of the ramifications which we have detected; and in some quarters, especially where we have held hearings, some of these abuses and manipulations have ceased.

Many houses of issue and trust companies and committees acted in dual capacities, receiving or naming as many as nine different fees for various services; serving as the trustees, receiver, appraiser, managing committee, depositary, and in other capacities, their charges individually and in the aggregate running into tremendous sums of money.

In the preliminary report mention was made of action having been taken by the Attorney General's office for the recovery of income tax from one bondholders' committee or group in the amount of $81,000. Subsequently thereto another bondholders' committee recently paid the sum of $60,000 to the Federal Government in settlement of income tax. It was only through the activities and investigation of this select committee that this liability to the Federal Government was disclosed and we are satisfied that in the near future additional sums running into the hundreds of thousands of dollars will be collected.

These bondholders' committees and their associates are in control of upward of four to five billions of dollars of the largest and finest real-estate properties throughout the Nation which they are directly and indirectly controlling and managing and have been and are now milking these properties which in many instances is criminal. They have been charging exorbitant fees and expenditures and by machinations have reduced the income to show that the property is not paying so that they can in due time acquire these bonds at the lowest possible figure and thereby eventually secure ownership.

In Chicago, Detroit, Washington, and New York some of these committees sold out or merged after agreeing on the division of the loot.

Mr. Speaker, ladies and gentlemen, I will give you a brief illustration of some of the abuses and how the rights of the bondholders are being disregarded; how properties worth millions are sold for a song; how millions of dollars in fees are allowed to these heartless committees; how bonds are being inveigled from the unfortunate bondholders; and how, through methods of reorganization, these so-called "protective bondholders committees" assume control, most of such reorganizations, unfortunately, being approved by the courts. I have in mind the evidence given before our committee at the recent hearings in New York City when ex-Judge Samuel Seabury, who, serving as arbiter, approved the sale of the De Alba Hotel, in the city of Miami, which was valued at approximately $6,000,000 and upon which there was a bond issue of $4,000,000, was sold for $250,000, approximating 5 percent on the dollar. After the allowance of fees, I know the bondholders will not realize 2 cents on the dollar.

The committee developed the fact that one New York City bondholders' protective committee handling upward of $40,000,000 of defaulted bonds had worked out a clever scheme whereby certain rights reverted to the committee and in one particular instance acquired for the sum of $75.61, $10,000 par amount of bonds for the committee itself.

A Philadelphia bondholders' committee, the Girard Trust, upon the termination of their activities issued to those bondholders who deposited their bonds a certificate evidencing the cremation of their bonds, as the sale of the property, after paying the committee's fees, expenses, and so forth, left nothing for the bondholders.

The sale of bonds in a Detroit instance was furthered by the use of the words "United States of America" with a similarity in engraving to that used by the Treasury Department and obviously conveyed the impression they were obligations of the United States Government. This was so testified to by individual bondholders during the Detroit hearing.

Another New York City bondholders' committee deposited $52,000,000 of pledged bonds for a bank loan of $446,000, which was used to pay their expenses and to buy out the original competing committee. This loan still remains unpaid.

In Detroit $15,000,000 of bonds pledged for a loan of $135,000. This loan was made over 4 years ago and still remains unpaid. Since these committees are allied with the banks they probably will never be paid, to the complete loss of the bondholders.

We have found so-called "chain committees" handling as many as 400 separate pieces of property scattered from coast to coast and valued upward of $300,000,000.

We have found committees working directly with the owners of the property and have sold the deposited bonds at as low as 50 cents on the dollar to the owner or his agent, the owner in turn paying the committee for its fees and expenses.

I am going to show you how the assets and interest of these properties are dissipated by reading to you a copy of a summons issued by a referee and special master in the United States district court, southern district of New York, in the matter of the Paramount-Publix Corporation, which corporation owned several theaters and had a bond issue of $10,000,000, which was the first lien on these properties. So far in that reorganization the committees' fees and expenses in obtaining the deposit of bonds and other expenses, together with attorneys' fees, have amounted to $458,039.99, which have already been paid, and the day we recessed our hearings in New York, July 8, I received a copy of claims filed for additional fees amounting to $2,989,469.92.

I will read hurriedly from these amounts for some of these claims. Notwithstanding that Charles D. Hilles has received $20,000 as equity receiver and $32,433.33 as trustee in this matter and Eugene W. Leake and Charles E. Richardson have each received $32,433.33, Charles Hilles is still claiming $10,000 as receiver and $118,000 as trustee; Eugene Leake, $118,000; and Charles E. Richardson, $87,000. It may be noted that Mr. Richardson is only claiming compensation for 6 months' work and the former two for 1 year's work.

I am reading from the summons or notice to the creditors or stockholders and holders of bonds. The next claim is the firm of Root, Clarke, Buckner & Ballantine, who are asking $700,000, saying nothing of the $7,679.08 for expenses and disbursements; but I will not waste time on this, notwithstanding that they have already received $250,000. Cooke, Nathan & Lehman, New York attorneys, asking for $250,000 and $3,759.10 for expenses; $70,000 to three members of a committee, with additional expenses to accountants, depositary, and so forth, of $175,865.46; another committee headed by Frank A. Vanderlip, who is asking for $50,000 himself with other charges for committee members, and so forth, of $175,254.61; Kuhn, Loeb & Co., $100,000, with $14,287.29 for expenses; Davis, Polk, Wardwell, Gardiner & Reed, attorneys, $150,000; Malcolm Sumner and Edwin L. Garvin, New York, attorneys, $150,000; Beekman, Bogue & Clarke, $75,000.

There are many other $50,000 fees asked, but I have not the time to name them all.

Now, this is in addition to the sum that has already been allowed, and this is a sample of what these committees, depositaries, attorneys, and banks are doing to these unfortunate bondholders and property owners. These charges usually run from 5 to 8 and 10 percent of the par amount of bonds, notwithstanding that many of these bond issues have only brought 5 to 6 cents on the dollar.

Mr. BEAM. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes.

Mr. BEAM. I am very much interested in what the gentleman said, particularly as to the city of Chicago. As I understand it, the Chicago Title & Trust Co., in Chicago, has a monopoly on all of the fees, practically. They charge receivership fees and trusteeship fees and attorneys' fees and administration fees, and I would like to know what the gentleman and his committee have done with respect to this company to bring these facts to light, so that we will all have information on the situation with respect to the Chicago Title & Trust Co.

Mr. SABATH. That company has been thoroughly investigated. We have had the officers before the committee in different hearings, and have been investigating it ever since. We are investigating it now. We were forced to issue subpenas and threatened to hold them in contempt if they refused to give the information we sought. At one time we had eight different accountants in that company's office alone to investigate their books and activities, and I assure my colleague that he will be more than satisfied with the work that has been done to bring to light some of the manipulations of the Chicago Title & Trust Co. The conditions in New York on the part of the Roosevelt committee, the independent committee, the Pounds committee, the Prudence, and many other committees show the same thing; and in Detroit and many other centers, including Philadelphia, conditions are just as bad as in Chicago. I regret that I have not more time to go more fully into the Chicago Title & Trust, the S. W. Straus, the American Bond & Mortgage, and many of the other committees.

Referring to New York again, permit me to state to you, my colleagues, that we have unearthed astounding evidence, testimony, and corrupt conditions that have already been ordered to be presented to the Federal and the State courts for criminal prosecution.

When this committee started its public hearings the courts took cognizance of the fact that we were trying to stop these exorbitant fees and in many instances reduced same, but I regret to say that since that time the committees have used different methods by making the fees so high if they are reduced by the courts they will still get these ridiculously high fees.

Here again the fact that the bondholders cannot act concertedly because the list of bondholders is secreted from them and, therefore, cannot have representation in court to object to the high fees requested and agreed upon by all the parties litigant which works in favor of these committees and against the best interest of the bondholders and the very courts, the presiding judges being unable without objection to make proper reductions in the fees requested. This is the first time during my nearly 30 years of service that I have acted on an investigating committee and though it has taken up a great deal of my time, I will continue in my efforts to ferret out the existing conspiracies.

It is amazing how these shrewd and conniving committees, through their lawyers, have been able to circumvent the law which Congress had reason to believe would be helpful and beneficial to creditors as well as to the bankrupts, namely, section 77B, which in the last few months has been used to give these committees and their dummies and the original houses of issue full and complete power over these valuable properties by having themselves designated as trustees for 10 to 20 years, and in some instances indefinitely, with full and complete power to do as they please. Instead of the rights of the bondholders being protected by our courts, in many instances the courts, unfortunately, have ignored the bondholders or their representatives, and subsequently these

committees have complete sway, and it is our intention to break down this collusion and power which makes possible the continued exploitation of these unfortunate people.

When the Securities Act was being considered, I advocated to give the Commission power over real-estate securities. Unfortunately, these very outstanding real-estate experts from New York appeared before the committee opposing putting real estate under the Securities Act, and through their representation actually nullified the effectiveness of the Securities Act with respect to real-estate reorganizations.

Some of these protective committees or houses of issue have succeeded in obtaining loans from the Reconstruction Finance Corporation. Despite all the checks of the R. F. C., they have diverted the proceeds of these loans intended for the benefit of the bondholders to their own pockets as expenses for themselves, their attorneys, and for reorganization fees.

In many instances our attorneys have appeared in court to protest against the exorbitant fees or the sales of the properties by the committees with the approval of the courts to dummy individuals and corporations. It is true, of course, our attorneys did not have the standing before the courts of litigants. I might also add that the committee has experienced the opposition of the most astute lawyers and bankers in the country while it was conducting its investigation.

To bring about the elimination of these fraudulent and dishonest practices affecting nearly 4,000,000 of our thrifty and hard-working citizens and amounting to approximately $8,000,000,000 in these defaulted real-estate securities and mortgages, the committee is recommending legislation contained in this bill, H. R. 7894. In addition to our investigation we have been working on this bill whereby we feel that we can to some degree at least benefit the bondholders, ameliorate their condition, and put a stop to these nefarious practices. I fear that if no action is taken the people will lose confidence in our judiciary.

I will have many more interesting facts to submit to the House within a very short space of time.

During the first week of January 1935 the committee submitted several amendments to H. R. 4240 which extended the functions of the R. F. C. for 2 years. Such amendments proposed immediate relief to bondholders throughout the country.

The first of the amendments after strenuous efforts on the part of the chairman and members of the investigating committee was accepted by the Banking and Currency Committee and incorporated as a committee amendment to the bill.

The second amendment which the Banking and Currency Committee did not approve I offered as an amendment from the floor of the House which, after debate, received the approval of the House. For the information of the House at this time I shall take the time to read it:

Provided further, That the Reconstruction Finance Corporation is authorized and empowered to make loans to corporations, associations, or persons organized for the reorganization of real-estate properties, upon the recommendation of the Securites and Exchange Commission and its approval of the plan of reorganization proposed by such corporations, associations, or persons in connection with which such loan is sought.

Unfortunately, neither of these amendments remained in the bill when reported back to the House by the conferees. Their elimination was a willful and deliberate disregard of the action of the House, and I so stated on the floor at the time.

The bill I have introduced in behalf of the committee, H. R. 7894, provides for the designation by the President of a Federal conservator.

The committee has received numerous letters from Members of the House commenting favorably upon this proposed legislation, and they, as well as the committee, doubtless realize the absolute importance and urgency of this legislation for the benefit of unfortunate bondholders, many of whom are destitute and on relief rolls.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I promised first to yield to the gentleman from California.

Mr. COLDEN. Mr. Speaker, does the committee contemplate an investigation of the real estate situation in California?

Mr. SABATH. We have not been able to reach California, but we have two investigators in San Francisco.

We have 3 in Los Angeles and we have 2 others to take in the smaller cities like Sacramento, where the Senate Hotel and 2 other structures have issued many bonds which are now in bad shape.

I now yield to the gentleman from Texas.

Mr. BLANTON. When the gentleman was in Chicago I sent him a list of so-called "gold bonds" on Chicago apartment houses that were owned by a number of my Texas constituents, upon which they had lost considerable money, so I am very vitally interested in what the gentleman has told us. Cannot the gentleman get a rule and bring it in here and pass the bill that he has prepared and get it out at this session of Congress?

Mr. SABATH. I am going to try, I assure the gentleman, because I feel it is absolutely necessary.

Mr. BLANTON. It is of vital importance to the people of the country.

Mr. SABATH. I want to say to the gentleman that a majority of the real-estate boards of the United States and all the independent bar associations in the United States have complimented the work of our committee, and I want you to know that this committee has had offers of contributions up to $100,000 to continue its investigation and its work.

Right here I want to say we have also accomplished this: The bonds that have been selling for 3, 4, and 5 cents on the dollar, in some instances 10 and 12 cents, are now selling all the way from 25 cents up to 75 cents on the dollar, because we have at least in some cases stopped these racketeers from stealing these properties, as well as the bonds, which are now in their control.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. ROBSION of Kentucky. I wish to express my appreciation for the work which the gentleman's committee has performed. The gentleman has made no statement about an investigation of these concerns in the city of Washington. I have a great deal of complaint about that. I would like to hear the gentleman on that.

Mr. SABATH. If I had the time I would be delighted to tell the membership of this House what we found in Washington with regard to the three main hotels, the Mayflower, the Shoreham, and the Wardman Park. In each instance they have sold bonds to the public, far in excess of the value of the properties.

They have increased the so-called "valuation" before they would put the bonds on the market to enable them to dispose of them. They have issued millions of dollars' worth of bonds on those properties, and when the bonds became in default they started to manipulate so they—I mean the self-appointed committees—would control, and they have controlled these fine properties. The committees were controlled by houses of issue which originally had sold bonds on knowingly grossly exaggerated appraisals. Through connivance and misrepresentation they manipulated the affairs of the bondholders to their own pecuniary advantage resulting in an additional loss and expense to the bondholders, especially the nondepositing bondholders.

In the Wardman companies the properties appraised at $29,000,000 were sold for $2,800,000, subject to $4,000,000 mortgage, resulting in nondepositing bondholders receiving only 28 cents on the dollar. Fees and expenses here totaled over $600,000.

In the Mayflower case the fees claimed were $750,000. In the Shoreham a different scheme was used, but evidence disclosed that the insiders acquired all of the equity in the property for about $61,000.

Mr. CULKIN. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. CULKIN. I happen to be a member of the gentleman's committee and can certify to his enthusiasm and zeal

in this situation. The fact is that this committee has temporarily salvaged for the bondholders representing $8,000,000 of bonds, a considerable portion of their investment which otherwise would have been completely lost. However, I wish to ask the gentleman this question: Is it not a fact that unless there is some legislation, all this work will be in vain? That is, unless there is created some Federal officer, either independent or in the Securities Exchange Commission, who has the power to act in these situations as conservator, all this work will have been in vain, and these unhappy investors will slump back to their original situation?

Mr. SABATH. I fear the gentleman is right. There is grave danger, unless some legislation is forthcoming at this session, that our efforts and work will have been in vain.

Mr. SIROVICH. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. SIROVICH. I have received countless letters from constituents of mine, including many letters from bondholders all over New York City, commending the magnificent work of the distinguished gentleman and his committee, including his able, courageous, and brilliant director, Mr. Murray Garsson, former Assistant Secretary of Labor, but with the request that the gentleman be kind enough to come back to New York and clean up the unscrupulous bondholder rackets that are still flourishing in the city of New York.

Mr. SABATH. I have assured the New York bondholders that the committee will be back. I have assured those in Chicago, Detroit, St. Louis, and in every other city that we will be back, but we cannot cut ourselves into quarters. We are doing the best we can. Though I have a reputation of being a hard worker, never in all my life have I worked harder than I have in the last 11 months, in the hopes of bringing about relief to the bondholders and at the same time to prevent these abuses in the future which will reestablish confidence in real estate and securities. It is my fervent hope to bring justice to those who have been the tragic victims of highfalutin' racketeers masquerading under the name of lawyers who have despoiled innocent investors and estates of their life savings and income to support widows and dependent orphans. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by printing certain correspondence between the Federal Communications Commission and myself.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

RECLAMATION AT ITS WORST

Mr. CULKIN. Mr. Speaker, I ask unanimous consent that I be permitted to revise and extend my remarks and include as a part of the text, certain extracts from correspondence and short extracts from magazine articles.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CULKIN. Mr. Speaker, the river and harbor bill (H. R. 6732) as amended by the Senate is one of the most extraordinary pieces of legislation that ever came before a legislative body in any land. When the bill was passed by the House it was a legitimate river and harbor bill which was the result of painstaking work and effort on the part of the committee charged with the responsibility of this type of legislation.

The Senate has placed in this legislation everything except the kitchen stove. It now carries in its capacious maw projects which have been repeatedly turned down by Congress as uneconomical and unworthy of initiation. It now seeks to legalize all the acts of the P. W. A. under Secretary Ickes, of the Department of the Interior. The present illegal commitments and the future disbursements necessary to complete these projects will amount roughly to $1,000,000,000. Secretary Ickes, who has been at the helm in these performances, has not only ignored Congress but has added insult to injury by writing Congress off in the public press. This bureaucrat, who is without experience in any of these fields, has set himself up as a dictator and through his ghost writers has told the country that Congress was not to be trusted and that these matters in the hands of Congress meant a shameful waste of the public's money.

In an article in the Review of Reviews for June 1935, on page 18, Honest Harold stated:

> In America a public-works program has often justly been called a "pork barrel" system. Each Congressman has tried to get as large an appropriation for his own district as possible, often without regard as to whether or not the buildings, harbors, or river improvements demanded were either necessary or desirable. Research men say that in the past a good half of our public-works appropriations have been literally wasted.

This, of course, is deliberately untrue. Ickes probably never heard of the Interdepartmental Committee on Public Buildings or of the part the Army engineers have played in rivers and harbors and flood control. The fact is that Congress, which has been pilloried by this bureaucrat, has ever been most conservative as to public spending. Ickes is a third-rate lawyer and is without experience or background in the matter of public works. Numerous other statements and releases made by him to the public press bristle with falsehoods about Congress and show that Honest Harold's ghost writers, of whom there are threescore unlawfully on the pay rolls of his various activities, are as ignorant as himself on the various problems of national development. The fact is that Ickes has made more commitments to rivers and harbors in one year than Congress did in a hundred years. It is likewise true that in the field of reclamation Ickes has made commitments to reclamation which will run into more than a billion dollars before the projects initiated are completed; this in direct violation of the law, the traditions, and practice of Congress. In doing this he has reversed many of the findings of the committees of the House. Today he comes to Congress hat in hand, after this savage attempt to write off the legislative branch of Government, and asks that his unauthorized acts be legalized.

NATIONAL DEVELOPMENT

May I say today that I am for a true national development whereby every State in the Union may find its justifiable economic needs satisfied. I am bitterly opposed to the "pork barrel"—political or otherwise. I am opposed to reclamation projects which do not mirror locality or national needs. I am opposed to the psuedo empire builders in the Department of the Interior, who have the urge to make two blades of grass grow where none grew before.

In the brief time allotted me today I wish to discuss certain reclamation projects which cry to heaven. Primarily let me state that for many years past we have had two hostile forces at work on our farm problems. The classic example of this is our experience of the last 2 years. During that period, in a laudable effort to get a proper price for farm products, the Agricultural Department has paid to the cotton, wheat, and hog farmers $645,000,000 to take 37,000,000 acres out of production. While this was being done the P. W. A., headed by the redoubtable Ickes, has authorized more than $100,000,000 in reclamation work. Carried to their completion, these projects will cost the Nation more than $1,000,000,000. This money must be paid by the creditor States, many of them States in which farming is the predominating factor. These include Kansas, Minnesota, Iowa, and Wisconsin. These projects bring into bearing over 3,000,000 acres of land. Every one of these acres decreases the price of farm produce by adding to the crop surplus. Incidentally, they depress the value of farm investments east and west.

My friends from the reclamation States will tell you that the production on Government reclamation is but 1 percent of the crops grown in America. The fact is that every acre reclaimed in America by public or private enterprise has been planned, stimulated, and engineered by the psuedo empire builders in the Reclamation Bureau. From the beginning they have definitely been at war with the program of the Department of Agriculture. These mad reclamationists now sentence the area of the Great Plains to economic death by reason of the drought of last year. But that argument is

out of the window. It is a case where the wish is father to the thought. The cycle of drought is over, not to recur, experts tell us, for many years to come. The present rains have reversed the A. A. A. problems in the dry regions, and the job now is to ship back the cattle removed last year. The plan to move the people of Kansas, Iowa, and the other drought States into the reclaimed areas has died aborning.

An interesting sidelight on these hundreds of thousands of acres which have been misdeveloped at the cost of millions of the people's money is the fact that when the F. E. R. A. desired to establish a colony for the Minnesota farmers they passed up these various irrigation schemes of Mead and his jolly crowd and moved these settlers to the Matanuska Valley up under the Arctic Circle, some 125 miles north of Seward, Alaska. There the winters are long, dark, and 40° below zero is common. The summers are short, hot, mosquito-ridden. The land must be cleared. It is noteworthy that the gentlemen in charge of this migration ignored the reclamation areas of the West. Those charged with the responsibilities for this migration figured it was more humane to put them up under the Arctic Circle than to have them destroyed by local exploitation on the promotional projects so plentiful throughout the West.

I said a few moments ago that reclamation made a substantial contribution to the farm surplus which is the bane of the agriculturist here in America. I insert herein a table showing the quantity of different types of crops produced on irrigated and reclaimed land in 1929.

Crop	Value of irrigated crops	Acreage of irrigated crops	Total value of crop for the United States	Percentage relation of value of irrigated crops to total value for the same crops for the United States
	Amount	Percentage of United States total of the specified crops		
Total	$899,942,549	4.0	$8,077,812,320	11.1
Cereals (including corn, rye, barley, oats)	94,057,264	1.6	3,170,691,603	3.0
Other grain and seeds	43,777,658	5.2	234,194,340	18.7
Hay crops	169,163,452	10.4	988,436,875	17.1
Silage and miscellaneous forage crops	3,740,885	1.1	196,883,543	1.9
Root crops for forage	74,784	9.0	885,220	8.4
Vegetables [1]	138,809,727	12.2	1,004,568,393	13.8
Planted sugar crops	42,678,942	46.9	86,903,033	49.1
Other crops	68,480,809	1.9	1,739,542,956	3.9
Small fruits	6,305,508	5.5	63,810,720	9.9
Orchard fruits	111,113,718	----------	299,049,812	37.2
Grapes	37,351,036	----------	56,168,987	66.5
Subtropical fruits	172,184,856	----------	217,446,880	79.2
Nuts	12,203,911	----------	19,229,990	63.5

[1] Including potatoes (white) and sweetpotatoes and yams.

This table shows 11.1 percent of the crops grown in the United States were grown on irrigated lands; 3 percent of the cereals; 18 percent of other grains and seeds; 37 percent of orchard fruits; and 13.8 percent of vegetables. Thus it is apparent that reclamation has had a large part in the lowering of agriculture prices.

So I say to you Members of Congress who represent farm districts, whether it specializes in dairying, wheat, corn, or hogs, that now is the acceptable time to strike a blow for your constituents by taking the larger of these reclamation projects from this bill.

CASPER-ALCOVA

On a former occasion I addressed the House on the utter fallacy of the irrigation at the Casper-Alcova project in Wyoming. For this the sum of $27,000,000 has been allotted. It will cost $315 per acre to put this land into bearing. Land infinitely better than this land can be purchased with water on it at a price of $50 per acre in the same State. It is noteworthy that the population of this State is 230,000. The population of the whole State is less than one-third that of some congressional districts.

The census reports show that the State is decreasing in population. It is worthy of consideration that for many years prior to the depression this State was a debtor State, receiving from the Treasury twice as much as it put in. It is worthy of consideration that the Federal Government during the last year paid 97.7 percent of the relief in this State. In addition, this State received for Federal and non-Federal projects some $19,751,856 since the depression. The Federal Government, therefore, has allocated to this State, the population of which is less than the average congressional district, over $40,000,000 during this period. The older farming States are thus made to finance these unholy projects and thus contribute to their own destruction. Under the beneficent dispensation of Ickes they are asked to put into bearing in this State another 50,000 acres of land, at a cost of $27,000,000.

I said on a former occasion in the House that this Casper-Alcova area was poor land. I did not know at that time that deposits of selenium, which is a chemical brother to copper, were present throughout the Casper-Alcova area. This is the finding of the soil experts in the Department of Agriculture, and it is a matter of common knowledge to all who studied this question that this land was condemned for the purposes of mankind from the very beginning. The fact that this mineral is found on this area is supposed to be a State secret. Its presence should be enough to deter this absurd disbursement of $27,000,000, but it will not unless this House acts in the premises. The fact is that there are more than 50,000 acres of reclaimed land in Wyoming on which the Government has spent $10,000,000 that has never been settled. I submit these facts to you for your consideration and definitely charge that this project is a crime against the Federal Treasury and the suffering farmers east and west.

GRAND COULEE

I now pass to the proposition of the Grand Coulee, which, in my judgment, is the most colossal fraud in the history of America. It is located in the State of Washington, which has a population of one and a half million, and has received from the Federal Government on other Federal and non-Federal projects $39,216,914. In the last year the Federal Government paid 82.6 percent of the cost of relief in the State of Washington—a total of $13,789,180. The State received under the allocation of the P. W. A. some $63,000,000 for the construction of the Grand Coulee project on the upper Columbia River. It will appear that during the depression this State has received in allocations from the Federal Government a sum amounting to $115,905,000.

The Grand Coulee project, which will bring into bearing 2,000,000 acres of land, was condemned by the United States engineers in 1932 as uneconomical, either as a reclamation or power project. The Grand Coulee is a vast area of gloomy tablelands interspersed with deep gullies located in northern Washington. The project has been condemned by the National Grange and other agricultural groups in America. Yet, while the Government was retiring 37,000,000 acres of land and paying $635,000,000 for the privilege, the P. W. A., under the redoubtable Ickes, put this project in work.

Under the original break-down of the P. W. A. funds this was called power. With the development of the Bonneville Dam on the Lower Columbia in Oregon, which will cost some $54,000,000, and other developments, there is ample power for many years to come in this part of the Northwest. In the region of the Grand Coulee there is no one to sell the power to except coyotes and jack rabbits. No one, not even Ickes, would claim it to be a legitimate power development, except for irrigation pumping. If reclaimed, the land of the Grand Coulee will be especially suited to the cultivation of orchard fruits, more particularly apples. These will come in direct competition with the farmers who are now on the land in the State of Washington. The condition of these farmers is at present very unhappy. I am in receipt of letters from farmers from this section which tell the story in graphic terms. Here is one from Kennewick, Wash.:

Briefly, the average citizen knows full well that we are grossly over-irrigated and that the Spokane "pork barrel" ditch is as raw a steal and grab as was ever conceived. The Roza project is equally foolish, although smaller. Just now a hullabaloo is on to bring in drought victims from the Great Plains area. This scheme is perfectly awful. About 20 years ago here at Kennewick land on the highlands was sold at $300 per acre in the raw sage

brush to gullible settlers. Today much of this acreage, having gone back to county ownership via delinquent taxes, has been sold for a song. The original purchasers paid full 10 to 15 times too much for their sage brush. During the great sucker run of about 30 years ago the game of selling eastern people tracts on the gravel bars in and near Spokane became general. Farther off mud swamps were sold as ideal sites for orchards, etc. This graft became as raw and bold as the shell game at a carnival or circus. Picking pockets is a gentlemanly occupation compared to it. I cite these small examples to show that the general trend of exploitation has been along that line.

Here is another letter from the same writer:

The Grand Coulee fake is a shining example of the fact that irrigation farming is political farming. Absolutely no reason exists for a high dam at Grand Coulee. The whole scheme is political. We are already overirrigated and have been for 41 years to my positive knowledge. At any time in the last 25 years a person could go into any one of 11 Western States and purchase any kind of irrigated land he might desire at a price less than cost of the improvements on said land.

A farmer at Wapato, Wash., writes me as follows:

Will state that the Roza project is supported by land sharks and business men of Yakima, who expect to receive large profits from farmers settling on this land.

In regard to growing orchards, it costs from $200 to $500 an acre to produce bearing trees. Full-bearing orchards, with paid-up water rights, can be bought for from $100 to $150 per acre; open land from $50 to $100 an acre, with water right.

Growing an orchard is an investment; at the present time, and with fruit at present prices, there isn't anyone investing money in this way. For the last 5 years most orchards have failed to return their owners any profits whatever. Spraying, pruning, thinning, handling, and packing cost more than the apples can be sold for.

Here is one from Donald, Wash.:

In my opinion there is, at least under present conditions—which conditions will, I fear, continue much longer than we like to admit—there is a surplus of all our principal fruit crops. On Thursday I attended a hearing under the A. A. A. for the purpose of restricting the pack of Bartlett pears in the three coast States. Peaches, when a full crop, have sold very cheaply, due in part to the loss of the Canadian market closed in retaliation for our tariff policy. In apples—the State of Washington produces from 30 to 40 percent of the commercial crop of the United States—we produce an article of high quality, with large and dependable yields. Markets were developed not only in this country but all over the world. But now the industry is in great difficulties. The export market is being lost by tariffs, quotas, embargoes. The domestic market is being lost by the fact that freight rates have not dropped as prices have, so our fruit, which must take a long, expensive haul to the consuming centers, is met there by local apples subject to a very small freight charge. Large acreages of apple trees are being pulled out.

This letter is from Sunnyside, Wash.:

I have in the days and years past put forth my best efforts to enlighten the powers that be on the utter foolishness of more reclamation for the western country. I have written Secretary Wallace, Secretary Ickes, and different Senators of the East imploring them to save the farmers of the West from more irrigation. Wallace never answered. Ickes turned my letter over to Mead, who acknowledged receipt of same. As for our own Senators and Representatives, the farmer might just as well save his breath and postage, for every mother's son of them have allied themselves with the parasites and exploiters of the farmers—and with the assistance of Mead it would seem there is no use to remonstrate further. Fruit farms are no different from any other farm commodity. They are nearly all bankrupt alike. Our own fruit associations in the 2 years just past have charged off growers' accounts amounting to $300,000, and a lot more of them need treating the same. Over 2,000 acres of fruit have been pulled out this winter. Other thousands will not be pruned or sprayed simply because it does not pay the cost of production. But if Mead and the exploiters force more acres upon us, I can't say just what will happen.

A well-informed farmer from Wapato, Wash., writes as follows:

Personally, I have been for several years opposed to starting any more irrigation projects until such time as the cost of production can be realized from the area now under cultivation. This we have not been able to do since 1929. A few orchardists who have extra good orchards; who are good, conservative managers; and who entered the depression with some surplus cash or assets convertible into cash have been able to worry along without mortgaging their places. But the majority are in a critical financial condition. The head of a Yakima building and loan company told me they had been forced to take over orchard property which would be worth more if every tree had been pulled. Thousands of trees were pulled this last winter, and more are coming out if conditions do not change for the better very soon. Of course, the least profitable trees and those on marginal fruit land are the ones now being pulled. A man would be considered mentally unbalanced who had the nerve to start the development of new orchards in the West under present marketing conditions.

I requested Mr. Fred Brenckman, representative of the National Grange, to give me a statement as to the present attitude of the Grange on reclamation. I place in the RECORD at this point a communication which I received from him:

THE NATIONAL GRANGE,
Washington, D. C., June 14, 1935.

Hon. FRANCIS D. CULKIN,
House Office Building, Washington, D. C.

DEAR MR. CULKIN: For years the National Grange has maintained that there should be no expenditure of public funds for the development of new irrigation and reclamation projects until there is a demand at profitable prices for the products which such lands would produce.

Tens of millions of acres of the best agricultural land in America have been withdrawn from production during recent years simply because there was no profitable use to which such land could be put.

The Business Men's Commission, which was appointed jointly by the Chamber of Commerce of the United States and the National Industrial Conference Board some years ago to study the conditions of agriculture and measures for its improvement, well said in its report:

"Since farmers are now suffering from overproduction, it seems worse than futile to spend new millions on reclamation projects with the aim of bringing still more land under cultivation."

Since the Government is now making rental payments to farmers to allow a certain proportion of their lands to remain idle in the effort to keep down crop surpluses, we can see no consistency in the development of new irrigation and reclamation projects at the expense of the Government.

Yours respectfully,
FRED BRENCKMAN, *Washington Representative.*

The engineers estimate that the cost of the Grand Coulee amortized at 4 percent will amount to $714,000,000. It is positively stated that the construction at Bonneville and Grand Coulee will destroy the annual salmon pack, which amounts to $15,000,000 each year. It is significant that the fish ladders over the Bonneville Dam will cost the neat sum of $3,200,000. It is conservatively estimated that the fishways or other construction at the Grand Coulee Dam will, when completed, cost an additional $8,000,000. This makes a total of $11,200,000 for the convenience of the fish which for centuries have enjoyed the sole use of this stream. Congress would stand aghast at such a disbursement, but hand an obscure lawyer like Ickes $2,000,000,000 to be disbursed at will, and he, of necessity, being unable to discriminate, hands it to the first comer.

The Nation, a factual magazine whose social philosophy I do not always agree with, sent a publicist named James Rorty to investigate this project. Mr. Rorty is the author of several books and is an authoritative writer on economic and social conditions. He gives a graphic picture of the present situation of the Grand Coulee and makes a prediction as to its future. I ask the House to be patient while I read what this observer says:

Have you ever seen the American dream walking? Well, I have. I saw it walking up the side of the Columbia River Canyon scribbling its puny etchings of squalor and cupidity against an austere back-drop of leaning cliffs and sudden chasms and crooning the old American theme songs of "get rich quick" and "something for nothing." The dream is a town. It calls itself Grand Coulee; it is built of faith, hope, barn siding, and paperboard; when I was there it was inhabited by about 1,500 people. It had 20 eating places, as many saloons, at least a half dozen wide-open brothels, 5 grocery stores, 2 jewelry stores, a furniture store, 2 drug stores, 2 ladies' wear shops, 3 beauty shops, a proportionate quota of painless dentists, and radio repair shops, and 6 real-estate agents.

Grand Coulee was a foot deep in mud when I was there, and the ladies from the sporting houses went in up to their ankles in getting to the beauty shops. But the 2,500 womanless males working on the dam provided good business; hence they were cheerful and philosophic—the new pioneers. So were the realtors. "Buy at the fringe and wait", said John Jacob Astor. Believe it or not, this slogan was selling house lots and business sites in Grand Coulee as fast as the notaries could stamp the papers. In a few weeks' time a corner lot 120 feet deep changed hands six times, and the final owner refused $2,250. This for a microscopic piece of desert gumbo which sold at around a dollar an acre 3 years ago and which, there being no logical reason to prevent it, will probably be reclaimed by the sage brush, the rattlesnakes, and the jack rabbits 4 or 5 years from now when the dam is completed.

Mr. Rorty examined the records of Grant, Adams, Lincoln, Franklin, and Douglas Counties in this area and makes the statement that 670,000 acres of this land are now held by banks, railways, utilities, investment bankers, insurance and real-estate companies. He goes on to state:

Among these interests are the Spokane & Eastern Trust Co., the Northwest Pacific Hypothek Bank, the Realty Mortgage Co., the



North Pacific Mortgage Co., the Columbia Irrigated Lands Co., the Columbia Basin Land Co., Columbia Land Owners, Inc., the Columbia Valley Reclamation Co., the Columbia Highland Co., the Northern Pacific Railway, the Title & Trust Co. of Portland, Oreg., the Big Bend Land Co., the Inland Empire Land Co., the Phoenix Mutual Life Insurance Co., the McMaster Ireland Co., the Columbia Basin Development Co. The preceding is only a partial list, nor is there space to present the tangle of holding companies and interlocking directorates which hold the threads of ownership. It is equally impossible to place responsibility upon the persons involved in this melee of speculative buying and selling.

We all recall the romance attendant upon the opening up of new western areas for settlement. The pioneer who attempts to make a settlement in this Grand Coulee country, assuming this mad project goes through, will first have to run the gauntlet of land sharks and boomers of which the Northwest has more than its full share. These gentry will "pick his bones" before he even sees the promised land. If he gets a title it will come from a holding company many times removed from any responsibility.

I have tried to give you a succinct and fair picture of the situation of the Grand Coulee. I now ask you as Members of the legislative branch of the Government to assert your true functions and take these two projects out of the pending bill. It is a fair inference that the distinguished President of the United States will be definitely pleased with your action if you do so. In these matters he was fooled and misled by those on whom he had placed his trust. Some of those who played leading parts in this deceit have been relegated to private life. It is said that the President himself was the lord high executioner in one instance. I ask you in the name of the farmers of the Northwest and the farmers everywhere in the United States to strike these projects from this bill. Bring to an end these outrageous inflictions upon the people of the United States.

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

Mr. RANKIN. Mr. Speaker, reserving the right to object, on what subject does the gentleman intend to speak?

Mr. FISH. I wish merely to answer the remarks made about me yesterday.

Mr. RANKIN. Does the gentleman think he can properly defend himself in 10 minutes?

Mr. FISH. I am not going to ask for any additional time.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, we are confronted with these requests every day. We are way behind with the business of the House. The best part of each day is spoiled with the completion of only one bill. We have three bills we want to complete today if possible.

Mr. FISH. I did not start this.

Mr. O'CONNOR. This is a daily occurrence and is being continued ad infinitum.

Mr. FISH. Oh, no; it is not; I did not start it.

Mr. O'CONNOR. We have had rebuttal, sur-rebuttal, sur-sur-rebuttal, and what not. If the gentleman from New York will give me his promise as a candidate that this is the last time, I shall not object.

Mr. SNELL. A candidate's promise is all right; you can break it.

Mr. FISH. Mr. Speaker, I assure the gentleman I shall not ask for time except when I am attacked. I am not desirous about it, except I have to answer.

The SPEAKER. Is there objection to the request of the gentleman from New York to speak for 10 minutes?

There was no objection.

Mr. FISH. Mr. Speaker, I am not very anxious to take the floor and reply to my colleague from New York. I have served for some years on the same committee with the gentleman from New York [Mr. SISSON] and I am replying only in defense against an unwarranted attack which he made upon me on the floor of the House. The fact is I am getting a little annoyed at the repeated distortion of my remarks against the new deal by Democratic Members of the House who think it is a crime to criticize the new deal or the President.

It seems to be in the mind of the gentleman from New York that I am the only outspoken person in the United States opposed to the new deal, who is ready and willing at all times to denounce the new-deal program from beginning to end, and that includes the Congress that votes for it and the President of the United States who is the head of the new-deal party. I advisedly do not say Democratic Party because outside of the prohibition plank I do not know of any plank in the Democratic platform the President has lived up to. The Democratic Party had a sound platform in 1932 when President Roosevelt was elected, providing for a reduction of 25 percent in the running expenses of the Government, a balanced Budget, fewer commissions, and sound money to be preserved at all hazards. For some reason or other the gentleman from New York is always looking for trouble and that is the easiest thing to find when you really go looking for it.

I am reminded of the old ditty from Alice in Wonderland:

> You are old, Father William, the young man said,
> And your hair has become very white.
> And yet you incessantly stand on your head.
> Do you think at your age that it's right?

I do not know why the gentleman from New York is looking for trouble. I do not know why he tries to stand on his head and look at things from an upside-down position and resents any criticism of the new-deal experiments or of the President who is responsible for them. The gentleman comes from a district in New York where he was elected by a majority of 100 in the last election. He has gone into Southern States to air his views on the Constitution. He comes here on the floor of the House and attacks the Constitution and the Supreme Court of the United States. Now, I know something about the gentleman's own district. The people in that district think the same about the Constitution and the Supreme Court as they do in my district, which is the district from which the President of the United States comes.

If the gentleman wants to commit political suicide, that is his privilege; but I say to you and I say to him that the people of the Utica district believe in the Constitution of the United States; they believe in the members of the Supreme Court; and anyone who attacks the Constitution, who attempts to undermine it or to destroy public confidence in the Supreme Court can never be reelected from the Utica district in the State of New York.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. FISH. Certainly, I yield.

Mr. SABATH. The gentleman from New York to whom the gentleman refers is not on the floor. Will not the gentleman admit that he is a very honest, sincere, capable man, and a good Representative?

Mr. FISH. I admitted that in the beginning. I said that I liked him personally and regretted very much that he had to go out of his way to look for trouble, to single me out for an unprovoked and unjustifiable attack, when I had served with him on the Committee of Banking and Currency.

Now, let me say to you Members on this side that I am not apologizing for my attacks on the new deal; they have not really yet begun. Let me point out to you the real leaders against the new deal. They are the old Jeffersonian Democrats. Alfred E. Smith, of New York State, who has a greater following in the district of the gentleman from Utica than any other living Democrat, and no American is more disgusted with the new deal's perversion and subversion of the Constitution. Add to that the Democrats who have been denounced on the floor of the House as members of the American Liberty League—I do not belong to that organization—but two former Democratic candidates for President belong to it, John W. Davis and Alfred E. Smith; two former chairmen of the Democratic National Commttee, Jouett Shouse and John J. Raskob, are officials of that organization. Are they to be read out of the party? They are the ones who are leading the fight, together with Bainbridge Colby, Albert C. Ritchie, James Reed, Newton Baker, and Governor Talmadge, of Georgia, and former

Governor Ely, of Massachusetts, against the new deal, for the Constitution, for the Supreme Court, and for State rights; yet whenever a Republican speaks he is "attacking the President."

Let me tell you I come from the President's district. I was reelected by 20,000 majority, which was 16,000 more votes than were cast for the Republican candidate for Governor in my congressional district. The people of my district knew my views regarding the new deal before election, and are much more opposed to the new deal today than 6 months ago.

I have known the President for many years, personally. I like him, but that has nothing to do with my views of the new deal. I happen to disagree with his new-deal policies from beginning to end, because I think they are unsound, unworkable, and socialistic. They are retarding recovery and prolonging the depression, increasing unemployment and impoverishing people. I do not speak against the President of the United States personally. I have never abused the President, but I am against his program, call it new deal or socialism or what you will. It is either new deal or socialism, but it is not democracy. It is not in your party platform, and it is not a part of your party creed.

To proceed a little further, because perhaps I have not made myself plain. I want to be fair with the Democrats. I want to make myself very clear and to be sure that I am understood. The difference between the new deal and the Democratic Party is the difference between Rexford Guy Tugwell, a former Socialist, and Alfred E. Smith and John W. Davis, both former standard bearers of the party of Jefferson.

I am beginning to believe that I am a little bit better Jeffersonian Democrat than most of the "new dealers." Why? Not only has this administration repudiated its own platform, and is rushing through apparently unconstitutional bills to build up a record in order to undermine the Supreme Court and to further amend the Constitution—and, of course, anyone has a right to seek to amend the Constitution—but they have no right to amend the Constitution by indirection, by rushing bills through Congress under gag rules in defiance of the Constitution.

When it comes to Jeffersonian principles that is where I sympathize most with half of the Democrats on this side, because when they get back home to their own districts away from this new-deal and "brain trust" atmosphere in Washington, they will find that the people back home in their districts are still Jeffersonian Democrats; that they believe in the rights and liberties of the people under the Constitution; that they believe in State rights and are against State socialism; that they believe in national economy and that they are opposed to the centralization of power in the hands of the Government here at Washington and the use of that centralized power to interfere with business and the rights and liberties of the people. That is the political creed of Jeffersonian Democrats and it has been their creed for 135 years.

Mr. Speaker, the new-deal administration has repudiated the Democratic platform and trampled Jeffersonian principles in the mud. Of course, the gentleman from New York and many other gentlemen on that side do not want me or any other Member of Congress to call attention to these facts and to show the American people how you have violated your own platform and repudiated your own political beliefs. Let me say to the gentleman from New York, so there will be no more argument on his side, that, as far as I am concerned, I am going to continue to carry on this fight against the unsound, ruinous, unconstitutional, and socialistic new-deal experiments and as long as the Democratic Party is socialistic and for the new deal, we propose to expose and condemn it. [Applause.]

[Here the gavel fell.]

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. O'BRIEN. Mr. Speaker, I object.

TAX ON OLEOMARGARINE CONTAINING FOREIGN-PRODUCED FATS OR OIL INGREDIENT

Mr. DELGADO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from the Philippine Islands?

There was no objection.

Mr. DELGADO. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following excerpts from the statement I made on May 16, 17, and 29, 1935, before a House Subcommittee on Agriculture in opposition to H. R. 5587, which proposes to levy an additional tax of 10 cents per pound on oleomargarine containing foreign-grown or foreign-produced fats or oil ingredient:

Mr. DELGADO. Mr. Chairman and members of the Committee, I wish to say at the outset that I am appearing in my official capacity as a representative of the Filipino people. Personally I do not happen to own a single bull or cow, or even a synthetic head of cattle. I do not own a single tract of ground whereon coconuts may grow, and I do not own any livestock except one or two goats back home, so that there is no personal interest whatever in my case, and I can go into this matter in a neutral, I may say, disinterested manner and consider only the best interests both of the Philippines and America taken conjointly.

I am constrained to oppose this bill more because of the principle involved than for the actual loss in dollars and cents that its enactment will inflict upon the coconut industry of the Philippine Islands. However, it would be helpful for the proper understanding of this question to mention the fact that the coconut industry of the Philippine Islands stands second in importance among all of our industries. It affects about 4,000,000 of our people, almost one-third of the total population of the islands. The capital invested in this industry amounts to ₱200,000,000, or $100,000,000. It may be well to add that the coconut-oil industry, as distinguished from the coconut-farm industry, has a larger American capital investment than Filipino.

This bill, by its nature—and I think it has been so openly admitted—is going to shut out Philippine coconut oil from one of the fields wherein it has been used for the last 25 or 30 years. The purpose is evidently to prevent the use of coconut oil in the manufacture of oleomargarine. According to data available at the Internal Revenue Bureau of the United States Government, the only coconut oil now used in the manufacture of oleomargarine comes from the Philippine Islands. To be more specific, the proportion of coconut oil and copra coming from the Philippine Islands which goes into the manufacture of oleomargarine represents about 22 percent of the total American importations of these commodities. The value of the Philippine share at the current price is about $5,890,000, computed at the prevailing price of 4.75 cents per pound. This is the price paid by importers down here; and from that price, of course, should be deducted the ocean freight from the Philippines to the United States. To this price, on the other hand, must be added the excise tax provided in section 602½ of the Revenue Act of 1934. So that, in round figures, the total value of the Philippine coconut-oil importations that would be affected by this bill is about $6,000,000, which, of course, considered in its relationship to values in this country, is what you would call "a drop in the bucket"; but to the Philippines, I may say, that amount takes up nearly one-third of the contents of the bucket.

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I want to say that I, for one—and I think my sentiments on the matter are shared by the great majority of the Filipinos—appreciate deeply everything that has been done by America in behalf of the Filipinos. Hence, if in the course of my remarks I should happen to narrate facts that might be misconstrued, I want to assure you that the only thought behind such narration is to present to you the facts as they are and nothing else. I am fully aware that the membership of this committee are both idealists and practical men, so I am going to discuss the subject both from the moral and the practical standpoint.

Now, the first subject that I am moved to take up is the moral question involved in this bill. I respectfully submit that it is an open violation of the covenant and trade agreement contained in Public Act 127, Seventy-third Congress, commonly known as the "Tydings-McDuffie law." In order that I may make this point clear, in my rather deficient English, I shall have to ask the privilege of reviewing the background of American-Filipino trade relationship from 1909.

Upon the enactment of the Payne-Aldrich tariff in 1909 free-trade relations were established between the Philippines and the United States for the first time. Strange as it may seem, the Filipino leaders and the Philippine Legislature objected, and did so strenuously for political and economic reasons, to the passage of this tariff act. I need not go further into the reasons. They are not material just now, but suffice it to say that the Payne-Aldrich Tariff Act, the so-called "free-trade act", did not establish complete and reciprocal free trade between the United States and the Philippines. Restriction was placed on sugar and tobacco, two of our principal exportable products.

In 1913, under a Democratic administration, the Underwood-Simmons tariff was enacted, and the restrictions placed on tobacco and sugar were removed. It would be well, at this point, to quote from the eloquent remarks of the distinguished Senator, the late Oscar Underwood, in supporting the tariff act which bears his name. He said:

"The change in this paragraph of the bill is largely striking out the limitation on the importation of sugar, filler and cigar tobacco, and wrapper tobacco. * * * We may leave the limit where it is * * * but we would leave it where it is to the shame of every American citizen. We could not honestly face those dependent people who give us free trade in their markets if we close our doors here. * * * Because we do not want to stand and face that world in such a position as that and say (to the Filipino) that under our law we command you to open the door, so that American goods can flow into your country, because we have the power to do it, and then turn around and say to them that on the only thing they can import, practically, into our country and make a market for we will close our doors and prevent them developing their trade. I say that no true-born American citizen who faces the question fairly and squarely and understands the situation will consent to that."

That was the philosophy and the principle upon which Congress passed and the President approved the Underwood-Simmons Tariff Act of 1913, and from that time on complete free trade was established between the Philippines and the United States. It is important to note that copra has always been on the free list, and the exportation of Philippine coconut oil into the United States has never been restricted until the enactment of the Tydings-McDuffie Act.

Things went along nicely for both countries. Free trade was maintained until the depression set in. Then and only then the reiterated petitions of the Filipino people to the American people for immediate and complete independence became one of the pressing subjects before the Congress of the United States of America. Many of you gentlemen who were present here were Members of the Seventy-first, the Seventy-second, and Seventy-third Congresses, and know better than I do what had taken place in those Congresses concerning the Philippine question.

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In January 1933 the Seventy-second Congress repassed, over the veto of President Hoover, Public Act No. 311, commonly known as the "Hare-Hawes-Cutting Act", and so called because it was a combination of the House bill sponsored by Congressman Hare and the Senate bill under the joint authorship of former Senator Hawes of Missouri and the late Senator Cutting, of New Mexico.

In section 17 of H. R. 7233 of the Seventy-second Congress it was provided that the provisions thereof should not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question.

I shall not take your time now to explain the details of that bill, which was the forerunner of the Tydings-McDuffie law, because the provisions of the two are much the same, but I shall do so when I come to discuss the Tydings-McDuffie law. Suffice it to say for the present that in the exercise of that privilege, voluntarily and graciously granted by the Congress of the United States to the Philippine Legislature, that body, on October 17, 1933, adopted Concurrent Resolution No. 46, which I shall quote:

"Whereas the Congress of the United States on the 17th day of January 1933 enacted a law entitled 'An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes', commonly known as the 'Hare-Hawes-Cutting law';

"Whereas section 17 of said law provides that the provisions of the same 'shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature;

"Whereas the Philippine Legislature fully appreciate the good will shown by the Congress of the United States toward the people of the Philippine Islands and its efforts to finally settle the Philippine question by enacting said law;

"Whereas the Philippine Legislature believes that in providing that the said law shall not take effect until accepted by the Philippine Legislature or by a convention called for the purpose of passing upon that question, the Congress of the United States intended to secure a frank and honest expression of the will of the Filipino people regarding the above-mentioned law;

"Whereas the Philippine Legislature is opposed to the acceptance of said law in its present form because, in the opinion of the legislature, the law does not satisfy the national aspirations nor does it safeguard the welfare of the Filipino people or the stability of the social, economic, and political institutions of their country: Now, therefore, be it

"*Resolved by the house of representatives (the Philippine Senate concurring,* That the Philippine Legislature, in its own name and in that of the Filipino people, inform the Congress of the United States that it declines to accept the said law in its present form because, in the opinion of the legislature, among other reasons, the provisions of the law affecting trade relations between the United States and the Philippine Islands would seriously imperil the economic, social, and political institutions of this country and might defeat its avowed purpose to secure independence to the Philippine Islands at the end of the transition period, because the immigration clause is objectionable and offensive to the Filipino people; because the powers of the high commissioner are too indefinite; and finally because the military, naval, and other reservations provided for in the said act are inconsistent with true independence, violate national dignity, and are subject to misunderstanding.

"*Resolved further,* That a joint legislative committee of the senate and the house of representatives be appointed, as it is hereby appointed, subject to the directions, purposes, and authority herein stated, to be composed of the Honorable Manuel L. Quezon, President of the Philippine Senate, as Chairman of the Committee on the part of the Philippine Senate, the Honorable Quintin Paredes, speaker of the house of representatives, as chairman of the committee on the part of the house, Hon. Elpidio Quirino, majority floor leader of the senate, Hon. Jose C. Zulueta, majority floor leader of the house of representatives, Hon. Sergio Osmena, senator from the tenth district, and Hon. PEDRO GUEVARA, Resident Commissioner to the United States, and that an invitation be and is hereby extended to Gen. Emilio Aguinaldo, president of the erstwhile Philippine Republic, Hon. Juan Sumulong, former senator, and Hon. Isauro Gabaldon, former senator and Resident Commissioner, to join said legislative committee and form a part thereof, General Aguinaldo as honorary chairman, and the others as members.

"This committee thus constituted shall proceed to the United States as soon as convenient in the interest of the public service, and convey to the Congress of the United States the appreciation of the Filipino people for the enactment of the law of Congress, entitled 'An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes.'

"The committee shall, at the same time, express to the Government and people of the United States the objections to the said law and the reasons therefor, and petition the President and the Congress of the United States for changes therein or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country.

"The Philippine Legislature approaches the Government and people of the United States through this committee, in the hope and confident expectation that they will not ignore the appeal of the Filipino people—a people who, in the language of every American President, since the inauguration of American rule, have been placed by Divine Providence under the protecting care of the American Nation so that they may enjoy the blessings of freedom and happiness which are the heritage of the people of the United States."

This resolution was transmitted to Congress and the present illustrious occupant of the White House, because at the time the mission arrived in the United States, the new administration had assumed office. And after some discussion and negotiations the President of the United States, Franklin Delano Roosevelt, sent a message to the Seventy-third Congress urging the immediate reenactment of the Hare-Hawes-Cutting Act with some modifications. Insofar as trade relations, the President said in his message the following:

"I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples."

Other paragraphs of that message are as follows:

"In view of the fact that the time element is involved, I suggest that the law be amended as I have above suggested and that the time limit for the acceptance of the law by the proper authorities and by the people of the Philippine Islands be sufficiently extended to permit them to reconsider it.

"For 36 years the relations between the people of the Philippine Islands and the people of the United States have been friendly and of great mutual benefit. I am confident that if this legislation is passed by the Congress and accepted by the Philippines we shall increase the mutual regard between the two peoples during the transition period. After the attainment of actual independence by them friendship and trust will live."

It was, Mr. Chairman, in accordance with this message of President Roosevelt that the Seventy-third Congress enacted, in record time, Public Act 127 (73d Cong.), which, aside from a few modifications affecting military reservations and other political features of the original bill, was practically, as I stated before, a reenactment of the Hare-Hawes-Cutting bill. The provisions on immigration and trade relations in the Hare-Hawes-Cutting bill are found intact in the Tydings-McDuffie law.

Also, the provision requiring the acceptance of the law by the Philippine Legislature and the Filipino people contained in the original independence bill was retained in this act.

The political set-up contemplated in the Tydings-McDuffie Act is, in brief, something like this: A commonwealth or transitory government, with complete autonomy in internal affairs, is provided for 10 years to permit readjustments. The sovereignty of the United States of America will remain unimpaired, and in lieu of the Governor General, a High Commissioner will assume the representation of the President of the United States in the Philippine Islands. The control of the Army and the Navy and other powers inherent to complete sovereignty will remain as before. But as regards immigration we will be treated as aliens in continental United States from the time of the acceptance of the law by the Philippine Legislature——

Mr. DOXEY (interposing). Pardon me for interrupting you. But, of course, we generally are familiar with most of the purposes of the act. If you will pardon a suggestion, this committee has no voice over immigration, and we are particularly interested in the trade-relations feature.

Mr. DELGADO. Yes, sir.

Mr. DOXEY. And in the interest of time I would suggest to you that you present most of your argument with reference to trade relations inasmuch as this legislation does not bear on any immigration question.

Mr. DELGADO. I appreciate very much your suggestion, Mr. Chairman, but I am mentioning here some incidental matters to show how onerous and one-sided are some of the provisions of the law, which were nevertheless accepted by my people in the belief that the sanctity of the covenant would be respected, and the obligations imposed upon the Philippines would not be made any harder. It is not my purpose to discuss those provisions, but I wish merely to call attention to them to impress upon the committee the reasonableness of our opposition to any change in the conditions regarding trade which will make them harder than they are.

Mr. PIERCE. May I ask you a question?

Mr. DELGADO. Yes.

Mr. PIERCE. As I understand you regard the excise tax as entirely against the treaty?

Mr. DELGADO. Yes; and I will discuss the subject later.

Mr. ANDRESEN. Did I understand you to say that the conditions imposed by the United States Government were hard?

Mr. DELGADO. Yes, sir.

Mr. ANDRESEN. Did not the Philippines want independence?

Mr. DELGADO. Yes.

Mr. ANDRESEN. At any cost?

Mr. DELGADO. That is correct; we want independence and we accepted the conditions imposed upon us, hard though they are. Love for freedom was precisely the reason. I am simply endeavoring to explain the conditions in my effort to plead with you not to make our load any heavier.

Mr. ANDRESEN. Do you not realize—I know for at least 10 years that I have served in the Congress—the Philippines have been asking for independence for their people, and they have argued they wanted to have it and be treated as any other nation?

Mr. DELGADO. Yes; that is quite correct. But we want to get our independence without any unduly onerous conditions if possible. Of course, we are helpless in the matter, but certainly no one can blame us in endeavoring to obtain the most favorable terms possible in order to insure the success of the joint task undertaken by the United States and the Philippines.

Mr. ANDRESEN. I realize that.

Mr. DELGADO. Because our people realize that a failure in this noble experiment undertaken by America would bring about not only dire consequences to us but also cast discredit upon the United States, we naturally are exerting every effort to insure success and to enable us to carry out our part of the covenant contained in the Tydings-McDuffie Act passed by the last Congress.

Mr. ANDRESEN. I am afraid there were a good many of them who wanted to have their cake and eat it, too.

Mr. DELGADO. I beg your pardon; the simile should be that we are trying to get our piece of cake on a golden platter; but if we cannot have it that way, we will take it even on one of pewter, and that is only natural.

Mr. ANDRESEN. I understand.

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Mr. DELGADO. I was going to say, if you would permit me, that while the immediate effect of the loss of this $6,000,000 would be a reduction in governmental revenue and increased unemployment, the psychological effect would be considerably more harmful, because the measure that would inflict this loss upon the Philippines will be pointed out as an unequivocal evidence that America does not feel bound by the terms of the Tydings-McDuffie Act, thereby creating and spreading a feeing of uncertainty which, as you will doubtless grant, is not conducive to the stabilization, economic and political, that the authors of this act meant to achieve—a noble purpose heartily shared by the President and an overwhelming majority of both Houses. I am making this point in order to impress, if I may, upon the sense of fairness and upon the sense of responsibility of this committee and the whole people of the United States that after a bargain has been made, and we maintain that that bargain has been made, we purpose to carry our part in it, and the least that we are entitled to hope for is that you will allow us to do so without added burdens and obstacles.

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Mr. KLEBERG. I want to ask you this question, however: Suppose the case were reversed; suppose the tables were reversed and you had a market in the Philippine Islands, a satisfactory market, we will say, for the edible field and another market for the nonedible field, and the edible field, or parts thereof, being of real concern and interest to the Philippine Islands, and the market that exists was being taken from the producers of the Philippine Islands by imports from the United States, and your people were being crowded out of the high-priced market that was being supported by the tax on your people in order to sustain it.

Mr. DELGADO. Yes.

Mr. KLEBERG. Would you not think it proper for your government to at least make the market for the Philippine Islands available to its own citizens, the high-price market, rather than to have it closed to them and open to us?

Mr. DELGADO. The question of the gentleman is self-answering, but I am afraid your question does not cover the entire field; it only covers and considers a part of it.

I want to answer your question by saying that if the tables were reversed and I had the power to solve the problem, I would consider the whole matter from the national standpoint and not merely as it may affect any particular group. I would, therefore, undertake a study of the matter as it would affect the national economy of my country, and take the course most favorable to the whole even if some of its subdivisions might be adversely affected thereby.

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Mr. Chairman, I was interrupted when I was about to take up the trade provisions of the Tydings-McDuffie Act. I shall try to be as brief as possible in so doing.

Section 6 of this act was intended to be a sort of commercial treaty between the United States and the Phillippines to be in force for a period of 10 years. It has been referred to as a "reciprocal agreement." But what is its actual effect? Unrestricted American duty-free exportations to the Philippines, and limited Philippine tariff-exempt exportations to America. This limitation represents a 40-percent decrease in the exportation of our principal products, namely, sugar, cordage, and coconut oil. In the case of coconut oil, the quantity that may come to the United States has been limited to 200,000 long tons a year, or 448,000,000 pounds.

Mr. ANDRESEN. Will the gentleman object to a question?

Mr. DELGADO. No, sir.

Mr. ANDRESEN. Now, those articles that were produced in the United States and went into your country duty free, were they produced in your country, the Philippine Islands?

Mr. DELGADO. No, indeed. They are products grown or manufactured here. Yet we have treated them as if they were the product of our soil or of our mills by extending to them protection against foreign competition through the enactment of tariff laws raising the duties on competitive foreign commodities. To prove this point I have only to mention the protection we have accorded American textiles of which the Filipinos have consumed, in normal years, upward of $15,000,000 annually. Is it any wonder that we should be chagrined over the realization that our products are not merely treated as nondomestic in this country but are placed, in some instances, in a more disadvantageous position than the products of a foreign country? This is sadly true in the case of the coconut oil.

Mr. ANDRESEN. I just wanted that point brought out.

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Mr. DELGADO. The main thing, it seems to me, is to discover a plan for solving the problem to our mutual benefit. Ours is a tropical country producing raw materials needed by your industries which cannot be supplied by your own soil, and there seems to be, therefore, every good reason in support of the feasibility of a mutually beneficial and helpful understanding on this score.

But that requires a study of the whole situation, and the measure before us will not accomplish that purpose——

Mr. ANDRESEN. It is your argument that the passage of this bill will further restrict the importation from the Philippine Islands of coconut oil?

Mr. DELGADO. Yes. But I am coming to that and will explain it.

Mr. ANDRESEN. I think the committee would be interested in your getting down to the trade-relations part.

Mr. DELGADO. I was just getting into that.

Mr. BOILEAU. May I ask a question?

Mr. DOXEY. Mr. BOILEAU.

Mr. DELGADO. Yes, sir.

Mr. BOILEAU. At the present time can the Philippine Legislature enact a law prohibiting the imports of American-produced goods?

Mr. DELGADO. No.

Mr. BOILEAU. You do not have that authority?

Mr. DELGADO. We have not. We cannot even grant reciprocity to another country that might be willing to extend to our products tariff concessions, nor borrow money or obtain a loan from a foreign country without the approval of the President of the United States.

Mr. BOILEAU. As I understand you, under the present arrangement between the Philippines and the United States we can put a tariff barrier on the commodities that come into the United States from the Philippines, but you can put no tariff on our goods?

Mr. DELGADO. That is right.

Mr. BOILEAU. The Legislature of the Philippines can pass no tariff act against us.

Mr. DELGADO. Whatever we do in that respect will only have effect if approved by the President. Besides, the Congress of the United States has the power to modify or annul any law enacted by the Philippine Legislature.

Mr. BOILEAU. I just wanted to bring that out for the record.

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Mr. COFFEE. You have had a favorable trade balance with the United States; there has been a favorable trade balance, has there not?

Mr. DELGADO. If by favorable trade balance is meant larger exportations to than importations from the United States, the answer suggested by the figures is "yes." But to obtain an accurate idea of the balance of trade between the two countries you must take into consideration the so-called "invisible items", such as the interest that we pay on our bonds sold in this country; banking profits derived from the exchange of commercial papers, freight paid to American carrying ships, etc.

Mr. COFFEE. Approximately how much more do we import from the Philippines than we sell to the Philippines?

Mr. DELGADO. I shall be pleased to give the exact figures in due course.

Mr. COFFEE. I think that ought to be in the record.

Mr. DELGADO. It is my purpose to put the figures in the record.

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Mr. DOXEY. As I understand your position briefly, it is this, that you are asking us to treat your goods as domestic goods for the reason you treat our goods as domestic goods?

Mr. DELGADO. In principle; yes.

Mr. DOXEY. Will you expand on that a little bit and tell us what you do in that regard?

Mr. DELGADO. Gladly. But before I go into the subject of the protection that we accord American goods in the Philippines, I should like to stress the fact that this H. R. 5587 violates the trade covenant contained in the Tydings-McDuffie law, as accepted by the Philippine Legislature on May 1, 1934. I should like to ask the permission of the committee to read the concurrent resolution of acceptance as required by section 17 of the law.

Mr. DOXEY. You have that permission.

Mr. DELGADO (reading):

"Concurrent resolution accepting Public Act No. 127 of the Congress of the United States commonly known as the 'Tydings-McDuffie Act', and expressing the gratitude of the Philippine Legislature and the Filipino people to the President and Congress of the United States and the American people

"Whereas the Seventy-third Congress of the United States of America has enacted Public Act No. 127, entitled 'An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes', and commonly known as the 'Tydings-McDuffie law'; and

"Whereas section 17 of the aforesaid act requires the acceptance thereof by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that law before the same shall take effect; and

"Whereas although the Philippine Legislature believes that certain provisions of said act need further consideration, the said legislature deems it its duty to accept the proffer of independence thus made by the Government of the United States—

"(A) Because the Filipino people cannot, consistent with their national dignity and love of freedom, decline to accept the independence that the said act grants;

"(B) And because the President of the United States in his message to Congress on March 2, 1934, recommending the enactment of said law, stated: 'I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples.' A statement which gives to the Filipino people reasonable assurances of further hearing and due consideration of their views: Now, therefore, be it

"*Resolved by the senate (the House of Representatives of the Philippines concurring)*, That Public Act No. 127, of the Seventy-third Congress of the United States, entitled 'An act to provide for complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes', commonly known as the 'Tydings-McDuffie law', be, and is hereby, accepted by the Philippine Legislature in accordance with the provisions of section 17 thereof;

"*Resolved further*, That the Philippine Legislature, in its own behalf and in behalf of the Filipino people, express, and does hereby express, its appreciation and everlasting gratitude to the President and the Congress of the United States and the American people.

"Adopted in joint session May 1, 1934."

We have held a constitutional convention; a constitution has been drafted in accordance with the provisions of this law, and that constitution, as you gentlemen know, was approved by the President of the United States on March 23.

The next step was the submission of that constitution to the Filipino people. A plebiscite was held on the 14th of this month, and the vote was overwhelmingly in favor of ratification. I may say, in passing, that it seems a strange coincidence that the hearings on this measure had been started on the same day that the plebiscite on the constitution was taking place in the Philippines.

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Mr. DOXEY. I want to ask you just this question in view of the statement you just made that we opened hearings here the day that the matter was to be voted on. Was there any effort on the part of anyone to interpret the hearings on this bill as discrimination against the people of your country by the United States?

Mr. DELGADO. I do not know of any such effort.

Mr. DOXEY. All right, be that as it may.

Now, would you put your finger, if you can, directly on the provisions of the laws that have been enacted which lead you to believe have resulted in free-trade relations between your country and the United States, with reference to our trade relations?

Mr. DELGADO. Section 6 that I have referred to. Do you want me to touch on that? That has been read.

Mr. DOXEY. I do not want you to repeat, but I want to ask you to put those things in the record, indicate them so your statement will be clear and have those points set out seriatim, wherein if this legislation should be enacted would unfairly discriminate against you.

Mr. DELGADO. I have just stated it was section 6. It is that section that defines the trade relations between the Philippines and the United States.

Now, in addition to the reduction of imports by 40 percent, under this law we are required, in the last 5 years of the transition period, to impost export taxes on our own goods coming into this country duty free.

Of course, when independence becomes a fact, full duty will apply to all Philippine goods.

These are the provisions that will beset with hardships our efforts to set up the foundations for our future independent existence. In this connection, I wish to quote some paragraphs from the remarks made by Senator TYDINGS on the floor of the Senate concerning the application of the excise tax to the coconut oil toward the end of the Seventy-third Congress. Senator TYDINGS said——

Mr. ANDRESEN. Mr. DELGADO, I would like to have you read the sections of the law referred to by the chairman, and then put that in the record later.

Mr. DELGADO. I will read the law first and then quote from Senator TYDINGS' remarks afterward.

"After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions:"

Since subsection (a) refers to sugar, and bears no relation to the measure under consideration, I shall pass on to——

Mr. ANDRESEN. Yes; regarding coconut oil.

Mr. DELGADO. Subsection (b). "There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries."

Now, the plan under the proposed bill before the committee is to curtail the privilege granted the Philippines by the provision I have just read to export to the United States, duty free, 200,000 tons, or 448,000,000 pounds of coconut oil annually and all the copra we can, by levying a 10-cent tax on every pound of such coconut oil used in the manufacture of oleomargarine.

Mr. KLEBERG. What are your imports now?

Mr. DELGADO. I have got those figures here somewhere.

Mr. KLEBERG. As compared with the 448,000,000 pounds provided?

Mr. DELGADO. About 600,000,000 pounds.

Mr. KLEBERG. In other words, in reference to the matter of limitations that are involved your quota, duty free, is more than you have been importing, more than the 449,000,000?

Mr. DELGADO. In pounds?

Mr. KLEBERG. Yes. You are importing at the present time, before the transition period, only around 400,000,000 pounds.

Mr. DELGADO. Six hundred million.

Mr. KLEBERG. Six hundred million?

Mr. DELGADO. Approximately.

Mr. KLEBERG. I just wanted to get that point of it in the record.

Mr. DELGADO. Yes.

Mr. KLEBERG. How will it affect you?

Mr. DELGADO. In the form of reduced revenues and increased unemployment.

Mr. KLEBERG. All right.

Mr. ANDRESEN. May I follow with just one more question? You understand that this will provide for a tax only on the products that are manufactured here in the United States?

Mr. DELGADO. Yes.

Mr. ANDRESEN. It does not propose to put any duty on imports into the country?

Mr. DELGADO. No; it does not; but the 10-cent levy on coconut oil which is used in this country as a constituent of oleomargarine will have the effect of deterring American manufacturers of oleomargarine from using coconut oil, as its price would become prohibitive.

Mr. ANDRESEN. In an indirect way——

Mr. DELGADO (interposing). No; in a direct way. The bill specifically provides that any fats and oils coming from nuts or seeds not grown or raised or produced in the United States will be taxed 10 cents a pound. Since the coconut oil used in the manufacture of oleomargarine comes from the Philippine Islands and is not produced or raised or grown in the United States, the inescapable effect would be what I have just pointed out.

Mr. ANDRESEN. That would apply to any other country—coconut oils or oils coming from any other country as well as the Philippines, would it not?

Mr. DELGADO. That is very true, but inasmuch as the coconut oil from the Philippine Islands is virtually the only coconut oil that is now used as an ingredient in the manufacture of oleomargarine, this measure would practically affect only the Philippine Islands.

Mr. KLEBERG. What percentage of your Philippine imports go into oleomargarine?

Mr. DELGADO. About 22 percent.

Mr. KLEBERG. And what percentage goes into soap?

Mr. DELGADO. I suppose the remaining, about 78 percent, as only a minor amount of the coconut oil is consumed in other ways.

Mr. KLEBERG. Very well, go right ahead.

Mr. DELGADO. Now, it is evident, gentlemen of the committee, that this bill is in violation of the provisions of the Tydings-McDuffie law. It violates that law because it places further restrictions on Philippine coconut oil coming into this country, even if these additional restrictions should be limited to the coconut oil employed in the manufacture of oleomargarine.

Mr. DOXEY. You object to that as a violation of the law in regard to the ingredient that is now being manufactured into oleomargarine?

Mr. DELGADO. Precisely.

Mr. DOXEY. As to these ingredients that are used, going into soap, you do not believe that it is a violation as to them?

Mr. DELGADO. My objection is against the violation of the general principle underlying the trade covenant embodied in the Tydings-McDuffie Act.

Mr. DOXEY. Let me ask you this question——

Mr. DELGADO. Yes.

Mr. DOXEY. The treaty provides that you can bring it in now free of duty, regardless of what use is to be made of it?

Mr. DELGADO. You are correct. Of course, you must bear in mind that when this law was being drafted those who participated in the task of framing it had in mind the different uses for which coconut oil is imported into this country.

Mr. DOXEY. I get your point, but I simply want to get it clear in the record.

Mr. DELGADO. As to whether or not the 22 percent of coconut oil from the Philippine Islands which now goes into the manufacture of oleomargarine can find outlet in other fields, is a question that I shall leave to the witnesses who, being in the trade, are doubtless better able than I to dwell upon it in a more comprehensive manner.

Now, if I may be permitted, I should like to quote from the remarks of Senator TYDINGS, appearing in volume 78, page 7974 of the CONGRESSIONAL RECORD of May 3, 1934, which I think are most pertinent to the subject before the committee. Senator TYDINGS said:

"Day before yesterday, May 1, the Philippine Legislature accepted the bill which provides for Filipino independence. There is no doubt in the world that when the Congress passed the bill there was an implied covenant, if not an express one, that the terms upon which they could secure their independence were as promulgated and set forth in that measure. They are a weak country as compared with the United States. We gave them our word that if they could do certain things and comply with certain conditions independence would be theirs. Hardly is the ink dry on that document then we have changed the whole tenor and purpose and import of our agreement with those people.

"Let me point out * * * that under the terms of the Philippine independence bill we virtually reduce by 40 percent their imports to the United States. * * * Under the terms of the independence bill, we cut their imports 40 percent, on the average, with reference to sugar, coconut oil, and cordage of hemp. That is a tremendous economic obstacle which they must overcome in order to get their independence.

"Think what it would mean to us in the United States if 40 percent of our trade in our three major industries were taken away overnight. We question their ability to govern themselves in one breath and then in the next breath we make it well-nigh impossible for them to govern themselves.

"But bad as that situation is in the independence bill, which was written largely with an eye to our own rather than the Filipino interest, insofar as its economic provisions were concerned, now we propose to further curtail the imports in the United States proper. It is nothing more or less, in its naked truth, than an attempt on the part of some political farmers here in Washington to tax one part of the people under the American flag for the benefit of other people under the same flag. It is dishonest, it is unfair, and it violates our express promise in the Philippine independence bill itself."

Senator TYDINGS raised another point further in his speech when he said:

"What are we going to gain by it? Filipinos are the best customers for the cotton goods a year. We have just passed a bill to cut down cotton acreage because we cannot sell our surplus cotton and we are about to adopt an amendment which will destroy the purchasing power of the best customer we have for cotton goods. Let the farmers in the South know that the amendment destroys the market for $16,000,000 worth of cotton goods a year, the market of the leading cotton-goods customer of the United States. Let those farmers know that the Filipinos buy more dairy products from the United States than any other country in the world. We have bills here to take care of the dairy interests, and yet at the same time we undertake to destroy the best foreign customer we have for the products of the dairy interests.

"Does anyone in his right mind hold to the opinion that once the producing power of the Filipino people shall be curtailed, as it will be curtailed under the provisions of the conference report, there will be no less dairy products sold to them than they now purchase from us? Does any man claim that when this conference report shall be adopted there will be as much cotton goods sold to the Filipino people as are now sold? Of course not."

I wish to stress the fact that the psychological effect of the lack of stability will be probably more injurious to the islands than the actual loss in dollars and cents. Capital ordinarily is very conservative and at the least sign of disturbance in the economic field, it becomes panicky. The minute the people there become aware that the provisions of the Tydings-McDuffie law may be changed at any time, investments will be discouraged and values will be forced down. Our economic set-up will be disturbed, our purchasing power will be reduced, and, gentlemen, let me tell you that this is going to reflect in a much worse way on your products which are now being consumed in the Philippine Islands in preference to goods coming from other countries.

The President of the United States has held that the excise tax was a violation of the covenant contained in the Tydings-McDuffie law, and certainly by no stretch of the imagination could the bill under discussion be held to be any different from the excise tax on coconut oil. They are absolutely on all fours with each other, both tending to hamper the disposal in the United States market of a portion of the coconut oil and copra allowed expressly by the Tydings-McDuffie law to come here duty free.

I now come to the point that the chairman wanted me to enlarge upon, and that is what we have done to protect your goods in the Philippines. But as a preface to that, let me quote from others instead of using my own words to show that the Filipinos are not such bad customers of the United States after all.

I quote from Circular No. 303, entitled "Economic Notes on the Philippine Islands", pages 15 and 16, issued July 1, 1934, by the United States Department of Commerce. It says:

"In 1933 the Philippines retained their position as the best market for American cotton cloths, galvanized steel sheets, dairy products, and cigarettes. In the first instance over $7,000,000 worth of cotton piece goods were sold in the Philippines compared with somewhat over $3,000,000 in Cuba, the second market.

"As an outlet for total iron and steel semimanufactures the Philippines were preceded only by Canada, while holding first place among far eastern markets.

"As a market for steel-mill products the Philippines fell from third place in 1932 to sixth place in 1933, when they were preceded by Canada and four Latin American countries.

"The islands, however, continued as the first oriental market for steel-mill products as well as for iron and steel advanced manufactures, taking considerably more than twice Japan's purchases of the former and nearly twice China's purchases of the latter.

"Of dairy products and cigarettes, the Philippines consumed nearly three times as much as the second markets, Panama and France, respectively.

"The islands were the first world market for truck and bus tires (casings), and were preceded only by Brazil in the trade in passenger-car tires.

"Compared with other far eastern markets for American automobiles in 1933, the Philippines were second to Japan, while they ranked in the Orient as an outlet for meat products. * * *"

And I want the foregoing to be noted particularly by my friends of the cattle and dairy industries. The truth is that we have always consumed in the Philippines a lot of meat and dairy products from this country, and we have been protecting such American products from Australian and other competition, because we wanted to be fair and as economicaly helpful to you as we believe you have been to us.

Senator GIBSON, who has just rendered a report on his recent trip to the Philippines, has this to say about the Philippines as a market for American goods:

"The Philippines ranked ninth in importance as a market for our goods in 1933; taking more than Belgium, Mexico, Argentine, ports to Norway, Sweden, Denmark, and Switzerland; more than to Brazil and Colombia combined or Switzerland, Colombia, Honduras, Haiti, Guatamala, Costa Rica, El Salvador, and Nicaragua. Of animal and vegetable products, which are composed largely of manufactured farm products, we sold more than to Cuba or the combined sales to Japan and Italy or to Sweden and Denmark, or to Norway, Switzerland, Spain, New Zealand, and the Union of South Africa combined.

"The Philippines were 60 percent more important as a market for American textiles than Cuba; 30 percent more important than Belgium, and more important than Argentine, Colombia, and Mexico combined.

"As a consuming market for American goods the Philippines occupied the following ranks in 1933: Thirteenth for wood and paper products and for new metallic minerals; twelfth for machinery and vehicles (surpassing Italy, Germany, Australia, and China, and equaling Switzerland and Soviet Russia combined); eighth for metals and manufactures except machinery and vehicles (exceeding the trade of Brazil and equaling that of Italy and Sweden combined); fifth for chemicals and related products (exceeded only by Canada, the United Kingdom, Germany, and France); second for wheat flour, canned fish, and cotton fabrics by the pound; first for milk and cream, both condensed and evaporated; for cotton cloth, colored, bleached and unbleached, for galvanized iron and steel sheets, for ready-mixed paints.

"The Philippines take 32 percent of our exports of colored cotton cloths, 52 percent of our bleached cotton cloth, 23 percent of our cotton fabrics by the pound, and 57 percent of our evaporated milk and cream.

"In 1933, of the imports into the islands the United States supplied 63 percent of the cotton goods, 74 percent of the iron and steel, nearly three-fourths of the wheat and flour, half of the meat and dairy products, 80 percent of the automobiles, 86 percent of the mineral oils, and 69 percent of paper and its allied manufactures. Only eight countries purchased more of our products than the Philippine Islands, and no country purchased more of Philippine products than the United States.

"All of the industries interested, especially producers of dairy products and the producers of cotton throughout the South and the manufacturers of cotton goods throughout the North, must be directly interested in the solution of the present-day Philippine problem.

"And that is not all. The Philippine market must be considered in connection with other markets of the Pacific area; China and India are in a period of industrialization. While this will tend to supply some of their needs, yet industrialization has always raised

buying power and increased demand. These countries will increase their demands for cotton, wheat, and foodstuffs. The United States should be in a position to claim its share in their markets. The Philippine Islands hold the key to our Pacific trade."

As to what has been done to preserve the monopoly of the Philippine market for America, let me say that even prior to the general economic dislocation caused by the world-wide depression adequate tariff protection had always existed in the Philippines for American products against those of foreign countries. As the depression set in and the depreciated currencies of some countries tended to render inefficacious the protection we devised for American goods, the Philippine Legislature, in its session of 1932, approved Act No. 4034, known as the "Parity Law", or the "Currency Embargo Law", which became effective December 21, 1932. This legislation enabled American goods to compete with products from countries (like Japan) with depreciated currencies, for tariff duties were imposed not on the value of the goods under the devalued or deflated currency but on their value prior to the deflation of such currency.

This was followed by Act No. 4034, known as the "Antidumping Act", effective December 21, 1932, the purpose of which was to prevent foreign products competing with American goods from being dumped into the Philippines.

Also Act No. 4036 was approved by the Philippine Legislature in 1932, repealing a proviso of section 8 of the Philippine Tariff Act of 1909, which limited the maximum rates of duty to 100 percent ad valorem that an article should pay, thereby giving higher protection to such American articles as toys, trinkets, celluloid products, and others.

Other legislation adopted by the Philippine Legislature increasing the protection for American goods imported into the Philippines was Act 4037, raising the rates of duties on fresh meat, lard and substitutes thereof, and eggs.

Then that was followed by Act No. 4038, raising the duties on shoes and boots, effective December 21, 1932, to afford additional protection to shoes and boots of American manufacture, which were being forced out of our market by cheaper competitive goods from foreign countries.

Finally, Act No. 4053, raising the tariff duties on various other manufactured articles, was also passed by the Philippine Legislature in order to afford still more protection to similar articles of American origin.

All this was done notwithstanding the fact that higher tariff duties meant higher prices to our people without the corresponding increase in their earning capacity. Certainly we have tried our best to keep faith with you. Moreover, the Philippine Legislature has shown readiness to accord further protection to American goods going into the Philippines, but this did not materialize, due to reasons beyond the control of our government, which need not be mentioned here.

Mr. COFFEE. Let me ask one question: There has been an increase in foreign imports?

Mr. DELGADO. Yes, sir. In some lines, like textiles, for instance, notwithstanding all the protective legislation I have enumerated, American imports into the Philippine Islands have been decreasing while foreign imports have increased. But that is because there are certain things that cannot be helped by more tariff legislation, gentlemen.

Mr. ANDRESEN. How do you account for that?

Mr. DELGADO. I was just about to say that when a man only earns 50 cents and only has 50 cents in his pocket, you cannot expect him to buy goods that are worth a dollar or more. When you impair the buying capacity, the economic capacity, of any people, no matter what their tastes are; no matter what their preferences are for higher priced and better goods, they are bound to buy what they can afford and not what they would like to have.

There is a fine market in the Philippines for American goods, provided that the buying capacity of the Filipinos is not reduced. The cultural tastes of the Filipinos have been cultivated and are suited to American goods. But every time that you pass legislation which in any way hampers, or is liable to hamper, the economic situation out there, wages are affected, values go down, and, of course, when the laboring man earns less, and he has less money, no matter what you do in the way of tariff legislation, he cannot buy anything but what he can afford, whether he likes it or not.

Mr. COFFEE. Mr. DELGADO, can you give us definite figures on that, on the amount of imports from the United States, also for imports in the last few years?

Mr. DELGADO. You mean with regard to textiles?

Mr. COFFEE. No; with regard to the total, total imports from the United States and total imports from foreign countries?

Mr. DELGADO. I will be pleased to do so.

Mr. ANDRESEN. Mr. Commissioner, you mean, then, due to legislation which has been passed here which has increased the manufacturing and labor costs, the costs have risen here, and in the Japanese textile industry they have either gone down or remained stationary, and the Japanese have taken the market away from the United States?

Mr. DELGADO. That is one reason, but, so far as the Philippines are concerned, there are other reasons which are discussed in detail in a statement I submitted not long ago to the Senate Committee on Agriculture. (See CONGRESSIONAL RECORD, Feb. 6, 1935, p. 1617.)

Mr. DELGADO. The main thing is the buying capacity of the Filipino people. I mean, if we can keep up a trade relationship with you which will maintain, on a reasonable level, our standard of wages, which is above that of all of our neighbors in the Orient, the market there for American goods is assured. But we cannot buy without money.

If we cannot sell our goods to you to advantage, and if you close your markets to our goods, and money does not flow into the Philippines, you cannot expect us to buy goods from you, because that is impossible. It is a question of give and take, as international trade is after all a question of buy and sell. No nation, unless the nation is self-sufficient (and the United States of America is the only one that comes so near to that ideal state) can afford to buy without selling, and no nation will buy from you unless it can sell you some of its goods in turn.

Mr. COFFEE. Mr. Commissioner, right along that line, I think you probably have figures.

Mr. DELGADO. Yes, sir.

Mr. COFFEE. Is it not a fact that we are at the present time buying approximately twice as much goods from the Philippines as they are buying from us?

Mr. DELGADO. I do not think so. There is a margin in our favor in the balance of trade of 1934, but it does not come to that proportion, and, as I said before, that balance of trade does not take into account the invisible items. Moreover, I want to call attention to the fact that a computation of what the Filipinos spend per capita on American goods shows that we spend five times more on American goods than Americans do on Philippine products. Of course, that is accounted for, the same as the balance of trade, partly, by the fact that there are 120,000,000 of people here in the United States and there are only 14,000,000 of us. And it works both ways. The per capita consumption on our part is more because there are less of us, and the ratio between what we consume of your goods is higher on our part than yours of our goods, notwithstanding the fact that the balance of trade is in our favor, without considering the invisible items.

Mr. COFFEE. Do the same tariff walls surrounding the United States surround the Philippine Islands, as well, or is there a differential in certain items?

Mr. DELGADO. In what connection?

Mr. COFFEE. As to foreign goods coming into the Philippine Islands at a lower price than they come into the United States. Is that not true in connection with certain goods?

Mr. DELGADO. You mean foreign goods going into the Philippine Islands?

Mr. COFFEE. Yes. Is the same tariff effective in the Philippines as is effective on foreign imports, in the United States, with certain exceptions?

Mr. DELGADO. My idea is that it is practically the same, because otherwise we would be making the Philippine Islands a gateway for dumping cheaper goods into the United States, which could not be tolerated and should not be the case.

Mr. DOXEY. There is this point which occurs to me. I realize the importance of the statement with reference to the invisible items, taxes, and so forth, but is it not a fact that there are some invisible items that are in favor of the Philippines as well as quite a number that might be classed as detrimental to us?

Mr. DELGADO. None that I can think of, because we have not the capital; we have no insurance companies with branches here, neither do we have transoceanic carrying vessels; we have not the big corporations and industrial companies that you have. All of that draws money from the Philippines. All of our shipping is done in your bottoms and on foreign ships. If you had more bottoms, I dare say the Japanese, English, and other foreign ships would not get the big share that they are getting now in the shipment of commodities to and from the Philippine Islands. We would be only too glad to ship on American bottoms exclusively, but when there are none available, your merchants and our shippers are forced to ship the goods on foreign bottoms.

Mr. DOXEY. I realize that covers a broad field, and I do not want to cause you to digress, but I just wanted to throw that thought out for consideration, because it may be defended before these hearings are over.

Mr. BOILEAU wants to ask some questions.

Mr. BOILEAU. It has been suggested that there are more foreign importations recently into the Philippine Islands than before; they have increased quite a good deal in the last few months.

Mr. DELGADO. That has been specially noticeable in textiles coming from Japan in the last year or so; and also in rubber shoes, because, as I said before, notwithstanding legislative protection and the fact that our people prefer your quality goods, our purchasing capacity has diminished and naturally those who only have 50 cents to spend cannot, even though they wish to, buy a shirt that is worth say a dollar.

Mr. BOILEAU. I want to suggest in that connection that if we here in the United States have not been able to prevent increased importations from Japan or of Japanese goods into this country, notwithstanding the protection of our own laws, we cannot very well expect the Philippines to prevent an increase of Japanese importations into the Philippine Islands, which are certainly more accessible to them.

Mr. DELGADO. I thank the gentleman for the contribution, that the Japanese incursion into the trade of the world is not limited to the Philippines. It has been felt right here in the United States and all over the world. It is a problem that we must face together. It must be approached in an intelligent manner and in the most friendly spirit. I believe it can be solved and solved satisfactorily if, as I said before, we view the problem as a whole, from the standpoint of the best interests of the United States and of the Philippine Islands and not as a class or sectional problem.

Another factor that should be considered is that while by the enactment of this bill Philippine coconut oil will cease to be used in the manufacture of oleomargarine and will undoubtedly be replaced by American cottonseed oil, the diversion of this product from the fields where it is now used into that of the oleomargarine manufacture would leave a gap that would be filled by foreign cottonseed oil and other similar oils, as has been shown in the case of the application of the excise tax on coconut oil.

I want to call your attention to certain figures from a preliminary report dated May 8, 1935, of the United States Bureau of the Census on the production, consumption, etc., of fats and oils. I have data showing that our imports here of coconut oil have diminished by reason of the excise tax, but more impressive to you probably will be the fact that the reduction of 20 percent in the quantity of coconut oil imported into the United States during the first quarter of 1935 as compared with the amount imported during the same period of 1934, by reason of the excise tax, was attended by importations into this country of foreign oils as follows:

Tallow oil, 60,400,000 pounds; palm kernel oil, 2,300,000 pounds; cottonseed oil, 47,574,477 pounds; and peanut oil, 18,375,000 pounds.

In other words, because of the displacement by American cottonseed oil of a portion of our coconut oil used in the oleomargarine manufacture by reason of the excise tax, the increase of the use of American cottonseed oil in oleomargarine from 5,500,000 to 31,000,000 pounds was accompanied by increased importations of foreign cottonseed oil to the amount of 47,573,000 pounds, and the other foreign vegetable and fat oils in the large amounts that I have just mentioned.

Mr. PIERCE. May I ask a question right there?

Mr. DELGADO. Yes, sir.

Mr. PIERCE. Would this bill stop those importations? Or would it decrease them, at least?

Mr. DELGADO. What will happen is that the use of our coconut oil in oleomargarine manufacture will be stopped by this bill and replaced by American cottonseed oil; but the American cottonseed oil so used, which will be taken from other fields, will in turn be replaced by cottonseed oil and other oils imported from foreign countries in larger quantities.

The excise tax has been mentioned here repeatedly, and questions have been asked me about it. I shall discuss now its effects on our exports to the United States.

Mr. Moser in his remarks the other day stated that the Philippines had received more money for their coconut-oil exports to the United States since the passage of the excise tax than before the levying of this excise tax. This is not a correct statement. The excise tax has been in effect since May 10, 1934. The value of the imports of coconut oil and copra from the Philippines into the United States, according to the records of the Department of Commerce, from May 1, 1934, to the end of March 1935, was $10,489,755. This is a decrease of $4,026,591 from the value for the corresponding 11-month period prior to the passage of the excise tax. For the period from May 1, 1933, to the end of March 1934, the value of coconut-oil and copra imports from the Philippines into the United States was $14,516,346. The decline in value of our exports of copra and coconut oil to the United States since the passage of the excise tax has been 27.7 percent.

The only thing which has saved us from an even greater loss has been the effects of the drought in the United States. Had it not been for the drought we would have had almost no copra and coconut-oil exports to the United States.

Mr. Moser further stated that coconut-oil exports from the Philippines to the United States only declined 7½ percent in 1934. The inference is that the excise tax reduced our coconut-oil exports only that much.

The facts of the case are that from May 1, 1934, to March 31, 1935, our exports of coconut oil to the United States were reduced 20 percent, and our exports of copra, which is of greater importance to us, declined 31 percent, as compared to the corresponding 11-month period preceding the passage of the excise tax.

Again I wish to state that had it not been for the effects of the drought in the United States the volume of our exports would have been reduced to a far lower figure as a result of the excise tax.

But, gentlemen of the Agricultural Subcommittee, these figures of values and quantities do not tell the whole story of the effect of the excise tax on our coconut producers who constitute over one-quarter of the population of the Philippine Islands. These coconut farmers are selling their coconuts and copra at almost starvation prices. The price they get for their copra is not enough to sustain them. That is probably the reason why farmers in two of the coconut-producing Provinces have been willing to listen to agitators and get themselves shot. These men were hungry and desperate. Had they been able to get a living out of the sale of their copra and coconuts, they would never have listened to agitators.

The United States Government collects a tax of 3 cents per pound on our coconut oil and returns it to the Philippine Government. But to the return of the money is attached the stipulation that we must not give one penny of it back to the coconut farmer. Your consumers in the United States do not pay the tax. It is our coconut producers who are forced to pay it because the American copra buyers pay us just that much less for our copra from which the coconut oil is made.

We are not permitted to give any of this money back to the coconut and copra growers who are almost starving. Is that fair?

Now, it is proposed to aggravate the misery of our coconut growers, by cutting off their highest paying market in the United States, which is the edible-oil market. Let each and everyone follow his own conscience in drawing his own conclusions.

I will ask the permission of the committee to insert the itemized data obtained from the monthly summary compiled by the Bureau of Foreign and Domestic Commerce, United States Department of Commerce on the effect of the excise tax on our copra and coconut-oil exports into the United States.

The matter referred to is as follows:

Value of copra and coconut oil imported into United States from Philippine Islands during 11-month period since passage of excise tax, compared with value of imports during corresponding period prior to passage of tax

[Source: Compiled from statistics on file with the Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce]

Month and year	Value of copra	Value of coconut oil
May 1933	$434,381	$805,836
June 1933	378,786	813,640
July 1933	822,923	379,366
August 1933	580,089	568,875
September 1933	574,132	894,807
October 1933	662,750	995,240
November 1933	767,679	1,022,645
December 1933	542,372	402,174
January 1934	408,798	1,185,658
February 1934	420,321	883,194
March 1934	434,046	538,634
Total	6,026,277	8,490,069
May 1934	452,338	620,228
June 1934	369,541	682,900
July 1934	71,924	788,477
August 1934	234,769	362,209
September 1934	167,258	387,712
October 1934	99,915	279,510
November 1934	519,409	468,613
December 1934	679,290	388,350
January 1935	462,860	788,864
February 1935	320,609	707,102
March 1935	933,179	705,158
Total	4,311,082	6,178,673

Value of copra and oil:	
1933–34 period	$14,516,346
1934–35 period	10,489,755
Decrease (27.7 percent)	4,026,591

Copra and coconut-oil imports from Philippine Islands into the United States (in thousands of pounds)

[Source of data: Monthly Summary of Foreign Commerce of the United States]

Month and year	Copra imports from Philippine Islands	Coconut-oil imports from Philippine Islands
May 1933	29,871	32,667
June 1933	28,983	29,776
July 1933	59,613	13,026
August 1933	43,905	22,727
September 1933	42,133	33,887
October 1933	52,074	36,203
November 1933	62,244	40,669
December 1933	42,111	15,971
January 1934	32,668	46,296
February 1934	34,037	35,816
March 1934	35,684	22,079
Total	464,323	329,117
May 1934	43,355	24,614
June 1934	31,471	29,047
July 1934	4,316	35,742
August 1934	19,947	17,210
September 1934	16,996	17,990
October 1934	8,792	14,810
November 1934	39,549	20,935
December 1934	51,511	17,492
January 1935	32,790	31,609
February 1935	18,433	27,738
March 1935	52,500	25,045
Total	319,660	262,230

Percentage of decline in copra imports for 11 months of 1934 and 1935 when excise tax was in effect (excise tax effective May 10, 1934), as compared to similar period in 1933 and 1934, was	31
Percentage of decline in coconut-oil imports for 11 months of 1934 and 1935 when excise tax was in effect (excise tax effective May 10, 1934), as compared to similar period in 1933 and 1934, was	20

* * * * * * *

Mr. DELGADO. Mr. Chairman and members of the committee, I have received a cablegram from Acting Governor Hayden of the Philippines, which contains the views of the Philippine coconut industry and expresses the opposition of this group to the bill under discussion, and the reasons and facts upon which they base their opposition. The attitude of the Philippine coconut industry is heartily endorsed by the Philippine government.

I will ask permission of the committee to have this cablegram inserted in the record as a part of my remarks.

Mr. KLEBERG. Without objection, it will be so ordered.

The cablegram above referred to is printed in the record, as follows:

[Radiogram received May 23, 1935]

"Secwar, Wash.,
"Cox,
"23d. 239.

"Following for Commissioners GUEVARA and DELGADO. Governor Hayden has sent following radiogram, no. 235, to Secretary of War: 'Philippine coconut industry sends following which is heartily approved and endorsed: "Philippine copra and coconut-oil entities vigorously oppose provisions Kleberg bill on the following grounds: During calendar year 1934, excepting fish oils, something over 99 percent of all factory consumed United States fats and oils suitable for edible purposes (cottonseed oil, peanut oil, corn oil, soybean oil, lard, edible animal stearine, oleo oil, edible tallow) went into edible or specialized industrial channels (Bureau of Census, Department of Commerce figures) definitely established that domestic consumption of coconut oil for same period applied against an actual edible deficit. During year 1934, 1,377,437,000 pounds of cottonseed oil were processed; whereas, maximum available, based on Government statistics from 1934–35 crop, is 1,050,000,000 pounds, making a further minimum deficit of edible material of 300,000,000 pounds; almost a hundred million pounds greater than total consumption during 1934 of coconut oil in United States for all edible purposes, which deficit must be filled from sources outside of continental United States. With such a shortage of edible material, we maintain there exists no justification for eliminating coconut oil from the edible market which, to a large extent, rescued the Philippine industry from the economic disaster brought about by the excise tax. This, without prejudice to American agriculture and industry, for as pointed out Philippines is filling a short supply and no United States edibles are being replaced.

"'Statements that passage of this bill will leave inedible industrial markets entirely in hands of Philippine Islands coconut-oil interests are without foundation, for excise tax has so increased manufacturing cost of soap that United States manufacturers are searching world markets for cheaper substitutes, success of which is manifested by decline in United States 1934 imports of copra and coconut oil by 40 percent and 29 percent, respectively, since tax went into effect as compared with previous years. There is no questioning the facts that Philippine coconut industry has suffered most severely during past 5 years; and while we recognize right and duty of Government to protect home industries, we also believe that Congress should prevent discrimination against our industries not only because of implied promises of the Tydings-McDuffie Independence Act, but particularly when our oil and copra only contribute toward making up a statistically established edible shortage. We believe strenuous representation should be made to prevent further discrimination against Philippine copra and coconut oil, which, if permitted to go on, must, through added harships, seriously upset social and economic life of one-sixth of our population.

"'I concur in above and trust you will do your best to oppose this bill. Rodriquez.'

"HAYDEN."

Mr. DELGADO. Mr. Chairman, I promised to insert in the record the statistics concerning the trade relationship between the United States and the Philippines, and I ask your permission to do that now. I have the statistics here dating back from 1854 down to 1934, inclusive.

Mr. KLEBERG. The committee requested that those figures be inserted, and therefore I presume there is no objection to having them included in the record.

(The statistics above referred to are printed in the record, as follows:)

[Source: Census of the Philippine Islands, vol. 4, 1903]

Year	Value, in United States gold currency, of merchandise imported into the Philippines by the United States, in certain calendar years from 1854 to 1902	Value, in United States currency, of merchandise exported from Philippines to the United States, in certain calendar years from 1854 to 1902
1854	$38,[illegible]	$2,655,627
1855	30,339	1,951,600
1856	203,004	3,544,941
1857	398,621	3,277,994
1858	45,536	2,251,474
1860	403,590	3,167,385
1861	71,113	1,447,786
1862	194,234	1,868,941
1863	146,630	1,532,213
1864	152,341	2,718,500
1865	220,675	4,685,644
1866	175,998	7,006,359
1867	59,970	6,843,713
1873	32,123	7,940,642
1874	71,969	5,340,175
1875	137,856	5,787,322
1876	71,896	5,566,351
1877	141,692	5,943,592
1878	121,205	5,118,605
1879	194,739	4,330,843
1880	442,034	9,373,658
1881	771,006	8,214,371
1882	1,378,327	6,676,949
1883	803,243	10,496,546
1884	398,900	6,868,321
1885	128,778	8,389,588
1886	424,480	6,662,200
1887	402,825	9,035,496
1888	463,187	6,951,558
1889	558,168	8,591,042
1890	540,638	3,213,204
1891	347,472	4,391,308
1892	208,331	2,902,800
1893	956,862	2,995,385
1894	362,732	3,681,615
1895	531,301	[1]
1898 (5 months, August to December)	567,266	1,637,844
1899	1,353,086	3,935,255
1900	2,153,198	2,960,851
1901	3,534,255	4,546,223
1902	4,153,174	11,475,949

[1] No data.

Philippine Island trade with the United States

Year	Imports	Percent of total imports	Exports	Percent of total exports	Total trade	Percent of total trade
1899	₱2,706,172	7	₱7,870,510	26	₱10,576,682	16
1900	4,306,326	9	5,921,702	13	10,228,098	11
1901	7,068,510	12	9,092,584	18	16,161,094	15
1902	8,300,348	12	22,951,896	40	31,258,244	25
1903	7,674,300	11	25,142,852	40	33,817,052	25
1904	10,197,640	17	23,309,936	40	33,507,576	28
1905	11,179,892	19	29,680,814	44	40,860,706	32
1906	8,955,772	17	23,738,578	36	32,694,350	27
1907	10,135,076	17	20,658,774	31	30,793,850	24
1908	10,203,672	17	20,901,510	32	31,105,182	25
1909	12,890,662	21	29,453,026	43	42,343,688	33
1910	40,137,084	46	34,483,450	42	74,620,534	41
1911	38,312,974	40[1]	39,845,254	44	78,159,228	42
1912	48,618,020	39	45,764,014	41	94,382,034	40
1913	55,232,522	50	32,858,036	24	86,220,558	42
1914	48,022,802	49	48,855,420	50	96,878,222	50
1915	52,762,138	53	47,306,422	44	100,068,560	48
1916	45,725,346	50	71,296,265	51	117,021,611	51
1917	75,241,295	57	126,468,717	66	201,710,012	62
1918	117,649,222	60	178,293,837	66	295,943,059	63
1919	150,982,829	64	113,305,384	50	264,288,213	57
1920	184,579,556	62	210,432,525	70	395,012,081	66
1921	148,260,030	64	100,713,586	57	248,973,616	61
1922	96,476,651	60	128,238,201	67	225,029,852	63
1923	100,705,070	57	170,004,046	70	270,790,116	65
1924	120,797,206	56	194,627,805	72	315,425,011	65
1925	138,595,166	58	218,089,883	73	356,685,049	66
1926	143,151,236	60	200,006,430	73	343,157,666	67
1927	142,956,594	62	232,076,500	75	375,033,094	69
1928	167,716,135	62	231,171,751	75	398,887,886	69
1929	185,185,917	63	248,930,946	76	434,116,863	70
1930	156,366,057	64	210,684,122	79	367,050,179	72
1931	124,279,366	63	166,844,793	80	291,124,159	72
1932	102,595,499	65	165,295,733	87	267,891,232	77
1933	87,080,813	65	182,626,053	86	269,706,866	78
1934	108,751,356	65	183,687,187	83	292,438,543	75

Philippine Islands overseas trade with five leading countries, showing share of United States

Year and rank	Country	Value of total trade (in millions of pesos)
1909		
First	China	24.7
Second	United Kingdom	13.6
Third	United States	10.6
Fourth	Spain	7.4
Fifth	Japan	2.4
1929		
First	United States	42.3
Second	United Kingdom	21.4
Third	France	11.6
Fourth	French East Indies	9.4
Fifth	China	8.2

Philippine Islands overseas trade with five leading countries, showing share of United States—Continued

Year and rank	Country	Value of total trade (in millions of pesos)
1919		
First	United States	264.3
Second	United Kingdom	44.5
Third	Japan	42.1
Fourth	China	19.7
Fifth	French East Indies	16.6
1929		
First	United States	434.1
Second	Japan	38.1
Third	United Kingdom	26.0
Fourth	China	20.6
Fifth	Germany	16.8
1934		
First	United States	292.4
Second	Japan	29.2
Third	Germany	9.3
Fourth	Great Britain	9.0
Fifth	China	8.0

Mr. DELGADO. I wish to call attention to the fact that from these statistics it will be seen that as far back as 1858 down to 1892 very close to 50 percent of the exports of the Philippines were taken by the United States of America, and from 1854 to 1897 the ratio of Philippine exports to the United States of America and the exports of the United States to the Philippines was 50 to 1. In other words, for every $50 that the United States bought from the Philippines, from 1858 up to 1897, the Philippines only bought $1 from the United States.

However, since American occupation the annual average ratio of imports and exports between the United States and the Philippines has been around $1.25 of Philippine goods purchased by the United States to $1 of American goods purchased by the Philippines. In other words, since American occupation, while the volume of trade has increased between the two countries the ratio has become more nearly equalized, which goes to show that free-trade relations between the two countries have been more beneficial to the United States. That is a very important fact to bear in mind in connection with the matter now under consideration, in my opinion.

Mr. ANDRESEN. There is really nothing startling about that, is there, Commissioner? You did not have much development in the Philippine Islands prior to 1898, as far as exports were concerned?

Mr. DELGADO. The point that I am trying to develop, if I may be permitted to do so, is the fact that prior to American occupation we bought from you only $1 worth of goods for every $50 you bought from us, whereas since American occupation, and especially since free trade has been in existence between the two countries, there has been a more nearly equalized ratio between the imports and exports from each other.

Mr. ANDRESEN. Did I understand you to say that prior to the occupation by America of the Philippine Islands the ratio ran about 50 to 1?

Mr. DELGADO. For every dollar's worth of goods we bought from you you purchased $50 for the Philippine Islands from 1858 to 1897.

* * * * * * *

To close, Mr. Chairman, I wish to say that I have endeavored to establish that the proposed bill is a violation of the covenant and trade agreement contained in the Tydings-McDuffie Act; that it will diminish the purchasing capacity of the Philippines; that it is bound to reflect probably more injuriously upon certain American products now being consumed in the Philippines; and that it will not appreciably benefit any of the American industries; and, as in the case of the excise tax, it will merely benefit the importers of foreign oils and injure Philippine coconut oil and copra.

I quite realize the necessity of reshaping the trade relationship between this country and other countries, in view of the abnormal conditions existing here, but it seems apparent that the trend of the general policy of the present administration is toward a reciprocal-trade agreement between this country and the other countries of the world. It would be well to state at this point that the President of the United States in a letter addressed to Governor General Murphy, dated April 11, 1935, announced that pursuant to the terms of section 13 of the Tydings-McDuffie Act he contemplates carrying out the provisions therein contained regarding the revision of trade shortly, and expressed the belief that a mutually beneficial reciprocal trade relationship might be established between the United States and the Philippines. The President further states that he would appoint a committee to represent the United States, which will meet with a committee to be designated by the chief executive of the Commonwealth of the Philippines, which will be inaugurated on November 15, 1935, for the purpose of considering the data which are now being compiled by the interdepartment committee of the United States Government on American Philippine trade relations.

Certainly it would seem the best part of discretion to do nothing at this time that might be in any way inconsistent, not only with the general policy of the present administration concerning American world trade but particularly with reference to its announced policy in connection with the revival of American-Philippine trade relationship.

And last, but not least, the fact should be borne in mind that the United States of America stands today as the only great nation supporting the inviolability and sanctity of international covenants. Its unparalleled altruism and great undertaking in the Philippines has raised the American moral value before the eyes, not only of the peoples of the Far East but of the whole world, and I ask you, Would you, as a people, as a nation, consider $6,000,000 as an adequate compensation for the depreciation of that high moral value which has accrued to you through your unselfish performance in the Philippines and elsewhere?

But glancing at the issue from its economic angle, I am moved to direct your attention to the fact that you are now spending annually millions of dollars in the study of projects for the development of new markets—mere possibilities—and yet you seem unwilling to invest $6,000,000 for the retention and expansion of a market that is already yours and which may be yours perpetually.

Mr. KLEBERG. Mr. Commissioner, you have just about one-half a minute left.

Mr. DELGADO. Thank you. Consequently, gentlemen of the committee, I shall close by saying that this matter deserves mature consideration from every angle. We are trying to establish a country at the other end of the Pacific Ocean—the Philippines—which might become in time the first line of defense of the Christian nations in that hemisphere. That work is as much yours as it is ours, and the success of that undertaking, regardless of political relationship, will be assured and greatly simplified by a close cooperation between your country and ours, commercially and in every other way. We feel that, regardless of political ties, we can be useful to you and you can be helpful to us, and we earnestly hope that you may, as we do, look at this question from the broadest possible plane rather than from any mere sectional standpoint.

I thank you gentlemen for the courtesy and kindly interest extended to me during this hearing.

Mr. KLEBERG. Mr. Commissioner, members of the committee, I think, desire to ask you some questions. Mr. ANDRESEN and Governor PIERCE, I believe, have some questions.

Mr. ANDRESEN. Just one or two questions.

Mr. DELGADO. Yes.

Mr. ANDRESEN. You spoke about the moral values on account of the United States work and the assistance that it has given to the Philippine Islands, which you view as commendable and I am sure is recognized all over the world.

It strikes me as rather strange that there should be shown such an overwhelming demand on the part of the Philippine Islands, that they have really overlooked or lost sight of the assistance that the United States has given them. Just let me ask you this question: Do you think the Philippines really want independence from the United States?

Mr. DELGADO. Certainly, but those two things should not be confused. I mean, the appreciation of the Philippines for the assistance rendered by the United States should not be confused with the people's desire to be independent. We have expressed that desire to be independent, to have an international status, from the very beginning of American occupation and American-Philippine relationship. Some of our leaders of thought advocated for statehood but we were given to understand that that was impossible, that it was impossible to grant us statehood, the condition of a state among the States of the Union. There was, as you can see, nothing else left for us to do and maintain our self-respect than to ask for an independent status. That did not mean, and does not mean, I repeat, that we do not appreciate what has been done for us by the United States. Our gratitude, I assure you, will outlive our condition of a possession of the United States. An independent Philippines would be just as grateful to the United States and could be just as useful under a mutually reciprocal trade relationship.

Mr. ANDRESEN. I voted for the Filipino independence bill.

Mr. DELGADO. I appreciate that.

Mr. ANDRESEN. And will do so again if it should ever come up.

Mr. DELGADO. I thank you. We appreciate that. We are, of course, anxious for such conditions as may be mutually beneficial to both countries, but the passage of a measure of this kind is not, in my opinion, conducive to the attainment of that state of affairs; neither would it be in consonance with the lofty ideals underlying the policy of continental United States toward the Philippines as I have come to know that policy.

Mr. ANDRESEN. I think that the Philippines would be better off if they had been willing to retain their present status.

Mr. KLEBERG. Governor Pierce, did you have a question?

Mr. PIERCE. No; he has covered it.

Mr. KLEBERG. We desire to thank you, Mr. DELGADO.

Mr. BIERMANN. May I ask a question?

Mr. KLEBERG. Certainly.

Mr. BIERMANN. Commissioner DELGADO, I did not hear some of your testimony the other day, and I would like to ask you a question.

Mr. DELGADO. Yes.

Mr. BIERMANN. From what you said this morning I gather you feel there is some moral obligation on the part of the United States not to enact this kind of law. Will you tell us what that is?

Mr. DELGADO. Gladly. As I stated before, I would regard the passage of this bill as a violation of the covenant embodied in the

Tydings-McDuffie Act between the Filipino people and the United States.

Mr. BIERMANN. For what?

Mr. DELGADO. In that the said act required the acceptance of its terms by the Filipino people before they become effective. Two main propositions were offered to the Filipinos for acceptance or rejection, namely, grant of independence after a 10-year transition period and trade relations as set forth in section 6 of the Tydings-McDuffie Act. Certainly, the requirement that the people of the Philippines should vote on these propositions was not inserted by Congress in that act if it was to be meaningless, if Congress would not abide by the decision which itself established as a condition precedent to the effectiveness or validity of the terms and conditions, it has prescribed. Section 6 of that act establishes that we can bring into this country absolutely free of duty 200,000 tons of coconut oil and any amount of copra; there is no limitation for copra. And this bill tends to bar the use of all our coconut oil and copra in the edible market; that is, in the manufacture of oleomargarine.

Mr. BIERMANN. It is your opinion that this bill that we have before us, if enacted, would violate the Tydings-McDuffie agreement?

Mr. DELGADO. Yes, sir.

Mr. KLEBERG. Is there anything further? If not, Commissioner, we desire to thank you. And, in conclusion, the Chair would like to call your attention to the general bill of exceptions and to one of the reasons for any exceptions to the bill, which I take it is fundamentally the most important one, and that is the reason that you assign, that your Government raises, that there would be a curtailment in the imports of coconut oil to this country, and that there will be a serious embarrassment to the Filipino people. And the point that I suggest now I have not heard discussed—and if I am wrong, I will stand corrected by your statement—that is, that even if this bill were enacted into law that the Filipino people would not be so seriously embarrassed by its effect on their ability in self-government. Am I correct in that statement?

Mr. DELGADO. I stated that the moral principle at stake is by far more important than the $6,000,000 worth of coconut oil which is involved, and I stated also that the psychological reaction of the Filipinos to the fact that the Tydings-McDuffie law may be changed at any time would be far more distressing than the impending loss of the $6,000,000 involved in this bill.

Mr. KLEBERG. The point that I am trying to make, Mr. Commissioner, is to allay your feelings and your fears with this brief statement, and you have made a very excellent presentation from the standpoint of trade relations between the United States and the Philippines, indicating, of course, your desire to be essentially fair in all your statement, the basis of which is that you have a real fear with reference to the operation of this law in that it would curtail the importation from the Philippine Islands of coconut oil, and the basis of that fear, in my opinion, is a conjecture that we would, of course, replace the Filipino coconut oil in the margarine field with foreign oils——

Mr. DELGADO. No; I beg your pardon. My point was that the Filipino cocoanut oil will be replaced by American cottonseed oil, and that the American cottonseed oil used for the purpose for which coconut oil is now employed in oleomargarine, will, in turn, have to be replaced by imported foreign oils and the ultimate result will be that imports of coconut oil and copra from the Philippines will necessarily decrease.

Mr. KLEBERG. Just let me continue just a moment.

Mr. DELGADO. Yes, sir.

Mr. KLEBERG. The point I am driving at is this: As a matter of fact, the volume of coconut oil now used in the manufacture of oleomargarine will be replaced by edible fat and oils produced in America that are now going into the soap kettle, and the Philippine coconut oil imports will remain and unquestionably go where these American products are now going to take their place in the shift.

Now, of course, you recognize that with reference to American fats and oils we have in this country at present and for a while back a surplus of these American-produced fats and oils, that are used in the manufacture of soap; and we also have cottonseed oil at the present time going into other fields that would be available with reference to displacement of coconut oil now used in margarine manufacture.

* * * * * * *

And so far as your feeling that the Philippine people are perturbed and upset at what you might term a "moral covenant" between the Philippine Islands and the United States, I am quite sure that the facts are to the contrary, and I hope that the Commissioner—and I know that he will—when he comes to discuss this matter before the House will also give consideration to the question of whether there is not a moral obligation on the part of the Philippines to be helpful in our progress as much as there is for us to help the Philippines.

Mr. DELGADO. I wish to thank you for the contribution in the last part of your statement, but may I be permitted to make this comment?

Mr. KLEBERG. Yes; go right ahead.

Mr. DELGADO. You have presented the best argument possible for the other side. But I wish to stress the fact that the edible field is the most lucrative market in the United States for Philippine coconut oil, and your bill proposes to close that market to our coconut oil. On the other hand, the coconut oil thus barred from the oleomargarine field cannot be absorbed by the soap industry, as I am assured by those in that business and are better informed. But even if it could be absorbed, the Philippine cocoanut oil would still suffer an unwarranted disadvantage by the proposed bill, because it commands a better price in the oleomargarine field than in the soap industry. The acting chairman of the committee is quite right that the Filipino people will always be ready to meet any situation more than half-way, but I still insist that the way to get at the problem would be by a general revision, taking the entire trade relationship as a whole and systematically and not by piecemeal would be partial solutions.

Mr. KLEBERG. The chairman feels quite naturally very hesitant to take the time of this committee, when it is hearing other witnesses, since the bill was introduced by him, to discuss it or give information, but will do so at the proper time. With reference to the Commissioner's last statement that the edible-fat market was the best market and found its best market in America, I am sure that the Commissioner would not object to that market being made available to the American producer who makes that market possible by his payment of taxes. I just want you to think about that in the preparation of your statement when and if the matter is up for consideration on the floor, because I am sure that the Commissioner's patriotism, if the same situation faced him in his country that exists among the American producers, would take that position with reference to the question here under consideration.

Mr. DELGADO. Naturally, Mr. Chairman, patriotism should be the underlying consideration. But without admitting that you are right in your final conclusion, I would suggest that the question be taken up as a part of the whole and that a general revision be made so as to find out where we would be most mutually beneficial to each other and less injurious to any particular section or group.

Mr. KLEBERG. I am sure that will be taken up in that manner, that the whole matter will be considered in its national and international aspects. I can assure you that the discussion will embrace all of that before any action is taken.

Mr. DELGADO. I thank you very much, Mr. Chairman.

May I be permitted to read a cablegram that I have just received?

Mr. KLEBERG. Without objection.

Mr. DELGADO. It is very short. It is addressed to the Philippine Resident Commissioners, at Washington, D. C. It reads:

"We heartily approve cables nos. 235 and 236 from Governor General Hayden to the Secretary of War, made public May 24."

It is signed by the Pamplona Coconut Co., which is an important concern devoted exclusively to the planting and growing of coconuts. The first cable that it endorses is the one from Acting Governor Hayden for which I have previously requested permission to insert in the record.

* * * * * * *

Mr. DELGADO. Mr. Chairman, without any desire to impose upon the benevolence of the committee, I just want to say that I have received another cablegram from the Polo Coconut Plantation endorsing the aforementioned cablegram of Governor Hayden, and I would like to have that made a part of the record. I would like to read it.

Mr. KLEBERG. Without objection, that permission will be given.

Mr. DELGADO. It is addressed to the Philippine Resident Commissioners and states:

"We heartily approve cables nos. 235 and 236 from Governor General Hayden to Secretary of War, made public May 24."

It is signed the "Polo Coconut Plantation", which is another important planting concern located in the Province of Oriental Negros, P. I.

ARMY PROMOTIONS

Mr. O'CONNOR. Mr. Speaker, to get back to business, after we have been so thoroughly subdued and castigated by that great Jeffersonian Democrat from that great Jeffersonian country on the banks of the Hudson, I call up House Resolution 295.

The Clerk read the resolution, as follows:

House Resolution 295

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1404, an act to promote the efficiency of the national defense. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, this is one of those gag rules which the gentleman from New York has just been talking about for the consideration of the Army promotion bill. The rule provides for 2 hours' general debate.

Mr. Speaker, I offer an amendment at this time reducing the time to 1 hour.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 1, line 7, after the word "exceed", strike out "two" and insert the word "one", and change the word "hours" to "hour."

Mr. O'CONNOR. Mr. Speaker, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 1, line 8, after the word "the" and before the word "Committee", insert "chairman and ranking member of the."

Mr. HOEPPEL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HOEPPEL. Mr. Speaker, may I be recognized in opposition to the amendment?

The SPEAKER. The gentleman from New York [Mr. O'CONNOR] has the floor.

Mr. O'CONNOR. I do not yield for that purpose.

Mr. Speaker, I yield 10 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. TRUAX. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair will count.

Mr. TRUAX. Mr. Speaker, I withdraw my point of no quorum.

Mr. RANSLEY. Mr. Speaker, I yield five additional minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Speaker, the gentleman from New York [Mr. O'CONNOR], the Chairman of the Rules Committee, has just criticized a Republican Member because he objected to gag rules. This is a gag rule presented here today. This bill is being brought up under a gag, and although I have 37 years' active and retired service in the Army I am denied the privilege and the right, as a Representative of the people, to have ample time to explain this bill. It is un-American, in principle, that the Congress of the United States should gag a man who has important, pertinent information to present on this bill, whose knowledge is based on actual personal experience in the Army, and who is speaking in the interest of the taxpayers of the country.

The Army lobby wrote every word of this bill and gave orders that not one line be changed. I understand that the Chairman of the Military Affairs Committee wanted to change this bill but was unable to do so.

The War Department lobby has apparently even deceived our President. I have a letter here in my possession which shows this conclusively. I know the President would not certify to a lie, and there is a pure lie involved in the letter which he signed. Obviously he was deceived by the War Department lobby, and I challenge any man on this floor to refute my charge.

If the House of Representatives would give me ample time, I would give you some pertinent facts. We are here to pass upon legislation by which able-bodied men, after only 15 years of service, are to be retired to become a drain on the taxpayers for the balance of their natural lives, and these are men who, after 15 years of service, should be in full possession of their faculties and the most able and efficient men in the service.

This is a "pork" measure of the most malignant kind. It is putrid, it is rancid, it is criminal, and no Democratic Member of the House can vote for this bill and claim he is a Democrat who wishes to live in accordance with our platform declarations of 1932.

I would like to remind you of the words of our President:

I regard reduction in Federal spending as one of the most important issues of this campaign. In my opinion it is the most direct and effective contribution that government can make to business.

Further speaking:

We must move with a direct and resolute purpose. The Members of Congress and I are pledged to immediate economy.

This bill is a violation of the first principles of economy. If I had sufficient time I could prove conclusively that this measure entails a potential, annual cost to the taxpayers of from nine to twelve million dollars. How can any Member of the Congress, recognizing as he does the desperate plight of the people in his district, vote for such a measure?

I have in my hand a newspaper clipping with regard to a man who was put in prison because he stole two potatoes. In my own district another unfortunate unemployed worked 8 days and the Government paid him in 14 different checks. Twenty-five percent of the people in Los Angeles County are on public relief, and yet in this bill we are asked to provide that 9,073 officers of the Army shall receive a minimum of $379 per month and from this amount on up to $534, plus free, palatial quarters, plus free residence in which to live, plus free fuel and electricity, plus free ground service, plus free medical and dental care for themselves and families, plus unlimited sick leave and 1 month's annual leave. In addition to this they buy their supplies from 10 to 40 percent cheaper than you and I. Their aggregate compensation, including their allowances, will approximate from $600 to $800 per month, and we are asked to provide, by the enactment of this bill, that over 9,000 of the 11,750 officers shall receive this amount.

How can you go back home and look the unfortunate, unemployed man in the face and know that you have been a party to a Treasury raid, that you are providing for individuals who already have enough and who, certainly, if they are patriotic citizens, should not come before the Congress of the United States at this time and ask more for themselves?

Mr. MORITZ. Mr. Speaker, will the gentleman yield?

Mr. HOEPPEL. I yield, briefly.

Mr. MORITZ. What amount of money per month do the officers get after they are retired?

Mr. HOEPPEL. The average pay for officers on the retired list of the Army today is $3,348 per year. Under this bill you are providing retired pay of from $149 to $360 per month to able-bodied officers, bear in mind, and if you will read the report of the hearings you will find that this committee was apparently paralyzed. There is not a question in the hearing where they asked the cost of the retirement—not one question as to how much this retired pay will cost. The report from the War Department is absolutely at variance with facts. It appears that there is a deliberate attempt to deceive the Congress of the United States in reference to the cost of this measure.

These officers whom the bill seeks to elevate in rank receive 5-percent increased pay every 3 years. If you will read the report, you will find that during the next 3 years there is no increase of pay provided for those in the higher rank. It is admitted that this bill will cost over $700,000 annually, but in 3 years' time all officers will be receiving the 5-percent increase and in another 3 years there will be another step up, and so, regularly, at the end of every 3-year period. Thus it is absolutely impossible accurately to estimate the huge amount which the taxpayer will be called upon to pay over the years under the provisions of this "pork" measure.

The man who wrote the bill told me over the telephone that the bill does provide an increase, but this pertinent fact was not included in the report or the hearings.

Now, I am fully informed in reference to this measure, but it appears that some members of the committee are not, and they seem determined to keep the membership of the House in similar ignorance. Yesterday you heard the Chairman of the Rules Committee say that the Secretary of War called on him three times and said that the bill must be enacted into law.

In the Seventy-third Congress we had "must" legislation sent down here by the President, but here we have "must" legislation sent by a bureau head.

If you look in the Army Register on the last page you can verify for yourselves my statement that the officers will continue to step up every 3 years with 5-percent increases.

Today our retired list costs over $11,000,000 for the Army officers alone, and for the Navy officers over $7,000,000.

A service periodical which is in favor of this promotion bill published the following recently, which I shall read to you:

Luckier than the Army, for the moment, anyhow, the conferees of the two Houses on the Navy increase bill have agreed, and both Houses have confirmed the agreement. So there will be more naval promotion selections, justifying congratulation, and alas, more competent officers passed over and put on the way toward retirement.

Under the perfected Copeland amendment, retired naval officers will be able to hold and secure jobs with concerns which do busi-

ness with the Government. That's the big news for them. The only restriction is upon direct participation in sales to the Navy Department. Now let's have removed the remaining restrictions upon employment of these officers, both Army and Navy.

According to the sentiments expressed in the first paragraph of the article just quoted, they are satisfied to see competent officers placed on the retired list. What matters it to them the cost to the taxpayers? Yet, in the second paragraph they are asking for the right to jobs for these same officers who are retired with pay as high as $360 per month.

Mr. MAAS. Will the gentleman yield?

Mr. HOEPPEL. I have not the time. If the gentleman will give me more time I will be glad to yield.

Mr. RANSLEY. I will yield the gentleman 2 minutes more.

Mr. HOEPPEL. I yield.

Mr. MAAS. The gentleman from California has served a great many years in the Army, and he knows something about the service. Does the gentleman desire our boys to go into battle with a 45-year-old second lieutenant, a 50-year-old first lieutenant? Would he want to serve under officers too old to be competent?

Mr. HOEPPEL. I will answer the gentleman's question and then because of my limited time, I must ask that the Members refrain from asking me to yield further.

Who went into the World War and fought the battles? Not the West Pointers. They lost only 32 officers in the World War as the result of combat.

The officers who fought and died in the World War were the enlisted men in the Army, who were commissioned—the National Guard officers, and the Reserve Corps officers. I served over there, and I know.

I decline to yield further.

Mr. MAAS. I served over there, too.

Mr. HOEPPEL. The Chairman of the Committee on Appropriations [Mr. BUCHANAN] is opposed to this bill. He says:

> I am opposed to all promotions not now provided by law, until our country emerges from the depression.

There is a man of good sense. He says further:

> The best way, however, is to prevent the bill becoming law.

I ask you, fellow Members, what are you going to do? Are you going to follow the dictates of the War Department whose principal lobbyist, Colonel Phillipson, is here, asking you to appropriate millions of dollars for able-bodied officers to go on the retired list? That same individual disapproved a bill of mine for a man, a poor enlisted man, whose legs were cut off, who was asking for artificial limbs. He served in the Philippines and also in France during the World War. Now this colonel comes in here and asks for millions of dollars for these highly educated, competent officers, already well provided for, which will permit them to go into civil life and take jobs away from some other unemployed men. Are you doing your duty? Will you be doing your duty if, as representatives of the people you support a measure of this kind?

I will give you some more facts as I get time under the reading of the bill. I have a number of amendments to offer.

How can any man, in reason and conscience, vote to permit an able-bodied man, after 15 years' service only, to become a constant drain on the taxpayers, with as high as $360 per month retired pay?

Mr. DUNN of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. HOEPPEL. Yes.

Mr. DUNN of Pennsylvania. Did I understand the gentleman to say that men who attain the age of 35 or 40 years would be retired at $300 a month?

Mr. HOEPPEL. West Pointers may be retired at the age of 37, able-bodied men, highly educated, competent and efficient. This bill authorizes retirement for 4,500 able-bodied officers, and the War Department apparently wants to do it as soon as possible. There is a bill in the Senate to bring into the active service 2,000 Reserve officers, so that 4,500 able-bodied officers may be retired, possibly for no more valid reason than that they were not graduates of West Point.

Mr. KENNEY. Would the gentleman object to the retirement of officers in the aviation branch of the service after 15 years of duty?

Mr. HOEPPEL. Why cannot they be grounded and do their duty as other officers? If you pass this bill, just think of it, those of you who have had military service, there will be almost as many colonels in the Army as there are second lieutenants. I have some astounding facts to give you if my time will permit me to go sufficiently into detail. But my time is limited and I am thus gagged in my efforts to present the full facts in reference to this bill. The Chairman of the Committee on Military Affairs is not here. He knows that I am right in my stand on this bill. He wished to amend the bill in committee, but the members would not permit it. He tried to save money for the taxpayers and he was defeated in his effort. That was the situation. Are you going to permit all the time in discussion of this "pork" measure to be given those who are in favor of its enactment? I would like to ask the gentleman from Alabama [Mr. HILL] how can he go back into his district and look at the poor cottonpickers who get only 35 cents per hundred, who make 70 cents per day, and explain to them why he voted to put these able-bodied men on the retired list?

Mr. HILL of Alabama. Oh, if the gentleman would sit down and read the hearings and understand what is in this bill and get the facts, he would be as strong for it as I am. The trouble is that the gentleman has all misinformation and no real information.

Mr. HOEPPEL. Answering the gentleman from Alabama, may I call his attention to the fact the whole truth is not presented in the hearings?

I will say for the credit of the Republican Party, that the Republican Party would not sponsor a similar bill, although repeated effort was made when the Republican Party was in power to put through a "pork barrel" measure of this type.

The Republicans who support this bill today will have no basis for criticism of the Democrats for not balancing the Budget, and tomorrow we will have the tax bill, to soak the rich. Why soak anyone to provide additional revenues if they are going to be utilized for a privileged class and at the expense of the taxpayers? It is unfair, un-American, and no Member of this House can be honest and square to himself and to the unemployed in his district and vote for this "pork barrel" bill.

The veterans' organizations are opposed to it. Here is a letter from a veterans' group opposing this measure.

Mr. EKWALL. Mr. Speaker, will the gentleman yield?

Mr. HOEPPEL. Yes.

Mr. EKWALL. How would the number of colonels compare with the number of Kentucky colonels if this bill passes?

Mr. SNELL. Oh, there is nothing in this bill that is against the Kentucky colonel, is there?

Mr. EKWALL. No.

Mr. SNELL. All right; I am for the bill.

Mr. HOEPPEL. I would answer the gentleman by stating that a former Member of Congress said that we will have a Mexican army, filled up by colonels, with no additional second lieutenants—only 791 for the entire army.

Just think of it. Six hundred and twenty-eight colonels. What is the duty of a colonel? Why, to look pretty, sit in an office, and tell a sergeant what to do. [Laughter and applause.] I went through many years of it.

What I am opposed to especially is that the Congress of the United States, composed of supposedly intelligent men, men interested in the desperate plight of their constituents, will listen to the myriads of officer lobbyists in the city of Washington—who, by the way, do not wear their uniforms—and then they will vote for "pork" like this!

Why vote more "pork" for the already overprivileged class which is constantly apprehensive over the menace of communism? If there is anything that will make for communism it is legislation which ups one group and downs the other. That is what will make communism.

I know that my time has almost expired, but I wish to urge again that the Members of Congress bear in mind the desperate plight of their own constituents, heed the voice of reason and conscience, and support the viewpoint of the chairman of our Committee on Appropriations. I will read his statement again. He said:

> I am opposed to all promotions not now provided by law until our country emerges from this depression. The best course, however, is to prevent the bill becoming a law.

I hope those of you who are interested in the people will vote down the rule. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Speaker, we have just listened to a man who is perhaps the best-informed man in the House on veterans' affairs and affairs of the Army, at least he claims to be, but I am quite sure if the gentleman from California had given this bill the careful study he should have given it, if he had looked upon this bill from the viewpoint that the members of the Committee on Military Affairs looks upon it, as a bill to promote the interests of the service, as a bill to promote national defense, he would not be so violent in his denunciation of it.

Mr. HOEPPEL. Will the gentleman yield?

Mr. FADDIS. Mr. Speaker, I refuse to yield now or later to the gentleman from California.

Mr. HOEPPEL. I would like to ask the gentleman a question.

Mr. FADDIS. I refuse to yield.

Now, in the consideration of this bill the Committee on Military Affairs took into consideration the fact that throughout the past, as the gentleman from California [Mr. HOEPPEL] stated, similar legislation has failed of passage. The reason for the failure to pass similar legislation is not that our friends on the Republican side would not do it. The fact is simply this, that into this piece of legislation were injected many controversial subjects that prevented the passage of this legislation.

Mr. SHORT. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. SHORT. Did the Republican members of the present Military Affairs Committee report this bill favorably?

Mr. FADDIS. Unanimously, I believe.

Mr. HOEPPEL. You believe. Why do you not tell the truth?

Mr. FADDIS. I refuse to yield to the gentleman from California, Mr. Speaker.

Mr. HOEPPEL. Tell the truth. I know the truth.

Mr. FADDIS. When we considered this bill we considered it from the viewpoint of accomplishing something to remove the so-called "hump" from the commissioned personnel of the Army. Now, it might be pertinent to give some explanation as to what this hump consists of and how it got into the Army. Following the World War, upon reorganization of the Army, some 5,600 officers were taken into the service. They were men who had approximately the same length of service. They were men of varying degrees of age. All being taken in around the same time, it caused a stagnation in the promotion list of the Army. I could perhaps best picture this so-called "hump" in the Army by an illustration. Each and every one of you, at least those who have lived in the country, have at one time or another seen a black snake which had swallowed a rabbit. That is exactly what this hump in the Army is. This great hump in there cannot be gotten rid of until it works its way out; until it is digested and taken care of. That is the best illustration I could give you as to this hump in the Army.

Mr. SABATH. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. SABATH. The gentleman or the Army officers are under the impression that they cannot conveniently or safely digest these 640 men who were not West Point appointees. Is that right?

Mr. FADDIS. Oh, there are a great many more men than these 640 who are not West Point appointees. The gentleman is misinformed on that subject.

Mr. SABATH. I was simply asking for information.

Mr. FADDIS. If there were only 640 in there, the due process of attrition would digest that; but that is not what the hump consists of. That could be absorbed, but the process of attrition among the commissioned personnel of the Army will not take care of the hump. We have a condition in the Army at the present time where a great many very excellent men are serving in grades where they are not able, because of their age, to render the efficient service they should be able to render. Therefore the Army is suffering because of this. A great many of those very excellent officers have passed the age where they can efficiently serve, even in time of peace, much less in time of war, in the grades of company officers.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I will not yield to the gentleman from California. I did not ask him to yield to me; I will not yield to him.

It is known to be desirable for the benefit of the service that some means be provided whereby these officers can either be moved along into grades commensurate with their age or that means may be provided whereby they can be retired.

The gentleman from California held up to the Members of the House the argument that this would be an officers' retirement. There is nothing of the kind in the bill. The retirement of these officers after 15 to 29 years of service is at the discretion of the President. So that argument is wiped out.

Mr. BIERMANN. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. BIERMANN. In what grades does this hump exist?

Mr. FADDIS. This hump exists in the grades mainly between captain and lieutenant colonel; most of them, however, are captains.

Mr. BIERMANN. The bill reads:

> Promotion list of the Regular Army and Philippine Scouts.

What is meant by "promotion list"?

Mr. FADDIS. The promotion list is the list of officers of the Army arranged according to their grade. When a captain reaches the head of the file of captains, when he is the senior captain, then when there is a vacancy in the grade of major he is promoted to fill the vacancy.

Mr. BIERMANN. I understand that; but what is the distinction between being on the promotion list and not being on the promotion list? The bill excepts officers in the Medical Department, chaplains, and certain other services.

Mr. FADDIS. They are not on the promotion list because they are promoted after a certain length of service in the grade.

Mr. BIERMANN. If they are not on the promotion list they are promoted after a certain length of service?

Mr. FADDIS. Their promotion is automatic; yes.

Mr. BIERMANN. And if they are on the promotion list, then the highest ranking captain is promoted to the first vacancy occurring among the majors?

Mr. FADDIS. He takes the first vacancy in the grade above captain. This bill puts the officers on the promotion list on the same footing as the officers not now on the promotion list.

Mr. BIERMANN. Promotions from the promotion list depend on vacancies, whereas promotions of officers not on the promotion list depends upon length of service?

Mr. FADDIS. Upon length of service in the grade; that is true.

Mr. BIERMANN. I thank the gentleman.

Mr. FADDIS. The gentleman from California also held up to the Members of the House the fact that there had been a great deal of lobbying done by men in high ranks in the Regular Army in favor of this bill. I want to call the attention of the Members of the House to the fact that that is true, but I also want to call the attention of the Members of the House to the fact that there is not a man, not one single man who met with the committee, who appeared before the committee in the interest of this bill who will be benefited by a raise in rank or by an increase in salary by

the terms of this bill, not one single one. Each and every one of those men who appeared before the committee in the interest of this bill appeared there because they were men who were thoroughly acquainted with the Army, who were thoroughly acquainted with conditions in the Army, and because they were men who have the interest of the Army at heart; that was their sole and only purpose in appearing before this committee.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 3 additional minutes to the gentleman from Pennsylvania.

Mr. MORITZ. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. MORITZ. How much would it cost to put these men on the retired list on a pension?

Mr. FADDIS. Does the gentlemen mean all the men in the hump?

Mr. MORITZ. Yes.

Mr. FADDIS. I could not say; I never made an estimate.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield to permit me to answer that?

Mr. FADDIS. But it would cost a great deal more than will be the cost of the pending bill.

Mr. MORITZ. Does the gentleman have any idea of how many millions it would cost?

Mr. FADDIS. No; I could not give the gentleman an idea. I would not want to venture an opinion without making an estimate of it.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield to permit me to answer that question? I can answer any of these questions.

Mr. MORITZ. Does not the gentleman know how much money it will cost, whether it will be $2,000,000 or more?

Mr. FADDIS. The gentleman means to put these officers on the retired list?

Mr. MORITZ. Yes.

Mr. FADDIS. But they will not all be going on the retired list; no; the gentleman is entirely mistaken.

Mr. MORITZ. How many are now on the retired list?

Mr. FADDIS. I could not say. The purpose of the bill is to enable those who desire to retire at the discretion of the President. No; the gentleman is laboring under a misconception gained, I think, from the gentleman from California [Mr. HOEPPEL], as to the provisions about the retiring of officers under this bill.

Mr. MORITZ. Only those officers will be retired who want to retire?

Mr. FADDIS. Yes; and then only if the President gives his consent.

Mr. BIERMANN. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. BIERMANN. I understand the gentleman to say that if an officer is on the promotion list he is promoted only when there is a vacancy in the grade above him?

Mr. FADDIS. Yes.

Mr. BIERMANN. And if he is not on the promotion list he is promoted after a certain length of service?

Mr. FADDIS. That is true at the present time, but not under the provisions of this bill.

Mr. BIERMANN. But at the present time if he is not on the promotion list he is promoted automatically after he has served a certain length of time in his grade?

Mr. FADDIS. The gentleman is correct; that is true.

Mr. BIERMANN. Then he is better off at the present time not to be on the promotion list.

Mr. FADDIS. Those who are not on the promotion list are better off at the present time than those who are on the promotion list.

Mr. BIERMANN. And, as I understand it, this bill will rectify that injustice?

Mr. FADDIS. Yes; for after they have served a certain length of time they will go on up.

Mr. BIERMANN. A bill this Congress passed sometime ago provided for an increase in the Army by 46,000 men.

Of course, the 46,000 will be buck privates to start with. Is that increase not going to provide a lot of vacancies for every grade of officer and every description of noncommissioned officer?

Mr. FADDIS. That is true, and it will prevent the Mexicanization of the American Army as to higher officers. It will create vacancies where younger officers may be brought into the Army to grow up with it and be of some benefit. This bill will prevent the American Army from getting in the same condition in which we found it just prior to the Spanish-American War, at which time we found officers who had been left over in the service from the Civil War were old, gray-headed grandfathers acting as junior captains in the American Army.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Speaker, this bill, in my opinion, is very essential at the present time. Frankly, it does not go so far as I should like to see it go in the matter of promotion, but during the transitory period from the existing conditions in the Army until we can get a more equitable program I think this is vitally essential to the military force. After all, Mr. Speaker, the heart of a military organization is its morale. You can have no organization without it. Under our philosophy of government we maintain a very small, permanent Military Establishment. The gentleman from California [Mr. HOEPPEL] does not seem to understand the purpose of the Army in peace time.

Mr. HOEPPEL. Will the gentleman yield? I will tell the gentleman something about morale.

Mr. MAAS. I shall be very glad to hear the gentleman.

Mr. HOEPPEL. Does the gentleman, as a military man, believe if you advance an officer in rank to the grade of lieutenant colonel or colonel that you are contributing to the morale when you are forcing that officer to perform duties below his rank? That is what we are doing in this bill. We are decreasing morale instead of increasing it.

Mr. MAAS. That depends also upon the element of age. The gentleman asked a question about promoting an officer to the grade of lieutenant colonel, then performing a duty at less than that rank. In peace times we do not always have such definite duties for each rank. We may have a lieutenant colonel on detached duty with civilian components. The important thing is the question of age. If the man is in the age group where he should be a lieutenant colonel, then he must be a lieutenant colonel to keep up the morale.

Mr. HOEPPEL. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman.

Mr. HOEPPEL. So the Members of the House may understand what I mean——

Mr. MAAS. Is the gentleman making a speech?

Mr. HOEPPEL. Let me suggest this illustration.

Assume that in the police department of the city of Washington you promote all the patrolmen to be captains. Are you increasing the morale when you take the patrolmen and put them in as captains? You are taking the lower-grade officers away and putting them up to higher grades.

Mr. MAAS. I will explain my position on this bill without help from the gentleman from California. I think I am capable of explaining what I mean.

Mr. Speaker, the important element of morale in the military service is to have officers capable by their physical condition, their mental equipment, and age to perform the duties of their grade. It is the most demoralizing thing on earth to have an officer in the age group of a colonel still in the rank of first lieutenant. If an emergency should come up where the men had to follow that officer, do you think it is fair to ask the soldiers themselves to follow a man into action who is too old to lead them in an engagement, who is not capable of thinking fast enough on that job as a youngster must, a man who has reached the age group of an executive? Furthermore, it is a terrific waste to train officers and hold them in the menial lower jobs when they are capable of broad executive function. Now, some mention has been made of the cost. There is very little cost involved in this bill and the cost does not operate

until you get down to the grade of first lieutenants who are promoted to captains and second lieutenants who are promoted to first lieutenants. The captains, majors, and lieutenant colonels who are promoted will involve no additional funds. They are already in the pay bracket of the next higher grade. The only increase in pay is involved in these two lower grades, and that is where they need it. Think of these second lieutenants drawing $125 a month trying to support families. The first and second lieutenants need the additional pay and they are the only ones who get it. This involves only the lower grades, up to the grade of captain.

An effort has been made to have the Members believe this bill will give people who are now living in great luxury even more luxury. I want to tell you that most of these officers are now in debt. Maybe you do not realize what you are doing to them. May I say, for illustration, that if you prohibit the use of private automobiles at the expense of officers themselves, you would shut down the whole Army. You could not operate a military post under our military system if the officers could not use their own automobiles and burn their own gasoline all on Government business. Maybe you do not realize that, Mr. HOEPPEL.

Mr. HOEPPEL. I can tell the gentleman that they are even asking for gasoline money, too.

Mr. MAAS. And they ought to have it.

Now, as far as the hump is concerned, the question may be asked: "Will not this condition result over again?"

Mr. DUNN of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. MAAS. I yield for a brief question.

Mr. DUNN of Pennsylvania. Is it a fact there will be many of these officers who will retire at the age of 35?

Mr. MAAS. No; that is not so. There will be very few who would even be eligible to retire at 35, and they are not going to retire, because at that age they would not draw over sixty or seventy-five dollars a month.

Mr. DUNN of Pennsylvania. If I may say something in behalf of the gentleman's position, I know it is a fact that today in almost every institution, when a man attains the age of 40 or 45 it is utterly impossible to get a job. Therefore, if any man has rendered valuable service to his Government and the Government has to retire such a man, he is certainly entitled to an adequate pension.

Mr. MAAS. There is no forced retirement under this bill. It is altogether voluntary retirement.

Now, I want to speak about the hump. Some of you may think this is a situation that may recur, but it certainly will not unless there is another war. At the time of the war and immediately afterward we took in a large group of officers in the lower ranks and these officers now constitute the hump. Once this hump is broken and the flow becomes normal, the natural increase in the Army by those who come in from the academy and from civilian life will keep the flow normal thereafter. All this bill will do is to remove the existing hump, create a normal flow, reestablish the distribution of officers in proper age groups to administer such grades, and give us a genuine morale in the military service.

My friend from California has stated we would have more colonels than second lieutenants. This is not so, but if it were true, it would be a very good thing.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield? I have here the record; can I read it?

Mr. MAAS. No; not in my time you cannot read it.

Mr. HOEPPEL. I will prove you are wrong.

Mr. MAAS. Sit down; I am talking and have the floor now.

We will get our second lieutenants in time of war from our civilian trainees. Second lieutenants are platoon leaders. Every officer we have in the Regular Army in peace time must be advanced from 1 to 3 or 4 ranks in time of war, when we will have to have 500,000 officers. The second and first lieutenants we have now will have to be majors and colonels, and the purpose of our Army in peace time is to train the civilian components, and in war time these officers must hold the important administrative ranks. We will get all the second lieutenants we need in time of war. What we will need will be company commanders, battalion commanders, and regimental and division commanders in time of war, and we have got to train the officers for these positions in time of peace.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. MAAS. Mr. Speaker, he has worn me down; I yield. [Laughter.]

Mr. HOEPPEL. I should like to state to the gentleman that he is a lieutenant colonel in the Reserve and I am a captain in the Reserve, and naturally I should defer to him; but I do not take free auto and air trips or ride in balloons, and for this reason I am free and independent to vote on this question.

Mr. MAAS. Does the gentleman know that I paid all my expenses on the trip that the Naval Affairs Committee went on?

Mr. HOEPPEL. I know the gentleman did. He is a wonderfully fine colonel, and I want to salute him.

Mr. MAAS. Thank you. [Applause.]

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker and Members of the House, I am sure you will all believe me when I make the statement that I hope to offer nothing in this debate from the standpoint of military training or experience. I assume that these gentlemen who are supporting this bill will be willing to receive the votes of the nonveteran Members of this House just as gladly as they will receive the votes of the veteran Members.

I am willing to leave the argument to these gentlemen who have gone through all the grim experiences of war and largely the World War. I respect the opinions of the gentleman from California, Captain HOEPPEL, I respect the opinions of the gentleman from Pennsylvania, Colonel FADDIS, I also respect the opinions of the gentleman on my left, Lieutenant Colonel MAAS, but I would call your attention to the fact that there are a number of Members in this House of Representatives who want to ridicule and belittle the opinions of the nonveteran Members who seek to support the cause of the buck privates in that World War, who fought for their country at the meager and measly sum of $30 a month.

I want to call your attention to the fact that these World War veterans have not been properly taken care of, and I also call attention to the fact that certain Members of the House who boast of being World War veterans have voted consistently against the Patman bonus bill.

A few days ago, one gentleman of the House, the gentleman from New York [Mr. FISH] made the statement that every nonveteran of this great body was a "chocolate soldier", a "cream-puff soldier." That is what he said about me. [Laughter.]

I would not be impudent enough to intimate that the gentleman from New York [Mr. FISH] is a cream-puff candidate for President, because a cream puff, my friends, is mostly wind, and I do not want to accuse the gentleman from New York of that. [Laughter.]

I am glad that the gentleman from New York called me "a chocolate soldier", and I have waited until this time to reply to him, although I asked unanimous consent on two or three occasions to speak, but those requests having been denied by certain Members on the Republican side, I would remind you that only once have I objected to a request of a gentleman to speak, and that was only when we were just getting ready for business on the Consent Calendar.

But my request has been objected to. The gentleman from New York says I am masquerading, that while the soldiers were fighting I was raising hogs back in Ohio. [Laughter and applause.]

Why, my friends, that is partly true and partly false—I did raise hogs—but never at any time have I attempted to masquerade. Everybody back in Ohio has known for years that I did not fight in the war. I was in the class of those who were subject to the draft, but because of the fact that I was raising hogs—about 500 head a year—and because of

the further fact that I had a wife and two little children, dependents, I was placed in the deferred classes.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes more to the gentleman from Ohio.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. At the end of 3 minutes.

Mr. Speaker, the gentleman's (Mr. FISH) President, who was then Food Administrator, said to the country, "Food will win the war! A pig is as important as a shell." That is what Mr. Hoover said; and, in compliance with Mr. Hoover's request for cooperation, they appointed me head of the hog committee of the State of Ohio. So I did my bit. [Laughter and applause.]

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield to the gentleman.

Mr. HOFFMAN. Was Mr. Hoover right, and was that a good selection?

Mr. TRUAX. I agree in both instances. Mr. Speaker, I call attention of the House to the fact that there are certain speeches made on the floor of this House every day that are subject to points of order, and those speakers could be ruled off the floor. The speeches are those made in reference to the President of the United States. These gentlemen call the President of the United States a Socialist. Well, that is not offensive to me, but let me call attention to the rule that we are now adopting, to promote the efficiency of the national defense. Do gentlemen ever expect to promote the efficiency of the national defense of this country by ridiculing and belittling the President, the greatest one that ever sat in the White House since the days of Abraham Lincoln?

Mr. Speaker, I desire to direct the attention of those Members on the Republican side who are guilty nearly every day of impugning the motives of President Roosevelt, maligning his policies, and insulting and slandering the President personally, to page 156 of Jefferson's Manual, with which all Members should be familiar:

> The freedom of speech in debate in the House of Representatives should never be denied or abridged, but freedom of speech in debate does not mean license to indulge in personal abuse or ridicule. The right of Members of the two Houses of Congress to criticize the official acts of the President and other executive officers is beyond question, but this right is subject to proper rules requiring decorum in debate. Such right of criticism is inherent upon legislative authority. * * *
>
> It is, however, the duty of the House to require its Members, in speech or debate, to preserve that proper restraint which will permit the House to conduct its business in an orderly manner and without unnecessarily and unduly exciting animosity among its Members or antagonism from those other branches of the Government with which the House is correlated.

Mr. Speaker, S. 1404, the bill which we are now about to consider, is entitled "An act to promote the efficiency of national defense." It provides that hereafter the promotion list of the Regular Army and Philippine Scouts shall include all officers on the active list in the grades of second lieutenant to colonel, inclusive. The bill increases the number of colonels by 158, the number of lieutenant colonels by 364, and the number of majors by 890. Second lieutenants will be carried to the grade of first lieutenant after 3 years' commissioned service and first lieutenants will be advanced to captain after 7 more years of commissioned service, or 10 years in all. The number of second lieutenants who will be advanced immediately to first lieutenant is 1,057, and the number of first lieutenants who will be advanced to captain is 1,769. In all, 4918 out of 10,460 promotion-list officers will receive immediate promotion, under the terms of the bill, and all other officers below the grade of colonel will be advanced on the promotion list with an acceleration of from 2 to 6 years and in some instances 7 and 8 years to their next higher grades.

I would impress upon you that the foregoing statement has been taken verbatim from the report submitted in favor of the bill by the Committee on Military Affairs. According to the same report, the estimated cost of the proposed promotion plan will cost the taxpayers $705,000 in the fiscal year 1936, $620,000 in the fiscal year 1937, and $505,000 in the fiscal year 1938. A total of $1,830,000 in 3 years.

I cannot support such a measure while approximately 4,000,000 World War veterans, composed of sergeants, corporals, and privates are in dire need and distress, and which need and distress could be greatly alleviated by the enactment into law of the so-called "bonus bill." The bill we are now considering is a bill to promote the welfare of commissioned officers. Until the bonus bill, to pay in cash immediately the adjusted-service compensation certificates of the noncommissioned officers and those loyal, patriotic privates who served their country for the munificent sum of $1 per day, shall have been passed by both Houses of Congress and signed by the President of the United States, I shall vote against this bill.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The SPEAKER. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. HOEPPEL) there were—ayes 120, noes 20.

Mr. HOEPPEL. Mr. Speaker, I question the vote upon the basis of no quorum, but I shall reserve that point for the present in order to ask the chairman of the committee for more time. If I can be given more than 10 minutes, I shall not make the point of order. I do not believe in being gagged.

Mr. O'CONNOR. Mr. Speaker, the gentleman from California promised that he would not filibuster if I gave him time.

The SPEAKER. Does the gentleman from California make the point of no quorum?

Mr. HOEPPEL. I should like to interrogate the Chairman of the Committee on Rules.

The SPEAKER. Does the gentleman make the point of order that there is no quorum present?

Mr. HOEPPEL. Mr. Speaker, I withdraw the point of order.

So the resolution was agreed to.

THE ARMY PROMOTION BILL

Mr. PLUMLEY. Mr. Speaker, in the absence, due to illness, of my colleague from Ohio, Mr. HARTER, I ask unanimous consent that he may be granted the privilege of extending his remarks on the bill S. 1404.

The SPEAKER. Is there objection?

There was no objection.

Mr. HARTER. Mr. Speaker and Members of the House, we are considering and you will be called upon to cast your vote upon a bill known as "Senate 1404." This bill is entitled "An act to promote the efficiency of national defense." It is commonly designated "the Army promotion bill."

At first thought one might consider that the title given the bill and what the bill actually does, by revising the promotion list, are inconsistent, but a study of this measure, particularly when it is considered in the light of the explanation made by Gen. Andrew Moses, Assistant Chief of Staff, and statements from other Army officers who have given thought and study to this problem, makes one realize that the enactment of this bill will promote the efficiency of national defense and will be a tremendous step forward in providing the United States with officer personnel who have had sufficient experience in the higher ranks, so that in time of national emergency our Army could be expanded and built up in a much shorter time and with a much greater degree of efficiency.

This bill has already passed the Senate and has had the most careful consideration of the Military Affairs Committee of this House. It is designed to remove the cause of the existing stagnation of promotion for officers in the lower grades.

The most troublesome feature of the present promotion situation is a group of about 4,500 officers out of a total commissioned officer strength in the Regular Army of something over 10,000 officers, these 4,500 having been commissioned at the time of the World War. These officers vary in length of commissioned service by less than 2 years, and, with few exceptions, vary little in age.

This group nevertheless extends over a portion of the promotion list, which under normal conditions of entry into the service would be occupied by officers whose length of service would be spread over about 20 years and whose ages would correspondingly vary. The adverse effect of this situation on officers within and those who have subsequently been commissioned can be easily seen. This has been designated the hump in the Army promotion list.

The great majority of this group and of officers below it, now constituting the majority of our Army officer personnel, face conditions of stagnation in promotion and in retirement for age in the lower grades that are most disheartening to the average officer and are ruinous to efficiency. A large number are deteriorating in grades which they should long since have left.

This bill is designed to provide a more efficient system of promotion. Under the present law the average period of commissioned service as a second lieutenant has been 6 years, and as a first lieutenant 10 years, or a total of 16 years in the grade of lieutenant.

In other words, it takes at present an average of 16 years to become a captain.

Under this bill which we are considering, after 3 years' service, a second lieutenant shall automatically become a first lieutenant, and a first lieutenant, after 7 years' service, shall automatically become a captain. This means that one will reach company command after 10 years of service rather than after 16 years of service.

Coming to the grade of captain, the General Staff studies are to the effect that the best results will be forthcoming if one in that rank serves as a captain for 5 years and becomes a major after 15 years of commissioned service.

The pending bill does not provide, however, that a captain shall automatically become a major after 15 years of commissioned service, nor does the War Department so recommend. Such a provision would mean that all of the 3,450 captains under the present conditions would immediately become majors.

We must take into consideration conditions that exist, and we can only approximate ideal conditions. The pending bill returns to the seniority system so far as captain is concerned, adding the limitation that when an officer reaches the head of a list as captain he cannot become major until he has had at least 15 years of commissioned service. This is to insure proper standards of training and experience when the present congestion in promotion shall have been relieved and promotion shall have become more rapid than at present.

Coming to major, the General Staff recommends that an officer should spend 5 years in such grade, and most effective service will be secured if a major becomes a lieutenant colonel after 20 years of commissioned service; but, as in the case of a captain, a major does not automatically become a lieutenant colonel by virtue of 20 years of prior commissioned service.

The seniority principle from major to lieutenant colonel is continued, but to become lieutenant colonel a major must have had 20 years of prior commissioned service.

The pending bill provides that a lieutenant colonel shall not become a colonel until after prior commissioned service of 26 years and, with this limitation, leaves the principle of seniority unaffected as to promotion from lieutenant colonel to colonel.

The bill makes no change in the number of brigadier generals nor major generals nor in the selective method of promotion above colonel.

The bill makes no change in the total number of officers on the promotion list. The increase in the number of captains, majors, lieutenant colonels, and colonels are offset by a corresponding decrease in the number of first and second lieutenants.

The bill, therefore, does not provide for a single additional officer. It merely makes changes in the numbers already in the various grades, and by giving the opportunity for service and experience in the grades of captain and of field officers, those above the grade of captain, it gives many able and efficient officers an opportunity to gain the experience which would be invaluable if it became necessary in time of national emergency to rapidly expand our Army.

While some additional expense will be incurred through promoting junior officers to higher ranks after many years of service in the lower grades, the more efficient standards of service and the efficiency of officer personnel surely merit this expenditure and more than justify the added cost, which the War Department estimates will be $705,000 for the first year, $620,000 for the second year, and $510,000 per annum for the third and succeeding years of operation.

This is a very small annual increase in comparison with the amount which we now expend, as the present cost of officer personnel on the promotion list is $46,805,466.

Let us remember in the consideration of this measure that we are dealing with a problem which is similar to that of the board of directors of any large manufacturing or business enterprise.

We have well-trained, able men, starting in as second lieutenants and under existing law, they are stagnated, so that they never reach, during their years of efficiency, the ranks which comprise executive positions, as one might call them, and where the experience that they would gain by holding such rank during peace times would be of immeasurable benefit in the time of national emergency.

All of us remember that at the time of the World War, through the officers' training schools, which were established, we turned out thousands of junior officers who gave a wonderful account of themselves.

Our progress was delayed and the building up of the Army more difficult of accomplishment because of the fact that we did not have trained personnel in higher ranking officers of men in anything like sufficient numbers who were physically fit and of an age where they could stand active service.

Under the National Defense Act of 1920, and this provision is not changed by the pending bill, there are 46 brigadier generals and 21 major generals in our Army. Promotion from colonel to these of highest ranks is through selection on the basis of competitive merit by the President of the United States and not on the basis of seniority. These generals are known as "general officers of the line" and are charged with the largest problems and responsibilities of command.

In any well-balanced method of promotion there should be developed a sufficient number of officers in the grade of colonel, the grade from which advancement is made to brigadier general and major general, at such an age as will enable the selecting authority to have a fairly large range of choice among men who are young enough to serve a substantial time as general officers of the line in the event of selection.

The field grade officers, those above captain up to and including colonel, should reach each grade at such age as to render the best possible service for that particular grade and should not continue in the same grade too long.

In conclusion, let me say that while efforts have been made for years to revise the promotion list, and Congress as early as 1926 recognized the seriousness of the promotion problem and considered numerous measures designed to relieve conditions, each of these bills failed of enactment generally on account of controversial issues.

There does exist some instances of apparent inequities that have arisen under the existing system and its application in years gone by, but if we started out to single out this group or that group, a few officers here and a few officers there, and attempted to rectify each of these situations, we would have an insurmountable task.

This may be said for the present bill that the officer personnel of the Army, by and large, is whole-heartedly for this

measure. In the vast majority of instances it will achieve the results which is expected of it. This measure will do much to raise the morale of our Army and show to the country that the Congress has a sympathetic interest in Army problems and a keen desire to do justice and increase the efficiency of our armed forces.

ARMY PROMOTIONS

Mr. HILL of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1404) to promote the efficiency of the national defense.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1404, with Mr. BOLAND in the chair.

The Clerk read the title of the bill.

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HILL of Alabama. Mr. Chairman, I yield myself 10 minutes.

The Chairman of the Committee on Military Affairs, the distinguished gentleman from South Carolina [Mr. McSWAIN], is not only for the pending bill but he is so anxious to see its passage that he said to me yesterday at Walter Reed Hospital, where he is temporarily, due to a slight injury, that he hoped we would let nothing intervene that would in any way endanger the passage of the bill, and he expressed the hope that we would press for action on the bill, although he could not be here.

We of the United States, considering our vast territory, our population, and our great wealth, have the smallest regular army of any nation in the world.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. I cannot yield at this point. We are not here today to ask you to increase the size of the Army. We are here to say to you that there is a condition in the Army today which seriously impairs the morale of the officers of the Army, and which is subversive of the efficiency and the best interest of the Army, and the pending bill will correct that condition.

We have on what we term the "promotion list" of the Army some 10,460 officers. As you gentlemen know, those officers are divided into two classes: first, what we call "company officers", which include captains, first and second lieutenants, and, second, field officers, which include majors, lieutenant colonels, and colonels. As we know, general officers are not on this promotion list, nor are officers of the Veterinary, Medical, or Chaplain Corps. Some 4,500 out of the 10,460 officers on the promotion list all entered the service and all got their places on the list within the period of a few months at the termination of the World War. These 4,500 officers all have approximately the same length of service. With a few exceptions, they are all about the same age. Had these 4,500 officers entered the Army under normal conditions, had they entered under conditions such as we have ordinarily during time of peace instead of entering in a period of a few months' time, their entry would have been staggered over a period of some 20 years. So we have, as the gentleman from Pennsylvania [Mr. FADDIS] has well said, this enormous hump composed of nearly one-half of all the promotion list officers in the Army, and thousands of officers in this hump are not able to receive any advancement or promotion in rank. Slight differences in length of service, slight differences in age under this condition of the hump have been magnified into vast differences in time of promotion.

We have in the Army today lieutenants who, under normal and proper conditions, would be not lieutenants but majors, lieutenant colonels, and even colonels. We have captains who ought to be colonels and some of them perhaps even general officers. I personally know a fine captain in the Army. He has been a captain for 15 years, and unless this promotion bill passes he will be a captain for at least 10 years more. He will be 61 years of age before he becomes a major, and then he has to retire, under the law, when he becomes 64 years of age. There are other captains in the Army who never will become majors unless this bill passes. They will reach the age of 64 years still as captains. I know of no better way to illustrate the condition in the Army today than to submit this question to you: Suppose one of you gentlemen came to Congress, going as each new Member has to do, at the foot of your committee, knowing you would have to stay down at the bottom of that committee for some 25 or 30 years, and that you would never have an opportunity to work toward the top; that the door was forever closed so far as being chairman of that committee was concerned. What effect do you think such a situation would have on you? That is the situation in the Army today.

Mr. HOPE. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. HOPE. Sometime ago I received a letter from a National Guard officer stating that this bill discriminated against National Guard officers. That was while the bill was still in the Senate. I do not find anything in the bill, but I wondered if there was anything in the bill which discriminated against National Guard officers?

Mr. HILL of Alabama. There is nothing in the bill about National Guard officers and I am sure there is no discrimination against them. The bill was reported unanimously by the Senate committee and passed the Senate unanimously, and was reported by your Committee on Military Affairs.

Mr. HOEPPEL. Will the gentleman yield? I can explain that question.

Mr. HILL of Alabama. I am sorry. I do not yield. The gentleman has had his time. I want to make my statement.

Now, what do we propose to do? We propose to do just exactly what you gentlemen would do. It is the only way this job can be done. We have these 4,500 men all bunched together in a hump. We do not want to retire but very, very few of these officers. We do not want to force these officers out of the service, but we do want to give them some opportunity for advancement and promotion; so we increase the number of places in what we term the "field grades", the higher grades—colonel, lieutenant colonel, and major. Today the field grades are in proportion to the company grades in the proportion of some 27 percent to 73 percent. What we would do would be to increase those percentages from 27 and 73 to 40 and 60. Then we would go further and take those junior officers who are way down the line and who have had no promotion and we provide that within 3 years time a second lieutenant becomes a first lieutenant. Within another 7 years that first lieutenant becomes a captain. The duties of first lieutenant, second lieutenant, and captain are more or less interchangeable in any circumstances, and it makes very little difference whether there is a greater number of first lieutenants or a greater number of second lieutenants or captains. This will give to junior officers assurance of promotion as they should have.

Mr. RANDOLPH. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. RANDOLPH. I should like to ask the gentleman what is the policy in other nations of the world?

Mr. HILL of Alabama. The military systems of the other nations of the world are so entirely different from ours that it is very difficult to contrast the systems. As the gentleman knows, most of the other nations have the conscription system, where every man must serve so many years in the Army, and it is rather difficult to contrast the systems.

Mr. GILLETTE. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. GILLETTE. The gentleman spoke about officers who served a number of years without any advancement. Do not those officers receive some increase of base pay over the length of service regardless of their advancement in grade?

Mr. HILL of Alabama. It is true, as the gentleman suggests by his question, that length of service has a great deal to do with pay, but there is a great deal more to a man in his profession or his career than pay. I submit that Mem-

bers of Congress do not come to Congress for the pay they receive for their services. [Applause.]

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I yield myself 5 additional minutes.

Unless some means are provided whereby these officers can receive some reward for their faithful service and some opportunity for promotion, their morale is destroyed. They naturally become dissatisfied. They naturally become discontented, and we know that change is the law of life. You have either got to go forward or you have to go backward. You cannot remain static. If you take one of these officers and keep him in a particular grade after he has outworn his particular usefulness in that grade, based on his service, his age, and his experience, then that man quickly deteriorates. When the individual officer deteriorates, that means a deterioration of the entire organization. That means the deterioration of the entire national-defense system.

Mr. BARDEN. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. BARDEN. I notice that section 5 seems to provide for retirement after 15 years of service. That does not mean that a man goes out of active service in the Army after he has served 15 years, does it?

Mr. HILL of Alabama. I will come to that in just a minute.

On this point of stagnation and deterioration, remember that our Army is only a nucleus, so to speak. It is a mere skeletonized force. In time of emergency we have to clothe this skeleton with flesh and blood. The officers in the Army today are the key men in time of emergency, and the ones to whom we must look for high command.

If this bill passes, we will not even then have anything like the number of field officers that we would need in the initial stages of an emergency. We would not have one-third of the colonels we ought to have, we would not have one-fourth of the lieutenant colonels we ought to have; we would not have one-fifth of the majors we ought to have. And the duties of the grades are absolutely interchangeable. These officers are not only on duty with the Regular Army but with the National Guard, the service schools, the R. O. T. C., the C. M. T. C., and in staff positions. A higher rank costs the Government nothing but gives the officers more prestige and greatly stimulates and encourages the officer.

The gentleman asks about the retirement provision. There is a provision in this bill which would permit the President to retire an officer of the Army after that officer has served 15 years. This not a right that inheres in the officer; he cannot demand this retirement; it lies in the judgment and discretion of the President. Why was this provision put in the bill? Not that we want to retire these 4,500 officers. Some of them have magnificent records, they were men who were trained on the battlefields of France, and some of them would be the last ones whose services we would want to lose; but there are a few men in the Army today who are so old in their particular grades that there is practically no hope for them, there is practically nothing they can do for themselves, for the Army, or for the country; and in these cases, if they want to retire and if the President is willing to let them retire and if the Congress will appropriate the money, then under this provision they can retire.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. I will not yield.

Do not forget that this provision is in the discretion of the President, and that the Congress of the United States in its annual appropriation bill still keeps hold of the purse strings. You cannot retire officers, of course, unless you have the money with which to pay the retired pay, and this money has to come from the Congress of the United States.

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I yield myself 3 additional minutes. I regret to take up so much of the time of the Committee, but I want the Members, if possible, to get the facts on this bill.

It has been suggested that this bill was brought forward and that our good friends over here, the Republicans, declined to pass it. That is absolutely untrue. I want to say that so far as the national defense is concerned, so far as the Army is concerned——

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. No; I do not yield. I decline to yield to the gentleman now and at any time through my speech.

Mr. HOEPPEL. The gentleman is making a statement accusing me——

The regular order was called for.

The CHAIRMAN. Will the gentleman from California cease, please?

Mr. HOEPPEL. But, Mr. Chairman, the gentleman accuses me.

Mr. HILL of Alabama. Mr. Chairman, I do not yield.

So far as the national defense and the Army are concerned, there never has been any politics on your Committee on Military Affairs. [Applause.] This bill comes to you today with the support of Republicans and Democrats, Democrats and Republicans.

It is true, as my distinguished friend from New York, Mr. WADSWORTH, knows, that in the past there have been promotion bills considered, but those promotion bills have always involved some change in the existing promotion list, and that change has always brought about a tremendous row. That is why those bills failed of passage, and not because Republicans were opposed to them. Republicans as well as Democrats will support the pending bill, for it does not do anyone any harm. It does good for some 4,918 officers. It does not advance anybody over anybody else. It does not force any officer out of the Army.

It is a product, in a way, of 15 years of careful thought and study by the War Department, by the Military Affairs Committee of the House, and the Military Affairs Committee of the Senate, and has been the special product of the devotion and the wisdom of the present Chief of Staff, Gen. Douglas McArthur, whose brilliant military record no American can contemplate without a sense of pride. The bill has the enthusiastic support of the Commander in Chief, the President of the United States. He strongly desires its passage. All groups are for it; and, as General MacArthur said before the Senate committee, if a vote could be taken in the Army, the bill would be practically unanimously endorsed.

One word as to the cost. You have had the most outlandish misinformation given you as to cost. The cost of this bill the first year will be some $700,000, the second year approximately $600,000, and the third year approximately $500,000, and then the cost will gradually decrease.

The reason there will be no more cost is that pay is based largely on length of service, and these officers already are receiving their pay due to their length of service. The Army of the United States has never known defeat—victory after victory has crowned its standards. It has never had a mission that it did not perform with expedition, with success, with distinction. Let us emulate its example; let us pass this bill for the defense of our country, and let us pass it with speed and expedition. [Applause.]

[Here the gavel fell.]

Mr. PLUMLEY. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, as one time president of an essentially military college, I have had something to do with this promotion business for 14 years and look at it from the practical rather than the theoretical standpoint; from the standpoint of efficiency so far as the outfit is concerned. I know that in spite of the endeavor of everybody, there will be exceptions to all rules, and some injustice will be done some individuals and possibly some groups.

An attempt to relieve a certain group from threatened injustice will threaten another group, for—

> Whoever thinks a faultless peace to see,
> Thinks what ne'er was, nor is, and ne'er shall be.

So when all the divergent and hostile groups in the Army can get together in substantial accord and agreement, and at least to do lip service at the altar of this measure, my position with respect to the bill is that Congress should pass the bill substantially as drawn, and with the fewest possible amendments consistent with and necessary to make operative and effective the plan, intent, and purpose of the bill itself.

I can think of a lot of things that I should like to add to the bill to take care of situations which I know to exist, but this is neither the time nor the place, in my judgment, for such suggestions or proposed amendments. Let us get this main proposition out of the way and put an end to the main discord and dispute, establish a general rule, and later take up the extraneous and incidental matters and things which may well be considered as possible exceptions to the rule.

This is a departure from the present system of promotion by seniority in that it adds to such system the mandatory provision that promotion of second and first lieutenants shall be based on length of service. The group of officers affected by this section is comprised principally of officers following the hump. Their situation is desperate. Measures must be taken so that these fine officers may pass to the important grade of captain before reaching an age which will adversely affect their service in that grade and in the field grades. In this connection it must be remembered that immediately after the hump passes out of the service the leadership of our Army will depend upon these officers who are now second and first lieutenants. The preparation of these officers for the responsibilities that they must face is of vital importance to national defense.

In 1928 during the period in which a similar proposal was being considered by the Congress, and before I had any idea of being called upon to pass judgment on this matter, I was intimately associated with a number of officers who were variously affected by the proposed revision and at that time I came to the conclusion that in the best interests of the service and of the Government any revision was unwise and unsound. Since that time I have given the matter a more thorough consideration and find no reason for a change in my position.

Wherein I might elaborate at great length upon the reasons for my stand in this matter I feel that a brief history of past attempts to accomplish a revision of the promotion list will be sufficient to indicate clearly the reasons for my stand.

First an examination of statements of Members of Congress who were most intimately concerned with the drafting of the law shows conclusively whether or not the promotion-list board made an error in interpreting the will of Congress. A distinguished Senator who was at that time a member of the Senate Committee on Military Affairs and who is now a Member of the House of Representatives, the Honorable JAMES W. WADSWORTH, of New York, has made the following statements:

> I remember very distinctly the long discussions indulged in by the members of the Military Committee of the Senate and the Military Committee of the House of Representatives concerning a proper system of promotion for officers in the Army. * * * The Senate Committee on Military Affairs * * * finally reached the conclusion that the formula which would operate most consistently and bring about by far the greatest measure of justice was *"length of commissioned service."* * * * (Italics supplied.)
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> We knew perfectly well that some majors would appear upon the promotion list above some lieutenant colonels; that some captains would appear above some majors; that some lieutenants, both first and second, would appear above some captains. * * * Especially was the Congress anxious to see to it that those emergency officers who were to be appointed to the Regular Army, most of them below field grade, should be so arranged on the promotion list as to most accurately conform to their relative experience during the war, credit being given them for service as emergency officers. * * * The committee provided very clearly in the legislation, under the paragraph headed "Fourth" in section 24a, "that these men should be placed upon the single list for promotion in accordance with the length of their commissioned service during the war *and without regard to the grade in which they were appointed.*" (Italics supplied.)
>
> I have never heard the intent of Congress questioned upon this matter until very recently. And while I cannot prophesy what future Congresses may do, I am convinced that the adoption of any other principle than that of "length of commissioned service" will undermine the entire principle of the single list for promotion and destroy the very thing which Congress attempted to set up.

The Honorable Frank L. Greene, of Vermont, then a member of the Committee on Military Affairs, House of Representatives, and later Senator from Vermont, stated as follows on this subject:

> Having in mind, therefore, the plain provisions of the law already quoted—i. e., "that names on the list shall be arranged, in general, so that the first name on the list shall be that of the officer having the longest commissioned service, the second name that of the officer having the next longest commissioned service, and so on"—these captains and lieutenants originally appointed since April 6, 1917, were to be "arranged among themselves", not by grades or by seniority in grades *but in the order of their seniority of commissioned service, regardless of grades.* * * * (Italics supplied.)
>
> With the cases of emergency officers taken into the Regular Army under the new law in the grades of captains and first and second lieutenants, * * * here again it was made plain that these emergency officers taken into the second part of the single list were to be arranged not by grades but among the Regulars already on that list and who had already been rearranged "among themselves" not by grades but "according to commissioned service rendered prior to November 11, 1918." * * *
>
> It is plain, then, that all these officers taken into the Regular Army since April 6, 1917, whether officers already in at the passage of the Army Reorganization Act or emergency men to be taken in under the terms of that act, were to be thrown into a pool together, so to say, regardless of present rank for the Regulars or grade at which taken in if emergency men.

The above quotations from statements which were made as a result of attempts to revise the promotion list certainly make it evident that the board which formed the original promotion list carried out absolutely the intent of Congress, its action in arranging captains and lieutenants on one list by length of service regardless of grade being exactly what Congress meant should be done.

Since the formation of the original promotion list in 1920 there have been from time to time allegations of injustice in this arrangement and investigations thereof. The outstanding instances were as follows:

a. Hearings before the Senate Military Affairs Committee in July 1921. After extensive hearings the committee did not favorably report the bill.

b. A board of officers, headed by Maj. Gen. David I. Shanks, convened by the Secretary of War in 1921, at the request of the Military Affairs Committee of the Senate, to study the matter of the formation of the promotion list, and to recommend any changes it believed should be made therein. This board recommended "that the original promotion list should stand unchanged."

c. A board consisting of the Assistant Secretaries of War and the Chief of Staff, convened by the Secretary of War in pursuance of provisions of section 4 of the act approved July 2, 1926, which provisions directed that the Secretary of War investigate and study the alleged injustices which exist in the promotion list of the Army and submit to Congress on the second Monday of December 1926 this study, together with the recommendation for changes, if any, in the present promotion list. This board reached the conclusion, which was approved by the Secretary of War, that "revision of the promotion list to correct alleged injustices is impracticable and would be of little or no effect in correcting the intolerable promotion system with which the personnel of the Army is now confronted", and the Secretary of War, in forwarding this report to the President of the Senate and the Speaker of the House of Representatives, stated as follows:

> * * * The investigation shows very clearly that the promotion list is fundamentally sound in principle and its general composition. While many individuals and groups of officers now occupy disadvantageous or even inequitable positions, thorough investigation reveals that no method can be devised for remedying this condition without creating other injustices and an equal, if not greater, discontent. * * *

d. A general personnel board convened by the Secretary of War on April 26, 1927, appointed for the purpose of making a study of the promotion situation in the Army and submitting its recommendations thereon. The personnel of this board was especially selected so as to be representative of

the various groups and factions involved. It consisted of 2 general officers from the Military Academy, 2 general officers who rose from the ranks, 1 of whom was a college graduate, and 1 general officer from the volunteer forces of the Spanish-American War. This board utilized all data and information which had been assembled over the past period of 7 years as well as the reports of 61 local boards convened throughout the Army to investigate and report on the promotion problem. It sought diligently some method of altering the promotion list in a manner which would correct the inequalities and approached the task uninfluenced by the opinions of others or by the conclusions of other agencies that have attempted the same task. It was forced to the conclusion that "no matter what rearrangement of the promotion list was attempted the result was eminently unsatisfactory. While the positions of some individuals could be improved, this always adversely affected others and owing to the necessity of recognizing a large number of different kinds of complaints and injustices and in endeavoring to correct them simultaneously the positions of many of the complainants would be worse than they are at present." This board was finally forced to the conclusion that "the present promotion list should stand as it is and that all further efforts to alter it should cease."

The effect of this bill—S. 1404—will be the immediate promotion of 4,918 out of a total number of 10,460 promotion-list officers. It establishes a more rapid and more uniform flow of promotion. It provides immediate relief to those young officers who are now hopelessly submerged behind the hump. It tends to insure service in the various grades for periods and at ages adapted to the most satisfactory performance of the duties connected with those grades. Furthermore, the enactment of this bill will render some belated justice in a substantial way to thousands of World War officers who entered the Regular Army in the lower grades at unusually advanced ages by affording them not only promotion but an opportunity for retirement in grades which but for the provisions of this bill they can never attain.

This bill was submitted to the President, who personally studied all the details thereof. He also considered all other plans that were suggested. After consultation with the War Department, I am advised, he wrote the following memorandum on January 17, 1935, to the Secretary of War:

> Your plan for a revision of the Army promotion system appears desirable from every viewpoint, and I wish you would take the necessary steps to present it to the Congress for enactment.
> It has my approval.

[Applause.]

Mr. HILL of Alabama. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, I am sorry that the members of the committee failed to bring to the floor here the official schedules of pay and the hearings, so that each and every one of the Members could learn for themselves that they are being buncoed. You are being buncoed. You are under the whiplash of the War Department. If the committee will give me sufficient time, I will read the schedule of pay, which will prove conclusively that within 3 years, under this promotion scheme, the pay of the officers will jump by leaps and bounds.

I would like to read an extract, just briefly, from a service periodical which I have received. The War Department is already claiming the victory on this bill. Of course, we Members of Congress are insignificant. Here is what one of the periodicals states in reference to this bill:

> It will be passed by the House without amendment.

We dare not change one line or put in a comma, under instructions of the powerful War Department lobby.

Here is a quotation from another service paper I received. The War Department already has the promotion lists prepared and is going to back-date them if we are stupid enough to pass this legislation. In other words, we are going to give these officers a bonus. That is the way we legislate in the Congress of the United States under gag rules where members of the committee will not yield so that other Members may be informed.

Mr. Chairman, I know all about this bill. For 37 years I have followed the Army. I know this is a graft bill; but we have not the courage to stand on our feet and protect the taxpayers against this raid on the Treasury. The Army has captured the Congress of the United States. That is what it amounts to.

In my opinion, we are cowardly if we enact legislation of this kind under the spur and at the behest of the General Staff, notwithstanding the desperate plight of our people.

We see crocodile tears shed by members of the committee for the poor lower-grade officers. Of course, I am in favor of the lower-grade officers, but I am not in favor of giving the overprivileged officer, those in the field ranks, the majors, lieutenant colonels, and colonels, who rarely do any real duty, any added privileges. I am not in favor of adding 1,412 of those officers to the list and putting this additional expense on the backs of the taxpayers. These officers will receive an increase in pay every 3 years, and when retired will receive not less than $360 per month for the balance of their lives. When we think of the poor, unfortunate people in this Nation, and when we think of our Democratic platform pledge of economy, how can we vote for legislation of this kind?

Legislation is due to come before us this week for the Federal employees, and I am highly in favor of the legislation; but what would the people of the United States say if we proposed in connection with this legislation that every Federal employee shall be retired at a life pension after 15 years? We are doing that for the military forces, who do not even wear their uniforms in Washington. Why should they be given three or four times the amount of retired pay of a civilian Federal employee and many other considerations? The Army officer has unlimited sick leave. The Federal employee has 30 days. We are proposing to change the law so that the Federal employee will have 30 days' annual leave and 15 days' sick leave.

Mr. Chairman, I am in favor of that resolution. Why give everything to the Army in times of peace? Golf and polo figure prominently in Army officer peace-time duties. I have been in the service for some 20 years and I know what the field officers do. By the terms of this bill the Congress of the United States is going to up them, notwithstanding they automatically get an increase in pay every 3 years.

Mr. SHORT. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from Missouri.

Mr. SHORT. Perhaps one of the reasons why they play polo and golf is that there is no incentive for them to do anything else when there is no possibility of an increase in rank.

Mr. HOEPPEL. They have little else to do but play golf. We have lieutenant colonels and colonels performing duties that a sergeant could take care of, except that a sergeant is not authorized to administer oaths. Many of these colonels and lieutenant colonels go to a recruiting office only a few hours a week. They are living the life of Riley.

Mr. SHORT. I am sure the gentleman from California will agree it is not conducive to the promotion of Army morale to have a man serve for a quarter of a century as a second lieutenant and draw at the end of that long, faithful service the same salary he started with?

Mr. HOEPPEL. When I entered the Army in 1898 my company commander was a Civil War officer. In 1920 we had officers in the Regular Army who were lieutenants in the Philippine Insurrection 20 years previously, and in the Spanish-American War; officers of the Civil War, 33 years before. Just as the Chairman of the Committee on Appropriations stated, why should we add to the burden of the taxpayers? Tomorrow we will have before us for consideration a tax bill to soak the rich. Now, we must be consistent.

Mr. BIERMANN. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from Iowa.

Mr. BIERMANN. Speaking on the subject of morale, there are 20 or 30 times as many enlisted men as officers, and they

are subject to this thing called "morale." Nothing in this bill is done for the enlisted men?

Mr. HOEPPEL. Nothing is intended to be done for the enlisted men. The War Department has endorsed a bill to take 25 cents a month from the $21 per month pay of the enlisted men. Then they have another bill here which makes anyone liable to a fine or a prison sentence if he so much as speaks to an enlisted man in order to protect him from injustice and discrimination. What need have we for a law of that description if we deal justly with the enlisted men of the service? We will give the officers everything on the one hand and take it away from the enlisted men on the other, as is illustrated in the bill under discussion and the two bills I have just mentioned in reference to the privileges and pay of the enlisted man.

Mr. Chairman, I repeat, for the information of the Committee, that the War Department lobby is using pressure today on individuals of influence to force a bill through the Congress of the United States, taking away 25 cents a month from the $21 per month which he receives in return for his unquestioning service.

They are lobbying to take that away from them, but they are not lobbying nearly so much for that as they are for this "pork barrel" measure by which the taxpayers will be called upon to pay from $9,000,000 to $12,000,000 per annum.

Now, when the bill is read, I am going to show whether the committee membership is fair or honest. I am going to offer an amendment providing that only a limited number of able-bodied officers per annum can be put on the retired list, and I predict that you will see them fighting this amendment. They want this an open book so that the War Department can go on and further deceive the President, as they deceived him with this bill. It was positive deception and in substance they admitted it to me. They perhaps want to deceive him further so that the 4,500 officers can be put on the retired list at pay up to $360 a month for the balance of their lives and be free to go out and get other men's jobs. Their own periodicals prove this, as I read to you awhile ago.

If the members of the committee had been fair, they would have given me time to go through the hearings and show you that only three officers appeared at the hearings and that the committee supinely accepted everything. They closed their eyes and wrote into the law everything that was handed to them by the War Department. You ought to know the truth.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. I will be pleased to yield to my good friend from Missouri.

Mr. SHORT. The gentleman stated at the beginning of his remarks that we were under the lash of the War Department. I am sure my good friend from California does not want the Congress, and certainly not the public, to get the impression that the House Military Affairs Committee is under the lash of the War Department, when, in fact, we have been criticized because of our hostile attitude toward the War Department, just as the gentleman from California has been criticized.

Mr. HOEPPEL. One of the leading Members of this Congress today came and told me that very fact—that the Congress is under the lash of the War Department. I will not mention his name, but he is one of the leaders of the House.

Mr. SHORT. The two people who have been criticized for their hostile attitude toward the War Department have been the House Committee on Military Affairs and JOHN HOEPPEL, of California.

Mr. HOEPPEL. I would also like to tell you gentlemen that I have been threatened with defeat for reelection if I opposed this bill, and I have been told that some members of the Military Affairs Committee would have a substantial campaign fund if the bill was enacted. This was information brought to me by a newspaper correspondent.

Mr. SHORT. I am sure the gentleman has no information to that effect.

Mr. MORITZ. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. MORITZ. The gentleman, as I understand, is not against this bill ordinarily, but is against it now because it is not opportune?

[Here the gavel fell.]

Mr. HOEPPEL. I only wish the chairman would give me some more time so I could answer the questions of the various Members who wish to be informed on the bill. I am willing to answer any questions.

Mr. MORITZ. Will the gentleman answer my question?

Mr. HOEPPEL. I will answer it if you get me some time.

Mr. SHORT. I will see that the gentleman gets some more time.

Mr. HOEPPEL. All right; get me time.

Mr. MORITZ. I said that the gentleman is not against this bill ordinarily, but the gentleman thinks it is not opportune now.

Mr. HOEPPEL. Have I any time to answer the gentleman?

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. SHORT. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HOEPPEL. I would like to say for the information of the committee I am not opposed to this bill so far as its promotion feature is concerned, even though that does take a lot of money. I am not opposed to it from that angle, but I am vehemently opposed to that part of the bill which takes able-bodied officers and puts them on the retired list for the balance of their lives. This is what I am fighting. I am satisfied that these officers should get an increase in rank. If they will feel a little better to have an eagle instead of a silver leaf on their shoulders, all well and good, but why should they be retired for the balance of their lives?

Mr. SHORT. The gentleman has made one very serious charge here this afternoon. I would like to know where the gentleman received any information whatever that the members of the Military Affairs Committee would have a nice campaign fund if they would see that this bill was favorably reported and enacted into law.

Mr. KVALE. Mr. Chairman, I voice the same request.

Mr. SHORT. I want the gentleman to give us definitely and specifically that information, because it is too serious a charge to let go unchallenged.

Mr. HOEPPEL. It was a newspaperman who came to me and told me that.

Mr. SHORT. Who was the newspaperman?

Mr. HOEPPEL. I cannot tell that because he spoke to me in confidence. I would be a fish to violate a confidence like that. [Laughter.]

Mr. FISH. Mr. Chairman, I presume I should ask to have the gentleman's words taken down. [Laughter.]

Mr. HOEPPEL. I beg the gentleman's pardon—I would be a whale of a renegade if I violated the confidence such as I just described.

Mr. MERRITT of New York. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. MERRITT of New York. The gentleman stated that if he voted for this bill he was sure he would not be reelected.

Mr. HOEPPEL. Oh, no; I did not say that. I said I was threatened that I would not be reelected.

Mr. MERRITT of New York. Did not the gentleman tell me the other day on the floor of the House here, when we passed a bill giving the city of Arcadia some land, that his reelection was assured?

Mr. HOEPPEL. The bill to return to the county of Los Angeles a plot of land in the city of Arcadia previously donated to the Government was one of unquestioned merit. The people of southern California naturally appreciated my efforts to secure this land for development for a recreational center for the advantage and enjoyment of all the people of that section.

Mr. MERRITT of New York. The gentleman must make up his mind one way or the other.

Mr. HOEPPEL. Do the Members want to be informed on these bills? If I can get time I will answer any questions, because I want you to know what you are voting on.

Mr. DINGELL. There is a question still unanswered which was propounded a moment ago.

[Here the gavel fell.]

Mr. PLUMLEY. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I am sorry that there is nothing in this bill that has to do with the provisional World War officers. This bill covers many officers who went into the war at that time, 1917–18, but has ignored the 1,200 provisional World War officers. They have become the forgotten officers of the World War. I say without fear of contradiction that there were no combat officers that deserve better treatment from Congress and the country than the 1,200 provisional first and second lieutenants.

If you remember, at the very outset of the war there was a call issued by the War Department for 1,200 provisional officers to take an examination for first and second lieutenants. A great many courageous and patriotic young Americans took these examinations, and those who were qualified were immediately sent to the combat divisions, particularly the First, Second, Third, and Fourth Regular Army Divisions, which were among the first to be sent over.

They did not qualify as emergency officers, and they did not qualify as Regular Army officers. They were sent to the front lines almost immediately. Most of them saw a greater degree of fighting than any other classification of officers in the Army.

Mr. CONNERY. Was the gentleman referring to the Plattsburg group?

Mr. FISH. No; I am referring to the group of 1,200 provisional officers who passed examinations as first and second lieutenants. They constitute a separate and independent group and have been lost in the shuffle or in the legislative machinery.

Mr. CONNERY. When they were accepted and commissioned as first and second lieutenants, what was their situation then?

Mr. FISH. They were not members of the National Guard; they were not members of the National Army; they were not Regular Army officers; they were provisional officers, and when they came back they were not included in the emergency officers nor the draft classification nor the Regular Army.

Mr. CONNERY. They got the same as enlisted men.

Mr. HOEPPEL. They were not in the same class as enlisted men, because they have been denied the bonus.

Mr. FISH. I am not talking about the bonus. The gentleman from Massachusetts [Mr. CONNERY] and I discussed this 10 years ago in the House. We did a lot of talking about it, but nothing was done. Here are these men who were directly disabled in the war, and they do not qualify for retirement as Regular Army officers or as emergency officers. They draw compensation on the same basis as enlisted men. They have suffered all of these injuries and discrimination, but they have not complained. There were only 1,200 of them when they entered the war, and probably about half were disabled. They were expendable, and their percentage of casualties was higher than any other group of officers. I know in my own outfit 16 officers were killed out of 60, and all but 1 were first and second lieutenants. They organized the raids, they attacked the machine guns, and led the first line on the first wave.

Yet nothing has been done for these men and here we are talking about increasing the pay or retirement for their colleagues, those provisional lieutenants who did remain in the Regular Army. I am for the bill and for adequate national defense. When the War Department, the Chief of Staff, and those who have the efficiency of the Army at heart come in and ask for it, and your committee passes on it, that is enough for me; but why forget those other provisional second and first lieutenants who were disabled and shot full of holes by enemy machine-gun bullets? I am asking the Chairman or the Acting Chairman of the Committee on Military Affairs if he will take this under advisement. I have no ax to grind, I have no requests from any of them, but in justice and in all fairness to those first and second provisional lieutenants, who did the fighting for us, why should we not take care of them and put an end to the discrimination that now exists?

Mr. HILL of Alabama. Mr. Chairman, I happen to have been a second provisional lieutenant myself and I have deep sympathy for them. I am sure the committee will be very glad to consider this matter and will be very glad to have the gentleman introduce a bill along the lines he has spoken of.

Mr. FISH. Oh, I would rather have some gentleman on the Democratic side introduce the bill. I would like to get action. I represent the West Point district and I am for the Regular Army and I am for this bill. The reason I am for the bill, above all else, is that I know that in any future war it is the first and second lieutenants who will fight the war, and I would like to retire some of the Army officers who are 45 and 50 years of age, who are first lieutenants and captains. That is too old for a first lieutenant or even a captain. This bill ought to go through, for the efficiency of the Army, and to give a chance to the younger officers who will do the fighting if we have to fight another war.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. CONNERY. The gentleman's idea is that a bill should be introduced along the line of making provisional officers entitled to the same benefits as emergency disabled officers?

Mr. FISH. No; my bill would give them the same retirement status as the Regular Army officers. They were in the Regular Army; they were a part of the Regular Army and entitled to the same treatment.

Mr. CONNERY. What about the ones that went to the Guard?

Mr. FISH. When they went overseas with regular divisions they ought to have the same treatment as members of the Regular Army. I think the committee knows more about it than I do, and I hope the committee will work out a fair plan of compensation on the basis of either emergency officers' or regular officers' retirement. That is why I rose today.

As far as this bill is concerned, I am interested in it myself, because I applied to take the examination for a provisional lieutenant in 1917. Word came back that I was nearer 28 than 27 and could not take the examination. This bill is a peace-time measure and it ought to be wiped out completely in case of war. I do not like to talk on personal lines, but I was recommended as a graduate of the Plattsburg camp to be made a captain before the war. I went up and took the examination. I prepared for the examination.

I was recommended by all the Regular Army officers that I had served with at Plattsburg in 1916, but I ran up against an old major and he said to me, "How old are you?" I told him that I was 27, and he said that I was too young to be a captain and that he would not give me the examination. The war came along, and captains were appointed who were 23, 24, and 25 years of age. I can go back even further. I happen to know that in the Revolutionary days Alexander Hamilton was 23 years old when he was a colonel of the Second New York Regiment. At 18 he was a major. La Fayette was 23 years old when he was a major general, and here we are quibbling about officers who are 45 years old who are still first lieutenants. The next war, like all others, will be fought by young men. This is a good bill. It will do away with the hump and retire the older men and give the younger officers a chance. [Applause.]

Mr. HILL of Alabama. Mr. Chairman, I yield the remainder of my time to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. PLUMLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania.

Mr. FADDIS. Mr. Chairman, I am sure the gentleman from California [Mr. HOEPPEL] made a most unworthy statement when he stated that if this bill passes and becomes a law, members of the Committee on Military Affairs

will be getting large campaign contributions. I am just wondering if a statement of that kind does not result from his disappointment sometime ago when he solicited campaign contributions from members of the regular forces of the United States. I am just wondering if a statement of that kind does not savor more or less of sour grapes.

Mr. HOEPPEL rose.

Mr. FADDIS. I refuse to yield.

Mr. HOEPPEL. I am wondering if the gentleman's conscience hurts him.

Mr. FADDIS. The gentleman also dwelt at great length on the statement that in this piece of legislation we have attempted to do nothing for the enlisted man. I call the attention of Members of the House to the fact that this legislation does not deal with enlisted personnel. Not very long ago, however, we devoted eight and a half million dollars to providing for an increase in rank among the enlisted personnel of the Army, in order to meet the increase in the enlisted personnel of the Army. That is a great deal more than the sum which will be devoted to promoting the interest of the commissioned personnel of the Army.

I want to speak very briefly about another matter. I know there are a great many Members of the House who are considering amendments which are designed to help certain classes now within the commissioned personnel of the Army.

I want to explain to the members of the Committee that the Committee on Military Affairs carefully considered these various groups now within this hump, with the idea of helping them if possible. We came to the absolute decision that there was no way in which those various groups could be helped without working an injustice upon another group.

This is a piece of legislation which works absolutely no injustice to any part of the commissioned personnel of the United States Army. It does not set any man back in rank. It provides for the advancement of those who need it most, the junior officers. It provides for their advancement at a time in life when they will be able to benefit by it, and when the service will be able to benefit by it. It absolutely works no injustice upon any of those ranks.

There are none of us who were in the service but who realize the condition of these various groups. If those of us who served as commissioned officers in the Army cared to do so we could all draw an example of where we would be laboring under an injustice the same as these various groups. We have the greatest sympathy for them, but after careful and deliberate consideration we reached the conclusion that it was absolutely impossible to attempt to rectify any of those injustices. They should have been rectified in 1920, but during the years since 1920 most of those groups have been accustomed to their position on the promotion list and they have become more or less reconciled to it. Any attempt to shift those around or to correct any of those injustices would result in causing new injustices and causing new dissatisfaction. It is the consensus of opinion among the officers who have long suffered injustice that this legislation, while it will not right this individual wrong, will do more to correct the disadvantages under which the commissioned personnel as a whole has been laboring than any other legislation.

Again I want to call the attention of the members of the Committee to the fact that this legislation has been long delayed, because each time it has been brought forward the question has crept in as to the endeavor to correct the injustices of these various groups. That is what has prevented the passage of this legislation up to this time.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. FADDIS] has expired.

All time has expired.

The Clerk read as follows:

Be it enacted, etc., That hereafter the promotion list of the Regular Army and Philippine Scouts shall include all officers on the active list in the grades of second lieutenant to colonel, inclusive, except officers of the Medical Department, chaplains, and professors of the United States Military Academy; promotion-list colonels shall be placed immediately above the lieutenant colonels on the promotion list provided for in section 24a of the act of June 4, 1920 (U. S. C., 10:553, 41 Stat. 771), in the order of their standing on the relative rank list of colonels on the date of this act; officers on the promotion list as above defined shall be known as "promotion-list officers"; all other officers, except general officers, shall be known as "non-promotion-list officers": *Provided*, That nothing in this act shall be so construed as to change the respective relative positions held by officers on the promotion list, hereinbefore prescribed, nor the method of determining the position of officers on that list as prescribed by the act of June 4, 1920, as amended, except as hereinbefore provided.

All promotions provided for in this act shall be subject to the examination prescribed by existing law.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word. I simply wish to get some information from the distinguished gentleman from Alabama [Mr. HILL] on this bill. I am inclined to favor it, but I wanted to clear up some of the propositions in the bill.

As I understand it, the idea is to keep a live-wire organization in the officer personnel of the Army. For instance, when the gentleman from Alabama and I were in France we saw a picture every day of some officer 50 years of age or so suddenly examined physically and sent back to the States. He was not able to command his troops. Now, I would like to ask the gentleman why was the 15-year limit placed in this bill? What was the purpose of the committee in selecting that 15 years?

Mr. HILL of Alabama. Those limits in section 3 of the bill will not apply at the present time, but they will apply in the future when the hump is wiped out, the idea is that we want to accelerate promotions, but we do not want the promotion to be what, in the opinion of those who have studied the question, would be too fast for the good of the service. The idea is that after a man has had 3 years of service he is qualified to be a first lieutenant. After 7 years of more service he is qualified to be a captain. Then after 5 years of more service he ought to be a major. Then after 5 years of more service a lieutenant colonel. Then after 6 years of more service a colonel. That would be more or less ideal in the minds of the military experts.

Mr. CONNERY. Then in actual practice we will not find the example of a man being retired at 37 years of age under this bill?

Mr. HILL of Alabama. Oh, no; no.

Mr. CONNERY. When it works out practically, it will go beyond the 37 and will more likely be up around 45 or beyond?

Mr. HILL of Alabama. Much more than that ordinarily.

Mr. CONNERY. Under the system we have now without the passage of this bill, a second lieutenant can go on for years and years as a second lieutenant?

Mr. HILL of Alabama. They are going on. We have second lieutenants in the Army now who ought to be colonels.

Mr. CONNERY. I wanted this information from the gentleman, because we know from practical experience that the morale of the Army does suffer unless we have active live-wire officers. After all, if we suddenly go to war we must have officers to train these men, and they cannot be old-timers who have to sit in the rear, but they must be young officers who can take these men out on the training fields and show them the ropes.

Mr. FIESINGER. Will the gentleman yield that I may ask the gentleman from Alabama a question?

Mr. CONNERY. I yield.

Mr. FIESINGER. Is this bill designed to be a continuing proposition, for a long period of time?

Mr. HILL of Alabama. I will say it is permanent legislation. It will straighten out this hump, and, of course, as the years go by, the hope and thought is that we will finally get rid of the hump.

Mr. FIESINGER. As I conceive the situation, you are developing more lower-grade officers all the time and placing them in higher-grade positions, so that if we cure it now, this hump will exist again in a number of years?

Mr. HILL of Alabama. No; by getting rid of the older officers who really have little hope from the standpoint of any advancement for themselves or any good to the Army, we will open up new places for the junior officers. We will finally get this hump out of there.

Mr. FIESINGER. Will not this condition come about again after a period of 10, 15, or 20 years?

Mr. HILL of Alabama. No; the bill has been fashioned in such a way as to try to get away from that particular thing.

Mr. FIESINGER. That is what I meant by the condition continuing.

Mr. HILL of Alabama. We have tried to get away from that very thing.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. In this last minute I merely voice the hope that the bill will pass. It will serve a very good purpose. I wish to add to the statement of my friend from New York [Mr. FISH]. However, I think it was the second lieutenants, the sergeants, and the buck privates who won the war. [Applause.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I thoroughly agree with the position taken by my distinguished friend the gentleman from Massachusetts [Mr. CONNERY]. I rise particularly to express my regret at the attack—I will not use the word "attack", because I do not think it was intended as an attack—made by the distinguished gentleman from California [Mr. HOEPPEL] upon one of the most distinguished men, one of the finest men I have ever met during my service in any legislative body, Colonel Phillipson, to whom the gentleman from California has referred on several occasions this afternoon. I have been a Member of Congress for 7 years and have yet to see any lobby from the War Department. I have always welcomed any man coming into my office, business man or any person, who could give me assistance on any pending legislation. I welcome any person coming into my office who wants to present to me his views on pending legislation. When any person does that I do not consider that he is trying to lobby me; I consider that it is his right; and I feel that any gentleman or gentlewoman, a Member of Congress, if they are in the position where they can do so, should and will extend to such a person the courtesy of an interview.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Gladly.

Mr. SNELL. I want to say that I approve most heartily everything the gentleman has said about Colonel Phillipson. I happen to have known him for some time and I have found him to be a very high-grade gentleman.

Mr. McCORMACK. I thank the gentleman from New York.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HILL of Alabama. I want to concur in what the distinguished minority leader has said. I do not think there is a finer citizen or abler officer in the country than Colonel Phillipson.

Mr. McCORMACK. I thank my friend for his contribution. Colonel Phillipson leaves Washington shortly to take command of a regiment, and I know it must be pleasing to him to know that the distinguished leader of the minority party and the distinguished acting chairman of the Committee on Military Affairs entertain of him the very high opinion they have just expressed.

Mr. Chairman, this bill is a simple bill. We have heard Members of the House who were officers speak. The gentleman from Massachusetts [Mr. CONNERY] was an enlisted man; so was I. This bill appeals to me. It affords an opportunity for the recognition of ambition; it provides for a high morale in our Army during peace times. It removes the hump that exists as a result of the World War, which presents a very serious problem to the Chief of Staff and his associates. We cannot permit this to continue without discontent existing, not discontent which prompts men not to do what they ought to do, but the discontent that you and I ordinarily would entertain consistent with the full and complete performance of our duty.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. What I have said is in no sense a criticism of the distinguished gentleman from California [Mr. HOEPPEL], because I am sure that he never intended to attack Colonel Phillipson, and I am sure that when he used the word "lobby" he used it not in the sense that the word "lobby" is ordinarily understood, but simply in a descriptive manner; that Colonel Phillipson, representing the War Department, came up here naturally to present the position and reasons of the War Department on pending legislation, which I recognize he has the right to do; and that Colonel Phillipson naturally was interested for the War Department, and not as Colonel Phillipson personally, in trying to see that legislation that was felt necessary was reported out of the committee, and after being reported out of committee come up before the House and Senate for consideration.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. KVALE. The gentlemen also wants it to appear that Colonel Phillipson spoke for his associates, men who have devoted a lifetime to the service of the country.

Mr. McCORMACK. The gentleman is absolutely correct.

Mr. MERRITT of New York. Does the gentleman know that Colonel Phillipson would not be benefited by this bill?

Mr. McCORMACK. The gentleman is correct.

Colonel Phillipson has spoken for the enlisted men in the past. Colonel Phillipson has never spoken to me about any bill affecting officers. He has not spoken to me about this bill; but when the enlisted men had legislation pending, he has spoken to me about it and called my attention to the merits of the legislation, not lobbying, but presenting facts for my consideration. That is the position I know Colonel Phillipson to take; and I see him leave Washington with regret. I extend to him best wishes for the future success to which he is entitled and which I know he will enjoy.

We have officers in our Army devoting their whole lives unselfishly to the service of their country. Those men are not seeking money; those men are not seeking to amass wealth.

Those men entertain an ambition in the service of their country to receive deserved recognition and promotion; and whether we agree that there should be a large or a small Army, we must all agree that the officers of the Army are unselfishly performing their duty in the best interests of our country. [Applause.]

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I wonder if we cannot get some agreement as to time. Frankly, I told the House leaders that, so far as it lay within my power, I would do all I could to expedite this bill. There is a bill, introduced by the gentleman from Georgia [Mr. RAMSPECK] covering the leave of Government employees on the docket next. The House wants to take it up, and I wonder if we cannot expedite this bill.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last two words.

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. GREEVER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. GREEVER: Add the following clause after the first paragraph, section 1, S. 1404: "*And provided further*, That commissioned service of a National Guard officer under appoint-

ment as a United States property and disbursing officer while on duty during the period from April 6, 1917, to December 31, 1917, engaged in equipping or mobilizing National Guard troops in active Federal service, shall be credited in determining the position of officers on the promotion list."

Mr. HILL of Alabama. Mr. Chairman, I make a point of order on the amendment. As I understand the amendment, I do not think it is germane to this section. In the first place, I think the gentleman's amendment applies to perhaps the National Guard officers. In the second place, this first section only states who shall be on the promotion list and who shall be on the nonpromotion list and does not undertake to change those lists or to deal with length of service or location on the list.

Mr. GREEVER. May I ask the chairman of the committee to what section of the bill this amendment would be germane?

Mr. HILL of Alabama. Does the gentleman's amendment apply to the National Guard?

The CHAIRMAN. Does the gentleman from Wyoming desire to be heard on the point of order?

Mr. GREEVER. I want to ask that the amendment be considered wherever it is germane. For that reason may I ask the chairman of the committee to what section the amendment is germane?

The CHAIRMAN. I think the proper course would be for the gentleman from Wyoming to confer with the gentleman from Alabama to find out where the amendment might be germane, if it is germane at all.

Mr. GREEVER. That is the question I asked the chairman of the committee. I wanted to know what section dealt with National Guard officers.

Mr. HILL of Alabama. If I understand the gentleman's amendment correctly, I do not think it would be germane to any section of this bill.

The CHAIRMAN. The Chair may state that it is not germane at this point at least, and therefore sustains the point of order.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, may I say in reply to the gentleman from Massachusetts [Mr. McCORMACK] that when I referred to Colonel Phillipson I had in mind the pressure which he had exerted on certain individuals in trying to force this bill on the floor for consideration today or tomorrow. I do not understand why the Congress should be forced, by one individual representing the War Department, to consider a particular bill. Tomorrow is another day, and then we have days following that. Why should we be bulldozed to enact this legislation?

Mr. Chairman, I may say that I am also personally acquainted with Colonel Phillipson. I have found him a very fine gentleman. He is well disposed toward the officers, but he appears to have no consideration whatever for the enlisted men. One of the reasons why I feel as I do with reference to this bill is because Colonel Phillipson disapproved of a bill which I introduced to grant artificial limbs to a poor, disabled, retired enlisted man, who had lost both limbs and who had served in the Philippine Insurrection, as well as in France in the World War. To ask us now to enact legislation like this and at the same time to repudiate the poor, downtrodden, unfortunate, helpless man is not my idea of efficiency in service.

Furthermore, Mr. Chairman, under the present law every officer is given an increase in pay every 3 years. He receives a 5-percent increase. We recognize there is a hump, but what about the poor, unfortunate warrant officers, and there are 600 of them in the Army, who served as officers during the World War? When they come up for promotion they run up against a stone wall. There is no further promotion for them.

The officers get an increase in pay. Not only does the warrant officer not receive any further promotion, but after 20 years' service he receives no further increase in pay. He is the individual in the Army who is the hump, and there are 600 of these high, outstanding individuals who served as officers during the war, most of them in France. They constitute an insurmountable hump in rank as well as in pay. The officers have no hump except in rank. They continue to get their pay and every 3 years they get a 5-percent increase. Incidentally a number of them get a higher rank in between. They are doubly provided for.

Mr. Chairman, if Colonel Phillipson wishes to be honest and fair with your Army and mine, he will recommend legislation providing for these 600 warrant officers. He will recommend legislation providing the longevity pay of officers for these worthy warrant officers. He will recommend legislation to provide for worthy enlisted men and to remove existing, flagrant discriminations. I introduced legislation in this Congress providing for the enlisted men, but because the legislation entailed the expenditure of public funds I did not ask for a hearing. It is not fair that we add to the burden of the taxpayers for any individual who is already in receipt of a good income. It is not fair that we should add to the burdens of the taxpayers for the benefit of any individual who is in receipt of a regular income, and for this reason I would not ask for anything for the enlisted men at this time. For this reason I would not ask for anything for the warrant officers, but Colonel Phillipson and the War Department have the audacity, in the distressful condition of our country today, to come to the Congress of the United States for additional benefits to an overprivileged group, to deceive the President, to falsify official facts, as I can prove, in the hearings, and to give you only half truths. I say this is not a gentleman's duty.

[Here the gavel fell.]

The pro forma amendments were withdrawn.

The Clerk read as follows:

SEC. 2. That from and after the effective date of this act the authorized number of promotion-list officers in the grade of colonel shall be 6 percent; the number of such officers in the grade of lieutenant colonel shall be 9 percent; and the number of such officers in the grade of major shall be 25 percent of the aggregate number of promotion-list officers authorized by law: *Provided*, That in making any computation under the provisions of this section whenever a final fraction of one-half or more occurs in the number of officers involved in any such computation the next higher whole number of officers shall be regarded as the authorized or required number thereof.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: On page 2, line 13, after the word "be", strike out the figure "6" and insert in lieu thereof the figure "5."

Mr. HOEPPEL. Mr. Chairman, this amendment seeks to permit only 5 percent of the officers to hold the grade of colonel. Under existing law there are 470 colonels, or 4½ percent. Under this amendment there would be 500 colonels, and I may say for the information of the Committee that the Army is topheavy today with high-ranking officers. We have no duties for them, and it is unfair that we should enact legislation adding to the number of high-ranking officers who will have no duty to perform commensurate with such rank.

I am not alone in my fight. Retired officers of the Army are supporting me. I am going to read for your information from a letter received from a retired colonel who is a graduate of West Point:

You know you would be discouraged, just mentally down and out, if you were a captain of the line and then demoted to the grade of a lieutenant. Under the bill there will be a promotion in titles and pay, but there also must be a demotion in duties. The duties of the lower grades must be performed by someone.

So, if we bring all these officers out of the lower strata, we will not have any officers to conduct the duties of the Army, or else they will have to perform duties below their grade.

There are duties to be performed, and if we do not have the subalterns to perform them, then it must fall to the lot of the field officers. So, as far as efficiency goes, I see nothing but more demoralization for the individuals concerned.

I use above the words "more demoralization." As I view the service from the side lines, there seems to me a sort of demoralization that has been going on ever since the World War. * * *

It will be noted that at the present time field officers have a prospect of serving with real troops only about 1 year in 5. If the promotion bill goes through colonels can expect service with

real troops about 1 year in 6, lieutenant colonels about 1 year in 7, and majors about 1 year in 8. These figures are approximate, but fairly accurate.

In other words, Mr. Chairman, we are removing the officers of the Army away from the enlisted men and putting them in clerical or supervisory positions where they have no contact with or influence upon their men. This is unfair.

With respect to the pay of these men, the minimum pay of a colonel is $433.33, plus allowances of $34, plus their free homes and everything else I told you about a while ago. Their pay is equivalent to $800 or $900 or $1,000 a month; in fact, one colonel told me a Congressman's job is undesirable compared to that of a colonel.

We are proposing a needless number of officers, which will add unduly to the expenses of the taxpayers. We do not require these colonels. There is no place for them except in a recruiting office, where they come in perhaps every 2 or 3 days and sign the enlistment papers and execute an oath. Can we afford to do this? They are getting to be old men. You have heard it said we want young men. Certainly, we want young men.

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I hope the Committee will vote down this amendment.

In the first place, if such an amendment were going to be offered, it should have changed the other percentages in the section in conformity therewith.

Mr. HOEPPEL. That is not necessary.

Mr. HILL of Alabama. If the gentleman's amendment were adopted we would have 1 percent of all officers without any grade whatever and they might be colonels or lieutenant colonels or majors and there might be, perhaps, some mavericks.

Mr. HOEPPEL. I have stated——

Mr. HILL of Alabama. I do not yield to the gentleman. This bill will not demote one single officer.

Mr. HOEPPEL. I said promote.

Mr. HILL of Alabama. It does promote a number of officers.

As to the increase in our field officers we have more than sufficient duties for each and every one of these officers.

These officers are not only on active duty with the Regular Army but many of them are on duty with the National Guard and with the various service schools, with the C. M. T. C., the R. O. T. C., and in staff positions. Many of the places filled by the officers could be filled by colonels or lieutenant colonels. It does not make much difference, the duties are about the same. What we are doing is to open up an opportunity, holding out some hope of reward for promotion for these men who have successfully and faithfully discharged their duties through the years. To adopt the gentleman's amendment would be to upset the whole program.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HOEPPEL].

The question was taken, and the amendment was rejected.

Mr. HOEPPEL. Mr. Chairman, I offer another amendment to the same section.

The Clerk read as follows:

Page 2, line 22, after the word "thereof", strike out the period and insert a colon and the following: "*Provided further*, That no increase in pay or allowances, within a period of 5 years from the date of the enactment of this act, shall accrue to any officer advanced in rank under the provisions of this section, except such increases in pay and allowances as would have accrued had he not been advanced in rank, as provided in this section."

Mr. HILL of Alabama. Mr. Chairman, I make the point of order against the amendment, that it is not germane. This section provides for the personnel in different grades. It does not promote or demote anybody. It simply states what the grade shall be.

Mr. HOEPPEL. Mr. Chairman, I contend that this amendment is a limitation on expenditures. That is why, in my opinion, it is germane. The reason I offered the amendment was to show that the President was deceived by the War Department. If the report of the War Department is honest, if no increase in pay will accrue because of these promotions which are being proposed, then the amendment can be freely adopted; but if the report is dishonest, as I know it to be, this amendment ought to be adopted to protect the Public Treasury.

The CHAIRMAN. There is nothing in the section that deals with the increased pay of officers. The Chair sustains the point of order.

Mr. HILL of Alabama. Mr. Chairman, I move that all debate on this section and all amendments thereto now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 3. All vacancies, including original vacancies resulting from the operation of section 2 hereof, occurring on or after July 1, 1935, in the respective grades of colonel, lieutenant colonel, and major of promotion-list officers shall be filled by the promotion of promotion-list officers in the manner provided in section 24c of the said act of June 4, 1920: *Provided*, That no promotion-list officer shall be promoted in time of peace under the provisions of this act to the grade of colonel until he shall have completed 26 years' service; to the grade of lieutenant colonel until he shall have completed 20 years' service, or to the grade of major until he shall have completed 15 years' service, the service to be counted for purposes of this proviso to be only active commissioned service of the same classes prescribed for promotion-list purposes in section 24a of the said act of June 4, 1920; but this proviso shall not apply to lieutenant colonels and majors whose first appointments in the permanent service were in grades above those of captain and second lieutenants, respectively, or who were appointed to the Regular Army under the provisions of the first sentence of section 24 of the act of June 3, 1916, as amended by the said act of June 4, 1920, nor to captains whose first appointments in the permanent service were in a grade above second lieutenant, or whose present rank dates from July 1, 1920, or earlier. All officers promoted under the provisions of this paragraph shall take rank in the grade to which promoted according to the dates stated in their commissions in said grade; and when the dates of rank of two or more officers in said grade are the same, such officers shall take rank among themselves according to their standing on the promotion list.

The number of promotion-list officers that shall be in the respective grades of captain and first lieutenant at any time after the effective date of this act shall be such as results from the operation of the promotion system hereinafter in this paragraph prescribed. Promotion-list second lieutenants and first lieutenants shall be promoted to the respective grades of first lieutenant and captain immediately upon completion, respectively, 3 years' and 10 years' commissioned service in the Regular Army, but not otherwise; and all such officers in the said grades of second lieutenant and first lieutenant, respectively, who shall have completed the said respective periods of service on or before the effective date of this act shall be so promoted as of said date: *Provided*, That no officer shall be promoted, under the provisions of this paragraph, in advance of any officer in the same grade whose name appears above his on the promotion list.

Mr. HOEPPEL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 4, line 11, strike out the word "three" and insert the word "five."

Mr. HOEPPEL. Mr. Chairman, under the provisions of this bill we will have an Army somewhat on the order of the Mexican Army. We will have 628 colonels and only 791 second lieutenants. Think of it—only 791 second lieutenants for the entire Army. If you will adopt this amendment you will have at least 1,500 or more second lieutenants, and every man who has ever served recognizes that second lieutenants are necessary in the military service. The reason the committee offered this bill providing for 3 years is explained as follows: In the medical and veterinarian service an officer must educate himself at his own expense, and he goes into the service between the ages of 25 and 32. He is justly entitled to graded promotion. The cadet at West Point, who is educated at public expense, is not, in my opinion, entitled to similar consideration. I contend that after we have spent thousands of dollars educating a man at West Point he owes a duty to the Government and should serve an apprenticeship of 5 years before he starts on that relentless urge for continued promotion and increased pay. Men in the medical and dental divisions who educate themselves at their own expense are entitled to this promotion after a period of 3 years. By no stretch of the imagination should a boy just out from West Point be advanced under a period of 5 years, and under the rule today a second lieutenant must serve 6 years. I brought it down to a compromise. The committee

made it 3. It is too much. If we keep on we will have nothing but colonels, and perhaps Kentucky colonels, in the American Army, with no second lieutenants. Who was it that went over the top, who is it performs the real duties in military life, who is charged with the responsibility, and who functions with the enlisted men? It is the first sergeants and the second lieutenants. Let us keep the second lieutenants in contact with the enlisted men a couple of years more. I am in favor of increasing the pay of second and first lieutenants, but I do not favor promoting them to increased rank until they have the necessary experience. If we take them out and push them along the most of them will become nothing but clerks, and that is what most of these field officers are today. I doubt if some of them could even drill—they have been so long away from troops. I hope the Committee will adopt this amendment, so that the second lieutenants will have a chance to learn something about company organization.

Mr. HILL of Alabama. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. HOEPPEL. Oh, I have some other amendments to offer to this section.

The CHAIRMAN. The question is on the motion of the gentleman from Alabama, that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HOEPPEL. Do I understand that all amendments to section 3 are now closed?

The CHAIRMAN. Debate upon them is closed.

Mr. HOEPPEL. Why, this is the gist of this bill. This is vital. This is a gag motion.

Mr. WADSWORTH. The gentleman can offer his amendment.

Mr. HOEPPEL. But what good will it do to offer an amendment if you cannot explain it? Mr. Chairman, I ask unanimous consent that I be permitted to present one more amendment so that I can explain the vital features of this bill.

The CHAIRMAN. The gentleman is privileged to present his amendment, but it is not debatable.

Mr. HOEPPEL. I ask unanimous consent that I may offer this amendment and proceed for 5 minutes.

The CHAIRMAN. Is there objection?

Mr. HILL of Alabama. Mr. Chairman, I object.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 5. That any officer on the active list of the Regular Army or Philippine Scouts who, on the effective date of this act or at any time thereafter, shall have completed not less than 15 nor more than 29 years' service may upon his own application be retired, in the discretion of the President, with annual pay equal to the product of 2½ percent of his active-duty annual pay at the time of his retirement, multiplied by a number equal to the years of his active service not in excess of 29 years: *Provided*, That the number of years of service to be credited in computing the right to retirement and retirement pay under this section shall include all service now or hereafter credited for active-duty pay purposes any fractional part of a year amounting to 6 months or more to be counted as a complete year: *And provided further*, That any officer of the Regular Army or Philippine Scouts below the grade of major who served as a commissioned officer in the Army of the United States prior to November 12, 1918, and whose application for retirement under the provisions of this section has been approved by the President shall be retired in the grade of major with retired pay computed as hereinbefore provided as for a major with the same length of service: *And provided further*, That nothing in this act shall operate to deprive any officer of the retired rank to which he is now entitled under the provisions of law: *And provided further*, That any officer originally appointed as of July 1, 1920, at an age greater than 45 years may, if he so elects, in lieu of retired pay at the rate hereinbefore provided, receive retired pay at the rate of 4 percent of active-duty pay for each complete year of commissioned service in the United States Army, the total to be not more than 75 percent: *And provided further*, That all officers retired under the provisions of this section shall be placed on the unlimited retired list.

Mr. BIERMANN. Mr. Chairman, I move to strike out the last word. Has any calculation been made as to how much this bill is going to cost?

Mr. HILL of Alabama. It is difficult to make those calculations, because they would depend on how many officers are retired. I can understand perhaps what is in the gentleman's mind. This does not give any officer any right to retire. It leaves the matter entirely in the discretion of the President of the United States, but, of course, as the gentleman knows, the Congress holds the purse strings, and you cannot retire officers unless the Congress appropriates the money with which to pay the retired pay. There are some officers in the Army who came in during the World War, some of them very old to enter the Army as officers. Some of them even over 45 years of age, and some just a little under 45. Those officers have had no promotion, and they are in a position where they can do practically nothing for themselves and can do nothing for the Army or for their country. It would be greatly to the interest of the Army if they were retired. If some of them ask for retirement and the President sees fit and the Congress appropriates the money, then they will get out of the way and make room for some of these younger men.

Mr. BIERMANN. But no estimate has been made as to how many officers are likely to retire?

Mr. HILL of Alabama. No. That will have to be taken up each year by the subcommittee of the Committee on Appropriations for the War Department. As the gentleman knows, the President and the Bureau of the Budget send up the estimates. Those estimates are considered by a subcommittee of the Committee on Appropriations. Hearings are held, and thereafter the Congress determines how much money shall go into the bill for retirement.

Mr. BIERMANN. Then this committee is in this position: You have estimated that the promotions will cost $700,000, $600,000, and $500,000 annually?

Mr. HILL of Alabama. Yes.

Mr. BIERMANN. But aside from that we have no idea at all what this bill is going to cost the Nation if it is enacted into law. Is that not true?

Mr. HILL of Alabama. The only other cost there could be under this bill would be the cost on the matter of retirements. The only way any money can be expended on retirements is for the Congress of the United States to determine the amount and appropriate the money.

Mr. BIERMANN. That proviso does not amount to anything, because this Congress has shown a disposition to vote any amount of money that the Army wanted.

Mr. HILL of Alabama. If the gentleman does not have faith in the Congress of the United States——

Mr. BIERMANN. I have the floor, and I yielded to the gentleman, although he refused to yield to me.

Mr. HILL of Alabama. I did not mean to be discourteous to the gentleman, but I did not feel that I should yield to anyone at the very beginning of my speech.

Mr. BIERMANN. But I will say to the gentleman that this Congress has been inclined to give to the War Department whatever money they have asked for. This year we have voted for the Army more money than the country has ever voted for an army in peace times.

Mr. MORITZ. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. MORITZ. I would like to ask the gentleman from Alabama at what age do colonels retire now?

Mr. HILL of Alabama. The law requires any officer reaching the age of 64 to retire. There is also a provision whereby an officer may retire after 40 years of service. There is also a provision whereby he may retire after 62 years. There is also a provision whereby he may retire after 30 years' service, provided he does so with the consent of the President of the United States.

Mr. MORITZ. What pay do they get on retirement now?

Mr. HILL of Alabama. They get three-fourths of their base pay. That base pay does not include the allowance.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. BIERMANN] has expired.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment. I am bothered about this bill, and cannot vote for it.

The gentleman from Alabama [Mr. HILL] is a little incorrect about his assurances to our colleague from Iowa. The Congress always appropriates the necessary money for retired pay of officers, both in the Army and in the Navy. They are retired many times when Congress has nothing in the world to say about it after we pass the law authorizing retirement. That is exactly what is going to be done under this bill if we pass it. The Army will retire these men when it gets ready. Then whatever money is necessary to pay their retired pay, Congress will appropriate it. There is no question about that.

I never have been in favor of seeing an able-bodied man, a man who had nothing the matter with him, able to perform his duties, retire on pay for life. That is a wrong principle of government. It is a principle, if adopted, that is going to cause trouble in the future.

Mr. HILL of Alabama. Will the gentleman yield? I know the gentleman wants to be accurate.

Mr. BLANTON. In just a minute. Let an Army officer, a high officer, a colonel or a major, from 37 to 45 years of age, be living across the street from neighbors of the gentleman from Alabama [Mr. STARNES], and let those neighbors find out he is doing nothing and is retired for life, although he is able-bodied, every one of those neighbors is going to be dissatisfied. They are going to raise Cain with my friend STARNES. They are going to raise Cain with Colonel HILL of Alabama when that exists down in his district. They have already raised Cain with me, where middle-aged Navy officers and Army officers have been retired on pay for life for some insignificant disability.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. HILL of Alabama. First, the gentleman gives me a title to which I am not entitled. I was only a lieutenant.

Mr. BLANTON. But the gentleman looks so much like a colonel and acts so much like one, that I had to give him that designation.

Mr. HILL of Alabama. I was only a lieutenant, and when a man is that far down the line there is little distinction.

Mr. BLANTON. But every lieutenant is an embryo colonel.

Mr. HILL of Alabama. He ought to be. If he is the right kind of a man he ought to be an embryo colonel, but let me say that the bill does not provide for retirement at three-quarters of the base pay. It provides 2½ percent of the annual pay at the time of retirement, multiplied by the number of years of active service, and this would be considerably less than the three-fourths of the base pay.

Mr. BLANTON. I am against retiring able-bodied, middle-aged men on retired pay for life. Does this House think it is a sound principle of government to retire men at 45 years of age—able-bodied, sound men?

Mr. HOEPPEL. Thirty-seven years.

Mr. BLANTON. Well, 37 years or 45 years? I am not. Men have not reached their prime when they are 45 years of age. After Major General Martin was retired on $6,000 retired pay of a major general for life, at 64 years of age, he thereafter served with distinction in this Congress, and he is now the able Governor of the State of Oregon, and the people of Oregon are now paying him a salary of $7,500 per year as Governor of that State.

Neither Army officers nor Navy officers ought not be retired at 45 years or at 37 years when they are able-bodied.

After Major General Harbord was retired he was paid a salary of $100,000 per year by the Radio Corporation of America.

After a distinguished admiral in our Navy had been retired he received a salary of $50,000 per year from a corporation.

If officers are worth $50,000 and $100,000 per year to big corporations, after the Government has educated and trained them, they ought to be worth their salaries of their rank to the Government.

It is a bad principle of government—it is a bad policy of government to retire middle-aged able-bodied officers on big retired pay for life.

Now, I am for adequate preparedness; I am for giving the Army everything on earth it needs to make this country adequately prepared.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes. I have not taken any time of the House today.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. I am going to vote for everything this country needs for adequate preparedness. I am going to vote to give the Army and every Army project in the country the very best that is possibly needed for adequate preparedness; but I am not in favor of retiring able-bodied men at the age of 45 or at 37 on retired pay for life.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I have but 2 minutes.

Mr. HILL of Alabama. The gentleman wants to be accurate, I know.

Mr. BLANTON. Do you know what else they will get besides their retired pay? They will get all their privileges; they will still be allowed to use Army doctors and Army dentists for themselves and families; they will still be allowed to buy their supplies through the Army supply stores at Government cost; they will still get many other privileges.

Mr. ASHBROOK. And they can hold another job.

Mr. BLANTON. And with their retired pay, as my friend from Ohio says, they can get another job with additional pay. They will get their retired pay for life and can hold a private job at the same time.

I cannot vote for that kind of bill. I am going to vote against this bill. I cannot give my support to that kind of legislation. I know that the people down in my district are not in favor of it. I know that the people generally throughout my home State are not in favor of it; and I know that the people in Texas are no different from the people in any other State when it comes to sound principles of government. While it will be impossible to defeat this bill, I am forced to vote against it.

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. HOEPPEL. Mr. Chairman, I have a very important amendment I want to offer.

The CHAIRMAN. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

The Clerk read as follows:

SEC. 6. That nothing in this act shall be deemed to apply to temporary advancement in rank of commissioned officers of the Air Corps as authorized in the act of July 2, 1926 (U. S. C., Supp. III, 19:292a, 44 Stat. 780), and officers temporarily advanced in rank under the provisions of said act shall be counted only in the grade in which they hold permanent commissions in computing the numbers in such grades.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 7, line 4, after the word "grades", insert a new section to read as follows:

"Hereafter warrant officers of the Army, including warrant officers of the Army Mine Planter Service, shall receive as a permanent addition to their base pay an increase of 5 percent of their base pay for each 3 years of any service now counted for pay purposes up to 30 years, in lieu of the addition provided for in section 9 of the act entitled 'An act to readjust the pay and allowances of the commissioned officers and enlisted men of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service', approved June 10, 1922."

Mr. HILL of Alabama. Mr. Chairman, I make a point of order against the amendment on the ground that it is not germane to this section of the bill or to any part thereof. The amendment deals with warrant officers whereas the bill

deals solely and entirely with commissioned officers of the Army. Warrant officers are entirely different from commissioned officers.

Mr. HOEPPEL. Mr. Chairman, will the gentleman reserve his point of order?

Mr. HILL of Alabama. No; Mr. Chairman, I press my point of order.

The CHAIRMAN. There is nothing in the bill dealing with warrant officers. The Chair sustains the point of order of the gentleman from Alabama.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gag procedure which is placed upon the membership of this House in connection with the section just passed is indicative of what we may expect when the Congress of the United States takes orders from bureaucrats. I am surprised that the acting chairman of the Military Affairs Committee should condescend to gag the membership on vital questions of finance, on vital questions of policy pertaining to the Army.

The gentleman from Texas [Mr. BLANTON] spoke a moment ago in reference to the retired list. I sought to offer an amendment limiting the number of officers who could be retired. The astute gentleman from Alabama probably sensed that my amendment proposed a limitation. As the gentleman from Texas [Mr. BLANTON] has said, if we have no limitation, the War Department, deceiving the President again, perhaps will unload all these officers on the retired list and on the back of the taxpayers. It is absolutely unfair that we should have such gag procedure in a Democratic Congress of the United States.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. O'CONNOR. Nothing prevents the gentleman from offering his amendments.

Mr. HOEPPEL. Yes.

Mr. O'CONNOR. The gentleman can get a vote on every one of them.

Mr. HOEPPEL. Yes; but it cannot be discussed. I proposed to offer an amendment whereby it would be absolutely mandatory that only 200 of the 4,500 officers could be retired per annum.

Mr. O'CONNOR. Offer it; let us vote on it.

Mr. HOEPPEL. We cannot very well vote on it without explaining it. The committee itself does not understand the bill and they will not give anyone an opportunity to explain what they are doing. They gag us. I reiterate my statement that if the Congress of the United States would compel the Army and Navy officers on duty in Washington to wear their uniforms in the city of Washington we would soon know where this pressure comes from.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. RICH. The gentleman is one member of the Democratic Party who condemns gag rules.

Mr. HOEPPEL. I have voted against every gag rule and shall continue to do so. I do not question any man's vote on any measure in this House, but when he votes to gag me or gag any other Member I question that man's judgment.

This bill is going to be enacted into law just as the bureaucrats directed. There is not going to be a single amendment adopted, which is proof conclusive that the Congress of the United States is an inert body. We may just as well surrender our sovereignty, if we have such, and turn it over to the bureaucrats. They told us what we are to have, and we are having it.

Mr. Chairman, I am going to offer one more amendment. I hope the Members of Congress who have heard this debate and the American people, if the newspapers will publish it, will have brought to their attention the fact that the enlisted men of the service are not getting a square deal from the Army officers, that the warrant officers in the service are not getting a square deal and are being discriminated against, and that the interest of the taxpayers is not adequately represented in the Congress. I knew I would lose this fight. If I have been successful, however, in bringing to the people of the country some realization of the aristocracy and the domination of the Army of the United States by the General Staff, I shall feel repaid for my efforts.

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 7. All existing law governing the termination of active service of officers shall continue in full force and effect, except as herein modified.

Mr. MORITZ. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have listened with a great deal of interest to the discussion of this bill. I think it is a good bill, but I believe in all sincerity that it is not opportune. We have no right to take up matters of this character now when we are not putting men back to work.

If the Members had visited their districts regularly, as I have visited mine, they would know of existing conditions. I find that unemployment is quite prevalent. There are poor men who have not even the price of a meal. They are looking for work. Yet we are trying to doctor up some bill here to help the Army and people who are now on the pay roll of the Government. These Army officers are retired and receive large pensions.

Mr. Chairman, we were confronted with a similar situation in one of the cities in my district, where men were retired and went out and got other jobs. That condition existed until recently. Policemen were retired from the police force and went over to the county and went on their pay roll.

Mr. Chairman, I think we can take this bill up some time in the future, but right now is not the opportune time to take it up; therefore we ought to vote it down.

Mr. FADDIS. Mr. Chairman, will the gentleman yield?

Mr. MORITZ. I yield to the gentleman from Pennsylvania.

Mr. FADDIS. May I call the gentleman's attention to the fact that this legislation is not to help individuals; it is designed to help the Army.

Mr. MORITZ. I know that, but I think we should concentrate our attention on helping the millions of people who are out of employment and allow this matter to go over to some future date.

Mr. DUNN of Pennsylvania. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the gentleman from California [Mr. HOEPPEL] impressed on my mind that if this bill is enacted into law men would be retired at the age of 37. I have read the bill and I do not see anything in the bill pertaining to 37 years of age. There is a minimum of 15 years and a maximum of 29 years.

Mr. HOEPPEL. Will the gentleman yield?

Mr. DUNN of Pennsylvania. I yield to the gentleman from California.

Mr. HOEPPEL. A candidate going to West Point at the age of 18 years will graduate at 22. Fifteen years thereafter he is retired, able-bodied and in full possession of his faculties, or at the age of 37 years.

Mr. DUNN of Pennsylvania. It does not say so in this bill.

Mr. HOEPPEL. It does. I tried to delete that, but they put the gag on me.

Mr. DUNN of Pennsylvania. May I explain that the minimum is 15 years and the maximum is 29. If a boy graduates from West Point at the age of 22, and if the President desires, which is the language used in this bill, he may retire him at his discretion.

Mr. HOEPPEL. But the President always does what the War Department tells him to.

Mr. DUNN of Pennsylvania. I doubt whether the President of the United States would retire any man at the age of 37 unless he had a very good reason.

Mr. HOEPPEL. They are retiring officers from the Navy at approximately that age; lieutenants, who are able-bodied men, just to make room for someone else.

Mr. DUNN of Pennsylvania. I think the gentleman will agree with me that men at the age of 37 who are in possession of all their faculties, find it almost impossible to get work.

I agree with the gentleman that a man should not be getting a pension if he possesses all of his faculties and has an adequate income. The Government should provide adequate incomes for its citizens who cannot obtain employment.

Mr. BLANTON. Will the gentleman yield?

Mr. DUNN of Pennsylvania. I yield to the gentleman from Texas.

Mr. BLANTON. The great trouble is that the Army has a way of kicking them out upstairs for climbers to come up. They may retire able-bodied men from 37 years of age to 45 when those men should not be retired. I do not agree with the gentleman that the Government owes it to every citizen to give him a job.

Mr. DUNN of Pennsylvania. I disagree with the gentleman. It is the duty of the Government to provide work for those who are in need of employment, and if the Government cannot obtain employment for its unemployed, it is also its duty to provide the jobless people with sufficient funds so that they may be able to obtain the necessities of life.

Mr. BLANTON. That is not a principle of good government. I was not taught that when I was a boy.

Mr. DUNN of Pennsylvania. Well, that is my belief.

Mr. BLANTON. I have been taught that it is the duty of the man to depend on himself and not to depend on the Government.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DUNN of Pennsylvania. The gentleman from Texas states that the President would retire men at the age of 37. Does the gentleman know of any man who has been retired from the Army at the age of 37?

Mr. BLANTON. I know some able-bodied men in the Army and in the Navy who have been retired for imaginary disabilities.

Mr. DUNN of Pennsylvania. That is the gentleman's opinion, but the person who was retired did not believe his ailment was imaginary.

Mr. BLANTON. They have filled high-salaried positions afterward in private life.

Mr. DUNN of Pennsylvania. I believe that if a man renders valuable service to the Government it is the duty of the Government to provide for him. I will agree with the gentleman that no man should receive a pension if he has lucrative employment or if he has an income with which he can adequately maintain himself and family. However, if these men render valuable service to the Government, it is the duty of the Government to see that they are provided for adequately, and this applies not only to men in the Army or in the Navy, but to every man and woman in the United States. [Applause.]

Mr. HILL of Alabama. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 8. This act shall be effective on and after July 1, 1935, and all laws and parts of laws, insofar as they are inconsistent with or in conflict with any of the provisions hereof, are hereby repealed as of that date.

Mr. McFARLANE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is the last section of this bill, and I want to call this matter to your attention in speaking on the last section. You have heard me call to the attention of the chairman of this committee, not once but several times during this and the last Congress, the importance of his committee bringing to the floor of this House a selection-board bill that will scientifically function in weeding out the inefficient and the unsatisfactory officers of the Army. The Navy has had such a law for many years. The chairman frankly told me sometime ago, during this session, in substance, that he did not expect to bring out such a bill; yet they have brought out a bill here that is a sort of hit-and-miss—and principally hit—measure that hits the Treasury of the United States anywhere from $500,000 to $1,000,000, and the amount will increase annually as time goes on up to several million dollars a year, as the cost of this measure to the taxpayers of the United States.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I cannot yield; I only have 5 minutes.

I think we ought to give this matter more consideration than we have given it here this afternoon. This is a very important bill. It will affect the lives of many officers of the country, and it places in the hands of a little group much more power than we ought to give them without more consideration than has been given this subject. I think we ought to defeat this measure. We ought to start out in an efficient way to create a selection board that will go at this matter in a more scientific and orderly way and treat the subject as it has been handled by the Navy. We have the selection board system in the Navy for weeding out all inefficient and unsatisfactory officers, and the system has worked fairly well. The Army has refused to follow this system. Why? They have given us no satisfactory reason. They cannot.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I will be pleased for the gentleman to use his own 5 minutes in reply.

They come in here and ask us to pass this kind of a bill, and there is no satisfactory reason given why we should do it. We still have from 11,000,000 to 12,000,000 unemployed people in this country, with about 22,000,000 people on public relief—they are not getting three-fourths of their base pay or any similar amount; these families on Federal relief would be tickled to death to get a job earning $50 per month; but this bill will retire able-bodied men for life to receive from $100 to $250 per month for doing nothing, while men who have given the best of their lives to their positions, and due to the economic condition of the country, cannot find any kind of employment to make an honest living. They are on relief or on the dole through no fault of their own; and yet you come in here and propose to take out of the Treasury for able-bodied men in the prime of life anywhere from $500,000 to $1,000,000 this year, to be increased annually. This is not treating the taxpayers fairly.

Mr. BIERMANN. Mr. Chairman, the chairman of the committee has told us that he does not know how much this measure is going to cost the Government if enacted into law. Of course, there is no way to calculate the cost of a measure of this kind. Mr. Chairman, I want to call attention to what the Army, and this so-called "preparedness" is going to cost the people of the United States this fiscal year, costs that can be calculated, costs in addition to these in this bill, which cannot be calculated. Mr. Chairman, I ask unanimous consent to insert at this point two letters from governmental agencies.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The letters are as follows:

FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS,
Washington, D. C., July 24, 1935.

Hon. FRED BIERMANN,
House of Representatives, Washington, D. C.

MY DEAR MR. BIERMANN: This is in further reference to your letter of July 9, requesting that you be informed as to how much P. W. A. money will be spent on Army projects and on the Navy during the current fiscal year.

We have secured this information for you and report the following:

1. It is estimated that approximately $9,000,000 of the unexpended balance of P. W. A. funds allotted to the War Department for Army projects will be expended during the current fiscal year.

2. The Navy Department's estimated disbursements under P. W. A. allotments will amount to $114,616,854 during the current fiscal year.

Sincerely yours,

FRED E. SCHNEPPE,
Director Projects Division,
(For the Administrator).

NATIONAL EMERGENCY COUNCIL,
July 29, 1935.

Hon. FRED BIERMANN,
House Office Building, Washington, D. C.

DEAR MR. BIERMANN: This will acknowledge your letter of July 27, in which you request information as to the amount of money which the Works Progress Administration intends to spend on the Army and Navy during this fiscal year.

Under the procedure which has been established, applications for allotment of funds for projects which are within the principal jurisdiction of the Department of War and the Department of the Navy are initiated by these Departments, and do not originate with the Works Progress Administration. There have been submitted to this office applications for allotment of funds as follows:

War Department:	
Quartermaster Corps:	
932 applications submitted	$253,765,157
144 applications approved	10,306,014
Corps of Engineers:	
265 applications submitted	235,596,249
66 applications approved	129,055,500
Navy Department:	
683 applications submitted	97,498,708
230 applications approved	16,095,055

We trust that this information will be helpful to you, and we shall be glad to be of further service at any time.

Sincerely yours,

———,
Special Assistant to the Executive Director.

Mr. BIERMANN. This Congress has appropriated for the Army for the current fiscal year $401,000,000. The Works Progress Administration, according to this letter, has allotted to the Army $139,000,000. There is an unexpended balance in the P. W. A. funds allotted to the War Department of $9,000,000.

In other words, the appropriations and allotments already made to our Army for the current fiscal year amount to $549,000,000, the largest sum that this country or any other country ever has spent in peace time for an army.

This Congress appropriated for the Navy $459,000,000. The Works Progress Administration allots to the Navy for the fiscal year $16,000,000. The Public Works Administration has allotted $114,000,000 for the Navy.

In other words, the Navy this year will cost the taxpayers $589,000,000, and before we adjourn Congress will probably appropriate more money for both the Army and the Navy.

In other words, the Army and the Navy, this "preparedness", this fetish of fear and suspicion, is to cost us for this fiscal year $1,138,000,000. I submit, Mr. Chairman, that that is a sum far too large for the taxpayers to have to pay and is not justifiable in the name of any rational plan for national defense.

Mr. HILL of Alabama. How much time does the gentleman from California want?

Mr. HOEPPEL. I want 5 minutes on this amendment, and I have another amendment.

Mr. HILL of Alabama. Mr. Chairman, I move that all debate on this section close in 3 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. HOEPPEL) there were 54 ayes and 47 noes.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from California.

The Clerk read as follows:

Amendment by Mr. HOEPPEL: Page 7, lines 8 and 9, after the word "effective" in line 8, strike out all up to and including the figures "1935" and insert "the first of the month following the date of the enactment of this act."

Mr. HOEPPEL. Mr. Chairman, the War Department officials who wrote this bill had the audacity to provide that the act take effect on a certain specific date. All other legislation provides that it take effect the first of the month following the enactment of the act. You can save the taxpayers $70,000 to $100,000 positively, if you will adopt this amendment of mine, making this act effective on the first of the month following its enactment. That is only fair and just. Why should we dig into the Treasury and take this money and give this surfeit to these individuals who are already well provided for? I hope the Members will at least think of the taxpayers in this amendment, and also think of them, so that it can be said that the service papers and the War Department lost out on one amendment at least, and that we saved the taxpayers $70,000.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. Yes.

Mr. RICH. When it comes to considering the taxpayers of this country, the Democratic Party today does not know there are taxpayers, for it is spending recklessly, and it does not know where we are going to get the money.

Mr. HOEPPEL. I would answer the gentleman to this effect, that I think we are acting as if bereft of reason, if we enact this legislation, back-paying these individuals and then putting in new legislation to soak the rich. I hope my amendment will be adopted in the interest of the taxpayers.

The CHAIRMAN. The question is on the amendment of the gentleman from California.

The question was taken; and on a division (demanded by Mr. HOEPPEL) there were—ayes 55, noes 24.

So the amendment was agreed to.

Mr. HOEPPEL. Mr. Chairman, I offer another amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HOEPPEL: Page 7, line 11, after the word "date" insert:

"SEC. 9. All officers promoted under the provisions of this act shall wear their uniforms at all times while on duty in Washington, D. C."

Mr. HILL of Alabama. Mr. Chairman, I make the point of order that the amendment is not germane. This bill has nothing to do with who shall wear uniforms, or how or when.

The CHAIRMAN. There is nothing in this bill dealing with regulations. It is purely a promotion bill. The Chair sustains the point of order.

Mr. HOEPPEL. I should like to be heard on the point of order.

The CHAIRMAN. The Chair has already decided. Under the rule the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLAND, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (S. 1404) to promote the efficiency of the national defense, and, pursuant to House Resolution 295, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. HOEPPEL) there were—ayes 72, noes 44.

So the amendment was agreed to.

The SPEAKER. The question now is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question now is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 87, noes 47.

Mr. BLANTON. Mr. Speaker, I object to the vote because there is no quorum present, and I make the point of order that there is no quorum present.

Mr. O'CONNOR. Would the gentleman consent that the vote go over until tomorrow?

Mr. BLANTON. Yes.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the vote be the first order of business tomorrow.

Mr. BLANTON. Mr. Speaker, I understand the chairman of the committee wants to vote tonight, and we ought to dispose of this matter at this time when it is fresh in our minds. I think it is best to go ahead. I insist on the point of order.

Mr. O'CONNOR. Mr. Speaker, will the gentleman withhold his point of order for a moment?

Mr. BLANTON. Yes.

Mr. O'CONNOR. For a long time we have been trying to get up two bills for Government leave, and so forth.

Mr. BLANTON. If the gentleman from New York will secure unanimous consent to let this vote be the unfinished business in the morning, and that the vote shall be taken the first thing in the morning, when we meet, I shall not object.

Mr. O'CONNOR. I have already made that unanimous-consent request.

Mr. SNELL. The gentleman from Texas will first have to withdraw his point of no quorum.

The SPEAKER. Does the gentleman withdraw his point of no quorum?

Mr. McFARLANE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The Chair will state to the gentleman that it is impossible, while a point of no quorum is pending, to make any agreement.

Mr. BLANTON. Of course, then one person could object to the vote being taken tomorrow, and it would come immediately with a quorum being waived, and then we would have no record vote.

Mr. McFARLANE. Mr. Speaker, I object.

Mr. BLANTON. I will have to insist on the point of order, Mr. Speaker. If we could have an understanding to put the vote over I would not object.

The SPEAKER. A point of no quorum is pending. The Chair will count.

Mr. BLANTON. If we could have a unanimous consent agreement to have this vote in the morning I would withdraw the point of no quorum, but we cannot get that agreement.

Mr. O'BRIEN. Mr. Speaker, regular order!

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 220, nays 99, not voting 110, as follows:

[Roll No. 148]

YEAS—220

Adair	Daly	Gilchrist	Lanham
Allen	Darrow	Gingery	Larrabee
Andresen	Dear	Goodwin	Lea, Calif.
Andrew, Mass.	Delaney	Granfield	Lewis, Colo.
Arends	Dempsey	Greenway	McAndrews
Arnold	Dickstein	Greenwood	McClellan
Bacharach	Dies	Greever	McCormack
Bacon	Dingell	Gregory	McGrath
Beiter	Dirksen	Griswold	McLaughlin
Blackney	Disney	Gwynne	McLean
Bland	Ditter	Haines	McLeod
Bloom	Dobbins	Halleck	McReynolds
Boehne	Dondero	Hancock, N. Y.	Maas
Boland	Dorsey	Harlan	Mahon
Bolton	Doughton	Hart	Mansfield
Boylan	Drewry	Hennings	Mapes
Brennan	Driver	Hess	Martin, Colo.
Brewster	Duffey, Ohio	Hill, Ala.	Martin, Mass.
Brooks	Duffy, N. Y.	Hill, Samuel B.	Mason
Brown, Ga.	Duncan	Hobbs	Maverick
Brunner	Dunn, Pa.	Hollister	Mead
Buckbee	Eaton	Holmes	Merritt, Conn.
Burch	Eckert	Hope	Merritt, N. Y.
Carmichael	Edmiston	Houston	Michener
Carpenter	Ekwall	Imhoff	Millard
Castellow	Englebright	Jenckes, Ind.	Mitchell, Ill.
Chandler	Evans	Jenkins, Ohio	Monaghan
Chapman	Faddis	Johnson, Tex.	Mott
Church	Farley	Jones	O'Connor
Coffee	Fiesinger	Kahn	O'Day
Cole, N. Y.	Fish	Kee	O'Leary
Collins	Fitzpatrick	Keller	O'Neal
Connery	Flannagan	Kennedy, Md.	Palmisano
Cooper, Tenn.	Focht	Kennedy, N. Y.	Parsons
Costello	Ford, Calif.	Kerr	Patton
Cravens	Frey	Kinzer	Peterson, Fla.
Crosby	Fuller	Kloeb	Pfeifer
Cross, Tex.	Gambrill	Kocialkowski	Pittenger
Crowe	Gasque	Kvale	Plumley
Cullen	Gearhart	Lambertson	Powers
Quinn	Schaefer	Stewart	Wadsworth
Ramsay	Scrugham	Sutphin	Walter
Ramspeck	Sears	Taylor, Colo.	Warren
Randolph	Secrest	Terry	Weaver
Ransley	Seger	Thom	Welch
Reece	Shanley	Thomason	Werner
Reed, Ill.	Short	Thompson	Whelchel
Reed, N. Y.	Sirovich	Thurston	Whittington
Reilly	Smith, Conn.	Tinkham	Wigglesworth
Richardson	Smith, Va.	Tolan	Wilcox
Robertson	Snell	Tonry	Williams
Rogers, Mass.	South	Treadway	Wilson, La.
Romjue	Spence	Turner	Wolcott
Sanders, Tex.	Starnes	Turpin	Wolverton
Sandlin	Stefan	Vinson, Ky.	Woodruff

NAYS—99

Amlie	Ellenbogen	Luckey	Robsion, Ky.
Ashbrook	Fletcher	Ludlow	Rogers, Okla.
Ayers	Ford, Miss.	Lundeen	Ryan
Beam	Fulmer	McFarlane	Sabath
Biermann	Gehrmann	Marcantonio	Sadowski
Binderup	Gildea	Massingale	Sauthoff
Blanton	Gillette	Meeks	Schneider
Boileau	Gray, Pa.	Miller	Schulte
Buchanan	Guyer	Mitchell, Tenn.	Scott
Buck	Hildebrandt	Moritz	Smith, Wash.
Buckler, Minn.	Hill, Knute	Murdock	Stack
Burdick	Hoeppel	Nelson	Taber
Cannon, Mo.	Hoffman	Nichols	Tarver
Cannon, Wis.	Houk	O'Brien	Taylor, Tenn.
Carlson	Huddleston	Owen	Truax
Cavicchia	Hull	Patman	Utterback
Christianson	Johnson, Okla.	Patterson	Wallgren
Citron	Kelly	Pearson	Wearin
Colden	Kenney	Peterson, Ga.	White
Cooley	Kopplemann	Pettengill	Withrow
Cox	Kramer	Pierce	Wood
Crawford	Lambeth	Polk	Young
Crosser, Ohio	Lemke	Rabaut	Zimmerman
Deen	Lesinski	Rankin	Zioncheck
Eagle	Lord	Rich	

NOT VOTING—110

Andrews, N. Y.	Dietrich	Kniffin	Robinson, Utah
Bankhead	Dockweiler	Knutson	Rogers, N. H.
Barden	Doutrich	Lamneck	Rudd
Bell	Doxey	Lee, Okla.	Russell
Berlin	Driscoll	Lehlbach	Sanders, La.
Brown, Mich.	Dunn, Miss.	Lewis, Md.	Schuetz
Buckley, N. Y.	Eicher	Lloyd	Shannon
Bulwinkle	Engel	Lucas	Sisson
Burnham	Fenerty	McGehee	Smith, W. Va.
Caldwell	Ferguson	McGroarty	Snyder
Carter	Fernandez	McKeough	Somers, N. Y.
Cartwright	Gassaway	McMillan	Steagall
Cary	Gavagan	McSwain	Stubbs
Casey	Gifford	Maloney	Sullivan
Celler	Goldsborough	Marshall	Sumners, Tex.
Claiborne	Gray, Ind.	May	Sweeney
Clark, Idaho	Green	Montague	Taylor, S. C.
Clark, N. C.	Hamlin	Montet	Thomas
Cochran	Hancock, N. C.	Moran	Tobey
Cole, Md.	Harter	Norton	Umstead
Colmer	Hartley	O'Connell	Underwood
Cooper, Ohio	Healey	Oliver	Vinson, Ga.
Corning	Higgins, Conn.	O'Malley	West
Crowther	Higgins, Mass.	Parks	Wilson, Pa.
Culkin	Jacobsen	Perkins	Wolfenden
Cummings	Johnson, W. Va.	Peyser	Woodrum
Darden	Kimball	Rayburn	
DeRouen	Kleberg	Richards	

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. May with Mr. Cooper of Ohio.
Mr. Cochran with Mr. Carter.
Mr. Bulwinkle with Mr. Perkins.
Mr. Cole of Maryland with Mr. Wolfenden.
Mr. Oliver with Mr. Doutrich.
Mr. Rayburn with Mr. Andrews of New York.
Mr. Sanders of Louisiana with Mr. Gifford.
Mr. Goldsborough with Mr. Higgins of Connecticut.
Mr. Hancock of North Carolina with Mr. Tobey.
Mr. Sisson with Mr. Wilson of Pennsylvania.
Mr. Steagall with Mr. Lehlbach.
Mr. Vinson of Georgia with Mr. Engel.
Mr. Woodrum with Mr. Crowder.
Mr. Kniffin with Mr. Burnham.
Mr. Jacobsen with Mr. Fenerty.
Mr. Taylor of South Carolina with Mr. Culkin.
Mr. Sumners of Texas with Mr. Hartley.
Mr. Kleberg with Mr. Marshall.
Mr. West with Mr. Thomas.
Mr. Johnson of West Virginia with Mr. Kimball.
Mr. Healey with Mr. Underwood.
Mr. Sweeney with Mr. Somers of New York.
Mr. Umstead with Mr. Higgins of Massachusetts.
Mr. Sullivan with Mr. Stubbs.
Mr. Harter with Mr. Gray of Indiana.
Mr. Green with Mr. Snyder.
Mr. Lamneck with Mr. Buckley of New York.
Mr. McMillan with Mr. Caldwell.
Mr. Bankhead with Mr. Lloyd.

Mr. Lee of Oklahoma with Mr. McGehee.
Mr. Brown of Michigan with Mr. Lewis of Maryland.
Mr. Barden with Mr. McGroarty.
Mr. Carey with Mrs. Norton.
Mr. Darden with Mr. Rudd.
Mr. Bell with Mr. Eicher.
Mr. Dockweiler with Mr. McKeough.
Mr. Celler with Mr. Montet.
Mr. McSwain with Mr. Berlin.
Mr. Cartwright with Mr. DeRouen.
Mr. Parks with Mr. Driscoll.
Mr. Montague with Mr. Casey.
Mr. Maloney with Mr. Smith of West Virginia.
Mr. Gavagan with Mr. Gassaway.
Mr. Fernandez with Mr. Schuetz.
Mr. Ferguson with Mr. Claiborne.
Mr. Robinson of Utah with Mr. Dunn of Mississippi.
Mr. Doxey with Mr. Russell.
Mrs. Rogers of New Hampshire with Mr. Clark of Idaho.
Mr. Moran with Mr. Corning.
Mr. Clark of North Carolina with Mr. O'Connell.
Mr. Colmer with Mr. Dieterich.
Mr. Richards with Mr. Cummings.

Mr. FULMER changed his vote from "aye" to "no."

Mr. CANNON of Missouri changed his vote from "aye" to "no."

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts, Mr. HIGGINS, is absent on official business. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

On motion by Mr. HILL of Alabama, a motion to reconsider the vote by which the bill was passed was laid on the table.

The doors were opened.

ANNUAL LEAVE FOR GOVERNMENT EMPLOYEES

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8458) to provide for vacations to Government employees, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. YOUNG. Mr. Speaker, reserving the right to object, the bill (H. R. 8458) provides 30 days' annual leave with pay, plus 15 days' sick leave, for all Government employees, with certain exceptions. For example, hard-working postal employees, who are not very liberally paid, are not included within the provisions of this bill. Unfortunately at the present time nearly a million people in the State of Ohio, whom I represent, are on 12 months' vacation. They are unemployed and on relief. In the State of Ohio all of our State employees have 2 weeks' vacation, and they work 8 hours a day as against 7 hours a day by Federal employees affected by this bill. I realize that there is a lobby actively working for the passage of this bill, but, Mr. Speaker, I feel that this is an important measure. I feel that we ought to have time for further study of this measure. I note it is approaching 5:30 o'clock and we have been very busy today. I feel constrained to object.

Mr. RAMSPECK. Will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Georgia.

Mr. RAMSPECK. Mr. Speaker, I hope the gentleman will not object. I want to say this, that I, too, realize there are a great number of people unemployed in the gentleman's State and in other States——

Mr. YOUNG. There are 22,000,000 on relief.

Mr. RAMSPECK. To object to this measure will not help those people. We reduced the leave of Federal employees in 1932 and the heads of the departments found it did not save the Government any money.

This bill will give an opportunity to those Federal employees coming from the various sections of this country to go back home and visit the people there. Under present conditions they have to charge up their 15 days' annual leave every minute of time they are absent from their offices, whether it is to cash a check, to go to the dentist, to attend a funeral, or anything of the sort. This is the reason they need this additional time, so they can have a real vacation when vacation time comes.

I certainly hope the gentleman will not object. The bill has been very carefully considered by the committee. We had hearings on it and we have tried as far as possible to meet the objections raised by the departments. There is no objection to this bill, so far as I know, on the part of any department insofar as the principle is concerned. Practically every objection has been met. I hope the gentleman will not object.

Mr. YOUNG. Mr. Speaker, for the reasons I stated—and, as I observe now, it is 5:20 o'clock p. m. on a busy day—and as I have not observed any Government employees resigning their positions because, like countless thousands of other people in this country who are employed, they have only 2 weeks' vacation, I am constrained to object. Furthermore, they have 15 days' sick leave and certain other benefits. I realize that they are in a more fortunate position than those of our fellow citizens who are unemployed and who have been on a 12 months' vacation.

The regular order was demanded.

Mr. YOUNG. I object.

Mr. MICHENER. Mr. Speaker, I object.

AIR MAIL SERVICE IN ALASKA

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5159) to authorize the Postmaster General to contract for air mail service in Alaska, with a Senate amendment thereto, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

Mr. McFARLANE. Mr. Speaker, reserving the right to object, will the gentleman tell the House what the difference is between the House and the Senate on this measure?

Mr. MEAD. The Senate inserted one amendment in the bill striking out the words "without advertising therefor." This amendment is objectionable both to the Department and to the author of the bill, the Delegate from Alaska; and the House and the Senate conferees intend to work out a satisfactory compromise, if such a thing is possible.

Mr. McFARLANE. How much will this service to Alaska as contemplated cost the Government?

Mr. MEAD. It will not cost the Government any more than the service they have there at the present time except that it will expedite the mail and will permit the Alaskan Airways to carry not only air mail but all classes of mail. It is a service especially adaptable to a country like Alaska, and it will supplement the slow dog-team delivery they have there now.

Mr. McFARLANE. Mr. Speaker, It came to my notice this week that England is serving one-third of the airways of the world with a 3-cent air mail postage on a $2,800,000 subsidy last year as compared to more than $15,000,000 subsidy in this country the same year at a 6-cent air mail postage. I cannot understand why we should increase this deficit by an extension of this air mail service under the circumstances, when it is a direct show of inefficiency when we compare our record of air mail service with the record made by England. It looks to me that instead of seeking more speed for our air mail service and by paying so much per mile regardless of whether or not they carry any load we ought to commence paying on the basis of the ton-mile load as they do in England, and in this way require this service to be self-supporting. The British Air Ministry concentrates on tons per mile and not on miles per hour as we are doing. And they expect their air mail service to be practically self-supporting after next year.

The regular order was demanded.

Mr. MICHENER. Mr. Speaker, I object.

RIGHT-OF-WAY ACROSS ARSENAL, SAN ANTONIO, TEX.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1726) to provide for a right-of-way for street purposes across the arsenal, San Antonio, Tex.

This will cost the Government nothing; it will be paid for by the city of San Antonio, and the bill has already passed the Senate.

Mr. PLUMLEY. Mr. Speaker, I object.

INTERSTATE COMMERCE ACT

Mr. LEA of California. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1633)

to amend the Interstate Commerce Act, as amended, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I ask how long will this continue?

The regular order was demanded.

The SPEAKER. The regular order is called for. Is there objection to the request of the gentleman from California?

Mr. TRUAX. Mr. Speaker, I object.

Mr. KELLER. Mr. Speaker, I move that the House do now adjourn.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted, as follows:

To Mr. BURNHAM (at the request of Mr. ENGLEBRIGHT) indefinitely.

To Mr. SISSON, for 1 week, on account of official business.

To Mr. COLE of Maryland, for 1 day, on account of illness.

To Mr. SWEENEY, for 5 days, on account of illness in family.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. J. Res. 145. Joint resolution authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the period August 16, 1935, to August 31, 1935, both inclusive; to the Committee on the District of Columbia.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 29. An act to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty;

H. R. 373. An act for the relief of the American Surety Co., of New York;

H. R. 419. An act for the relief of Ruth Relyea;

H. R. 1073. An act for the relief of John F. Hatfield;

H. R. 1864. An act for the relief of Henry Dinucci;

H. R. 2606. An act for the relief of the estate of Paul Kiehler;

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington;

H. R. 3337. An act for the relief of James Akeroyd & Co.;

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons, to authorize the Attorney General to contract for the care of United States prisoners, to establish Federal jails, and for other purposes";

H. R. 3558. An act for the relief of Capt. Walter S. Bramble;

H. R. 3612. An act to provide for adjusting the compensation of post-office inspectors and inspectors in charge to correspond to the rates established by the Classification Act of 1923, as amended;

H. R. 3760. An act for the relief of Capt. Arthur L. Bristol, United States Navy;

H. R. 4146. An act for the relief of Mrs. Olin H. Reed;

H. R. 4274. An act correcting the date of enlistment of Elza Bennett in the United States Navy;

H. R. 4406. An act for the relief of Anna Farruggia;

H. R. 4410. An act granting a renewal of Patent No. 54296, relating to the badge of the American Legion;

H. R. 4413. An act granting a renewal of Patent No. 55398, relating to the badge of the American Legion Auxiliary;

H. R. 4623. An act for the relief of George Brackett Cargill, deceased;

H. R. 4828. An act for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes;

H. R. 4838. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

H. R. 4850. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 5382. An act to provide for advancement by selection in the Staff Corps of the Navy to the ranks of lieutenant commander and lieutenant; to amend the act entitled "An act to provide for the equalization of promotion of officers of the Staff Corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., Supp. VII, title 34, secs. 348 to 348t), and for other purposes;

H. R. 5532. An act to provide for the acquisition of a portrait of Thomas Walker Gilmer;

H. R. 5920. An act to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498;

H. R. 6549. An act for the relief of Horton & Horton;

H. R. 6656. An act to authorize the Pennsylvania Railroad Co., by means of an overhead bridge to cross New York Avenue NE., to extend, construct, maintain, and operate certain industrial sidetracks, and for other purposes;

H. R. 6768. An act to authorize the Secretary of War to lend War Department equipment for use at the Seventeenth National Convention of the American Legion at St. Louis, Mo., during the month of September 1935;

H. R. 6825. An act for the relief of Mrs. Clarence J. McClary;

H. R. 6983. An act to provide for the transfer of certain land in the city of Anderson, S. C., to such city;

H. R. 7022. An act to authorize the selection, construction, installation, and modification of permanent stations and depots for the Army Air Corps, and frontier air-defense bases generally;

H. R. 7050. An act to amend the act of June 27, 1930 (ch. 634, 46 Stat. 820);

H. R. 7902. An act to provide a right-of-way;

H. R. 7909. An act to amend the act creating a United States Court for China and prescribing the title thereof, as amended;

H. R. 8297. An act to amend so much of the First Deficiency Appropriations Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives;

H. R. 8400. An act providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes;

H. J. Res. 182. Joint resolution to provide for membership of the United States in the Pan American Institute of Geography and History; and to authorize the President to extend an invitation for the next general assembly of the institute to meet in the United States in 1935, and to provide an appropriation for expenses thereof; and

H. J. Res. 208. Joint resolution to provide for the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the Ordinance of 1787 and the settlement of the Northwest Territory.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 7980. An act to protect the revenue of the United States and provide measures for the more effective enforcement of the laws respecting the revenue, to prevent smuggling, to authorize customs-enforcement areas, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 26 minutes p. m.), the House adjourned until tomorrow, Wednesday, July 31, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

437. Under clause 2 of rule XXIV a letter from the Vice Chairman of the Federal Power Commission, transmitting three copies of the domestic and residential electric-energy rates in the State of Pennsylvania on January 1, 1935, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KNUTE HILL: Committee on Indian Affairs. H. R. 7225. A bill authorizing a revolving reimbursable fund for the Lac Du Flambeau Band of Chippewa Indians in Wisconsin; without amendment (Rept. No. 1676). Referred to the Committee of the Whole House on the state of the Union.

Mrs. GREENWAY: Committee on the Public Lands. H. R. 8172. A bill to authorize the sale by the United States to the county of Mohave, Ariz., of all public lands in sections 20, 28, and 30, township 20 north, range 15 west, Gila and Salt River meridian, for park, recreational, and other municipal purposes; with amendment (Rept. No. 1677). Referred to the Committee of the Whole House on the state of the Union.

Mr. KOCIALKOWSKI: Committee on Insular Affairs. H. R. 1392. A bill to extend the provisions of certain laws to the island of Puerto Rico; with amendment (Rept. No. 1678). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H. R. 8940. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; with amendment (Rept. No. 1679). Referred to the House Calendar.

Mr. GILLETTE: Committee on Foreign Affairs. House Joint Resolution 367. Joint resolution to amend the public resolution approved June 28, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes"; without amendment (Rept. No. 1680). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 8974. A bill to provide revenue, equalize taxation, and for other purposes; without amendment (Rept. No. 1681). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 314. Resolution for the consideration of S. 1629; without amendment (Rept. No. 1682). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. IGLESIAS: A bill (H. R. 8990) to extend the provisions of certain laws to the island of Puerto Rico; to the Committee on Insular Affairs.

By Mr. LANHAM (by request): A bill (H. R. 8991) to authorize the Administrator of Veterans' Affairs to exchange certain property rights now vested in the United States at the Veterans' Administration facility, Perry Point, Md., for certain property and rights of the Pennsylvania Railroad Co. in that vicinity; to the Committee on Public Buildings and Grounds.

By Mr. MANSFIELD (by request): A bill (H. R. 8992) to prevent the pollution of the rivers and harbors of the United States, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. PETERSON of Georgia: A bill (H. R. 8993) to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; to the Committee on Interstate and Foreign Commerce.

Mr. EKWALL: A bill (H. R. 8994) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. PIERCE: A bill (H. R. 8995) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. BURNHAM: A bill (H. R. 8996) to provide funds for cooperation with the board of trustees of the Alpine-Vejas School District, Alpine, Calif., in the construction of a public-school building to be available to Indian children of the said school district; to the Committee on Indian Affairs.

Also, a bill (H. R. 8997) to provide funds for cooperation with the board of trustees of the Pauma School District, Valley Center, Calif., in the construction of a public-school building to be available to Indian children in that district; to the Committee on Indian Affairs.

By Mr. RICHARDS: A bill (H. R. 8998) to authorize the erection of a monument in memory of Capt. Moses Rogers; to the Committee on the Library.

By Mr. LORD: A bill (H. R. 8999) to amend section 4884 of the Revised Statutes (U. S. C., title 35, sec. 40); to the Committee on Patents.

Also, a bill (H. R. 9000) regulating the sale of literature in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. CULLEN: Resolution (H. Res. 313) providing for additional compensation to certain employees of the House of Representatives; to the Committee on Accounts.

By Mr. BIERMANN: Joint resolution (H. J. Res. 369) authorizing the President to reduce customs duties on manufactured articles if processing taxes on agricultural commodities shall be held invalid; to the Committee on Ways and Means.

By Mr. WHITE: Joint resolution (H. J. Res. 370) authorizing the issuance of a special stamp to commemorate the Spalding and Whitman Centennial; to the Committee on the Post Office and Post Roads.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to enact legislation providing for unemployment insurance and old-age security; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYERS: A bill (H. R. 9001) for the relief of John Walker; to the Committee on Indian Affairs.

By Mr. CHRISTIANSON: A bill (H. R. 9002) for the relief of Capt. James W. Darr; to the Committee on Military Affairs.

By Mr. DRISCOLL: A bill (H. R. 9003) granting an increase of pension to Mary O'Flaherty; to the Committee on Invalid Pensions.

By Mr. LEA of California: A bill (H. R. 9004) for the relief of Levi Rodenberger; to the Committee on Military Affairs.

By Mr. LORD: A bill (H. R. 9005) for the relief of Mrs. Don M. Hooks; to the Committee on Claims.

By Mr. MITCHELL of Illinois: A bill (H. R. 9006) for settlement of the claim of Allen Holmes; to the Committee on Claims.

By Mr. SECREST: A bill (H. R. 9007) granting an increase of pension to Harry S. Dyar; to the Committee on Pensions.

By Mr. HULL: A bill (H. R. 9008) for the relief of Milo Milliser; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9215. By Mr. BUCKBEE: Memorial of Charles W. Conover and 125 signers, all residents of Rockford, Ill., asking Congress to enact House bills 2010, 2885, 3048, and 2733, and House Joint Resolutions 4 and 69, all of which pertain to immigration and the expulsion of certain undesirable aliens; to the Committee on Immigration and Naturalization.

9216. By Mr. CITRON: Memorial of the National Woman's Party, State of Connecticut Branch, passed at a meeting held at the residence of Mrs. John Jay White, chairman for the State of Connecticut, on July 23, 1935; to the Committee on the Judiciary.

9217. By Mr. DOBBINS: Petition of D. Donaldson, of Charleston, Ill., and 67 other citizens of the Nineteenth Congressional District of Illinois, urging passage of House bills 8652 and 8651; to the Committee on Interstate and Foreign Commerce.

9218. By Mr. FISH: Petition of 145 citizens of New York, urging favorable action on House bill 8651, establishing a retirement system for employees of carriers, subject to the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

9219. Also, petition of 66 citizens of Poughkeepsie, N. Y., protesting against anti-Semitic atrocities in Germany; to the Committee on Foreign Affairs.

9220. By Mr. HOEPPEL: Petition of the Council of the City of Los Angeles, Calif., expressing opposition to proposed amendment to section 15 of the Air Mail Act of 1934, on the ground that it would tend to create certain monopolies in air transportation adverse to the public interest and especially obnoxious to California, as tending to prevent the development of new air-transport services in that section and between the Pacific coast and Eastern States; to the Committee on the Post Office and Post Roads.

9221. By Mr. JOHNSON of Texas: Petition of J. S. Herring, manager Ideal Laboratories, Inc., Waxahachie, Tex., opposing the Copeland drug bill; to the Committee on Interstate and Foreign Commerce.

9222. By Mr. LUNDEEN: Petition of the Minneapolis Central Labor Union, community chest for the deliberation of workers of Europe, of Minneapolis, Minn., protesting against religious persecutions and destruction of free trade unions; to the Committee on Foreign Affairs.

9223. Also, petition of Duluth section of the American Society of Civil Engineers, Duluth, Minn., protesting against certain changes in the original Public Works and Relief Appropriation Act; to the Committee on Appropriations.

9224. Also, petition of Minnesota State prison, opposing the Eastman bill (S. 1632); to the Committee on Interstate and Foreign Commerce.

9225. Also, petition of St. Paul Trades and Labor Assembly, St. Paul, Minn., opposing the continuance of private pension schemes and the exemption of industries having such retirement pension plans; to the Committee on Ways and Means.

9226. Also, petition of St. Paul Trades and Labor Assembly, St. Paul, Minn., opposing the Tydings military disobedience bill; to the Committee on Military Affairs.

9227. Also, petition of Hennepin County Board of County Commissioners, Minnesota, urging the adoption of an amendment to the administration social security bill, providing for the payment of Federal old-age and mothers' pension funds to any State which has an established system of such pensions paid by the State or its political subdivisions; to the Committee on Ways and Means.

9228. Also, petition of Wells memorial board, Minneapolis, Minn., urging the adoption of an amendment to proposed income-tax legislation exempting from taxes contributions to charities, such as community funds; to the Committee on Ways and Means.

9229. Also, petition of upper Mississippi and St. Croix River Improvement Association, St. Paul, Minn., in opposition to the Eastman water regulation bill (S. 1632); to the Committee on Interstate and Foreign Commerce.

9230. By Mr. TRUAX: Petition of United Mine Workers of America, Local Union No. 1431, Crooksville, Ohio, by their president, J. A. White, urging support of the workers' rights amendment, House Joint Resolution 327; to the Committee on Labor.

9231. Also, petition of the Order of Benefit Association of Railway Employees, Bellevue Division, No. 182, Bellevue, Ohio, by their secretary, E. S. Laub, urging support of the Pettengill bill (H. R. 3263); to the Committee on Interstate and Foreign Commerce.

9232. Also, petition of the Thomas B. Welker Auxiliary, No. 967, Veterans of Foreign Wars, by its treasurer, Lillian Jordan, thanking those Congressmen who loyally supported the Patman bonus bill; to the Committee on Ways and Means.

9233. Also, petition of J. W. Henretty, Vermilion, Ohio, urging support of the railroad retirement bill introduced by Congressman ROBERT CROSSER; to the Committee on Interstate and Foreign Commerce.

9234. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to enact legislation providing for unemployment insurance and old-age security; to the Committee on Ways and Means.

9235. By the SPEAKER: Petition of the National Council, Junior Order United American Mechanics; to the Committee on Immigration and Naturalization.

SENATE

WEDNESDAY, JULY 31, 1935

(Legislative day of Monday, July 29, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, July 30, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed the bill (S. 1404) to promote the efficiency of national defense, with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

H. R. 29. An act to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty;

H. R. 373. An act for the relief of the American Surety Co. of New York;

H. R. 419. An act for the relief of Ruth Relyea;

H. R. 1073. An act for the relief of John F. Hatfield;

H. R. 1864. An act for the relief of Henry Dinucci;

H. R. 2606. An act for the relief of the estate of Paul Kiehler;

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington;

H. R. 3337. An act for the relief of James Akeroyd & Co.;

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons, to authorize the Attorney General to contract for the care of United States prisoners, to establish Federal jails, and for other purposes";

H. R. 3558. An act for the relief of Capt. Walter S. Bramble;

H. R. 3612. An act to provide for adjusting the compensation of post-office inspectors and inspectors in charge to correspond to the rates established by the Classification Act of 1923, as amended;

H. R. 3760. An act for the relief of Capt. Arthur L. Bristol, United States Navy;

H. R. 4146. An act for the relief of Mrs. Olin H. Reed;

H. R. 4274. An act correcting the date of enlistment of Elza Bennett in the United States Navy;

H. R. 4406. An act for the relief of Anna Farruggia;

H. R. 4410. An act granting a renewal of Patent No. 54296, relating to the badge of the American Legion;

H. R. 4413. An act granting a renewal of Patent No. 55398, relating to the badge of the American Legion Auxiliary;

H. R. 4623. An act for the relief of George Brackett Cargill, deceased;

H. R. 4828. An act for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes;

H. R. 4838. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

H. R. 4850. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 5382. An act to provide for advancement by selection in the staff corps of the Navy to the ranks of lieutenant commander and lieutenant; to amend the act entitled "An act to provide for the equalization of promotion of officers of the staff corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., Supp. VII, title 34, secs. 348 to 348t), and for other purposes;

H. R. 5532. An act to provide for the acquisition of a portrait of Thomas Walker Gilmer;

H. R. 5920. An act to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498;

H. R. 6549. An act for the relief of Horton & Horton;

H. R. 6656. An act to authorize the Pennsylvania Railroad Co., by means of an overhead bridge to cross New York Avenue NE., to extend, construct, maintain, and operate certain industrial sidetracks, and for other purposes;

H. R. 6768. An act to authorize the Secretary of War to lend War Department equipment for use at the Seventeenth National Convention of the American Legion at St. Louis, Mo., during the month of September 1935;

H. R. 6825. An act for the relief of Mrs. Clarence J. McClary;

H. R. 6983. An act to provide for the transfer of certain land in the city of Anderson, S. C., to such city;

H. R. 7022. An act to authorize the selection, construction, installation, and modification of permanent stations and depots for the Army Air Corps, and frontier air defense bases generally;

H. R. 7050. An act to amend the act of June 27, 1930 (ch. 634, 46 Stat. 820);

H. R. 7902. An act to provide a right-of-way;

H. R. 7909. An act to amend the act creating a United States Court for China and prescribing the title thereof, as amended;

H. R. 8297. An act to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives;

H. R. 8400. An act providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes;

H. J. Res. 182. Joint resolution to provide for membership of the United States in the Pan American Institute of Geography and History; and to authorize the President to extend an invitation for the next general assembly of the institute to meet in the United States in 1935, and to provide an appropriation for expenses thereof; and

H. J. Res. 208. Joint resolution to provide for the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the Ordinance of 1787 and the settlement of the Northwest Territory.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	King	Radcliffe
Ashurst	Costigan	La Follette	Reynolds
Austin	Dickinson	Lewis	Robinson
Bachman	Dieterich	Logan	Russell
Bankhead	Donahey	Lonergan	Schall
Barbour	Duffy	McAdoo	Schwellenbach
Barkley	Fletcher	McCarran	Sheppard
Black	Frazier	McGill	Shipstead
Bone	George	McKellar	Steiwer
Borah	Gerry	McNary	Thomas, Okla.
Brown	Gibson	Maloney	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Gore	Minton	Truman
Burke	Guffey	Moore	Tydings
Byrnes	Hale	Murphy	Vandenberg
Capper	Harrison	Murray	Van Nuys
Caraway	Hastings	Neely	Wagner
Carey	Hatch	Norbeck	Walsh
Chavez	Hayden	O'Mahoney	Wheeler
Clark	Holt	Overton	White
Connally	Johnson	Pittman	

Mr. LEWIS. I announce the absence of the Senator from North Carolina [Mr. BAILEY], the Senator from Mississippi [Mr. BILBO], the Senator from Virginia [Mr. BYRD], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Louisiana [Mr. LONG], the Senator from Idaho [Mr. POPE], the Senator from South Carolina [Mr. SMITH], and the Senator from Utah [Mr. THOMAS], all of whom are necessarily detained from the Senate.

Mr. VANDENBERG. I wish again to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent because of illness.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. KEYES] is necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

ARMY PROMOTION SYSTEM

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1404) to promote the efficiency of national defense, which was, on page 7, lines 9 and 10, to strike out "on and after July 1, 1935" and insert "the first of the month following the date of enactment of this act."

Mr. SHEPPARD. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

Mr. LA FOLLETTE presented a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress as to the necessity for enacting legislation providing for unemployment compensation and old-age security, which was ordered to lie on the table.

(See joint resolution printed in full when laid before the Senate by the Vice President on the 30th instant, pp. 12047–12048, CONGRESSIONAL RECORD.)

Mr. COPELAND presented resolutions adopted by the Westchester County Committee of the American Legion, Department of New York, protesting against the enactment of House bills 7762 and 8163, pertaining to the immigration and deportation of aliens, which were referred to the Committee on Immigration.

COPYRIGHTS—PETITION OF THORVALD SOLBERG

Mr. BORAH presented the petition of Thorvald Solberg, praying for the ratification of the Copyright Convention of 1928 and for the enactment of Senate bill 3047, the so-called "Duffy copyright bill", which was ordered to lie on the table and to be printed in the RECORD, as follows:

A petition for the ratification of the Copyright Convention of 1928 and for the enactment of the Duffy copyright bill, S. 3047

To the Senate of the United States:

Your petitioner is a native-born citizen of the United States. He does not represent in any way the interests of any class of

copyright producers or users. He was not a member of the interdepartmental group which, under instructions from the Committee on Foreign Relations, prepared the first draft of the bill, though he was courteously permitted both to criticize and to make suggestions.

My plea for affirmative action is based upon the knowledge and experience acquired by many years study of intellectual property, including 33 years administration of the Copyright Office, 1897–1930. My desire is the betterment of our copyright legislation, and, above all, obtaining this very great advance—the establishment of better and more honorable international copyright relations.

There has been no general revision of our copyright laws since 1909. During this period there has been a great extension of the activities of our authors and other intellectual producers, and an enormous development of great new industries (such as those of radio broadcasting and the production of motion pictures), industries whose very existence is dependent upon the use of the intellectual creations of our authors.

It is obvious that under these circumstances the responsibility of Congress under article 1, section 8 of the Constitution with respect to authors, has been tremendously increased. It is no longer a matter merely of protecting our authors within the United States, but of safeguarding their rights throughout the world. Our authors, composers, dramatists, and artists have now world readers, world audiences, world markets, bringing about widespread international copyright relations which, in justice not only to authors, but the producers and distributors of the authors' creations, require from Congress careful concern for their needs.

These needs are imminent. Action by Congress to correct the present unsatisfactory situation ought to be prompt—immediate.

There are at the present time two copyright matters before the Senate:

1. Adherence to the Copyright Convention of 1928.

2. Enactment of the pending copyright bill, S. 3047 (H. R. 8557).

Of these, the first is of far the greatest importance. It will enable the United States to enter into the Copyright Union. The advantage of doing this has steadily gained in the opinion of all persons interested in copyright. There has been testimony to show this submitted at copyright hearings. The general manager of one of the most important American corporations, whose business is based upon copyright properties, has expressed his opinion in the following words:

"It is of vital importance to the creative genius of America that we pass a bill enabling the United States to adhere to the Copyright Union."

The pending copyright bill has for its primary purpose the proposing of such changes in our existing copyright laws as will bring them into accord with the articles of the Copyright Convention. Such amendment of our copyright legislation is absolutely required to permit our entry into the Copyright Union.

S. 3047 is a compromise bill. Any proposal for the general revision of our copyright legislation must of necessity be a compromise measure. But, in my opinion, it is the best balanced and most practical compromise proposal for the betterment of our copyright laws that has been presented to Congress for a long term of years.

The contention that the bill, in according foreign authors copyright without formality, thereby discriminates against American authors to their harm and loss is neither accurate nor just. The treaty agreement is a grant of copyright without formality to authors who are nationals of countries which are members of the Copyright Union (as required by the Copyright Convention) in return for reciprocally securing protection for American authors without compliance with any formality in more than 40 countries within that union.

So far as this matter is concerned, our authors are neither asked to do anything more than heretofore nor anything different. They are left under the provisions of existing law to continue a practice of more than 50 years, including the deposit of copies of their works and registration of their claims to copyright. The records of the Copyright Office clearly indicate that authors generally would desire to continue deposit and registration, because they are convinced that it is definitely to their own advantage.

So far as unpublished works are concerned, one copy of any work may, under the bill, be sent in any suitable form. The cost of registration is but $1, which includes a receipt for the deposit and a certificate which, it is declared, "shall be admitted in any court as prima facie evidence of the facts stated therein."

The bill extends to American authors many of the most important copyright reforms discussed during the last 10 years. One of the more valuable of these is securing exclusively to the author of the copyright work the basic right to copyright it and to prevent his loss of this because of first publication in periodicals, a thing which now frequently occurs; also the right to object to every deformation, mutilation, or other modification of his work which may be prejudicial to his honor or to his reputation. The author secures the important advantage of the legal divisibility of his copyright (of great practical service), protection for his unpublished works not heretofore copyrightable, the exclusive right of radio broadcasting, a new single term of 56 years of protection in lieu of our present treacherous double term, safeguarding against loss of copyright because of technical errors, and authority to correct entries incorrectly made.

The bill provides better remedies for infringement of the author's rights; larger damages (up to $20,000 instead of $5,000, without requiring proof of actual injury); award of the infringer's profits; injunction against the consummation or repetition of an infringement, and several others. The present requirement of minimum statutory damages of $250 in all cases is abrogated, but up to the maximum amount statutory damages are permitted "such as shall in the opinion of the court be just, proper, and adequate in view of the circumstances", and such as shall put a stop to infringement. Injunctive relief is limited when the defendant has been proved ignorant of the fact that he was infringing.

Authors should, in my opinion, rally to the support of this bill, because it is obvious that they would secure through its enactment definite new benefits and would not lose any rights that are practically valuable.

THORVALD SOLBERG.

PURCHASE OF SPIRITUOUS LIQUORS IN BULK

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD and appropriately referred a telegram I have received from William H. Hearn, secretary of the Alcoholic Beverage Control Commission, Boston, Mass., with reference to House bill 8870, now pending in the Finance Committee.

There being no objection, the telegram was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

BOSTON, MASS., *July 30, 1935.*

Senator DAVID I. WALSH:

House bill 8870, pending before Senate Finance Committee, contains provision authorizing purchase spirituous liquors by hotels, clubs, and nonlicensees in bulk. Such practice is prohibited by our liquor-control act here. Our regulations also prohibit the sale by retail dealers on spirituous liquors to consumers in individual containers of over 1 gallon capacity. When the act was under consideration in the legislature a proposal to permit retail licensees to purchase spirituous liquors in bulk was strenuously opposed as one of the great evils prior to prohibition and practically unanimously defeated. We feel that the adoption of this legislation would be a serious blow to proper enforcement and would greatly hamper State commissioner of corporations and taxation in collecting taxes and result in loss of revenue. Would appreciate your earnest consideration. Hope you may concur in our conclusion and oppose these provisions. If the Federal Government adopts this legislation, drive will be made in various States for permissive legislation on the grounds that the Federal Government has sanctioned the practice.

ALCOHOLIC BEVERAGE CONTROL COMMISSION,
WILLIAM H. HEARN, *Secretary.*

REPORTS OF COMMITTEES

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (S. 3281) to amend the act of February 16, 1929, entitled "An act to amend the act entitled 'An act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Public Health Service', approved June 10, 1922, as amended", reported it without amendment and submitted a report (No. 1183) thereon.

Mr. CLARK, from the Committee on Commerce, to which was referred the bill (S. 3135) to authorize the purchase of the *Winnie Mae* by the Smithsonian Institution, reported it without amendment and submitted a report (No. 1184) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the joint resolution (H. J. Res. 348) authorizing exchange of coins and currencies and immediate payment of gold-clause securities by the United States; withdrawing the right to sue the United States on its bonds and other similar obligations; limiting the use of certain appropriations; and for other purposes, reported it with amendments and submitted a report (No. 1185) thereon.

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (H. R. 5099) for the relief of Albert Henry George, reported it without amendment and submitted a report (No. 1186) thereon.

Mr. BURKE, from the Committee on Claims, to which was referred the bill (S. 1102) conferring jurisdiction upon the United States District Court for the Western District of Washington to hear, determine, and render judgment upon the claims of Alta Melvin and Tommy Melvin, reported it without amendment and submitted a report (No. 1187) thereon.

INVESTIGATION OF SUGAR-BEET INDUSTRY

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the resolution (S. Res. 124) providing for an investigation of the sugar-beet industry in the United States (submitted by Mr. MURRAY on May 2, 1935), reported it with amendments and submitted a report (No. 1188) thereon; and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 3342) for the relief of Jerry R. Quill; to the Committee on Military Affairs.

A bill (S. 3343) granting a pension to Margaret A. Srout; to the Committee on Pensions.

By Mr. LOGAN:

A bill (S. 3344) to appoint one additional judge of the District Court of the United States for the Eastern and Western Districts of Kentucky; to the Committee on the Judiciary.

By Mr. CONNALLY:

A bill (S. 3345) to authorize the Administrator of Veterans' Affairs to exchange certain property rights now vested in the United States at Veterans' Administration facility, Perry Point, Md., for certain property and rights of the Pennsylvania Railroad Co. in that vicinity; to the Committee on Public Buildings and Grounds.

By Mr. COPELAND:

A bill (S. 3346) to amend the Tariff Act of 1930; to the Committee on Finance.

By Mr. JOHNSON:

A bill (S. 3347) for the relief of Wallace Dee Lamb; and

A bill (S. 3348) for the relief of Verl Willey Scanland; to the Committee on Naval Affairs.

A bill (S. 3349) granting a pension to Josephine Johnson; and

A bill (S. 3350) granting an increase in pension to Emma J. McCumsey; to the Committee on Pensions.

THE AIR MAIL SERVICE—RECOMMITTAL OF CONFERENCE REPORT

Mr. McKELLAR. On the 23d instant the conferees on House bill 6511, to amend the air mail laws and to authorize the extension of the Air Mail Service, submitted a report on the bill. A mistake has been found in one of the provisions, and I ask unanimous consent that the report may be recommitted to the committee of conference.

Mr. McCARRAN. Mr. President, I regret exceedingly that I did not hear the Senator's statement.

Mr. McKELLAR. My statement was that in making up the conference report a few days ago on the air mail bill a mistake was made as to one section of it, and I ask unanimous consent that that report may be recommitted to the conferees.

The VICE PRESIDENT. Without objection, the conference report will be recommitted.

Mr. McKELLAR. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McKELLAR. Is it necessary that new conferees be appointed for this purpose, or are the conferees who were previously appointed available?

The VICE PRESIDENT. The Chair has been informed that the same conferees will continue to act.

COMMODORE JOHN BARRY

Mr. COPELAND. Mr. President, I ask consent to have printed in the RECORD a very interesting radio address delivered by James McGurrin, president-general of the American Irish Historical Society, on the 16th instant, in commemoration of the one hundred and fiftieth anniversary of the retirement from active service in the Navy of Commodore John Barry.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

One hundred and fifty years ago Commodore John Barry retired from active service in the American Navy, and the anniversary of that event has been observed during the past week with appropriate exercises in nearly all the great centers of population throughout our country. In our own city of New York steps have already been taken to provide for the erection of a monument to perpetuate his memory and do justice to the mighty contribution he made toward the establishment of the American Republic.

Barry was one of the most important and colorful figures in the struggle for independence, and his claim to the proud title of "Father of the American Navy" has been vindicated before the bar of history by testimony which never can be disputed. I might say in this connection that the remarkable enthusiasm evoked by the anniversary of Barry's retirement from active service must be attributed, in a large measure, to the recent biography of the famous naval commander by the eminent historian and scholar, Joseph Gurn. Mr. Gurn's illuminating and richly documented work not only establishes, beyond any shadow of doubt, Barry's claim to the title of "Father of the American Navy" but also reveals him as one of the most striking and engaging figures in American history.

Barry's career, from his birth at Ballysampson, County Wexford, Ireland, in 1739, to the day of his death in Philadelphia in 1803, has an extraordinary fascination for the student of history. It is the inspiring story of one who, though handicapped at the outset by all the disadvantages of humble birth, advanced himself by sheer ability, industry, and perseverance to wealth, social position, and a high place of responsibility and honor in the councils of the young Republic.

It would be impossible, within the limits of a short radio address, to do full justice to even a single chapter in the life of this extraordinary man. I shall, therefore, confine myself to a few of the outstanding achievements of his career which have won for him an imperishable position in the annals of American patriotism. In the year 1775 he was captain of a ship called "*The Black Prince*", trading between Philadelphia and Bristol, England. When he returned to Philadelphia in October 1775 the Battle of Lexington had been fought and the fires of patriotism were burning brightly on the hills of New England. Men were called upon, everywhere, to choose between the Colonies asserting the eternal rights of liberty and justice and the British Government asserting the authority of a foreign oppressor. For a sailor, however, called upon to enlist on the side of the Colonies, it seemed like the renunciation of all prospects. At this time there was not a craft that floated an American flag; the ocean was as much a British highway as a post road in England. Everywhere British cruisers swept the enemies of the British Crown from the face of the waves. Consequently, this man, John Barry, commanding the largest ship in the best employment in North America, returning to Philadelphia, renounced all prospects of success, of prosperity, and promotion, and offered his services to the Continental forces to fight for American freedom.

The first ship purchased by the Continental Congress was called the *Lexington*, named after the first battle of the American Revolution, and to the command of that ship John Barry was appointed. She was then in the Delaware, and at the mouth of the river was a large British ship—the *Roebuck*. At this time England relied to a great degree on her capacity to sweep the colonial trade from the sea, and, as every schoolboy knows, all the prospects of prosperity in this country then depended largely upon foreign trade.

The *Roebuck's* guns were pointed seaward, anxious to detect the approach of any vessel laden with articles for the American forces or carrying American goods to foreign markets. The guns that pointed up the river alone were neglected, and past these guns, in the dead of night, Barry brought the *Lexington;* and once clear of the shore he unfurled, for the first time, the American flag, that flag which has ever since floated in triumph on every sea. He passed the *Roebuck*, and within a few days her tender, the sloop *Edward*, under the command of a lieutenant, was met, riddled unmercifully, captured, and was the first prize that American valor exhibited upon the high seas. Three more vessels were captured, and then Barry, upon his return to Philadelphia, was appointed to the command of the ships then in the course of construction.

At this time several vessels were being built by the Continental forces, and for some time Barry was assigned to the *Effingham*. The *Effingham*, however, was cut off from access to the sea and Mr. Hopkinson, the representative of the Congress, wanted her destroyed. Barry resisted Hopkinson's order, claiming that he could bring the *Effingham* out to sea. But Congress sustained Hopkinson, and the *Effingham* was left at her moorings. Barry was disappointed, but he didn't remain idle. Starting at Burlington, N. J., with four rowboats and muffled oars, he passed the city and toward the mouth of the harbor met a warship, the *Alert*, convoying two vessels laden with supplies. The warship, seeing merely four rowboats, paid little attention to them. They came alongside the warship unnoticed, and in the twinkling of an eye these four rowboats gave up 27 men, who, jumping on deck, swept all opposition before them, drove down into the hatches 130 English sailors, and took captive the entire outfit.

That was the most brilliant feat of American arms upon the sea up to that time, and it was perhaps the most far-reaching in its results. From that moment the British forces in Philadelphia became insecure. They felt their supplies in danger. No man dreamed among the British that 27 sailors in rowboats had captured a ship carrying 12 cannon with 130 fighting men. Their fears and their pride exaggerated the number of their captors. From that moment every British commander and every British ship felt a new terror on approaching an American ship. Barry took his prize to shore. The British fleet pursued. They were able to

recapture the vessel, but not until Barry had taken from it all their supplies and sent them to Washington at Valley Forge, who promptly expressed his gratitude for the supplies and his admiration for the gallantry that won them.

Next Barry was appointed to the command of the *Raleigh*, superseding a Captain Thompson. The very day that he left port he was set upon by two enemy ships, and from 5 o'clock in the afternoon until midnight he held both at bay. The story of that battle so vividly portrayed in Joseph Gurn's biography is one of the most glorious chapters in the history of the American Navy. I regret I have not the time to relate his achievements on land after he returned to shore, especially his participation in the land operations around Trenton and the part he played in the crossing of the Delaware; how he made the frigate *Alliance* the pride of the Revolutionary Navy, giving to her a fame similar to that achieved by the *Constitution* in the war of 1812.

From the close of the Revolution to 1794 the United States was virtually without a Navy. In 1794, under the guidance of President Washington, the Nation's fighting fleet was reorganized with Commodore Barry at its head. Barry was Washington's personal choice, and his nomination was ratified by the Senate. The new commander's flagship was named the *United States*. It was built at Philadelphia under Barry's personal supervision and launched with impressive ceremony in 1797. Barry was therefore commander and first captain of the United States Navy. On the 22d of February 1797, the last birthday that Washington spent in the Executive Chamber, he issued the commission to Barry, marked "no. 1", which made him the senior captain, or chief commander, of all the naval forces of the United States. Honored and respected by a grateful nation, he died in Philadelphia, September 13, 1803, and there his remains lie in St. Mary's Churchyard.

Such, then, in brief, is the record of this Wexford hero, whom all America has been honoring during the past week. First to command an American ship; first to float an American flag; last to fire a shot for the independence of his country; first to command a ship under the authority of the new Government; the commodore of the first American Navy, holding every office with dignity, with honor, with success, John Barry was truly the father of that Navy that never lost a battle and never won a victory that was not a victory for justice and for freedom.

As I mentioned in the beginning, a movement is now under way to erect in this city a fitting memorial to honor his memory and perpetuate his fame. It is a laudable undertaking and will, I am confident, be carried to a successful issue. But his real, his enduring monument should be the Navy which he founded, which it is our solemn duty to upbuild and jealously guard until in efficiency and power it stands second to none among the navies of the world, a Navy that will remain forever a guaranty of our own security, a vigilant defender of our national honor, a mighty agency for the preservation of liberty and justice throughout the world.

DEPORTATION OF ALIENS

Mr. SHEPPARD. Mr. President, I ask consent to have published in the RECORD statements of Mr. W. C. Hushing, representing the American Federation of Labor, and Mr. J. H. Patten, representing certain patriotic organizations, with reference to House bill 6795, which became House bill 8163, which is the same as Senate bill 2969, now on the Senate Calendar, but on which no hearings were held by the Senate Committee on Immigration. The statements relate to the immigration question.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF WILLIAM C. HUSHING, NATIONAL LEGISLATIVE REPRESENTATIVE AND GENERAL ORGANIZER, AMERICAN FEDERATION OF LABOR, WASHINGTON, D. C., BEFORE THE HOUSE COMMITTEE ON IMMIGRATION AND NATURALIZATION, APRIL 10, 1935

Mr. HUSHING. Mr. Chairman, I think it would be well in order to keep the record straight if I referred to the fact that during the last meeting of this committee at which I appeared several bills were under discussion which carried many of the provisions carried in this bill. We know, of course, that those bills were not passed. After Congress adjourned Assistant Secretary of Labor McGrady called at the headquarters of the Federation of Labor and had a conference with Mr. Green and the members of the legislative committee, at that time Mr. Roberts and myself.

At the close of that conference Mr. McGrady advised us that in the future, before the Labor Department had any measures affecting labor introduced in Congress, it would confer with representatives of the American Federation of Labor. He specifically said that immigration would be included. As a result of that agreement or understanding with Mr. McGrady, the executive council reported to the convention of the American Federation of Labor in 1934, which began in San Francisco on October 1, in part as follows [reading]:

"Bills were introduced into Congress providing for amendments and changes in certain sections of existing immigration laws. A limited number of these bills were reported to the House for action, but failed to pass. As a result, no important change was made in prevailing immigration statutes during the last session.

"In 1931 the State Department issued instructions to United States consuls not to grant a visa to any immigrant who it seemed probable would become a public charge. As a result of these instructions, the number of immigrants who could be admitted to the United States was reduced from 153,000 to 12,000. Representative DIES introduced a bill which was designed to embody the principle contained in these State Department instructions into a Federal statute. This bill provided that the immigration quotas for all countries be reduced 90 percent. The American Federation of Labor supported this measure.

"We are still grappling with the problem of Mexican immigration. In order to supply a remedy for undue and unnecessary Mexican immigration a bill was introduced by Representative SCHULTE to place the Republic of Mexico under the quota provisions of the immigration law. This bill provided that the total number of persons born in the Republic of Mexico admitted as quota immigrants shall not exceed 1,500, and that only persons born in such area and who are eligible to citizenship shall be admitted. This bill failed of passage. It was unfavorably acted upon by the Immigration Committee.

"The Department of Labor prepared and introduced under its sponsorship and recommendation a number of bills providing for amendments to the deportation sections of the immigration statutes. It was explained by the representative of the Department of Labor that these measures were designed to remedy defects discovered as a result of experience gained through application of the deportation sections. It was further stated that there was no intention on the part of the Department of Labor to weaken the restrictive features of immigration statutes, but instead to strengthen them, humanize them and make them more practicable and successful in operation.

"Because of the importance of these legislative proposals, sponsored by the Department of Labor, the officers of the American Federation of Labor insisted upon a more careful study and analysis of the measures proposed. It was deemed advisable to withhold approval of these measures until the executive council was accorded the opportunity to study them, analyze them, and confer with the representatives of the Labor Department regarding their provisions. It has ever been the purpose and policy of the American Federation of Labor to support and safeguard restrictive immigration legislation. We cannot approve measures which would weaken even to the slightest degree the restrictive features of immigration legislation for which the organized labor movement fought during a long period of years. For this reason, we could not, under the circumstances, support or endorse the amendments to the immigration statutes drafted and proposed by the representatives of the Labor Department. However, it is intended that at the earliest opportunity a conference will be held between the representatives of the Labor Department and the executive council of the American Federation of Labor for the purpose of giving special consideration to the amendments to the immigration statutes proposed by the Department of Labor as referred to herein. The future course of the American Federation of Labor relative to the Labor Department's proposed amendments to the immigration laws will be determined after a conference is held between representatives of the Department of Labor and the executive council."

That report was referred to the committee on the executive council's report and approved.

I understand that Mr. MacCormack met thereafter with Mr. Green and some members of the council and Mr. Green and the council thereafter appointed a committee composed of three members of the executive council, namely: Mr. Wharton, who is also international president of the machinists; Mr. Woll, who was president of the photo-engravers; and Mr. Weber, international president of the musicians. I understand that they met several times with Mr. MacCormack and officials of the Department of Labor and discussed the measure you now have before you.

It was their understanding that, before this bill was introduced, there were to be further conferences and possibly amendments agreed upon. For some reason that understanding was not carried out, and the committee made a report to Mr. Green which was the subject of discussion between Colonel MacCormack and the committee. A copy of that report, setting forth the views of the Federation, is as follows: It is headed [reading]:

"REPORT OF COMMITTEE ON PENDING IMMIGRATION LEGISLATION

"The committee to whom was referred the proposed amendments to the immigration laws submitted by Commissioner Daniel W. MacCormack makes the following recommendations:

"In the first place, they disapprove of the discretionary powers given the Secretary of Labor. This repeals the existing mandatory deportation statutes by substituting therefor the discretion of the Secretary of Labor to deport or not deport as the Secretary finds in the public interest. Instead of it being a bill to increase deportations, it would tend to decrease them.

"Section 1 of the proposed bill weakens the deportation laws. The Federal law establishing narcotic farms provides that State addicts who have committed crimes shall be deported. This is mandatory. Section 1 exempts alien State addicts from deportation if the Secretary of Labor finds it in the public interest. This should be stricken out. Subdivision 2 of section 1 gives the Secretary of Labor discretion in deportation proceedings against a person convicted of two or more crimes even if the alien was not sentenced to imprisonment. This is disapproved. This conflicts with the proviso in section 2, which provides that an alien can be deported in the discretion of the Secretary of Labor only after termination of his imprisonment. Subdivision 3 of section 1 provides for the deportation of aliens who engage in alien smuggling. This is approved.

"The amendment to section 19 of the Immigration Act of February 5, 1917, is disapproved. The original law should be retained with the exception that judges should not be empowered to make recommendations that an alien convicted of a crime involving moral turpitude should not be deported.

"Section 3 provides for the deportation of aliens convicted of possessing or carrying any concealed or dangerous weapon. The word 'dangerous' in this section requires investigation, as any kind of weapon, even a knife, could be used in prosecuting deportation proceedings against an alien.

"The first paragraph of section 4 should be stricken out. It provides that the Secretary of Labor may, in his discretion, allow an alien found subject to deportation under any law to remain in the United States if he is of good moral character and has not been convicted of crime involving moral turpitude and is not engaged in subversive political agitation or conduct. These terms are too indefinite.

"Subdivision 2 of section 4 should be stricken out. It provides that an alien subject to deportation could remain in the country if he has living here a parent, spouse, child, natural stepchild, child adopted prior to arrest in deportation proceedings, brother, or sister who has been lawfully admitted for permanent residence or is a citizen of the United States.

"Section 4 would do away substantially with immigration laws that have been enacted after years of investigation and substitute therefor a government of persons without definite statutory control. Leaving it to the discretion of the Secretary of Labor to deport or not to deport as he may determine is in the public interest would permit every kind of influence to be brought to bear to keep an alien subject to deportation in this country. There should be some other activity set up, such as a commission, that would see that all immigration laws were enforced.

"Section 5 permits aliens who have been admitted as nonimmigrants or as students to make application to the Commissioner of Immigration and Naturalization for a change to the status of persons admitted as nonquota immigrants. This would permit aliens who have entered the country as visitors, students, or others, to make application to the Commissioner of Immigration and Naturalization for a change of their status to that of a person admitted as a nonquota immigrant. This is disapproved.

"We approve of section 6. It takes care of many people who came here between 1921 and 1924 who can show no record of how they entered the country. They cannot become citizens, although they have been here since 1921.

"Section 7 contains a very important clause which amends the present statutes. It provides that in any proceedings under sections 4, 5, or 6 of the act the burden of proof shall be upon the alien to establish every requisite fact. At the present time the Government must obtain the evidence that the alien is illegally in this country. We approve this section.

"We have no objection to section 13 which eliminated agricultural preferences in the quota. Many aliens come into the country as farmers who are found later on conducting fruit stands, push carts, or in industry."

Since that time I understand Mr. MacCormack talked with Mr. Green on the telephone and this morning he sent to Mr. Green, by messenger, the following letter, dated April 9, addressed to Mr. Green [reading]:

"Referring to our telephone conversation this afternoon, I am enclosing, for your ready reference, copy of a letter we sent you under date of March 18, which covers the subject matter of our discussion with your committee. You will remember that your committee sent you their report before seeing us, and that you thereafter arranged for them to go into the matter with us. I have underlined the principal items covered in the letter of March 18, and wish to advise you as to the action taken today in the Immigration Committee."

Now, Mr. MacCormack has underlined in that letter of March 18, various items, so I shall insert a copy of that letter in the record. He agrees with certain points that were raised by our committee in discussion with him.

Perhaps I had better take the bill and cover it and his recommendations together.

The CHAIRMAN. Have you a copy?

Mr. HUSHING. I have a copy with my notations. Subsection 1 on the top of page 2, we would like to see that stricken out from this paragraph, that is, the entire proviso beginning on line 2.

The CHAIRMAN. Beginning where?

Mr. HUSHING. After the word "law" in line 2, strike out the rest of the paragraph, which is the rest of line 2 and lines 3 and 4.

The CHAIRMAN. From 2 to 4?

Mr. HUSHING. We would strike out the rest of the paragraph.

The CHAIRMAN. Yes.

Mr. HUSHING. We would strike out "provided, that this clause shall not apply to an alien who proves that he was an addict and was not either a dealer in or peddler of narcotics or their derivatives."

Now, I cannot see for the life of me, and Federation officers cannot understand why alien addicts should be permitted to remain in this country.

Mr. KERR. It is a fact that, practically, the State laws have that exception in, and that this is directed against the seller and the peddler of narcotics and excepts those who are addicts.

Mr. HUSHING. Well, I do not know how the different laws of the States read. Of course——

Mr. KERR. If you can convict them, you cannot get them out, and you cannot convict them if they are an addict.

Mr. HUSHING. As I understand, the Federal law does not provide that an addict can be deported.

Mr. KERR. That is true. You cannot deport an addict under the Federal law.

Mr. HUSHING. I should think that it would be just as bad to retain aliens in this country who were addicts as it is to retain those aliens who had some disease, some contagious disease.

Mr. KERR. That is quite true, but we cannot convict them under the State laws. We cannot deport them because the State laws specifically provide that you cannot convict an addict.

Mr. HUSHING. I am not striking at that. This does include those that have violated the State laws. Of course, if the State law does not provide a penalty of deportation—and it could not because the State would not have a right to pass a law to deport him. If the Federal statute is lacking in that here would be a good spot to provide for their deportation because I understand that it costs a little less than $500 a year to maintain each one of these addicts in these sanitariums that were recently established by the United States Government, and why go to all the trouble of taking care of them and spending the money on them and turning them loose in this country?

Mr. KRAMER. And the peddlers are right outside the gate waiting for them.

Mr. KERR. If you do not convict him, you cannot get him out; you cannot convict him under the State law if he is an addict.

Mr. KRAMER. As I understand Mr. Hushing, he asks why not make that a crime so that they can be gotten rid of.

Mr. HUSHING. That is my thought, by Federal statute, if possible.

Mr. KRAMER. From what I have read in the press, we are spending one and a half million dollars in Kentucky to build a home, a sanitarium to cure these addicts. I say why not take that one and a half million dollars and spend it for law enforcement or enact a law which prohibits the sale of narcotics in this country, and then they would not need to build those institutions?

Mr. KERR. They are not alien addicts exclusively. You would not find more than a half a dozen alien addicts there. We are not spending money for alien addicts, but we are spending money to cure our own addicts.

Mr. KRAMER. You will never cure a man who has become an addict.

The CHAIRMAN. Let Mr. Hushing proceed.

Mr. HUSHING. The next paragraph, in line 8, we would like to see that discretionary power taken away from the Secretary of Labor.

The CHAIRMAN. I beg your pardon.

Mr. HUSHING. In the next subparagraph, subparagraph 2 of section 1, we would like to see struck out the discretionary power of the Secretary of Labor. In fact, after the word "imprisonment", put a period and strike out "and if the Secretary of Labor finds that deportation of the alien is in the public interest."

In subsection 3 of section 1, in line 10, strike out the three words "and for gain." If you leave those three words in you just give the family and others who are not doing it for financial gain an excuse for aiding the smuggling of immigrants into this country, and then, again, we want to see the discretionary power of the Secretary of Labor stricken out.

Mr. LESINSKI. In whom would you fix or vest the power?

Mr. HUSHING. I will come to that a little later, and we are in agreement with Colonel MacCormack.

In section 2 we would like to strike out all of line 20, all of that line and in line 21 down to and including the word "whom." In line 23 we would strike out the words "6 months" and insert "30 days", which is the present law. That change to 6 months, while it is argued it would give the judge greater opportunity to delve into the cases, it seems to us that he should decide it while it was fresh in his mind within 30 days and he would thereby avoid a lot of pressure that might be mustered against him to have him recommend clemency. In line 23, after the word "conviction", strike out the remainder of the line and all of lines 24 and 25, and on the top of page 3, strike out all of lines 1, 2, and 3.

Well, now, in this letter to Mr. Green, in answer to your question, Mr. LESINSKI——

Mr. LESINSKI. Just a minute before you proceed. The Secretary of Labor could explain that the deportee was not wanted, and could deport him. This way he cannot. You had better think that over.

Mr. HUSHING. You are referring to lines 20 and 21?

Mr. LESINSKI. No; line 3—the judge might give clemency to the habitual criminal, whereas the Secretary of Labor might not regard it that way.

Mr. HUSHING. Well, we do not want it handled that way. Our idea, and I think the Commissioner's idea, is in agreement with ours that all that is to be left to the Commission.

Mr. LESINSKI. What commission?

Mr. HUSHING. That he agrees to be set up by Congress an independent board or commission.

Mr. LESINSKI. What have we got the Department of Labor for?

Mr. HUSHING. Well, we have the Department of Labor for a good many things, and they have numerous duties, especially the Secretary, and if you leave this discretion to the Secretary of Labor it will be administered by underlings.

Mr. KRAMER. Do you think, Mr. Hushing, that a separate commission or department either under the Department of Labor or under the Department of Justice should be set up to administer this?

Mr. HUSHING. Well, we want to see, and we would prefer an independent board or commission.

Mr. KRAMER. Having nothing to do with any department?

Mr. HUSHING. Exactly. With no department having authority over it, set up by Congress and responsible to Congress and failing in that we feel that the proposal suggested by General Fries would be acceptable. We talk about these cases that are held up when they are supposed to be deported being reported, but it has been 10 months since the end of the last fiscal year, and no report from the Secretary of Labor that we know of has been made.

Mr. KRAMER. Perhaps the Secretary of Labor had so much detail in regard to the various departments that come under that head that it is impossible to do anything.

The CHAIRMAN. What is your next point?

Mr. HUSHING. The next is in regard to section 3. Now, the intent of this section is all right, but last night's paper said a man was held by the police for assault with a dangerous weapon, and it happened to be an automobile.

The CHAIRMAN. Mr. DIES was in to see me yesterday, and he said he had an amendment that he would like to give to this committee dealing with the interpretation of the language of section 3, so that we will look at it in the light of that, but if you have any particular preference of any language we would be glad to receive it.

Mr. HUSHING. The purpose of that section is evidently O. K. We are opposed to section 4 absolutely.

Mr. LESINSKI. What would you suggest in place of section 4?

Mr. HUSHING. Establish the independent commission I mentioned.

Mr. LESINSKI. Well, if there is no law passed, where could the commission have any discretion?

Mr. HUSHING. Of course, you are talking about passing the law now, and I am making a suggested amendment that you may incorporate in this bill when you report it out. It provides for a board or a commission, an independent board or commission, to report direct to Congress after hearing these cases.

Mr. KERR. Do you object to section 4, then, if there was such a provision made?

Mr. HUSHING. Yes; in part "has lived continuously in the United States for a period of not less than 10 years"; I understood that was to come out of the bill by agreement. I do not know whether it is correct or not, because I did not attend those committee meetings.

Colonel MACCORMACK. No.

Mr. HUSHING. But we are willing to take care of those people who were in here from 1921 to 1924. But this makes or puts a premium on illegal entry, so that anybody who can get in and remain here for 10 years, if he can somehow sneak into the country, say, if he comes in as a visitor under a 6-month period and if he can lose himself for 10 years, then he is sitting pretty; and under this next paragraph it will be terribly abused, because he could adopt a child or marry some woman. In fact, I notice in the paper this morning where there were two cases of people held for deportation who had married after they were arrested, and, of course, you would have to take that into consideration.

Mr. KRAMER. Do you think the marriage would exempt them?

Mr. HUSHING. Well, the bill says, "has living in the United States a parent, spouse, child, natural child, stepchild, child adopted prior to the arrest in deportation proceedings, brother or sister, who has been lawfully admitted for permanent residence or is a citizen of the United States."

That article in the Washington Herald this morning said two of these men now held—mentioning them by name—had married since they had been arrested, and it might have been—I do not say that it was—but it might have been just for such a purpose as this.

Mr. KRAMER. Don't you think that the act ought to provide that they should have to be married at the time?

Mr. HUSHING. Well, it ought to be fixed some way so that they could not get away with that sort of thing.

Mr. KRAMER. In other words, it would be necessary for them to be married at the time the crime was committed in order to use that as an outlet?

Mr. HUSHING. It might be; you mean before they get into the court?

Mr. KRAMER. Yes. In other words, I sat in court and heard testimony along that line where they tried to bring sympathy upon the man on trial, and while the case was going on for a year or 6 months the man married, and a child was born, and they brought it to the attention of the court in order to get sympathy, and there is no doubt in my mind but what there has been some advantage taken of that.

Mr. HUSHING. I suspect that there has been.

Mr. LESINSKI. What will you do, then, with the wife and the child?

Mr. KRAMER. Well, take the Hauptmann case.

Mr. LESINSKI. Oh, that is one case in a thousand.

Mr. HUSHING. We have real sympathy with bona fide cases of hardship, but we do not want to give such excuses to these people.

Mr. LESINSKI. Mr. Hushing, aren't you sure that if we were very rigid in this law that you would lose about 10 percent of your membership?

Mr. HUSHING. Oh, no.

Mr. LESINSKI. Are you sure?

Mr. HUSHING. Why? Do you mean that 10 percent of our members are aliens? Is that what you are getting at?

Mr. LESINSKI. I am pretty positive of that.

Mr. HUSHING. You know more of it than I do then.

Mr. LESINSKI. We have them up at Detroit.

Mr. HUSHING. Detroit is not the United States, and while there are a large number of aliens there a good many of them belong to our organization——

Mr. LESINSKI. I think the major portion do.

Mr. HUSHING. That may be true in Detroit; I do not know. It may be that 10 percent or more belonged there, and we are glad to have them in our organization. We are glad to have them in our organization, and remember that the American Federation of Labor is representing all of these people. It is now a fact that the aliens in this country are now favoring exclusion, with the exception of some of their leaders, and the aliens make common ground or stand on common ground with us on this question. They do not want the country further flooded with aliens who will compete with them in the alien labor market. They are lined up right alongside of the American workmen. That is a fact. We have heard that for the last 2 or 3 years from even the large eastern cities.

The CHAIRMAN. They are not objecting to the union of families, are they?

Mr. HUSHING. No; of course, that is not covered in this bill.

The CHAIRMAN. I just mentioned that in connection with your statement.

Mr. HUSHING. The law must be pretty good in regard to reunited families at present. You have all yours reunited, every one in your district.

The CHAIRMAN. I do not think any in my district have written me about that recently. None of them have annoyed me about bringing their families in. They have all been in and have been in for a long time.

Mr. HUSHING. I am glad they are in that position, and I suppose the other members could be in practically the same position.

Mr. LESINSKI. My district has a lot who are not in that position.

Mr. HUSHING. I suggest you confer with Chairman Dickstein.

Section 7, that is a good section, and of course in regard to the rest, whether it remains in or out depends on the action taken on the previously suggested amendments.

Section 8 does not concern us. It deals principally with fees.

Now, section 9, I think, is an exceptionally good section; there is no doubt but that the Department has been hampered in the past, due to the fact that they have to send in to Washington for warrants.

Mr. KRAMER. Often a man gets away during the time of the information, and you see no particular harm in taking a man in custody if the officer has reason to believe that he is an alien, and so on, and hold him.

Mr. HUSHING. That is covered in the last section. That section is all right. I believe that concludes all I care to say about the bill unless there are some questions that you desire to ask me.

Colonel MACCORMACK. I wish to say, Mr. Chairman, that Mr. Hushing has given a very clear and accurate statement of my various discussions with the President and the Council of the American Federation of Labor. The only point—I take any exception to, or rather in an effort to clarify it I wish to be clear in this matter and I think Mr. Hushing will agree—is that the report made by the committee to Mr. Green was made before we had our discussion with him. That was done, I believe, inadvertently and the lack of understanding on the part of the committee which discussed the matter with us, and then reported to the council. I subsequently called Mr. Green's attention to the fact that the committee had not been in session with us, and he immediately arranged for a discussion which gave rise to the correspondence which Mr. Hushing has discussed with you today and again I wish to say that this statement reflects very carefully the position taken by the Federation's representatives in regard to those matters.

Mr. HUSHING. I believe I stated, Mr. Chairman, that, after they had finished their conference with Mr. MacCormack and other officials of the Labor Department, they reported to Mr. Roberts and Mr. Green stating that they stood by their original report to Mr. Green which I have read into the record.

Colonel MACCORMACK. That is correct.

(The letters of Colonel MacCormack to Mr. Green, of Mar. 18, 1935, and Apr. 9, 1935, are as follows:)

MARCH 18, 1935.

Hon. WILLIAM GREEN,
President American Federation of Labor,
Washington, D. C.

MY DEAR MR. GREEN: Thank you for your letter of February 20, 1935, transmitting copy of the report of the subcommittee which you appointed to discuss with us the proposed immigration legislation. As you know, the report was submitted prior to any discussion with us, but subsequently the conference you arranged was held and we went over the proposed legislation and the committee's report very carefully with Mr. Woll, Mr. Wharton, and Mr. Roberts.

As a result of our conference we have, I believe, arrived at a better understanding of the provisions of the proposed bill. The enclosed memorandum gives in detail the substance of the discussion. Your committee made it clear that neither they nor you would be bound by the discussion held with us and that a final decision would only be made after you had an opportunity to go over the report of the discussion between your committee and myself. It was, I believe, made clear to your committee—

(1) That the proposed bill does not weaken but strengthens the present deportation laws.

(2) That the comment of the committee on section 1, dealing with deportation of narcotic addicts was due to a misapprehension of the law. Our proposal adds an entirely new group of deportable

persons. It does not affect the present law dealing with narcotic addicts.

(3) That there is no conflict, as stated in the committee report, between subdivision 2 of section 1 and section 2, and that the two provisions of the bill are separate and distinct. Subdivision 2 of section 1 merely provides for the deportation of additional classes of criminals, whereas section 2 limits the power of judges to prevent the deportation of alien criminals.

(4) In dealing with the section of the bill relating to the power of judges to make recommendations in criminal cases the department recommended a restriction on the power of judges to avert the deportation of criminals. Your committee in its report and its discussion with us goes still further and recommends that the power be withdrawn entirely from judges and magistrates.

(5) In dealing with section 3 which provides that aliens convicted of possession or carrying of concealed or dangerous weapons be subject to deportation your committee suggests that the word "dangerous" requires investigation. We informed them that there will be no objection on our part to any necessary clarification or amendment of this section.

(6) Your committee recommends that the first paragraph of section 4 should be stricken out, and comments that the terms "good moral character", "moral turpitude", and "subversive political agitation or conduct" are too indefinite. There is no objection whatsoever to making the terms as definite as possible. Good moral character might well be defined as it is in the Naturalization Act, being good moral character for a period of 5 years prior to the institution of the proceedings.

The term "moral turpitude" is, of course, indefinite, and is a very unsatisfactory one, but it is a term used throughout the immigration laws of the United States and has been so defined by the courts that its meaning is now clear in law.

The term "engaged in subversive political agitation or conduct" may, if it appears desirable, be eliminated, and there be substituted in place thereof the words "who is not subject to deportation under the act of October 16, 1918, as amended", which deals with communistic activities.

(7) Your committee recommends that subdivision 2 of section 4 be stricken out. Its recommendation reads as follows:

"Subdivision 2 of section 4 should be stricken out. It provides that an alien subject to deportation could remain in the country if he has living here a parent, spouse, child, natural step-child, child adopted prior to arrest in deportation proceedings, brother or sister who has been lawfully admitted for permanent residence or is a citizen of the United States."

We believe that this might well be amended to read, "parent, spouse, legally recognized child, or dependent brother or sister."

(8) Your committee objects to section 4 on the ground that the discretionary power will be placed in the hands of the Secretary of Labor, thus permitting "influence to be brought to bear to keep an alien subject to deportation in this country." The deportation provisions dealing with persons of good character are barbarous and inhumane in the extreme. We are concerned only with a remedy and are not wedded to any particular procedure. We are prepared to endorse a commission such as suggested by your committee; the plan suggested by Congresman DIRKSEN of requiring such cases to be reported to Congress for action; a system of State committees which would leave this matter largely in the hands of the States whose residents are affected; or placing the entire matter in the hands of the President as is true of pardons in criminal cases. Of all of these we believe that discretion in the hands of the Secretary of Labor is the most workable and that the commission plan suggested by your committee is the preferable alternative, and we will offer no objection whatsoever to its adoption by the Congress.

(9) A suggestion was made by one of the members of your committee but later withdrawn because of the general objection to section 4, that discretionary power should only be exercised in the cases of persons who declare their intention to become citizens. This suggestion was exceedingly interesting and is one which we will be prepared to bring to the attention of the Immigration Committee with our endorsement, even though your organization does not care to go directly on record in the matter.

(10) Your committee disapproved section 5 of the bill which permits persons while in the country in one status and entitled to another to change their status without leaving the country. This applies mainly to students and visitors who become entitled to preference or nonquota status, usually through marriage to American citizens. They cannot be prevented from returning to the country in their preferred status if otherwise eligible and it seems an unnecessary and cruel formality to require them to travel sometimes thousands of miles to get a "piece of paper" which they could be given just as well in this country, without being forced to the separation from their families and the heavy expenses incident to such journeys.

(11) Your committee approved of section 6. In order, however, that there may be no misunderstanding attention is invited to the fact that that section not only takes care of those who came between 1921 and 1924 but provides a uniform rule which will avoid piecemeal legislation in the future by stating that persons who have been in the country 10 years may if they meet requirements be permitted to register. As 84 percent of our deportations occur within 6 years after entry a general rule such as is proposed could have no possible effect in encouraging illegal entries.

(12) Your committee approved of section 7 providing that the burden of proof be upon the aliens in proceedings under sections 4, 5, and 6.

(13) Your committee had no comment to make on sections 8, 9, 10, 11, and 12, which are intended to give us more power to facilitate the deportation of undesirable aliens and it is assumed that they are in accord therewith.

(14) Your committee had no objection to section 13, which eliminates the agricultural preferences under the quotas.

The principal point of difference between your committee and ourselves which remained after the discussion concerned the exercise of discretionary power. We feel, however, that through our entire willingness to accept the suggestion of your committee as to setting up separate machinery for the exercise of such power we are not far apart even on that point.

The proposed bill extends further the policy of immigration restriction; it renders subject to deportation many alien criminals who cannot now be reached under the present law; it gives lawful authority for the detention and eventual deportation of over 2,600 illegal entries per annum who now escape; and it provides a means for the alleviation of some of the worst cruelties imposed by the present law on persons of good character and on their families, for the most part American citizen wives and children.

I trust that your organization, with this explanation may now find yourself in accord with the provisions of the bill.

Cordially yours,

D. W. MACCORMACK, *Commissioner.*

Signed and delivered March 17, 1933.
Enclosure.

UNITED STATES DEPARTMENT OF LABOR,
IMMIGRATION AND NATURALIZATION SERVICE,
Washington, April 9, 1935.

Hon. WILLIAM GREEN,
President American Federation of Labor,
Washington, D. C.

DEAR MR. GREEN: Referring to our telephone conversation this afternoon, I am enclosing for your ready reference copy of a letter we sent you under date of March 18 which covers the subject matter of our discussion with your committee. You will remember that your committee sent you their report before seeing us and that you thereafter arranged for them to go into the matter with us. I have underlined the principal items covered in the letter of March 18 and wish to advise you as to the action taken today in the Immigration Committee.

I will refer to the various items by the page and paragraph number.

Page 1, paragraph 2. It was made entirely clear to the Immigration Committee today that our proposal as to narcotic law violators adds an entirely new group of deportable persons. The proposal we make puts violators of State narcotic laws on the same basis as violators of the Federal acts.

Page 1, paragraph 3. No further comment.

Page 2, paragraph 4. In our proposal we restrict the present power of judges to prevent deportation by a simple recommendation to the Secretary of Labor. Your committee recommended that the power be taken away from the judges entirely. One or two of the members of the Immigration Committee had the same view, but it appeared that there was substantial support for the theory that judges should be enabled in connection with these laws as any others to employ the discriminatory powers which are attached to their office.

Page 2, paragraph 5. We called to the attention of the Immigration Committee that question had been raised as to the interpretation of the term "dangerous weapons" and told the committee that we would be entirely agreeable to accepting Mr. DIES' suggestion of a definition of this term or any other which would properly clarify it.

Page 2, paragraph 6. We brought to the attention of the committee that a question had been raised as to the term "subversive political agitation or conduct" as being too indefinite and informed the committee that we had no objection whatsoever to a clarification of this provision and to substituting therefor the words "who is not subject to deportation under the act of October 16, 1918, as amended."

In this amended section 4, copy of which is enclosed, there is an additional expressed prohibition against discretionary power in the cases of aliens who are subject to deportation on any of the grounds relating to the deportation of persons of the immoral classes or who are subject to deportation under the narcotic laws. This provides an additional severe restriction on the use of discretionary power and conforms to a considerable extent to the views expressed by your committee.

Page 2, paragraph 7. Before the committee today we suggested an amendment discussed with your committee to subdivision 2 and have amended it to read "parents, spouse, legally recognized child, brother, or sister." In discussing the matter with your committee I suggested to them that we might make it dependent brother or sister, but found that would make for difficulties as what we want to do is to protect the dependent whether the dependent be the brother or sister who is left here or to be deported.

Page 3, paragraph 8. We informed the Immigration Committee of the various suggestions discussed with your committee and told them that any plan whatsoever which will serve to avert the incredibly cruel family separations we are trying to cure will be entirely satisfactory to the Department. The various alternatives to the discretion being vested in the Secretary, as set forth in paragraph 8, were placed before the committee and discussed with them.

Page 3, paragraph 9. The suggestion contained in paragraph 9 was not discussed.

Page 3, paragraph 10. The position of your committee and our views on the matter are adequately covered in this paragraph.

Page 4, paragraphs 11, 12, 13, and 14. Your committee approved. I have no comment to make on the sections covered in these four paragraphs.

As we stated in the paragraph following paragraph 14, the principal question between your committee and ourselves lay in connection with the discretionary power, and we are not far apart on that, as indicated by our entire willingness to accept the suggestion of your committee for a tribunal rather than placing this discretionary power in the hands of the Secretary. The Immigration Committee showed a disposition to go into this question very carefully, and I am entirely satisfied to leave the matter in their hands. Any decision that they reach will be satisfactory to us as we by no means are committed to the principle of vesting this power in the hands of the Secretary of Labor, although, as I have already stated to you, that appeared to be the most workable solution.

Very sincerely yours,

(Signed) D. W. MACCORMACK,
Commissioner.

SUGGESTED AMENDED SECTION 4 OF H. R. 6795

SEC. 4. The Secretary of Labor may, in his discretion, allow an alien found subject to deportation under any law, other than the act of October 16, 1918, as amended by the act of June 6, 1920 (40 Stat. 1012; 41 Stat. 1008; U. S. C., title 8, sec. 137), or the act of May 26, 1922 (42 Stat. 596; U. S. C., title 21, sec. 175), or the act of February 18, 1931 (46 Stat. 1171; U. S. C., title 8, sec. 156a), or section 1 (1) of this act, or the provisions of the act of February 5, 1917 (39 Stat. 874; U. S. C., title 8, sec. 156) relating to prostitutes, procurers, or other like immoral persons, to remain in the United States if he is of good moral character, and has not been convicted of a crime involving moral turpitude, and if he—

(1) Has lived continuously in the United States for a period of not less than 10 years; or

(2) Has living in the United States a parent, spouse, legally recognized child, brother, or sister, who has been lawfully admitted for permanent residence or is a citizen of the United States.

STATEMENT OF JAMES H. PATTEN, WASHINGTON, D. C., REPRESENTING IMMIGRATION RESTRICTION LEAGUE OF NEW YORK, INC., THE STATE COUNCIL, JUNIOR ORDER UNITED AMERICAN MECHANICS OF THE STATE OF NEW YORK, INC.; THE COMMANDERY GENERAL, PATRIOTIC ORDER SONS OF AMERICA, INC.; THE EXECUTIVE BOARD, FRATERNAL PATRIOTIC AMERICANS, INC.; AND THE PATRIOTIC AMERICAN CIVIC ALLIANCE, INC., BEFORE THE HOUSE COMMITTEE ON IMMIGRATION, APRIL 10, 1935, ON THE KERR BILL, H. R. 8163 (H. R. 6795)

Mr. PATTEN. Mr. Chairman and members of the committee, my name is James H. Patten. I represent the Immigration Restriction League of New York, Inc.; the State Council, Junior Order United American Mechanics of the State of New York, Inc.; the Commandery General, Patriotic Order Sons of America, Inc.; the executive board, Fraternal Patriotic Americans, Inc.; the Patriotic American Civic Alliance, Inc.

The question was raised as to the attitude of the organizations which I represent——

The CHAIRMAN (interposing). No one questions your organizations; every one of them is admitted.

Mr. FOCHT. He ridicules them.

The CHAIRMAN. He considers them very highly. But let us proceed to get down to the point in question.

Mr. PATTEN. Mr. Chairman, the patriotic organizations are not the only ones which are on the job. There have been all kinds of organizations organized by the foreign steamship companies and certain big industrial interests. The American Federation of Labor, as the chairman, Mr. JENKINS, and other members of the committee will recall, has submitted evidence to this committee, bank accounts, and everything of that kind, with regard to an organization which reported to the Hamburg-American Steamship Co. [Reading:]

"We have sent to Washington a number of delegations composed of members of various nationalities, but the delegates were not really chosen by bodies of their own nationalities. If we are to continue the campaign successfully we must penetrate into the masses and interest them to send delegations and instruct Congress that they are opposed to further restriction of immigration."

That is, in fact, before we had the act of 1917. They have a right——

The CHAIRMAN (interposing). Positively they have all the rights.

Mr. PATTEN. I think you gentlemen are capable of evaluating their efforts.

Now, in order to identify the interests and attitude of these organizations which I represent, I wish to read typical action taken by three of these organizations at regular meetings held since the so-called "administration" alien bills H. R. 9363, H. R. 9364, H. R. 9365, H. R. 9366, H. R. 9367, and H. R. 9518 were introduced last April and May and redrafted into H. R. 6795 and introduced last month, which completely discarded H. R. 9365, admitting nonquota certain near relatives, and omitted all trace of H. R. 9367, penalizing the steamship companies for bringing alien stowaways, that was so strenuously opposed at the hearings last May by the steamship attorneys.

At Greensburg, Pa., last September, the Fraternal Americans, whose origin dates back beyond the middle of the last century and whose members are native-born, unanimously adopted a resolution. I was not present at that meeting. I did not draft this resolution. The resolution is as follows [reading]:

"Whereas we have always stood for law enforcement and urged that aliens unwilling to obey our laws should be sent back to the land whence they came: Therefore be it

"*Resolved by the State Council of Fraternal Patriotic Americans, Inc., in annual session this 12th day of September 1934 at Greensburg,* That we are unalterably opposed to the present relaxed enforcement of our weak alien-deportation and immigration-restriction laws, and to the string of bills that would result in a still further break-down of our inadequate immigration barriers, alien deportations having already been decreased about 50 percent and reflected by the more brazen activities of alien Communists even leading general strikes recently for the first time and evidenced by the readmission of deported alien Reds like Emma Goldman to proclaim their un-American doctrines; and be it further

"*Resolved,* That we urge the transfer of alien-deportation and other immigration law enforcement to the Department of Justice, which has shown itself more sympathetic and efficient in running down gangsters and in law enforcement, and that we favor the enactment of additional legislation like the Dies anti-Communist and the Dies immigration-restriction bills."

Also, last September at its regular annual meeting, the New York incorporated council of Junior Order United American Mechanics, which is not affiliated with the national council represented here yesterday, whose origin also runs back beyond the middle of the last century and whose members are all native-born Americans, unanimously adopted, after detailed report read by its State legislative committee on the so-called "Five administration measures", and after discussion on, a resolution, from which I quote the following [reading]:

"Whereas Secretary Perkins and Commissioner McCormack publicly admit lack of sympathy for existing alien-deportation and other immigration legislation have decreased alien deportations 50 percent, and even readmitted deported anarchists like Emma Goldman, while the Department of Justice seems to be more sympathetic in running down gangsters and apprehending alien kidnapers; therefore be it" apparently, Bruno Hauptmann had been run down by the Department of Justice between the meetings of these two bodies—

"*Resolved by the State Council of New York, Junior Order United American Mechanics, Inc., in its sixty-second annual session at Glenn Falls, N. Y., this 24th day of September 1934,* That we urge the President of the United States and Congress to transfer alien-deportation and immigration law enforcement to the Department of Justice, and to defeat S. 3759, S. 3770, S. 3771, H. R. 8312, H. R. 9760, and H. R. 9725."

The reason the resolution sets out that annual session as the sixty-second is because 62 years ago this particular State council seceded from the National Council, Junior Order. Previously to that time it was identified with the national council.

Only yesterday I received a report from the Immigration Restriction League of New York State to its members on H. R. 6795, outlining its attitude, and from which I beg to read the following:

"Last fiscal year there was a 100-percent increase in quota immigration visas issued, a 50-percent increase in quota immigration, and a 50-percent increase in alien stowaways and deserting alien seamen, indisputable evidence of the inward turn of the immigration tide, further corroborated by the fact that alien deportations decreased nearly 60 percent; that is, from a previous annual average of about 19,000 to 8,879, and by the further fact that consuls of the Department of State reported on June 30, 1934, a visa waiting list of nearly a quarter of a million, and estimated there were in 47 of the 68 European-quota countries alone 9,992,160 aliens potential applicants for immigration visas to come to America.

"We already have over 10,000,000 unemployed and over 20,000,000 on relief rolls. That is far more unemployed and dependents than we can begin to care for, without importing another job hunter or relief seeker. Also, we have more criminals and radicals, native born and naturalized, and particularly of the first generation of foreign stock, than we can comfortably contend with. What is needed is not the present relaxed law enforcement and proposed modified mandatory legislation that would permit further discretionary relaxations, but stricter law enforcement and more restriction. Exclusion and deportations are not imprisonment, but as a rule tend to keep aliens in their native lands where in these depression days at least they must have their best refuge. Not only should existing laws be better enforced and better administered, and stronger and better laws be enacted, but we should have universal registration of not only aliens but of all persons in the United States. If we had any real registration or comprehensive system of identification such as other countries have, Bruno Hauptmann would have been deported, he would have never married an American citizen wife, had a native-born son here, and the United States would not have been branded with the 'crime of the century.'

"You are urged to support H. R. 5921, introduced February 19, 1935, by Congressman MARTIN DIES, of Texas, who will have an excellent article in the Saturday Evening Post of April 20, next, that you should read and then write your two United States Senators, your Congressman, and the President, at Washington, D. C. H. R. 5921 combines the previous Dies bills and resolution,

would exclude dope peddlers convicted under State laws, gun toters, and gangsters with machine guns, alien smugglers, and do all that the Labor Department's bill, H. R. 6795, just introduced, would do, except confer more autocratic discretion on the Secretary of Labor to deport or not deport aliens, even alien criminals as she 'finds in the public interest', to legalize illegal entries, and even to change temporary nonquota and nonimmigrant admissions of alien students, visitors, tourists, and the like into permanent admissions for permanent residence, if she makes certain fact findings and 'finds' it 'in the public interest.'

"The conferring of any such discretion would virtually repeal existing mandatory deportation statutes, and in large part substantially supplant existing mandatory immigration restrictions, would invite illegal entries and law evasions, and would largely substitute indefinite personal opinion and discretion for definite written law.

"H. R. 5921 and similar bills H. R. 6367, H. R. 6994, H. R. 7079, and H. R. 7223 contain every strengthening provision, and more strengthening deportation provisions than are to be found in the so-called 'administration bill', H. R. 6795. In addition, H. R. 5921 and similar bills make deportations, as they always have been, mandatory and bar to reentry, as they were before the naturalization law of May 25, 1932, Communists, aliens toting machine guns as well as concealed weapons, would deport habitual aliens; that is, aliens that have been here for years and are unwilling to become or who have not become citizens, and the like; and would further restrict immigration by reducing existing quotas and extending quota restriction to countries of this hemisphere.

"In other words, H. R. 5921 and similar bills would do something for America and Americans, native born and naturalized, and for aliens lawfully and legally in the United States, and would do to aliens, unlawfully and illegally here and not in sympathy with our ideals, institutions, and traditional American point of view, what ought to be done to them. These bills would deport aliens illegally and unlawfully in the United States, and thus tend to end most of these constantly arising so-called "hardship deportation cases" rooted in illegality or unlawfulness. The bills would reserve 75 percent of the quotas for aged parents and other close family relatives legally here, and several of the bills, H. R. 6994, H. R. 7079, and H. R. 7223, would take care of meritorious cases of hardship by allowing the Secretary of Labor to suspend certain deportations for not more than 1 year, ample time within which for the Secretary to obtain clemency in meritorious cases, just as other Secretaries go to Congress for relief and with 'acts of indemnity.'"

The resolutions and report I have read show that the organizations for which I speak offer twofold objections to the administration's bill, H. R. 6795, as introduced, or as modified, so long as it confers any discretion to not deport, to legalize illegal entries, or to change the status of aliens legally or illegally in the country, or fails to have any real restriction in it. They believe that existing legislation discretion to do that sort of thing should not only be retained by Congress, but that the discretion tucked in the naturalization law of May 25, 1932, or in any other law, to readmit any deported alien should be recaptured by Congress, so that no more wild-eyed deported reds like Emma Goldman will be readmitted to run about the country, proclaiming, as she did, that she is "more of an anarchist than ever before", and that the law ought to be changed and so enforced that the Willie Musenbergs, John Strachеys, Henri Barbusses, Tom Manns, and other alien Communists admitted last year, will not be allowed to come back again and carry on lucrative lecture tours and add to our existing oversupply of agitators and disturbers seeking and preaching the "overthrow of our Government by force and violence", as Musenberg did when he addressed an audience of over 15,000 in Madison Square Garden.

The memberships for whom I speak do want "habitual" alien criminals deported, and they also want "habitual" aliens deported, and they want both done mandatorily, and not left to the discretion of any official, good, bad, or indifferent.

These discretions remind us of an opinion expressed by Secretary Hull several years ago when he was in the Senate that, such discretions as these are entirely too much discretion for a good official to want, and too much to confer upon a bad official.

The organizations I represent are opposed to subdivision 2, section 1 of the bill, H. R. 6795, which conditions the deportation of an alien who "has been convicted of two or more crimes" on "separate occasions" and "involving moral turpitude" on the Secretary of Labor "finding" that "deportation is in the public interest."

Mr. STARNES. If that section were changed to read "has been convicted of a crime involving moral turpitude" would you approve it?

Mr. PATTEN. Why "moral turpitude"?

Mr. STARNES. All right; go along to the further section—and has been found to be habitual criminal.

Mr. PATTEN. Let me finish my thought because I want to show that of all the monstrous proposed pieces of legislation I have ever read in the years I have been around Washington, I think this bill is it. If there is any piece of proposed legislation, not to say existing legislation, that is ridiculous, farcical, silly, stupid, this bill is it, in my opinion; and I want to submit the reasons for my opinion.

Comparing subdivision 2 of section 1 with section 4, the memberships we represent prefer the provisions of section 4, making one such conviction mandatorily deportable and not discretionary. They cannot quite comprehend how anything but deportation of an alien who "has been convicted of two or more crimes on separate occasions, each of which involved moral turpitude" could be anything but "in the public interest." They are opposed to any such discretion to not deport a twice or more convicted alien felon as this bill contains, not only in section 1, but also the discretions in sections 4, 5, and 6 as to the other alien lawbreakers.

Now, note the effect of section 4, which mandatorially deports an alien who has committed "a felony involving moral turpitude." He is to be mandatorially deported, but subdivision 2 says hasten and commit another felony involving moral turpitude and then "shall then come within" the discretion of the Secretary not to deport. If that is not a monstrous legislative proposition I have never heard or read of one.

Mr. STARNES. It would help this bill some, don't you think, by going back to the style of the bill and striking out all except this: "A bill to authorize the deportation of habitual criminals, and for other purposes", and cut out the remainder?

Mr. PATTEN. Taking the bill as now drafted, if I were writing the preamble, to more accurately say what it proposes to do, I would suggest that this is a bill "to encourage aliens to commit more than one felony involving moral turpitude in order to come within the Secretary's discretion not to deport—to enter this country illegally, in order to come within her discretion and to get naturalized", and "to enter as a student, agreeing when they enter that they will not change their temporary status, and then after entry break their word and thus come within the discretion to get admission for permanent residence and get naturalized."

Mr. STARNES. I think the bill can be amended; that is what I am trying to draw from you, if we can redraft this bill so as to strengthen the law with reference to the deportation of criminals.

Mr. PATTEN. As far as an amendment to the bill is concerned, I have already tried to suggest the kind of an amendment that I think the patriotic organizations would prefer, and they are indicated in four or five other bills before this committee. There is Congressman DIES' bill, H. R. 5921, which was introduced about the middle of February—just 1 month before this bill was introduced; and it seems to me it has the same general framework as this bill.

Mr. STARNES. I think this has got a good framework, if we can strike out the objectionable features.

Mr. TAYLOR. The only objection to the bill, as I see it, is the discretionary power.

Mr. PATTEN. These patriotic organizations, if I understand them—and I have been with them for years—want "habitual criminals" deported. They also want dope peddlers, aliens toting machine guns and concealed weapons, and alien smugglers deported. With reference to alien smugglers, I do not think they want the deportation of alien smugglers limited to the man who is making money out of it, that is, "for gain." Neither do I think they want deportation under State narcotic laws limited to the dope peddler.

Mr. KRAMER. You have got to do away with the supply?

Mr. PATTEN. Exactly. You have had some experience in California along that line. Alien addicts also should be deported.

In other words, the memberships I represent believe deportations should be mandatory and not discretionary, and that relief for hard cases should be given by Congress, after public hearing, and after deliberation, debate, and vote, instead of behind closed doors, only to be uncovered later by adroit cross-examination once a year before the House Subcommittee on Appropriations, and then to be stricken from the printed hearings.

Mr. FOCHT. That has been done?

Mr. PATTEN. That has been done in this year of our Lord 1935.

Mr. FOCHT. Who has authority to strike anything out?

Mr. PATTEN. I cannot say.

The CHAIRMAN. You are not referring to this committee?

Mr. PATTEN. No; I said the Subcommittee on Appropriations. I have the deleted portions, if you care for them. Those deleted portions explain the admission of certain alien Communists and anarchists.

Mr. KERR. Subsection 1 of this bill—do you know of cases of men who have been convicted within the last 15 or 20 years of a dozen crimes, and yet under the present laws they cannot be deported; do you admit that?

Mr. PATTEN. I do not deny that.

Mr. KERR. You know, too, that the purpose of section 2 is to absolutely prevent that thing ever occurring again. It says unequivocally that anybody who commits two crimes in this country must be deported.

Mr. PATTEN. No; it does not say that. Strike out the last clause——

Mr. KERR (interposing). If the Secretary finds?

Mr. PATTEN. It would not deport mandatorily.

Mr. KERR. Would it not allow the Secretary of Labor to go back and take cognizance of those crimes which have been committed, in which persons imprisoned as many as 10 years?

Mr. PATTEN. As I said a while ago, Congressman, what the organization I represent wants and apparently what the Governor of Colorado and the Legislature of California want is not merely discretionary authority to deport criminals, but the deportation of habitual aliens; that is, aliens who have been here 10, 20, or 30 years, enjoying all the privileges and immunities of citizenship and carrying none of the responsibility.

Mr. KERR. They could not deport American citizens?

Mr. PATTEN. Habitual aliens is all I am talking about, Congressman.

Mr. LESINSKI. Mr. Patten, what do you mean by "habitual aliens"?

Mr. PATTEN. An alien who has been here 10 or 20 or 30 years, enjoying all the privileges and immunities of citizenship, but not becoming naturalized and not undertaking any of the legal responsibilities of citizens.

Mr. LESINSKI. All right. If it is not his fault, what do we do with him then?

Mr. PATTEN. We would put him out.

Mr. LESINSKI. After having allowed him to come in?

Mr. PATTEN. They have not allowed him to come in. The chances are, Congressman Lesinski, if you pass a law requiring aliens not temporarily admitted—pass a law deporting every alien who did not become a citizen within the statutory 5-year period, you would deport most of the aliens in the United States of America, because most of them are here illegally, unlawfully, and could not produce a certificate of legal entry.

Mr. LESINSKI. What would you do with respect to an alien who has applied 5 or 10 times and the judge turns him down because he could not speak the language correctly?

Mr. PATTEN. This committee reported a resolution for the relief of a German girl who became the wife of one Ulrich, who had, when 15 or 16 years of age, been convicted of shoplifting. The relief bill was enacted by Congress and became law. She was admitted. If you have a meritorious case of that kind and lay the facts before this committee I am sure you will find a very warm spot in the heart of the chairman and of a majority of this committee to give relief, and in Congress to grant relief.

Mr. LESINSKI. There are 25,000 of that type.

Mr. STARNES. Referring to this subsection 2 on page 2, line 5, as I read it: "Has been convicted in the United States of two or more crimes, committed on separate occasions, each of which involved moral turpitude", and it does not give the authority in this bill to deport a habitual criminal. It does just as you say, permit the Secretary of Labor to let that criminal convicted of two crimes involving moral turpitude remain here?

Mr. PATTEN. Absolutely. And, Congressman STARNES, if the reason for that discretion is to protect reformed criminals, write the reformed-criminal exception definitely into the law. Do not give the Secretary carte blanche—and Madame Perkins will not always be Secretary of Labor—to deport or not deport.

Mr. STARNES. I am not going to join in any attack on the Secretary of Labor. I ask you if you and your organizations would approve, if we could amend so it would read one who has committed a crime involving moral turpitude, and, further, if he has become a habitual criminal? That is what I am trying to get at, and that is what this committee wants.

Mr. PATTEN. They are in favor of every amendment to strengthen the deportation statute.

Mr. MILLARD. My position is like that of our chairman—I would like to see men deported who have been convicted 8 or 10 or 12 times.

Mr. PATTEN. You can write in the bill, Congressman STARNES, a definition of habitual criminal, to the effect that he has had 5 or 10 convictions for minor offenses. There is plenty of brains in this committee, not only to draft such a proposition, but I am confident that there is sufficient brains in Congress to pass it.

The memberships I represent favor not only the voluntary but the mandatory deportations of every alien in the United States, not temporarily admitted, who fails to become a citizen within the statutory 5-year naturalization period, or if temporarily admitted who fails to maintain his temporary admission status, and their deportation made a bar to reentry.

Mr. KRAMER. How are you going to find out who all these aliens are who may not be criminals but men who have been here 5 or 6 or 7 and some of them who have been here 11 years and never had the slightest intention to become American citizens, one of whom said he "didn't know of any good reason why he should become an American citizen?" How are you going to find out who they are?

Mr. PATTEN. By including an additional provision that any alien who has been here 5 years and who has not become a citizen shall be deported.

As a rule, deportation is the return of an alien to his or her homeland, where there is a better refuge. This committee recognized that fact and reported this year more than one measure to have Uncle Sam pay the way of unemployed aliens back to their native lands.

It seems to me there has not only been loose talk about these hardship-deportation cases, but also a whole lot of temperamental sentimentality and misplaced sympathy. Charity, sympathy, and even unemployment and relief ought and should begin at home. Each country should look after its own dependents, delinquents, and even its own radicals and lawbreakers.

I do not quite appreciate why our country should be made the alien base for the overthrow of our capitalistic form of government or of the so-called "butcher governments" of other countries, as was argued before this committee 1 week ago yesterday. It seems to me that we might well rid ourselves of many of these foreign fights that are transplanted here, if we would deport a few more of the foreign radicals staging here their foreign political, social, and other raucuses and let some of them get what perhaps they ought to have coming to them, instead of permitting them to continue here their "subversive political agitation and conduct." And where a country refuses to cooperate and to facilitate the deportation of its radicals, as Russia is doing, that country could be promptly brought to taw by refusing consular visas to that country's nationals. And at the same time we might well set up in the United States the scientific control, identification, and registration of aliens that every country of consequence has, and the laws of which even require employers to employ only aliens who have Government permits to work.

Mr. KERR. This bill does not state what you state, that Emma Goldman and the other radicals would be allowed to come in and, I agree with you, ought not to be allowed to come in.

Mr. PATTEN. If that was done under existing discretions, what may happen if additional discretions are extended? It is not necessary to impute any improper motives to the Secretary of Labor.

Mr. KERR. This is not a case of that kind at all.

Mr. PATTEN. But it is discretion, and discretionary action readmitted Emma Goldman, who was deported in 1919 with 167.

It was done under a discretion, and let me tell you why. The pressure was so great upon the Department of Labor—organizations concentrated and made representations to the Department that if they would readmit Emma Goldman they could guarantee she would be merely "a nice, good old lady." If pressure is so great under existing discretions that they could compel the Department of Labor to readmit Emma Goldman who, in order to get a British passport married an old Welsh widower—the only way she could get a passport to get in here—just as many an alien will do if you permit marrying to wipe out illegality, and to accomplish the purpose they will pick up the first citizen woman they meet on the street and marry her.

With reference to Mr. Allen's statement yesterday that the cure for alien criminality, because of the severity of the remedy proposed in this bill, must be discretionary, I do not understand that he appeared as other than the author of section 3 of the bill. I may be mistaken, but my understanding was that he merely cited being a former attorney general of the Commonwealth of Massachusetts, an appointee of the Department of Justice, and chairman of a crime commission as qualifications and identifications. It is interesting to note that the section of the bill he claims to have originated does not contain any discretion, is absolutely mandatory, and seems to be far the severest and most strained of any section or provision in the bill.

If severity needs any such discretionary qualification as he suggests, it would seem that his section 3 should be so qualified, because it makes the mere carrying of "any dangerous weapon", and a bowie knife or any other similar common convenience in some parts of our country would come within the wording of "a crime involving moral turpitude", when, of course, as a matter of fact there is no moral turpitude in an alien cotton cropper's carrying around in his pocket a big knife of that kind, or even a stiletto in certain other parts of the country.

My understanding also is that neither the Crimes Commission nor the American Bar Association has gone on record in favor of discretion in these deportation cases, and that what the majority of the members of the Crime Commission and the Bar Association's special crimes committee favor is Senate bill 22, that was introduced in the Senate January 4, 1935, by Senators COPELAND, VANDENBERG, and MURRAY——

Mr. MILLARD. What bill is that?

Mr. PATTEN. S. 22, that was introduced in the Senate January 4, 1935, by Senators COPELAND, VANDENBERG, and MURRAY, "to provide for the deportation of aliens convicted of certain crimes", and which contains no discretion, is mandatory, and my understanding is that this bill is favored by the Crimes Commission and the crime committee of the American Bar Association. I mention that because yesterday Mr. Allen said he was chairman of a crime commission.

Section 2 of that bill read as follows:

"In the event that any alien so convicted shall be sentenced to imprisonment his deportation shall be effected at the time he is released from confinement. In the event such alien is placed upon parole or probation his deportation shall be effected immediately.

"SEC. 3. All laws and parts of laws in conflict herewith are hereby repealed."

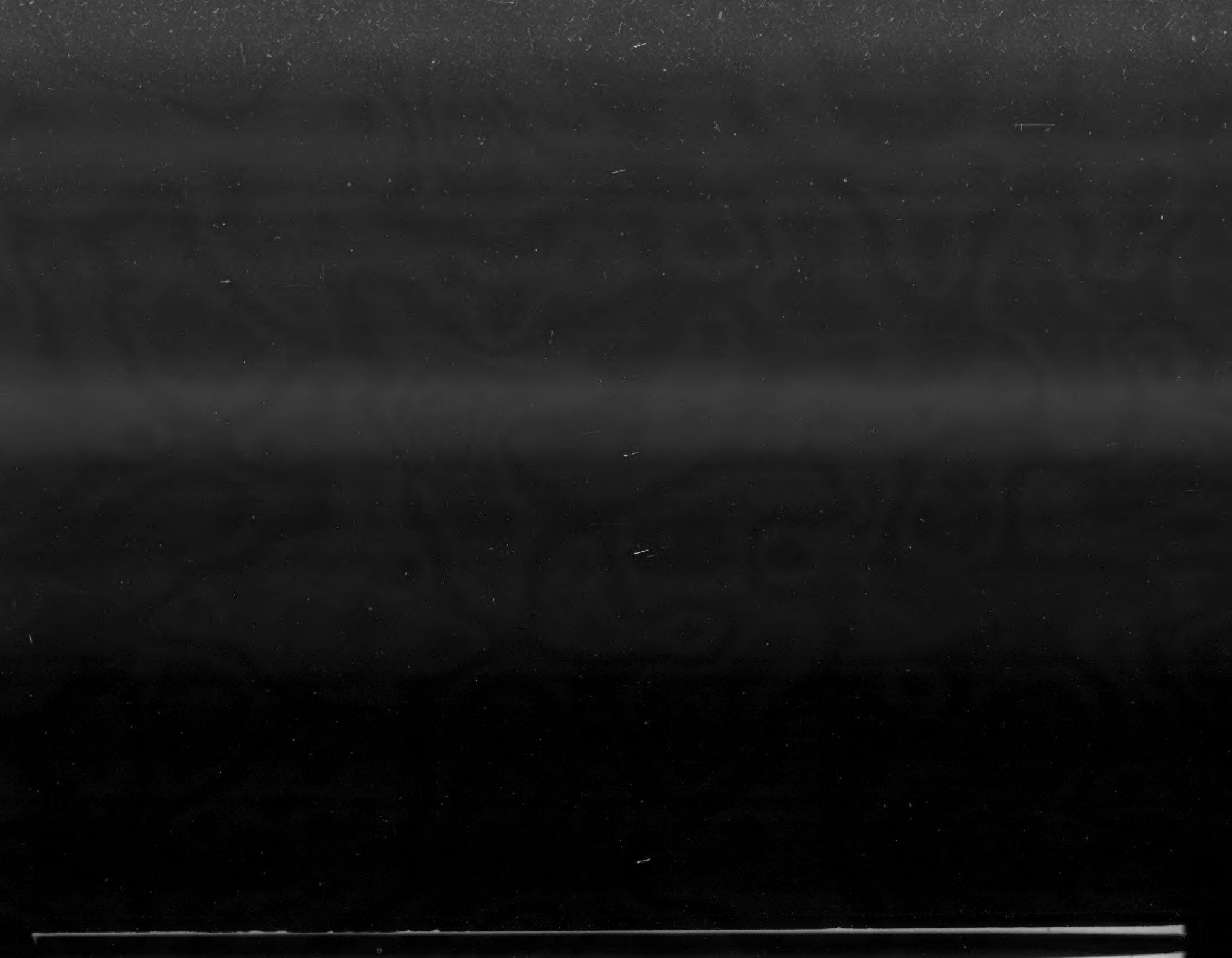
Mr. Allen argued, as only the distinguished lawyer that he is could argue, for his part of and the whole bill, naturally, but it seems to me as one who has devoted his life to law enforcement and law observance, he was most unfortunate in the hardship deportation case he selected. His acquaintance, an alien who had been in the country many, many years, perhaps longer than necessary to become a citizen, carrying on here a prosperous business located in Boston, whence occasionally he took trips to South America and Europe, must have known the immigration law and to reenter he should and would have to obtain a temporary reentry certificate when he reunited with his family up in Canada because of his mother's illness. Personally, I see no hardship in his case and feel confident the case he cites is not intended, even by the proponents of this bill, from what they say, to be covered by this bill.

The CHAIRMAN. For the purpose of correction of the record, I understood the witness when he testified to say he was here in an individual capacity and did not represent any organization or commission.

Mr. PATTEN. I got it differently. He said that he was an appointee of the Department of Justice, a former attorney general, and chairman of a crime commission. I wanted to make that clear, because he was not speaking as chairman of a crime commission.

The CHAIRMAN. I just wanted to call our attention to that.

Mr. PATTEN. Broken families, I understand, is the argument back of this proposed administration discretionary relief for these so-called "deportation hardship cases." In line with such broken-family reasons for the discretionary provisions in the bill, it would seem that Mr. Allen's alien acquaintance ought not to have been readmitted even on a 6-month visitor's visa.



If the proponents of this bill really have the prevention of broken families at heart, and what they really want to do is to prevent families dividing and breaking up, one additional line in this bill would do more to prevent such alleged "terrible", "cruel", "inhumane", and "heartless separations" than all the rest of the bill—if merely immigration visas were suspended as to any alien separating himself from, or leaving behind, a near family relative, when he comes to this country. If you did that, you would stop a large number of these hardship-deportation cases.

A whole lot was said yesterday about our immigration and deportation laws being "stupid", "silly", "ridiculous", "farcical", and almost everything else bad and opprobrious that any law could be called under the sun. And yet it seems to me, if I ever read a law or bill that approached anything of the kind it is this very bill. Take the double negative in subdivision 2 of section 1. Take the making of carrying any "concealed or dangerous weapon" in section 3, such as a bowie knife, a "crime involving moral turpitude", when frankly, candidly, and directly section 3 could have provided that any alien carrying a concealed or dangerous weapon "shall be taken into custody and deported", instead of beating around the bush as that section does.

But the most monstrous provisions of the bill are those of subdivision 2 of section 1 and the provisions of section 4, as I have already said, whereby the commission of "two or more" felonies "involving moral turpitude on separate occasions" are held out to alien criminals as the hope for the exercise of the discretion contained in subdivision 1 of section 1, section 4, leaving absolutely mandatory the deportation of aliens convicted of only one crime involving moral turpitude and subdivision 2 of section 1 providing that the alien felon who hastens to commit another moral-turpitude felony or "two or more" may not be mandatorily deported, and will bring himself within administrative discretion.

I submit as I have said that a more accurate preamble for this bill would read: "A bill to increase alien felonies by extending deportation relief only to aliens who commit two or more felonies involving moral turpitude, encourage illegal alien entries by legalizing illegal entries in the future as well as in the past", as section 6 does, and to invite law evasion and to create disrespect for law observance by changing the temporary admission status of visitors, students, and other nonimmigrant and nonquota aliens, who break their word and change their temporary admission status, as section 5 proposes.

Certainly, it is not beyond the legislative capacity of Congress or of this committee to definitely write into a statute the exception of reformed criminal urged as the reason for discretion in subdivision 2 of section 1, and in other difficult cases to grant relief as was granted in a bill enacted into law to the wife of an American who indulged in three shopliftings in her early youth.

And now, in conclusion, let me very briefly summarize and say that the effect of sections 4, 5, and 6, as well as subdivisions 2 and 3 of section 1, is to substitute the personal discretion of the Secretary of Labor or some subordinate for a considerable body of definite written law, established court precedents, and administrative practices. Under its exercise thousands of aliens who have entered the country illegally, or who are here unlawfully, and yet who may have become notoriously obnoxious or gotten into difficulty with some friends or relatives who have complained against them, that has caused their illegal presence to be called to the attention of the immigration officials, might thus become, and many would become, as announced by the Department officials, permanent legal residents, if not citizens.

Much has been and can be said for the statute of limitations in these instances, but should such a statute take the form in this bill of indefinite personal discretion? What is bound to be the practical effect of such a practice as that proposed by the major provisions of this bill upon law observance and respect for law? Aliens would in effect be told by such legislation that if they enter illegally and manage to evade arrest for 10 years, or marry some person, or find a near relative, even a step-citizen child or citizen step-parent, they would do well to smuggle into the United States of America.

Such legislation as this can be nothing but an express invitation to evade the law and to entertain contempt for its observance, it seems to me. It seems to me simply monstrous, as I have said.

As a rule, discretionary laws have been found unsatisfactory. They lead inevitably to favoritism and tyranny, graft, and corruption. Again, aliens as well as citizens ought to know what the law is, instead of having to depend on the changing attitudes of changing administrative officers and their whims, prejudices, or views.

The proposals in this bill are not new. Some years ago certain persons and organizations, more or less alien and internationalistically minded, that did not believe in immigration restriction or in alien deportations, came to the conclusion that the only way to repeal restriction and break down alien-deportation legislation was by the relatives' relief and "broken-family" devices.

In proof, let me read a communication, typical of their strategy, sent out from New York, which found its way into the CONGRESSIONAL RECORD via California [reading]:

"We are trying to locate every case in the United States wherein an alien has a wife, husband, son, daughter, father, mother, or other relative overseas. Thus we can overwhelm Congress with human-interest stories in such tremendous volume, giving such exact details that we will break its will to hold the Immigration Restriction Act. These stories, with the probability of great masses of foreign voters back of their sentiment, will help us destroy this discriminatory law."

I thank you.

PENSIONS TO SPANISH-AMERICAN WAR VETERANS AND OTHERS

The Senate resumed the consideration of the bill (H. R. 6995) granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Arkansas [Mr. ROBINSON], in the nature of a substitute for the bill as reported by the Committee on Pensions.

Mr. ROBINSON. Mr. President, I do not at this time desire to enter into a discussion of political subjects. The bill before the Senate is not political in character. The amendment which is now under consideration proposes material changes in the pending bill. My purpose is to explain the difference between the bill and the amendment, which is in the nature of a substitute for the bill as reported, and to state some of the grounds on which it is believed the amendment is justified.

The proposed amendment would restore in full prior pension rates to a large majority of Spanish-American War veterans and their dependents, and contemplates the reenactment of the laws in effect on March 19, 1933, granting pensions to veterans of the Spanish-American War (including the Boxer Rebellion and the Philippine Insurrection), their widows and dependents, subject, however, to certain limitations, the limitations being similar to those in section 30, public 141, enacted March 28, 1934.

Stated in a different way, the amendment would restore all to 100 percent, except three classes of beneficiaries in the bill: First, the misconduct cases; second, those who served less than 90 days, these beneficiaries being left at 75 percent as is now provided by law and regulations of the department; and, third, those who did not participate in the war.

As to veterans and dependents of veterans who served 90 days or more, or, if less than 90 days, were discharged for disability incurred in service in line of duty, the rates in effect March 19, 1933, under the reenacted laws would be restored 100 percent. As to veterans' pensions based on 70 days' service or less, the rates would remain at 75 percent of the rates in effect on March 19, 1933.

The pensions payable under the amendment would be subject to the veterans' regulations appertaining to hospitalized cases, as would also pensions payable under the bill H. R. 6995. A pension would not be payable to a veteran under the amendment where the disability was a result of his own willful misconduct. This is regarded as one of the most material features of the amendment. The incorporation in the legislation of pensions in misconduct cases probably would result in the exercise of the veto. I do not state that as a threat or warning, but merely in the hope that the chairman of the committee may take into consideration the advisability of accepting an amendment in that particular.

Exemption from the payment of Federal income tax is regarded as a condition of entitlement under the amendment. The theory is if one is a single person and has an income of $1,000 a year, as the amendment provides, he would be provided for; and if he is a married person having an income of $2,500 the year, the same rule would apply. A veteran in Federal employ otherwise entitled would receive $6 per month if his salary, if single, exceeded $1,000, and if married or having a minor child, exceeded $2,500.

Any person who enlisted after August 12, 1898, and who did not serve in the Boxer Rebellion or the Philippine Insurrection or did not leave the United States under orders for military or naval service in Guam, Cuba, or Puerto Rico between August 13, 1898, and July 4, 1902, would not be entitled to a pension under the pending amendment. The theory of that provision of the amendment is that such persons are in no worse condition and no more entitled condition than other citizens of the country. They will be entitled to the privileges

of the provisions of the Social Securities Act, when it shall become a law, just as other citizens will be entitled to such privileges.

The war-service requirements, to which reference has just been made, are in accord with the reports of the War and Navy Departments, are in the veterans' regulations, and were affirmed by the act of March 28, 1934.

The proposed amendment would be effective from and after the 1st day of the month following the date of its enactment, and pending claims filed before that date would be adjudicated under the act in effect prior thereto, and any such claims would also be considered as claims under the amendment.

The amendment contains a provision that where there is entitlement both under the amendment and any act or acts granted or Executive orders promulgated since March 19, 1933, the claimants shall receive the greater benefit.

Mr. McGILL. Mr. President, will the Senator yield at that point?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Kansas?

Mr. ROBINSON. I yield.

Mr. McGILL. The provisions of the present pension law, as I understand, are that where a veteran is entitled to a pension under two acts of Congress, one granting a lower rate than the other, the veteran is entitled to the higher rate.

Mr. ROBINSON. It has been insisted that unless some such amendment as I have just read should be incorporated in the bill there would be likelihood that the result referred to by the Senator from Kansas might not be realized. I am entirely content to accept his statement and conclusions concerning that subject. As I understand the statement he just made, the provision referred to is not necessary in order to assure the greater benefits which were mentioned.

Mr. McGILL. It is my understanding, I may say to the Senator from Arkansas, such is the general law. A pensioner is entitled to the highest rate under any law under which he is entitled to a pension.

Mr. ROBINSON. The pending bill, House bill 6995, if not amended as proposed, would reenact all Spanish-American War laws in effect March 19, 1933, without the limitations which I have just discussed. The bill proposes to restore all laws in effect prior to March 20, 1933, which relate to pensions for Spanish-American War veterans and their dependents.

It appears that there is a difference between the estimates supplied by the Veterans' Bureau and those submitted by the Senator from Kansas [Mr. McGILL] as to the amount of reduction which would be affected under the amendment now being considered. I do not regard myself as capable of passing upon the question of the accuracy of the estimates. The estimates involve many technical questions, many matters of fact of which I have no definite knowledge and of which I think no Senator would be informed unless he had taken the trouble and the time necessary to familiarize himself with the questions at issue. The figures I am supplying are those furnished by the Veterans' Administration.

Based upon the laws in effect prior to March 20, 1933, and taking into consideration losses by death and the gains to the pension rolls by reason of new claims allowed, it is estimated by the Veterans' Administration that for the fiscal year 1936 this bill would entail an expenditure of approximately $131,199,858. The Budget requirement for pensions for Spanish War veterans for the fiscal year 1936 is estimated at $72,647,632, and for dependents $12,971,236, or a total of $85,618,858. It is apparent, then, that there remains a total of approximately $45,581,000 which represents the estimated increased cost of restoring these benefits under the bill.

It is believed that the number of veterans on the rolls will decrease beginning with the year 1935, and that the cost will continue to increase until approximately the year 1940, due to increased rates provided for age, and because of the fact that as the age of the veteran increases the severity of the disability increases, carrying enlarged pensions. In making the estimate, the mortality rates have been taken into consideration.

The bill as drafted contains the following language in section 2:

SEC. 2. That all acts and parts of acts in conflict with or inconsistent with the provisions of this act are hereby repealed.

There are 3,176 Spanish War veterans who are receiving war service-connected pension rates under Public, No. 2, and the Veterans' Regulations, and, as to those particularly whose rates are such that they would suffer reduction if placed under the prior laws, there is a possible question as to their status if the payment of the higher rates under the regulations were held to be precluded because "inconsistent" with the provisions of the proposed act, if enacted. If the proposed act were construed to protect the service-connected cases under the Veterans' Regulations, there would be a slight additional cost, which would be negligible because of the comparatively small number of service-connected cases involved.

Comparatively few of the Spanish War veterans would be benefited by the reenactment, without limitations, of the general pension laws pertaining to service-connected disabilities because of the more liberal provisions under the act of March 20, 1933, and the Veterans' Regulations for war service-connected disabilities. The large group of veterans and dependents to receive benefits under the proposed act is comprised of those who would be entitled under the prior laws to the full rate of pension for non-service-connected disabilities, age, or deaths in effect on March 19, 1933. Out of an estimated 201,200 veterans and 49,400 dependents who would be affected by the proposed act, 200,779 veterans and 48,496 dependents would be in the non-service-connected group. Approximately 99.66 percent of the total payments made under this proposed act would go to the non-service-connected group. If the bill is interpreted to protect those service-connected cases entitled to a higher rate at present than would be granted under the restored laws, the percentage would be slightly less, that is, 99 percent.

Groups not now entitled to recognition as having performed service in the Spanish-American War, Boxer Rebellion, or Philippine Insurrection would be entitled under the proposed act. The delimiting dates of the wars as established by Veterans' Regulations are based upon official reports of the War and Navy Departments and were continued by the Congress when Public, No. 141, was enacted March 28, 1934. The restoration of the laws in effect on March 19, 1933, will reestablish the prior delimiting dates and, except as to those who served in the Boxer Rebellion, any person who served after the Spanish War ended, as prescribed under the prior laws—April 11, 1899—and before July 5, 1902, would be considered as having performed service in the Philippine Insurrection, even though there was no participation therein. Study was given to this matter and, in addition to participation in the Boxer Rebellion and Philippine Insurrection already recognized, Veterans' Regulation No. 1 (f) authorized recognition as Spanish-American War veterans those persons who served between August 13, 1898, and July 4, 1902, and who left the continental United States under orders for military or naval service in Guam, Cuba, or Puerto Rico between such dates.

Under Public, No. 2, and the Veterans' Regulations the World War is deemed to have terminated November 11, 1918, and Public, No. 141, continued the requirement for service prior to November 12, 1918. The sole exception in Public, No. 141, is a limited number of service-connected blind cases who were on the rolls March 19, 1933.

Public, No. 141, Seventy-third Congress, March 28, 1934, reenacted the prior pension laws pertaining to Spanish War veterans subject to reduction of 25 percent with certain limitations; that is, it excludes those not entitled to exemption from payment of Federal income tax; it limits the amount of pension in the case of Federal employees to $6 per month if salary, if single, exceeds $1,000 and, if married, $2,500; it applies the war dates prescribed by Veterans' Regulations as heretofore explained and also excludes pension for disability resulting from willful misconduct; it bars

pension to remarried widows; and makes pension payable under that act subject to the Veterans' Regulations requiring reduction of pension in the case of hospitalization or domiciliary care. By restoring the prior laws without limitations, as the proposed act provides, these foregoing exceptions would be eliminated, except that reductions in the case of hospitalization or domiciliary care furnished by the Veterans' Administration would be for application.

The law authorizing disability allowance for non-service-connected disabilities to World War veterans at rates from $12 to $40 per month, in effect on March 19, 1933, was repealed by the act of March 20, 1933, and was not restored by the act of March 28, 1934. The only benefit available for non-service-connected disabilities to World War veterans is $30 per month for permanent total disability under the Veterans' Regulations where service of 90 days or more; or if less than 90 days, discharge for disability incurred in line of duty is required, and a showing of need. The act of March 28, 1934, in restoring the prior laws with limitations for the Spanish War veterans restored service pensions—service connection not required—payable for 70 days' service as well as 90 days' service, these pensions being payable for disability or age and ranging from $20 to $72 for 90 days' service and from $12 to $50 for 70 days' service. Veterans not barred by the other limitations in Public, No. 141, receive these rates, subject to a reduction of 25 percent. The proposed act will restore these rates in full. Disability allowance to World War veterans was not payable for disability resulting from misconduct, whereas there was no provision barring this benefit in the Spanish War pension cases under the laws in effect March 19, 1933.

The service pensions restored under the act of March 28, 1934, to Spanish War veterans, including the Boxer Rebellion and Philippine Insurrection, as well as those persons entitled under Veterans Regulation No. 1 (f), are subject to reduction of 25 percent which to some extent retains the non-service-connected rates within a more reasonable limit than would exist if full rates would be restored. For example, with the restoration of the full rate of service pension for both 70 days and 90 days' service, pension will in some instances exceed the rate for service-connected disability for veterans who served other than during a period of war.

All World War benefits provided under the laws in effect March 19, 1933, were not restored in full by the act of March 28, 1934. The benefits to World War veterans restored by Public, No. 141, March 28, 1934, were those for service-connected disabilities and in presumptive cases are subject to reduction of 25 percent. As heretofore stated, disability allowance for non-service-connected disabilities were not restored.

The reenactment of the prior laws without limitations would establish a precedent which could be used by the World War group with reference to service pensions. It would result in the establishment of inequalities and injustices which the recent legislation and regulations have sought to eliminate. These disparities will involve rates and criteria of eligibility. A return to the rates prescribed under the prior laws for 90 days' and 70 days' service would introduce a basis for contention by the World War group for similar benefits.

Mr. President, the arguments for the passage of the bill without the limitations or restrictions contemplated by the amendment have been forcefully stated in the hearings before the committee and by the chairman of the committee in his address to the Senate on yesterday. I will take but a few more minutes to point out some considerations which I think are well worthy of attention by the Senate.

In a number of cases the term of service rendered by volunteers of the Spanish-American War was short—less than 90 days where the 30- and 60-day furloughs are eliminated. The 25 regiments raised for service in the Philippines should be classed as Regulars.

At enlistment the volunteers for the War with Spain were placed "in all respects on the same footing as to pay, allowances, and pensions as that of officers and enlisted men of corresponding grades in the Regular Army" who were then entitled to pension only for service-incurred disabilities.

The average rate of special act and service pension for Spanish-American War veterans April 30, 1935, 33 years after the pacification of the Philippines, was $31.84. Under the terms of the bill this group will be given an average increase of $10.61 per month. This will raise the general monthly average as to those now on the rolls to $42.44. This average is higher by $2.51 per month than the average being paid World War veterans for service-incurred disabilities, the general average of the latter March 31, 1935, having been $39.93.

The act of June 2, 1930, which the bill would reenact, grants pension for disabilities which are entirely due to or the result of misconduct disease, incurred before, during, or at any time subsequent to service. By including this class, this act broke a precedent of all previous pension legislation where the misconduct disease did not have its inception contemporaneous with service.

The act of June 2, 1930, grants pensions for disability or age in cases where only 70 days' service was rendered in camps entirely within the continental United States, even though no disability was incurred during such service.

The benefits granted by the laws to be reenacted are not restricted to those in need, nor to those who are helpless or incompetent, but are payable also to those in affluent circumstances, and in many cases merely because a certain age has been attained, though no disability is shown.

The reasons heretofore given are essentially those given for the original veto of Senate bill no. 476, Seventy-first Congress. That veto has been referred to during the course of the debate.

The act of May 1, 1926, which the pending bill would reenact, grants pension to the widow of a veteran regardless of the cause of death, at a rate equivalent to that paid widows under 50 years of age under the act of March 20, 1933, and the reenacted sections of the World War Veterans' Act, 1924, as amended, for service-incurred death.

The act of May 1, 1926, which this bill would reenact, grants pension to the widow of a deceased veteran of the Spanish-American War who has remarried either once or more than once, if the subsequent or successive marriage has been dissolved by the death of the subsequent husband or husbands, or by divorce on any ground except adultery on the part of the wife, at the rate payable to a widow who did not remarry. When a veteran's widow remarries, she should be held to have abandoned her right to further consideration as his widow, and in the event of the death or divorce of a subsequent spouse, she should not be heard to say she again has rights as widow of the veteran.

The rates for war-time, service-incurred injuries and diseases have been in the main greatly increased under the veterans' regulations and the reenactment of the service laws without the repeal of the act of March 20, 1933, may result in the elimination as to the Spanish-American War group of all disadvantages inuring to them under the act of March 20, 1933, while retaining all of the advantages gained by them under such act.

The increased cost of restoration is estimated for 1935–36 at approximately $45,000,000 additional to present appropriations. Considering the present economic condition of many citizens other than Spanish-American War veterans and their dependents, it is questionable whether the expenditure of this large sum to a relatively small group is justified, so that it can be defended to the country as a whole.

Reenactment will establish a precedent for more than 4,000,000 World War veterans, who will soon be again clamoring for the reenactment of the disability-allowance clause of section 200 of the World War Veterans' Act, 1924, as amended.

Reenactment will further magnify the discrepancies and inequalities which now exist in the benefits payable to veterans and dependents of veterans of the several wars and between the service- and non-service-connected groups.

The payment of excessive rates of service pension establishes a preferred class whose support is superimposed upon

those who are compelled to secure a support by following a gainful occupation.

Homes and medical and hospital facilities operated under a cost of millions of dollars yearly are open to veterans of these wars, even though they are not suffering from disabilities due to the service. These benefits should be given consideration in connection with any plan for granting increased rates of pension.

The standard invoked in the laws to be reenacted is inability to perform manual labor, even though the veteran is fully competent and able to follow a gainful occupation or profession.

This bill will restore to the rolls native troops enlisted in Puerto Rico who served only in that island and who were benefited from improvement both in their economic and health conditions introduced into that island after the War with Spain.

If the social-security bill becomes a law, veterans who suffer no service-connected disabilities and their widows and children should be placed on a par with other citizens.

Mr. President, I realize the pressure behind the bill before us. I have offered the pending amendment in the hope and in the belief that if it should be agreed to it would make certain the enactment of the legislation.

I realize that much can be said in favor of liberal pensions to Spanish War veterans. I am entirely content, having submitted the amendment and the statement, which, in my opinion, justifies it, to have the Senate take a vote on the amendment and the bill.

I should like to have authority to print in connection with my remarks certain tables relating to the costs and the rates of pension.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Spanish-American War veterans as of Apr. 30, 1935

Action under Public, No. 2 or 141	Number of veterans	Percentage of those now on rolls	Average amount of present pension	Average amount of increase or decrease
War-time service connected now on rolls:				
Pension increased	1,406	40.97	$67.83	$20.88
Pension decreased	1,423	41.46	35.22	11.80
Pension remaining same	547	15.94	49.37	----------
Veterans added to rolls	56	1.63	37.77	----------
Total	3,432	100.00	----------	----------
Peace-time service connected now on rolls:				
Pension increased	23	2.10	$60.78	$9.91
Pension decreased	1,069	97.54	15.61	31.79
Pension remaining same	3	.27	25.00	----------
Veterans added to rolls	1	.09	15.00	----------
Total	1,096	100.00	----------	----------
War-time nonservice connected now on rolls:				
Pension increased	1,377	.83	37.32	7.74
Pension decreased	162,519	98.51	31.84	11.55
Pension remaining same	103	.06	27.92	----------
Veterans added to rolls	984	.60	24.77	----------
Total	164,983	100.00	----------	----------
Grand total	169,511	----------	----------	----------

Résumé of cases on rolls Mar. 20, 1933:	
Veterans dropped from rolls under Public, No. 2 (see exhibit A)	11,182
Veterans paid under Public, No. 2, and Public, No. 141, now terminated (see exhibit B)	14,439
Veterans retained on rolls under Public, No. 2, and Public, No. 141	168,470
Total	194,091
Average pension paid to veterans:	
Under old law (excluding those added to rolls)	$43.15
Under new law (excluding those dropped from rolls):	
War-time service-connected	50.89
War-time non-service-connected	31.84
Peace-time service-connected	16.58
War-time cases (service-connected and non-service-connected)	32.23

EXHIBIT A

Spanish-American War veterans dropped from pension rolls under Public, No. 2, by reason, Apr. 30, 1935

Nonparticipation	9,491
Misconduct	274
Discharge other than honorable	13
Other causes or no reason stated	1,404
Total	11,182

EXHIBIT B

Spanish-American War pensions terminated after payment under Public, No. 2, or Public, No. 141, by reason for termination, Apr. 30, 1935

Death	8,996
Income provision	4,657
In receipt of other benefits	163
Further payment not desired by claimant	131
Address unknown	90
Estate over $1,500	60
Less than 10 percent	37
Pending investigation	35
Failure to report	20
Pending appointment of guardian	20
Dishonorable discharge	10
Claimant reenlisted	6
Guardian failed to render accounting	3
Miscellaneous reasons	211
Total	14,439

Budget and Statistics, June 24, 1935.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas in the nature of a substitute for the bill.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Radcliffe
Ashurst	Costigan	Lewis	Reynolds
Austin	Dickinson	Logan	Robinson
Bachman	Dieterich	Lonergan	Russell
Bankhead	Donahey	McCarran	Schall
Barbour	Duffy	McGill	Schwellenbach
Barkley	Frazier	McKellar	Sheppard
Black	George	McNary	Shipstead
Borah	Gerry	Maloney	Steiwer
Brown	Gibson	Metcalf	Thomas, Okla.
Bulkley	Glass	Minton	Townsend
Bulow	Guffey	Moore	Trammell
Byrnes	Hale	Murphy	Truman
Capper	Harrison	Murray	Vandenberg
Caraway	Hastings	Neely	Van Nuys
Carey	Hatch	Norbeck	Walsh
Chavez	Hayden	O'Mahoney	Wheeler
Clark	Holt	Overton	White
Connally	Johnson	Pittman	

Mr. LEWIS. I reannounce the absences of certain Senators and the causes for their absences as announced by me on the previous roll call.

The PRESIDENT pro tempore. Seventy-five Senators have answered to their names. A quorum is present.

The question is on the amendment of the Senator from Arkansas [Mr. ROBINSON] in the nature of a substitute for the bill.

Mr. STEIWER. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

The PRESIDENT pro tempore. The question is on the third reading of the bill.

Mr. CONNALLY. Mr. President, I wish to say a word in appealing for the passage of this measure. It may be recalled that in 1930 it was on my motion that the act of 1930 was passed over the veto of President Hoover.

I think the Spanish-American War veterans are entitled to the restoration of the benefits which appear in the pending bill, and I wish to say that I am heartily in favor of it.

Mr. SHEPPARD. Mr. President, I wish to join my colleague in appealing for the immediate passage of this measure, which I regard as most meritorious.

The PRESIDENT pro tempore. The question is on the third reading of the bill.

The bill was ordered to a third reading and was read the third time.

The PRESIDENT pro tempore. The question is, Shall the bill pass?

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. GLASS (when his name was called). I have a general pair with the junior Senator from North Dakota [Mr. NYE], who is necessarily absent. Being assured that he would vote as I shall vote, I feel at liberty to vote. I vote "yea."

Mr. DICKINSON (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. BILBO]. I understand if he were present and voting he would vote as I shall vote. Therefore, I feel at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. SCHWELLENBACH. I desire to announce that my colleague [Mr. BONE] is necessarily detained from the Senate, being engaged on a matter of public business. If present and voting, he would vote "yea."

Mr. COPELAND. My colleague [Mr. WAGNER] is necessarily detained from the Senate. If he were present and voting, he would vote "yea."

Mr. LEWIS. I desire to announce that the Senator from Mississippi [Mr. BILBO], the Senator from Florida [Mr. FLETCHER], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. MCADOO], the Senator from Idaho [Mr. POPE], the Senator from South Carolina [Mr. SMITH], and the Senator from Utah [Mr. THOMAS] are necessarily detained from the Senate. I am advised that if present and voting, these Senators would vote "yea."

I also desire to announce that the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. GORE], the Senator from Utah [Mr. KING], and the Senator from Maryland [Mr. TYDINGS] are detained in important committee meetings.

Mr. AUSTIN. I announce the necessary absence of the senior Senator from Pennsylvania [Mr. DAVIS] and the senior Senator from New Hampshire [Mr. KEYES], both of whom, if present and voting, would vote "yea."

Mr. LA FOLLETTE. I wish to announce that the Senator from Nebraska [Mr. NORRIS] is necessarily absent from the Senate. If present, he would vote "yea."

Mr. WALSH. I desire to announce the absence of my colleague [Mr. COOLIDGE] on official business. If present and voting, he would vote "yea."

Mr. REYNOLDS. My colleague the senior Senator from North Carolina [Mr. BAILEY] is necessarily detained from the Senate. I am reliably informed that if present he would vote "yea."

The result was announced—yeas 74, nays 1, as follows:

YEAS—74

Adams	Copeland	Lewis	Reynolds
Ashurst	Costigan	Logan	Robinson
Austin	Dickinson	Lonergan	Russell
Bachman	Dieterich	McCarran	Schall
Bankhead	Donahey	McGill	Schwellenbach
Barbour	Duffy	McKellar	Sheppard
Barkley	Frazier	McNary	Shipstead
Black	George	Maloney	Steiwer
Borah	Gerry	Metcalf	Thomas, Okla.
Brown	Gibson	Minton	Townsend
Bulkley	Glass	Moore	Trammell
Bulow	Guffey	Murphy	Truman
Byrnes	Hale	Murray	Vandenberg
Capper	Harrison	Neely	Van Nuys
Caraway	Hatch	Norbeck	Walsh
Carey	Hayden	O'Mahoney	Wheeler
Chavez	Holt	Overton	White
Clark	Johnson	Pittman	
Connally	La Follette	Radcliffe	

NAYS—1

Hastings

NOT VOTING—21

Bailey	Couzens	Long	Thomas, Utah
Bilbo	Davis	McAdoo	Tydings
Bone	Fletcher	Norris	Wagner
Burke	Gore	Nye	
Byrd	Keyes	Pope	
Coolidge	King	Smith	

So the bill was passed.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 1404) to promote the efficiency of national defense, and it was signed by the Vice President.

PROTECTION OF PUBLIC GRAZING LANDS

The Senate resumed the consideration of the bill (H. R. 3019) to amend sections 1, 3, and 15 of "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes", approved June 28, 1934 (48 Stat. 1269).

Mr. ADAMS. Mr. President, I wish to make a word of explanation in reference to the pending bill. The preceding Congress passed what is known as the Taylor Grazing Act, which established a different policy for the administration of grazing lands than had theretofore been pursued.

Under the classification of the public domain, the Federal Government owns, roughly, 173,000,000 acres. That acreage does not include land within the national parks, forest reserves, or any other reserves. The policy prior to the preceding Congress was to allow these lands to be opened, unregulated and unrestricted, for all public use. The Taylor Act authorized the segregation of 80,000,000 acres out of the 173,000,000 acres for the purpose of the establishment of grazing districts, to be under the control of the Secretary of the Interior, and such forces as we might organize for that purpose.

The movement received rather general approval on the part of stockmen and cattlemen who are primarily interested in the public domain, but so many applications have been filed that it has become apparent that there is necessity for increasing the acreage available for grazing districts in order to accommodate the proper use of the grazing areas. The applications which have been approved by the grazing authorities cover some 142,000,000 acres.

As this bill, which is an amendment to the Taylor Act of the previous session, passed the House, it permitted the inclusion in grazing districts of all the public domain. The Senate committee recommends that the acreage subject to grazing be increased from 80,000,000 to 142,000,000; not that all the public domain be made available for grazing areas, but simply sufficient to meet the recommendations and requirements in the different States as they have been developed by the hearings.

In the administration of the Taylor Grazing Act some questions arose as to the availability of the public domain included within the grazing areas for other purposes, such as homesteading, manufacturing, and mineral uses. As a result, an amendment is included in the bill which provides that such land within a grazing district which is of more value for any other use may be segregated and taken over for such other use, whether mining, manufacturing, irrigation, or agricultural.

There was some conflict between the States and the Department of the Interior growing out of the interpretation of a clause in the Taylor Act providing for the exchange for other lands of lands owned by the States within grazing areas. The Department of the Interior interpreted the bill as leaving the matter largely to the discretion of the Department. That was not the intention of the framers of the act of a year ago, and an amendment is now submitted making such exchange of lands mandatory upon the Department of the Interior, so that the State having lands within a grazing district shall be given the opportunity to exchange such lands for lands not of equal area but of equal value outside for two purposes: One that the grazing districts themselves may be consolidated, and the other that the holdings of the States may be consolidated.

Furthermore, some question arose because land officers were charging the States fees for making such exchanges. An amendment to this bill provides that no charges shall be made against the States for the making of such exchanges.

There is a provision in the original law which is continued in the pending bill, which gives a substantial portion—I think it is three-fourths—of the fees received for the use of the grazing districts for State uses. Heretofore, under the open range, there were no receipts, there was no income either to the Federal Government or to the States. That is being, in part, changed.

There are a number of other minor changes made by the bill, but the statement I have made covers the major items. The essential change, of course, is the increase in the area of the public domain available for grazing districts.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from Idaho?

Mr. ADAMS. I gladly yield.

Mr. BORAH. My understanding is that the bill increases the acreage which may be used for grazing purposes from about 80,000,000 to 140,000,000?

Mr. ADAMS. To 142,000,000 acres.

Mr. BORAH. That leaves what acreage remaining?

Mr. ADAMS. Roughly, 31,000,000 acres.

Mr. BORAH. The change from 80,000,000 to 142,000,000 acres was necessitated, I presume, largely by reason of the fact that the land which was left had become a kind of dumping ground?

Mr. ADAMS. The Secretary of the Interior, or the director of grazing, under the provisions of the present law, held some hearings in each of the public-land States. The hearings were attended by those interested, and, as a result, there was a favorable recommendation made by the stockmen and by the director of grazing for the creation of grazing districts which would embrace 142,000,000 acres. They came to the conclusion that if only 80,000,000 acres were included there would then be an overcrowding and an overgrazing of the lands which were not included, and so one of the very purposes of the act would be defeated; that is, the preservation of the grazing lands for reasonable grazing, rather than destructive grazing.

Mr. BORAH. The House included all public lands?

Mr. ADAMS. Yes; the House included all public lands.

Mr. BORAH. What was the idea of the committee in holding the acreage to 140,000,000? Does not the Senator think that we will have to include it all later?

Mr. ADAMS. The Department of the Interior states that 142,000,000 acres include all the land that is really available for grazing areas; that the remainder is scattered around in isolated tracts, some of which is not available for use, and that this acreage is all that they can make proper use of in the creation of grazing districts. The result was that the remaining acreage was left free for other disposition.

Mr. BORAH. May I ask the Senator if there has been any change in the machinery for administering the law from what it was under the original act?

Mr. ADAMS. The bill which was originally passed prescribed no machinery. The grazing staff has been organized by the Secretary of the Interior, exercising whatever general authority he had. This bill specifically authorizes the creation of a director of grazing, assistant directors of grazing, and graziers, as they are termed, that is, the petty administrative and executive officers.

Mr. BORAH. I have some letters on my desk, which I will not take the time to read, which present the complaint that, under the existing law and its administration, the smaller users of the public lands have been unable to secure what they thought was their right under the law. Do the changes which have been made in the pending bill give any greater assurance to the small users of land, small graziers, than was given by the old law that they will secure a fair proportion of the grazing areas?

Mr. ADAMS. I do not think there is any difference between this proposed law in that regard and laws of other kinds; like all laws, as the Senator from Idaho knows, it depends upon its administration. I rather have the feeling that, perhaps, inasmuch as those who are to administer the law under the pending bill are to be creatures of the statute now proposed, they might be under a little closer control than heretofore.

Mr. BORAH. Has the Senator received complaints such as I have mentioned?

Mr. ADAMS. No; I have not.

Mr. BORAH. Did any complaints of that kind come to the committee in the hearings?

Mr. ASHURST. Mr. President——

Mr. ADAMS. I will yield to the Senator from Arizona to answer the question.

Mr. ASHURST. I cannot speak for the committee. I have received complaints not only from Arizona but from other States charging that under the machinery and administration of the existing Taylor grazing law the owners of small herds and flocks were discriminated against, eliminated, in some instances. I presume that is the mournful destiny of mankind, to crowd out and eliminate the so-called "small man." One of the reasons why I was an antagonist of the Taylor law is that it precluded the homesteader from obtaining a homestead. In some States it is true that a man cannot prosper as a cattleman with fewer than 400 head of cattle.

There are, of course, communities and there are instances where, by reason of the water supply, and the foliage, a man may go into the cattle business even with 75 head. The workings of the Taylor Grazing Act preclude such. The smaller men are eliminated and consideration given only to the larger interests. As I said the other day, I believe I am justified in supporting this bill because it tends to soften the harsh features of the Taylor Grazing Act.

In the last analysis, however, whether the small man survives or perishes will be at the whim and behest of the Interior Department. The small man will survive if the Secretary of the Interior is inclined to take the view that the small man is entitled to survive, but if he feels that the large interests should be considered and the small man eliminated, the small man will be out.

Mr. BORAH. Mr. President——

Mr. ADAMS. I yield to the Senator from Idaho.

Mr. BORAH. I do not assume that the Secretary of the Interior, from what I know of the gentleman, would have any prejudice against the small cattle or sheep man. I think the difficulty arises from his inability to come in contact with the smaller users, his inability to know the situation. He must depend upon someone to advise him. So far as letters are concerned, which I receive, they do not indicate any design to eliminate the small users, but rather the failure of the small users to have an opportunity to present their cause. I take it the bill provides terms sufficient and efficient to protect the small user and it is a question of administration. I am expressing the hope that every effort will be made in that direction.

Mr. ADAMS. I think the increase in the area favorable for grazing districts will partly remedy that situation.

Mr. BORAH. I think so. It seems to me that is very much in favor of the small user.

Mr. ADAMS. In other words, there is an increased area which will be available and consequently a larger number of cattle can be taken care of.

Mr. BORAH. I think that is true, and that is the reason why I want all lands available for grazing purposes included in the bill. I understand the Senator contends that is true.

Mr. ADAMS. In my State, meetings of cattlemen were held which included practically all the cattlemen, large and small, and they generally approved of the amendments which have been suggested and the policy which is being pursued.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Colorado yield to the Senator from Wyoming?

Mr. ADAMS. I am glad to yield.

Mr. O'MAHONEY. I wish to add to what the Senator from Colorado [Mr. ADAMS] has said that, in fairness to the Secretary of the Interior, note should be made of the fact

that at the meetings to which the Senator from Colorado alluded the Assistant Secretary of the Interior, Mr. Chapman, who presided over most of them, made public announcement of the fact that it is the intention of the Department to preserve the rights of the small owners of stock. I feel confident from my conferences with officials of the Interior Department that that is their intention in the administration of the measure.

Mr. BORAH. I was not saying, nor was I saying anything which I want construed to the effect that they were intending to eliminate the small man. That was not my idea. We know how difficult it is for the small user to get a hearing because of the distance which has to be traveled, and thus the Government must always make extra effort to reach him.

Mr. O'MAHONEY. The regulations which have been provided for under the bill afford a rather substantial degree of local self-government in the grazing districts. In other words, those who are grazing upon the area themselves create the committee which will advise the Secretary with respect to administration.

Mr. ADAMS. I might add that in the creation of grazing districts the bill requires that there be a hearing within the grazing district after notice, so that all may be advised.

Mr. ASHURST. Mr. President, will the Senator from Colorado yield to me for a moment or two?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Arizona?

Mr. ADAMS. I am glad to yield.

Mr. ASHURST. I do not wish to be understood as speaking with any prejudice against the present Secretary of the Interior. He is no more arbitrary than any of his predecessors. He is not more arbitrary than Secretaries of the Interior and Secretaries of Agriculture have been for the past 30 years.

The Senator from Idaho [Mr. BORAH] put his finger on one of the crucial points. The small stock owner has not the means to buy a railroad ticket or board an airplane, come to Washington, appear before the Department, and ask for his permit or make his complaint. The small stockman must use such moneys to pay his taxes. Therefore the so-called "small owner" has little opportunity to appear before the departments. If the Secretary of the Interior, or the Secretary of Agriculture, goes west, he has not the time at the hotel to receive a small stockman and hear him. It is not through hard-heartedness, carelessness, or any willful design to eliminate the small owner that the Secretary of Agriculture and the Secretary of the Interior have almost exterminated the small livestock man.

All too frequently some man with political influence has a son or a brother or some other relative who cannot earn a living for himself. Therefore the politically important one importunes the Secretary of the Interior or the Secretary of Agriculture about as follows: "Set my son to work as a grazier in Arizona." "Set my brother to work as a grazier in Oregon." A worthy young man, no doubt, but full of theories, probably with bifurcated hair, sublimely ignorant of the practical problems of the range, unable to saddle a horse, not knowing a blackjack from a Pinus ponderosa or blue-stem grass from thistles, yet, nevertheless, out he goes to act as the grazier.

Mr. BORAH. I suppose Secretary Ickes has yielded to that influence as little as any Secretary in Washington.

Mr. ASHURST. He has not yielded to it a particle more than have previous Secretaries of Agriculture and Interior. That is in his favor.

If, for example, graziers who are to administer the range in Colorado were practical men from Colorado, a vast deal of objection would be eliminated. The citizens want to be near their officials. The people naturally desire to have a proper approach to the men who are to have charge of their problems, and when some high and mighty individual from another State, who cannot understand their problems, sweeps away their rights arbitrarily, it makes for dissatisfaction.

Therefore, if the Secretary of Agriculture and the Secretary of the Interior deign to read these remarks, they will appoint, for instance, Arizona men for graziers in Arizona, and they will appoint Montana men for graziers in Montana, and so on down the line.

I am going to support this bill. It will improve the Taylor Grazing Act.

Mr. President, while on the subject, let me say that in Arizona there is bitter resentment against the manner of relief. Why? Forsooth, some social worker from the purlieus of Chicago, somebody who has influence in New York, is brought to Arizona to administer relief in Arizona. Does anyone believe a brave and upstanding people will tolerate that? Not at all. I resent it; I object to it. The fact that such abuses happen under the administration which I am trying to support does not excuse the wrong.

Mr. COSTIGAN. Mr. President, will my colleague yield?

Mr. ADAMS. Certainly.

Mr. COSTIGAN. Has my colleague made clear in his enlightening statement, and if not will he do so, that the Department of the Interior is proceeding systematically to eliminate unsatisfactory range practices under the grazing law?

Mr. ADAMS. It is my understanding that that is true. I have not personal knowledge of it. I know that Assistant Secretary Chapman has been out in all the public-land States. I know that a gentleman from Colorado is the director of grazing, and I know that is the effort. I cannot answer the Senator as to what has been done, because I do not know.

Mr. COSTIGAN. That improvement is, however, one of the purposes of the original legislation and of the proposed amendments, is it not?

Mr. ADAMS. It has a double purpose. One is to conserve the land so that it may continue to be usable for the best possible purpose. The other is to make it available for those in the neighborhood who, by reason of location, industry, and otherwise, are entitled to the first consideration in connection with its use.

Mr. PITTMAN. Mr. President, I am afraid this bill does not protect the development of the mining industry of the United States.

I am very anxious to see grazing conditions improved out on the public domain in the West. I realize that most of the land fitted for homesteading has been entered and withdrawn from the public domain. However, I wish to say that as valuable as is the stock industry based on grazing in the United States, it is not nearly so valuable to the United States as the mining industry.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Wyoming?

Mr. PITTMAN. Yes; I yield.

Mr. O'MAHONEY. I desire to call to the attention of the Senator the fact that the pending measure does not undertake to amend the portion of the original act, passed last year, which contains, as I recall, language which was written in by the Senator from Nevada. I read:

> Nothing in this act shall be construed in any way to diminish, restrict, or impair any right which has been heretofore or may be hereafter initiated under existing law validly affecting the public lands, and which is maintained pursuant to such law except as otherwise expressly provided in this act, nor to affect any land heretofore or hereafter surveyed which, except for the provisions of this act, would be a part of any grant to any State, nor as limiting or restricting the power or authority of any State as to matters within its jurisdiction.

That language was placed in the act as it passed a year ago for the express purpose of protecting the mining industry, as we thought.

Mr. ADAMS. Mr. President, may I interrupt?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Colorado?

Mr. PITTMAN. Let me answer the Senator from Wyoming.

Mr. ADAMS. I was about to add to the statement of the Senator from Wyoming that there are two other sections of the original act which the Senator from Nevada might consider in answering the question.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. PITTMAN. I yield; yes. I am trying to ascertain the facts.

Mr. ADAMS. Sections 5 and 6 of the original Taylor Grazing Act contain specific provisions as follows:

In section 5—

And provided that so far as authorized by existing law or laws hereinafter enacted, nothing herein contained shall prevent the use of timber, stone, gravel, clay, coal, and other deposits by miners, prospectors for mineral, bona fide settlers and residents, for firewood, fencing, buildings, mining, prospecting, and domestic purposes within areas subject to the provisions of this act.

And in section 6—

Nothing herein contained shall restrict the acquisition, granting, or use of permits or rights-of-way within grazing districts under existing law; or ingress or egress over the public lands in such districts for all proper and lawful purposes; and nothing herein contained shall restrict prospecting, locating, developing, mining, entering, leasing, or patenting the mineral resources of such districts under law applicable thereto.

Mr. PITTMAN. That seems to be pretty good language. I think I had something to do with it.

Mr. ADAMS. Yes, sir; I think the Senator's initials are on it.

Mr. PITTMAN. But I do not like this language in the amendatory bill:

SEC. 7. That the Secretary of the Interior is hereby authorized, in his discretion, to examine and classify any lands withdrawn or reserved by Executive orders of November 26, 1934 (no. 6910) and February 5, 1935 (no. 6964), or within a grazing district, which are more valuable or suitable for the production of agricultural crops than for the production of native grasses and forage plants, or more valuable or suitable for any other use than for the use provided for under this act, and to open such lands to entry, selection, or location for disposal in accordance with such classification under applicable public-land laws, except that homestead entries shall not be allowed for tracts exceeding 320 acres in area. Such lands shall not be subject to disposition, settlement, or occupation until after the same have been classified and opened to entry.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. ADAMS. This section was drawn by the two Senators from Arizona, and was included at their instance, and in the exact phraseology which they drew, and was recommended by those from Arizona who appeared before our committee at the hearings on the bill.

Mr. PITTMAN. That only goes to show that Senators from other States may make the same mistake that the Senator from Nevada makes. It is quite plain now that this grazing area—which will be 140,000,000 acres of land, I believe, taking in not only the valleys but the mountains where minerals are generally found—cannot be entered until the land is classified as more valuable for mining purposes than for grazing. It is perfectly plain.

I am not willing to have the Secretary of the Interior or any other officer enter upon the field of mining.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Wyoming?

Mr. PITTMAN. Let me complete this statement. The mining law has developed from away back in the early history of the country. As I say, it brought into the country more wealth than all the stock that has ever been in it. While I am strongly for this bill on the grazing end of it, I am totally unwilling to have 140,000,000 acres of the public domain, including our mountain ranges, withdrawn from entry under any of the laws of the United States until the Secretary of the Interior classifies it as fit for prospecting. It cannot be done.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Wyoming?

Mr. PITTMAN. Yes; I now yield to the Senator.

Mr. O'MAHONEY. I was about to suggest to the Senator that I know it was not the intention of either of the Senators from Arizona to bring about the result which the Senator from Nevada describes, and that it was the belief of all of us in the committee that this language would not interfere with mining; but on rereading the section and from what the Senator has said, I think it would.

Mr. PITTMAN. I am afraid it would.

Mr. O'MAHONEY. And I am going to suggest to the Senator——

Mr. PITTMAN. I have an amendment which I will offer to it. I think the place which probably would be well for it is in line 8, page 4, after the word "entry." It is just a sentence.

I offer the following amendment:

Locations and entries under the mining laws may be made upon such withdrawn and reserved areas without regard to classification, and without restrictions or limitations by reason of any provisions of this act.

Mr. BORAH. Mr. President, I could not hear the amendment which the Senator is suggesting.

Mr. PITTMAN. I will read it again. It is to be inserted on page 4, line 8, after the word "entry." Preceding that, as I have already stated, it is provided that no entry may be made under any law until the land is classified. I do not want that classification to apply to the prospector for minerals. Therefore I propose to add this sentence:

Locations and entries under the mining laws may be made upon such withdrawn and reserved areas without regard to classification, and without restrictions or limitations by reason of any provisions of this act.

Mr. BORAH. Mr. President, still the question arises where the amendment should be inserted.

Mr. PITTMAN. I am suggesting this language; and the Senator from Montana [Mr. WHEELER] has suggested that it would be better to put it in as a proviso to that sentence, instead of making it a special sentence. I offer it for the consideration of the Senate.

Mr. O'MAHONEY. Mr. President, I suggest to the Senator that after the words "mining laws", he insert the words "including the act of February 25, 1920, as amended", that being the Oil-Land Leasing Act.

Mr. PITTMAN. Would the Senator call that a mining law?

Mr. O'MAHONEY. I am not certain whether it would be so called or not.

Mr. PITTMAN. I think it is well to do that. I will add that language to my amendment.

Mr. KING. Mr. President, while the Senator is perfecting his amendment, I should like to be recognized to ask the Senator from Colorado, as well as the Senator from Nevada, whether it would not be quite pertinent and proper, at some place in the bill, to have a provision that nothing contained in it shall be construed as interfering with the provision to which the Senator from Wyoming called our attention in the former act, which specifically reserves the right of the American citizen, the prospector, to enter upon the public domain to prospect and to engage in mining activities.

Mr. ADAMS. I think section 6 of the original act covers the matter. If it does not, I think the amendment of the Senator from Nevada would cover it.

Mr. KING. The Senator will realize that notwithstanding there were very fine guaranties in the original act, this bill, being a later measure, might be construed as interfering with and modifying the original act.

Mr. ADAMS. Does not the Senator from Utah think the words which the Senator from Nevada has suggested putting in would take care of that matter?

Mr. KING. Probably they would.

Mr. ADAMS. Those of us who are on the committee are really more concerned with mining than with grazing. We want grazing to give way to every other use. As a matter of fact, these amendments were so drawn that the grazing would give way always where there was a different or other use.

Mr. KING. I should oppose any amendment which would interfere with the legitimate prospector entering upon the public domain, whether within or without the grazing districts, for the purpose of seeking minerals, and for the purpose of mining them.

Mr. ADAMS. The Senator would not find any controversy with any member of the committee on that suggestion.

Mr. KING. I know that to be so. I only want to preserve the language and the provisions of the original grazing act.

Mr. PITTMAN. Mr. President, let me read the proposed amendment again, in order to ascertain whether Senators have any other suggestions. After the word "entry", on page 4, line 8, I propose to strike out the period and to insert a colon and the following words:

Provided, That locations and entries under the mining laws, including the act of February 25, 1920, as amended, may be made upon such withdrawn and reserved areas without regard to classification, and without restrictions or limitations by reason of any provisions of this act.

Mr. ADAMS. Mr. President, I have no objection to the amendment. In fact, I think it is highly desirable.

The PRESIDING OFFICER (Mr. HOLT in the chair). The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. PITTMAN] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. O'MAHONEY. Mr. President, on page 5, line 4, I move to strike out the word "person" and to substitute the word "owner", the purpose being to make it clear that this section is not confined in its operation to individuals, but that any association or corporation is protected.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 5, line 4, after the word "any", it is proposed to strike out the word "person" and to insert in lieu thereof the word "owner."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. O'MAHONEY. Mr. President, on behalf of my colleague the senior Senator from Wyoming [Mr. CAREY] and myself, I present an amendment to section 6 of the bill, page 8.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 8, line 15, after the word "act", it is proposed to strike out the words "and have been classified as more valuable for the production of native grasses and forage plants than for any other use", and on line 19 to strike out the proviso reading, "*Provided*, That preference shall be given to owners, homesteaders, lessees, or other legal occupants of adjacent or contiguous land to the extent necessary to permit proper use of such adjacent or contiguous land", and to substitute in lieu thereof the following:

Provided, That preference shall be given to owners, homesteaders, lessees, or other lawful occupants of contiguous lands to the extent necessary to permit proper use of such contiguous lands, except that when such isolated or disconnected tracts embrace 760 acres or less, the owners, homesteaders, lessees, or other lawful occupants of lands contiguous thereto shall be entitled to receive such leases thereto upon the filing of an application therefor: *Provided further*, That the issuance of such a lease shall not be construed to prevent the sale or exchange of lands as authorized by this act.

Mr. KING. Mr. President, I should like to have the Senator make an explanation of the proposed amendment.

Mr. O'MAHONEY. Mr. President, section 15 of the bill authorizes the Secretary to lease lands which are suitable for grazing to the owners of contiguous lands. It was the belief of those who are to administer the law that there might be extensive areas, perhaps from five to ten thousand acres, which would be subject to lease because not suitable for inclusion in a grazing district, because they happened to be situated some distance from a district, and that it would be necessary to give the Secretary discretion, in making such leases, as to the manner in which those leases should be granted and the persons to whom they should be granted. So it was provided that the leases should be granted upon such terms or conditions as the Secretary might prescribe, in such manner and to the extent necessary to permit the proper use of such contiguous lands.

The committee amendment restricted the operation of the section to lands which had been classified as more valuable for grazing than for other purposes, and it was my thought that that provision would merely delay the use of the land without affording any benefit.

Under the amendment which I propose the leases may be granted immediately, and in cases where the tracts are small, 760 acres or less—that number being used because some odd sections have been found to contain that many acres—the Secretary is directed to make the lease to the contiguous owner.

Mr. KING. Mr. President, owing to the demands made upon my time in connection with my service upon the Committee on Finance and other committees of which I am a member, it has been impossible for me to become familiar with many of the bills which are being reported from other committees. I have had no opportunity to study the bill now under consideration. I have hastily examined it since the Senator from Colorado called it up for consideration. It is needless for me to say that the public-land States are greatly interested in legislation affecting the public domain. Utah has millions of acres of public lands within its borders, and not only those who have cattle and sheep but the public generally are concerned in any legislation affecting the public domain.

I was interested in the observations submitted by the Senator from Arizona [Mr. ASHURST]. If I interpreted him correctly, he was apprehensive of the effects of legislation relating to the public domain. He stated, in substance, that the small man would be the sufferer from the grazing act, but he conceded that the measure before us would mitigate some of the evils which he believed would result from the passage of the Taylor Grazing Act.

For a number of years prior to the enactment of the Grazing act investigations showed that the public domain was being overgrazed and that legislation of some sort was necessary to protect the ranges, forests, and the mountain streams. As Senators know, large areas in each of the public-land States were denuded of vegetation and the timber and underbrush upon the mountains and the hills were being destroyed. The conditions were such as to demand that some regulations be adopted for the protection of the public domain and the water supply so important for domestic use as well as for irrigation.

When the original—Taylor—Grazing Act was under consideration I met with the Senate Committee on Public Lands on a number of occasions and suggested amendments which I believed were necessary to protect the interests of the States and also groups within the States and individuals who were living upon the frontiers. The bill as it passed the Senate contained what I believed to be important provisions for the protection of the States and also those who were living within the areas that would fall within grazing districts and those who had homes and farms adjoining and continguous to grazing districts which would be established. I insisted that the settlers and the homesteaders and those living in what some call the frontiers, should be protected, and that they should have preference right within the grazing districts. I know that other Senators were interested in protecting what the Senator from Arizona has referred to as the "small owner" and those who were trying to build homes and cultivate farms and obtain sustenance for themselves and families.

I agree with the Senator from Arizona that where there is more or less of discretion in the hands of those who execute the law, that discretion may be exercised arbitrarily and harshly to the disadvantage of the people. Many good laws in the hands of unfaithful officials have resulted in serious injury to the people, and not infrequently imperfect laws when wisely and justly administered accomplish beneficial results.

I inquire of the Senator from Colorado whether the provisions in the original Grazing Act, which it was understood would protect the small owner and those who were struggling to make homes for themselves and families are properly guarded and continued in the measure now under consideration. As the Senator knows, it was understood that the provisions of the Grazing Act accorded grazing privileges

in the nature of preference to those who belonged to the group just referred to. It was understood that they were not to be regarded as trespassers upon or within the grazing districts, but were to be permitted to graze their domestic animals upon the adjoining grazing districts.

Mr. ADAMS. Mr. President, I think that the provisions of the original law went very far in their effort to protect the small man. They gave him by statute certain preferences by reason of his contiguous land holdings.

Mr. KING. That was my understanding.

Mr. ADAMS. So far as my State is concerned, the administration has been generally satisfactory. However, the administration is incomplete. The grazing districts have not been set up, except in a few instances. As I understand, they are contemplating some 51 different grazing areas, and they require added acreage in order to accomplish that. It is my judgment that the small man's situation will be bettered by the adoption of the proposed amendments. I am concerned about improving his situation. I think the Taylor bill originally operated to his advantage, and would operate to his advantage, because it would prevent the intrusion upon the man with the small home ranch of great herds and flocks from other areas, which would come in and consume the grasses upon which he was relying, and then be driven on. That was one of the purposes of the act, and when the grazing districts are set up that will be prevented, because there will be a definite limitation on the stock to be grazed in that area.

Mr. KING. Mr. President, as I understand the Senator, he places the same interpretation upon the Grazing Act as that which I gave it.

Mr. ADAMS. Of course, the Senator knows that when it comes to controlling the operations on an individual mind in a department or elsewhere, we are all helpless.

Mr. KING. I think the Senator's statement may not be denied. However, in enactment of laws every effort should be made to have them definite and certain. Unfortunately there are too many ambiguities and uncertainties in statutes. These uncertainties result in litigation and serious consequence to those who fall within the operations of the law. It is no easy task to draft plain and unambiguous measures, but experience has shown that many laws are so indefinite and contain so many conflicting provisions that neither individuals nor courts can agree upon their meaning. It is also true that where statutes confer great discretion upon those charged with their enforcement, the result may or may not be satisfactory, depending upon the exercise of the discretionary power given. As stated, I was somewhat perturbed at the statement of the Senator from Arizona because of his misgivings as to the operations of the Grazing Act and his fear that it failed to protect the rights of those who had done so much to convert the wilderness and the waste places in the public-land States into fields and farms and places of abode. I gathered, however, from his statement that he regarded the present measure as mitigating what he believed to be some of the severities, if not injustices, that had resulted or would result from the original Grazing Act.

I sincerely hope that the Grazing Act, as well as the measure before us, when it shall be enacted into law, will be so interpreted as to afford protection to all classes and shield homesteaders, those upon the frontiers and in remote sections of the country, from oppression and the monopolistic practices which too often are found in the livestock industry as well as in many of the activities of life.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. HATCH. In respect to the small homesteader, the little man, is the Senator from Utah thinking that possibly there might be a chance in the future for that small man to have the land reclassified and acquire a homestead, and then raise his cattle on the public domain under the provisions of this bill?

Mr. KING. I did not have in mind the situation referred to by the Senator but was thinking of those settlers who have built or are building homes in remote places and which will be within or contiguous to grazing districts when established. I had in mind the protection of these settlers who have endured so many hardships; and I have believed that in the administration of the Grazing Act they should have preference in grazing privileges; and it would seem that when lands within grazing districts are classified and it should be found that some are available for homestead purposes, that persons who enter upon such lands should have permits granted them for the grazing of their domestic animals and also should be accorded grazing privileges for animals not immediately connected with their homes and farms.

Mr. HATCH. Mr. President, I am quite convinced that the rights of the present occupant of the land under the homestead laws are protected, but I should like to ask the Senator from Colorado [Mr. ADAMS] concerning former homesteaders. When these districts are set up and permits are granted, will there be any opportunity or room for them?

Mr. ADAMS. Oh, yes; it has been endeavored to specifically make provision for them. A classification is involved; that is, there must be a showing that the land must be something other than a grazing area. As a matter of fact, that classification is for the benefit of the former homesteader as well as for anyone else. We know that the homesteader, if he has merely a patch of grazing land, is going to suffer, as we have seen him suffer during the past year. The classification precedes the final closing of the right to homestead, but if he makes an application and asks for a classification he gets a preferred right to the property he has picked out when the classification is completed.

Mr. HATCH. He gets a preferred right to file on the land.

Mr. ADAMS. Yes.

Mr. HATCH. I understand that perfectly. That is not the question which was bothering me. After the districts are set up, permits are going to be granted, and then a man goes out and acquires a 320-acre homestead. After he has classified, would there be anything to protect him in ranging his cattle? That is the point of my question. It is not a question of his right to acquire the homestead, but a question of his right to range the cattle afterward. Or is he just going to be confined to a 320-acre homestead?

Mr. ADAMS. He is going to have to meet the problem of satisfying those administering the grazing areas. That is a problem of administration.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. O'MAHONEY. I might say that the term of the grazing leases is limited for the express purpose of making it possible to rearrange these licenses to go on the public domain, and I certainly believe it is the intention to allow the new homesteader to obtain rights in a grazing district.

Mr. KING. Mr. President, the statements made by the Senator from Wyoming [Mr. O'MAHONEY] and the Senator from Colorado [Mr. ADAMS] are, if I correctly interpret them, fully warranted by the original Grazing Act. I am only trying to emphasize the importance of not permitting monopolistic control of the grazing districts by large livestock interests. I am insisting that the home builders—those who enter upon arid lands or any part of the public domain for the purpose of building homes and cultivating lands and caring for the families—should be fully protected. The West has been builded by persons of this character—they have endured incredible hardships in wringing support for themselves and their families from mother earth. They have been compelled to obtain water for irrigation and domestic purposes, to build ditches, and to deal with refractory soils which yielded crops in many instances only after years of effort and the application of water thereon. In my own State I know of hundreds, if not thousands, of men who went upon arid wastes and attempted to cultivate the same—to build homes for themselves and for their families. The hardships through which they passed can scarcely be described.

I repeat that these hardy and courageous men and women, whose contribution to the development of the public-domain States cannot be measured, shall be fully protected and that no law shall be enacted or regulations promulgated that will prove onerous or oppressive to them or deprive them of

rights and privileges to which they are entitled. Doubtless the homesteads or occupied lands of some of those to whom I have referred will be incorporated within grazing districts. It is to be hoped that when this shall be done their rights shall be fully protected. It would be cruel if they were to be crushed and to be denied full opportunities to utilize the grazing districts within which their properties are found.

It has been indicated by the Senator from Arizona that it is rather the rule of life that the strong oppress the weak and the big man or the big interests shall crowd out the small man and those of small interests. I shall not attempt to pursue the thought suggested by the Senator other than to say that there have been complaints in the public-land States that the large cattle and sheep interests have in some instances been too dominant and have enjoyed benefits and privileges not granted to the man of limited means. It is important that in the administration of the Grazing Act, as well as this supplementary measure when it shall become law, the rights of all shall be respected, there shall be equal and exact justice meted out to every person. The territory within the grazing districts is not to be the patrimony of a few large cattle and sheep men. It is to be an inheritance, the enjoyment of which shall belong to small groups, as well as to large groups, to the frontiersman and the homesteader and the owner of limited property as well as to those whose interests are large and whose flocks and herds are of large proportions.

Mr. President, before resuming my seat I desire to ask the Senator from Colorado [Mr. ADAMS] how he interprets the provision found on page 6, commencing at line 21.

Mr. ADAMS. That is copied exactly from the existing law. It is a restatement of the law as it now exists in the Taylor Act.

Mr. KING. That was my recollection of the law, but I was wondering whether any formula had been adopted for the purpose of determining the mineral value of lands which were exchanged. As the Senator knows, it is impossible to determine what minerals lie beneath the surface or to approximate their value. When lands are exchanged as provided for it seems to me that it would be rather difficult to have the factor of underground and unknown mineral deposits introduced into the equation. There are thousands of instances where lands believed to be of mineral value were found to be worthless, and there are many instances where lands supposed to have no value for mining purposes have been found to possess valuable mineral deposits.

Mr. ADAMS. The Senator from Utah has been dealing with mining matters for many, many years, and he knows what an easy question that is to answer.

Mr. KING. I know, of course, the difficulties, if not the impossibility, of determining the value of mining claims or of ground supposed to contain mineral deposits, but I was interested in learning whether there had been any discussion in the committee bearing upon this matter, and any attempt made to establish a rule or formula that might be invoked in those cases where lands were exchanged.

Mr. ADAMS. If the Senator from Utah can provide any method or formula for doing so, I can show him a great deal of land in my State where it could be applied.

Mr. COPELAND. Mr. President, could not the answer to that question come as an answer to prayer? That would be about as feasible a way to solve the problem as any other plan would be.

Mr. KING. Mr. President, I know the Senator from New York to be a good Christian and undoubtedly he believes in the statement found in the Scriptures that "the prayers of a righteous man availeth much." If we can have the benefit of his prayers it may be helpful in the interpretation and execution of this and other measures.

Mr. President, for many years I contended that the public lands should be ceded by the Federal Government to the States within which they were situate. When I was in the House I offered a bill calling for such cession, and since I have been in the Senate I have offered a number of bills calling for a transfer of all of the public domain to the States. I believed that the States could deal with the public lands in a more satisfactory manner than could the Federal Government. Resolutions have been adopted in the public-land States in favor of measures calling for the public domain being transferred to the States. Legislatures in some, if not all of the public-land States, have passed resolutions asking Congress to cede the public domain to the States. It was my belief when I offered the measure to which I have referred that the people of the States were more familar with the public lands than was Congress or were bureaus here in Washington and that if the States owned the public domain that were set up, adequate machinery would be set in motion to properly deal with the same.

It was my view that the people of the States would enact such measures as would preserve and protect the lands ceded to them and provide for their disposition and utilization in such a manner as would prove most beneficial to the States and the people therein. I might add that many Senators and Congressmen, covering a period of several decades, offered similar bills and contended for the enactment of measures that would vest the ownership of the public domain in the States. If this course had been pursued, it would have relieved the Federal Government of a serious problem and would have saved it tens of millions of dollars which have been expended through the various bureaus and agencies which have been set up by Congress to deal with the public domain. I had figures some time ago showing the millions and millions of dollars which had been expended by the Federal Government in connection with its control of the public domain. As stated, the transfer of the public domain to the States would have saved the Federal Government a stupendous sum; and it is worthy of note that the cost of the Federal Government in connection with its administration of the public domain has increased as the area has been reduced.

Senators are familiar with the fact that after the Revolutionary War the lands within the Thirteen Colonies or States were claimed and owned by them. Later, as Senators will recall, some of the States ceded a portion of their territories to the Federal Government out of which a number of States in the so-called "Northwest Territory" were carved, and the lands within many of the States that subsequently were added to the Union, the Federal Government little by little surrendered its control to the States.

Texas, when admitted into the Union, reserved to itself all the lands within its boundaries. In my opinion the wisdom of this policy of ceding to the States cannot be challenged. Accordingly, it was my view for many years that the public-land States should have ceded to them all the public domain within their borders. Of course, I do not include in this generalization lands that were occupied by the Federal Government for governmental purposes, such as military posts, and so forth. But, perhaps, the day has passed when a plan such as that to which I have referred may be carried into effect.

I believe that the Grazing Act will be wisely administered by the present Secretary of the Interior. He has demonstrated his ability and his deep interest in the conservation, not only of public lands but of the resources of our country. Under his administration I am sure that the interests of all will be protected, and the settlers and homesteaders and those of limited means will have their rights safely guarded.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. McCARRAN. I offer an amendment to come in on page 9, after line 7, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 9, after line 7, it is proposed to add the following:

No assistant director of grazing or grazier shall be appointed to serve in any State who is not at the time of appointment or selection a bona fide citizen and resident of the State in which such director or grazier is to serve.

Mr. McCARRAN. Mr. President, I do not know whether the Senator in charge of the bill will accept the amendment or not. If he will accept it, I shall not detain the Senate.

Mr. ADAMS. I am willing to accept it, although there should be this qualification: Some of the grazing districts may extend into two States, and the assistant director of grazing could not be a resident of both States at the same time. He ought to be qualified if he lives in one of the States.

Mr. McCARRAN. My understanding is—and the amendment is offered in keeping with the spirit of my understanding——

Mr. ADAMS. I will accept the amendment.

Mr. McCARRAN. Very well, but I will make this further brief explanation.

I understand that there is to be a director of grazing, as, for instance, the place now occupied by Mr. Carpenter, and that there are to be assistant directors in the respective States where the public lands exist. Then, there are to be subordinates under them. What I am proposing by this amendment is that no assistant director having charge of the public domain within the confines of any one State shall be brought from another State to direct within that State, the object being to do away with the species of carpetbagging which has been going on under other departments. That is the only object of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. NORBECK. I inquire if the committee amendment has been disposed of.

The PRESIDING OFFICER. There is now no amendment pending to the committee amendment.

Mr. NORBECK. I desire to offer an amendment to clarify a certain situation. There seems to be a good deal of difference of opinion as to what this bill will do in some States to public lands which have been set aside as national monuments, or what it will do in connection with the enlargement of such national monuments if it should be desired to enlarge them. The amendment I offer simply proposes to confer the power upon the President which he has now to create or enlarge the area of a certain national monument, limited to South Dakota. I think no Senator will object to it. I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. At the end of the committee amendment it is proposed to add the following:

TITLE II

BADLANDS NATIONAL MONUMENT

SECTION 1. That notwithstanding the provision in this or any other act, the President shall have authority to establish by proclamation the Badlands National Monument, as provided in Public Law No. 1021, approved March 4, 1929, whenever the State of South Dakota has complied with the requirements of said law.

SEC. 2. The President may by proclamation enlarge the boundaries of said Badlands National Monument by adding thereto in whole or in part the area designated by the Resettlement Administration as an addition, extension, or enlargement of the Badlands National Monument, said area lying contiguous thereto.

SEC. 3. The President may also in his discretion, within a period of 2 years, further enlarge the boundaries of the Badlands National Monument by the addition of other lands provided said lands are within the area now designated as submarginal lands.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota to the amendment reported by the committee.

Mr. ADAMS. Mr. President, if the Senator from South Dakota will yield, I should like to inquire if the amendment is limited to the State of South Dakota?

Mr. NORBECK. It is limited to the State of South Dakota and to one project in that State.

Mr. ADAMS. I have no objection to the amendment.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from South Dakota to the amendment reported by the committee is agreed to.

The question now is on the committee amendment as amended.

Mr. McCARRAN. Mr. President, I wish to offer an amendment which will not affect the committee amendment.

I move to strike out the last three lines following the proviso on page 7 of the original Taylor Grazing Act, which language reads as follows:

Provided, however, That nothing in this section shall be construed as limiting or restricting the power and authority of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada to the amendment reported by the committee.

Mr. KING. Mr. President, a parliamentary inquiry. Is the amendment proposed to the pending bill or to the original Taylor Grazing Act?

Mr. McCARRAN. The amendment is offered to the pending bill, but it affects the original act.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. O'MAHONEY. If I understand what the Senator from Nevada is seeking to do, it is to amend section 16 of the Taylor Grazing Act by striking out the last proviso thereof?

Mr. McCARRAN. That is correct.

Mr. O'MAHONEY. May I suggest to the Senator that, in order to have it in the proper parliamentary form, he make the motion now to add a new section to the pending bill amending section 16 of the Taylor Grazing Act by striking out the last proviso?

Mr. McCARRAN. I care not what the method may be, but I desire by the amendment to strike out the last proviso in the section referred to.

Mr. O'MAHONEY. I am suggesting to the Senator that in the way in which he is proceeding it is almost impossible, from a parliamentary point of view, to understand the amendment.

The PRESIDING OFFICER. The Chair is advised that the Senator from Wyoming is correct from a parliamentary standpoint. The question now is on the amendment offered by the Senator from Nevada to the amendment reported by the committee.

Mr. O'MAHONEY. Mr. President, if I understand correctly, that the amendment offered by the Senator from Nevada is now before the Senate in a proper parliamentary manner I wish to make a few remarks about it.

The PRESIDING OFFICER. The amendment is now before the Senate in a proper parliamentary manner.

Mr. O'MAHONEY. I wish to call the attention of the Senator from Nevada to the fact that section 16 of the Taylor Act provides:

SEC. 16. Nothing in this act shall be construed as restricting the respective States from enforcing any and all statutes enacted for police regulation, nor shall the police power of the respective States be, by this act, impaired or restricted, and all laws heretofore enacted by the respective States or any thereof, or that may hereafter be enacted as regards public health or public welfare, shall at all times be in full force and effect: *Provided, however,* That nothing in this section shall be construed as limiting or restricting the power and authority of the United States.

The proviso which the Senator from Nevada seeks to strike out was inserted because of the fear that the use of the word "hereafter" in the preceding sentence might make it possible for a State to pass as a police regulation a law which would take out of the hands of the Federal Government the control of the land. That, I am sure, was not the intention of the Senator from Nevada when the original bill was under consideration, and I do not believe that it is his intention now. I am fearful that if the proviso should be stricken out that would be the result.

That, Mr. President, was the reason why the Committee on Public Lands did not adopt the amendment of the Senator from Nevada when it was presented to the committee, and, speaking for the committee in the absence of the Senator from Colorado, who has been called from the Chamber to attend a conference on the second deficiency appropriation bill, I hope that the amendment will not be agreed to.

Mr. McCARRAN. Mr. President, the matter of police regulation in a sovereign State is so well defined and so well understood that I would not take the time of the Senate to elaborate it. The fact of the matter is that of necessity

police regulations are matters for the individual State to provide.

We are going to create by this bill, if enacted, a new dominion in every Western State and in every State where public lands exist. We are going to have two distinct jurisdictions and that situation cannot be avoided. The one jurisdiction will be that of the Secretary of the Interior; the other jurisdiction will be that of the State itself. Where will they impinge? How will they conflict? Is it not true that in all matters of public health and public welfare the State itself is responsible, and the State must, of necessity, have its police regulations always operating? How would a State having, for instance, one-half of its whole domain on surveyed public lands regulate the affairs over public land as regards public health within that State unless its police regulations and its police powers prevailed? Do we wish every time a natural stream becomes a menace by reason of being polluted to have to apply to the Secretary of the Interior for relief? Can we not by our own legislation by our own legislative body regulate so as to protect public life and public health within and over that domain?

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. O'MAHONEY. I agree with everything the Senator from Nevada has said. The Committee on Public Lands and Surveys feel just as he feels, that nothing should be done to impair the jurisdiction of the States or to infringe upon the right of a State to enact such police regulations as it may deem necessary and proper.

The first section of the law, which is not in dispute here at all, contains this express language:

> Nothing in this act shall be construed to affect any land heretofore or hereafter surveyed which, except for the provisions of this act, would be a part of any grant to any State—

And this is the language to which I desire to call the Senator's particular attention:

> Nor as limiting or restricting the power or authority of any State as to matters within its jurisdiction.

The proviso in section 16, which the Senator seeks to strike out, merely says that "nothing in this section shall be construed as limiting or restricting the power and authority of the United States." The purpose of that language is merely to provide that the States shall not enact any law which would attempt to take away from the Federal Government the authority which it has. I feel that the purposes which he seeks to serve by the pending amendment are amply covered by the law.

Mr. McCARRAN. I wish to say in reply to the able Senator's suggestion that everything he says is correct, but such confusion has been created by the proviso in the last section of the Taylor Act that neither the State nor the Federal Government knows where the jurisdiction impinges. That is not merely my view; it is the view of many able men and able attorneys who have studied the law. Eliminate the proviso, and then the lines would be clear. As to all matters of public health and public welfare, within the police power and right of police regulation of the sovereign States, the States are sovereign. Then comes the dominion of the Federal Government under its control under the Taylor Grazing Act.

I do not care to take the time of the Senate further. I submit the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend 'An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes', approved June 28, 1934 (48 Stat. 1269)."

REVISION OF COPYRIGHT ACT

Mr. DUFFY. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	King	Radcliffe
Ashurst	Costigan	La Follette	Reynolds
Austin	Dickinson	Lewis	Robinson
Bachman	Dieterich	Logan	Russell
Bankhead	Donahey	Lonergan	Schall
Barbour	Duffy	McAdoo	Schwellenbach
Barkley	Fletcher	McCarran	Sheppard
Black	Frazier	McGill	Shipstead
Bone	George	McKellar	Steiwer
Borah	Gerry	McNary	Thomas, Okla.
Brown	Gibson	Maloney	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Gore	Minton	Truman
Burke	Guffey	Moore	Tydings
Byrnes	Hale	Murphy	Vandenberg
Capper	Harrison	Murray	Van Nuys
Caraway	Hastings	Neely	Wagner
Carey	Hatch	Norbeck	Walsh
Chavez	Hayden	O'Mahoney	Wheeler
Clark	Holt	Overton	White
Connally	Johnson	Pittman	

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present.

Mr. DUFFY obtained the floor.

Mr. McNARY. Mr. President——

Mr. DUFFY. I yield to the Senator from Oregon.

Mr. McNARY. I inquire, what is the parliamentary situation?

The PRESIDING OFFICER. The question is on the motion of the Senator from Wisconsin that the Senate proceed to the consideration of Senate bill 3047, the copyright bill.

Mr. McNARY. Is it the desire of the Senator to proceed with the bill today?

Mr. DUFFY. I am ready to proceed today.

Mr. McNARY. Mr. President, I have no purpose to defeat the motion now pending. The motion comes to me, as to other Members, wholly as a surprise.

I observe that the bill is an imposing looking legislative structure of about 31 pages, with a 7-page report. There has been no legislation in this field for 25 years. A great many things have occurred during that period. I am told by many Senators that they have received numerous letters and telegrams expressing divergent views on the bill. I think we ought to have an opportunity to read the bill and read the report and look at our files before proceeding to dispose of the bill.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. McNARY. Just a moment.

I did not know, until a moment ago, that it was contemplated at this time to consider the bill. I shall not oppose the motion, but I certainly shall oppose any effort to start in to legislate today on this important subject.

Mr. DUFFY. Mr. President, I will say to the Senator from Oregon that when this bill was reached on the calendar when we were considering bills by unanimous consent, there was objection to it; and at that time I made a short explanation of the bill, stating that at the first opportunity I should move to proceed to its consideration. This is the first opportunity, although that was some 10 days ago, perhaps more.

Mr. McNARY. That is not what I should call due notice, under the statute and practices of the Senate.

Mr. ROBINSON and Mr. COPELAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. DUFFY. I yield to the Senator from Arkansas.

Mr. ROBINSON. Mr. President, I am about to suggest that if the bill shall be taken up, and the Senator from Wisconsin shall make a statement concerning it, I will then be ready to move a recess, if the Senator from Oregon so desires,

in order to afford Senators an opportunity to examine the bill.

Mr. McNARY. Mr. President, I have no objection to the Senator from Wisconsin making his statement on the bill in explanation of it; but I shall certainly object to further consideration of the bill today.

Mr. DUFFY. The suggestion of the Senator from Arkansas is perfectly agreeable to me, that the statement be made, and then every Senator will have ample opportunity to look into the bill.

Mr. ROBINSON. I suggest that a vote on the motion be taken, and that the Senator make his statement, and then we will take a recess until tomorrow.

Mr. TRAMMELL. Mr. President, is a motion pending to take up the bill?

Mr. ROBINSON. Yes.

Mr. TRAMMELL. I have an amendment which I desire to propose to the bill. In reading the bill hurriedly I see that it makes a number of changes in existing law. Of course, there is necessity for some changes to modernize existing law so as to meet the conditions of the present time; but I regard this measure as very vital, and one which probably will take a day or two for consideration, on account of its great importance and on account of the large number of persons affected by it.

Four years ago we had before us proposed amendments to the copyright law. I believe a majority of the Senate at that time were convinced that the public had been entirely forgotten, and that the proposed changes in the main were of a monopolistic character; and the Senate did not pass the bill. I hope this measure is some improvement over that effort; but I think the importance of the subject demands that we have ample time for consideration and deliberation.

Of course, I have no objection to the bill coming up for consideration; but I feel, in frankness, that I should state that, in my opinion, if the bill shall have the consideration it deserves on account of the importance of the subject, it will require a good deal more than this afternoon for its consideration.

Mr. DUFFY. I will say to the Senator from Florida that I believe the explanation which will be made of the bill will clear up a great many doubts the Senator may have in his mind, because I believe the bill has been very carefully worked out, and I do not think it is subject to the objection the Senator suggests.

Mr. COPELAND. Mr. President, I cannot see why, at this stage of the legislative program, we should be called upon to discuss and consider a matter so controversial as is this.

This bill cannot be passed in an hour or in a day. There are very serious objections to the bill, according to my constituents; and, frankly, I do not understand why it is thrown into the Senate for discussion at a time when there is no urgency about it.

This is not at all an emergency measure. The country is going to go on just the same whether or not the bill is considered; and I believe that by taking it up we shall open ourselves once more to the criticism of dealing with trivial things at a time when serious matters ought to be given consideration.

This measure is in no sense vital. The great interests of the American people are not involved in it. I think that at this time, when we ought to be approaching adjournment, and when the country wants the Congress to adjourn, it would be a great mistake for us to take up another matter which would keep us here several days longer.

Mr. DUFFY. Mr. President, I will say to the Senator from New York that there is pending upon our Executive Calendar a treaty for the adherence of the United States to the International Copyright Union. The treaty was reported unanimously by the Foreign Relations Committee. There was a general understanding at that time that action on the treaty would await an opportunity for the consideration by the Senate of this bill; and although the treaty has been on the calendar since April 18, there has been no prior opportunity to give consideration to this bill, which in a large measure is an enabling act for that treaty.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. DUFFY. I yield.

Mr. COPELAND. There has been pending for 5 years before the Foreign Relations Committee of the Senate a treaty dealing with safety of life at sea, a matter of great concern to everybody who goes upon the seven seas. For 5 years it has been pending, but we have not been able to get any action upon it; and now suddenly we find that the most important thing which can engage the attention of the Senate of the United States is a copyright bill.

I cannot see the force or the sense of the suggestion. I think we are losing our sense of proportion when we spend our time considering trivial things when there are matters of vital importance which do not attract our attention.

We are making a spectacle of ourselves before the country by remaining in session when we ought to finish our business and go home.

We are not going home to a vacation. Every Member of the Congress has duties to perform when Congress is not in session; but the country is sick and tired of the Congress of the United States and wishes to get rid of us as soon as possible; and, so far as I am concerned, I confess that I share the popular belief that that is very good judgment on the part of the people.

Mr. DUFFY. I will say to the Senator from New York that day before yesterday we voted to stay in session for a time, at least; and I do not know of any pressing legislation which is to come up for consideration at this time. I did not press this motion while the banking bill and other measures were before the Senate, although I gave notice that I should do so at the first opportunity. It seems to me that this is a very important measure. If it is not so important, if it is trival, as the Senator says, I am surprised that there is so much opposition to it.

Mr. WALSH. Mr. President——

Mr. DUFFY. I yield to the Senator from Massachusetts.

Mr. WALSH. If we were to adjourn and transact no more business at this session, I think the Senator from New York would be right. It is quite apparent, however, that we are either going to loaf around our committee rooms or offices here in the city of Washington, or we are going to stay in the Senate Chamber and discuss bills which have been reported by committees.

In view of that fact, it seems to me it is only fair that the Senator from Wisconsin should have an opportunity to present his bill and explain it to the Senate. Personally, I do not know whether or not I shall support the bill. I know that there is a great deal of interest in it, judging from my correspondence on the subject; but it seems to me that unless we have some other business we ought to proceed to take up this measure and at least have it heard, let the petitioners have a day in court, regardless of our views pro and con.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WALSH. Just a moment.

I understand that the position of the able Senator from Oregon [Mr. McNARY] is not in opposition to the measure being taken up but is in opposition to its being disposed of today. I assume that he, like the rest of us, is willing to have a discussion and explanation of the bill made, and we may then decide that it is a measure we do not wish to act upon at this time.

Mr. McNARY. I think that is an accurate statement. I have no objection to the Senator from Wisconsin making a statement with regard to the bill, but I do not desire further action to be taken on it today.

Mr. WALSH. I thought that was the Senator's position.

Mr. ROBINSON. Mr. President, the bill which is the subject of the motion of the Senator from Wisconsin relates to an important matter. It is in no sense a trivial measure, as suggested by the Senator from New York. It has been on the calendar for some time. It was unanimously reported from the committee, as I remember, and there is a necessity and demand for its consideration.

There is no disposition on the part of the Senator from Wisconsin to press for action on the bill with undue haste. It has already been stated that if the measure shall be taken up, and the Senator from Wisconsin shall make his explanation of the measure, it will then be in order to take a recess until tomorrow.

There are some other measures, perhaps not of first importance, but which it is desired to consider; and I hope the proceedings tomorrow may be such that we may find it consistent to take a recess until Monday, affording the committees an opportunity to dispose of as much business as possible, and also giving Senators an opportunity to transact business in their offices.

I think I am justified in adding that work in my own office is so voluminous that it is a physical and mental impossibility for me to give it the attention it deserves, notwithstanding the fact that I am working almost day and night. It is necessary to have some opportunity to give attention to matters outside the Senate Chamber.

I think the Senator from Wisconsin is entitled to have consideration of this measure. There is no intention of pressing for immediate action upon it, but certainly it is not sound to state that it is a trivial matter, or that it relates to an unimportant subject.

Mr. McADOO and Mr. FLETCHER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. DUFFY. I yield to the Senator from California.

Mr. McADOO. Mr. President, I merely wish to say that this bill has been favorably reported unanimously by the Committee on Patents, of which I happen to be chairman. It was reported on the 17th day of June last. During the time which has intervened, I think everyone who cared to look into the measure has had ample opportunity to examine it, as well as the report of the committee.

I wish to say to my distinguished friend the senior Senator from New York [Mr. COPELAND] that this is far from being a trivial matter. It is a very important piece of legislation. It is a highly controversial measure, I am willing to concede, and it is almost impossible to reconcile the various conflicting interests. I think the bill has great merit; and while everyone, of course, is not getting exactly what he wants in the bill, I believe a determined effort has been made—and I think it has been largely successful—to present as equitable a measure as it is possible to produce concerning the very difficult questions which arise out of copyrights and similar matters.

Mr. WALSH. Mr. President, will the Senator from Wisconsin yield so that I may ask the chairman of the committee a question?

Mr. DUFFY. I yield.

Mr. WALSH. Will the Senator from California state whether the committee was unanimous?

Mr. McADOO. The committee was unanimous. The bill is here with a unanimous report from the committee.

Mr. WALSH. That is an added reason for the consideration of the measure, it seems to me.

Mr. McADOO. I hope the Senator from Wisconsin will be permitted to make a statement about the bill, as suggested by the Senator from Arkansas, and then that a recess may be taken, and that the bill may be considered in due time.

Mr. WAGNER. Mr. President, will the Senator from Wisconsin yield to me to ask a question?

Mr. DUFFY. I yield.

Mr. WAGNER. I should like to ask the chairman of the committee whether the composers, authors, and song writers were heard before the committee to any extent.

Mr. McADOO. We gave them an opportunity to be heard. They were here. We did not have as extensive hearings as were held on the bill in the House, because we did not think it was necessary, but every possible opportunity within the range of the committee's time was accorded to those interested to present their views.

Mr. WAGNER. Who presented the views of the authors, composers, and song writers who might be affected by this legislation?

Mr. DUFFY. Mr. Burkan, the attorney, was heard, and Mr. Mills was heard. They had ample opportunity to present their viewpoint, and they did so.

Mr. McADOO. And filed briefs.

Mr. DUFFY. And filed briefs for the consideration of the committee.

Mr. COPELAND. Mr. President, will the Senator from Wisconsin yield to me?

Mr. DUFFY. I yield.

Mr. COPELAND. Mr. President, I have no disposition whatever to shut off the Senator from Wisconsin. I shall be glad to hear his explanation of the bill. However, I have been looking over the calendar, and I think that if we are simply filling in time waiting for tomorrow in order that we may recess over until Monday, there are plenty of bills which have to do with the life and welfare of our people which we might consider. But here is a bill which is so controversial that I hold in my hand a brief covering 50 pages, pointing out weaknesses and defects in the bill, presented with a letter which states clearly that there is no desire to kill the copyright bill, but merely to correct defects in it.

As already brought out by my colleague in his questioning of the chairman of the committee, these matters have not recently been considered, and when we find that the authors and song writers and others are in bitter opposition, it seems strange to me that we have to occupy ourselves at this late time in the session with the consideration of a measure which, I repeat, so far as the needs of the people are concerned, is trivial. We might better be concerned with matters of larger import.

Mr. WHITE. Mr. President, will the Senator from Wisconsin yield?

Mr. DUFFY. I yield.

Mr. WHITE. The statement was made that the bill comes before the Senate with the unanimous approval of the Committee on Patents. I do not dare say whether or not that is an accurate statement. I know that I attended one meeting, which I understood was a meeting of a subcommittee, and I recall very definitely that I indicated my approval of the report of the bill, but, as I understood, it was a report to the full committee and not a report to the Senate. If the record shows to the contrary, I am just in error, and was in error at the time in my understanding of the meeting which I attended.

I confess with reluctance to a very hazy knowledge of this piece of proposed legislation. It is true I am on the committee, but I am on five other legislative committees, and I am on a number of special committees, and I have given no serious consideration to this measure. I know that there is substantial support for it, and I know that there is very strong opposition to it. So far as I am concerned, I am perfectly willing that the bill should be considered, but I rather hesitate to have it appear as a matter of record that I voted to report the bill to the Senate.

Mr. DUFFY. Mr. President, I may say to the Senator that I know there were no votes registered in opposition. I myself do not know that the Senator was there.

The PRESIDING OFFICER (Mr. BURKE in the chair). The question is on agreeing to the motion of the Senator from Wisconsin [Mr. DUFFY] that the Senate proceed to the consideration of Senate bill 3047, the copyright bill.

Mr. COPELAND. Mr. President, I did not understand that that was to be done. I understood that the Senator from Wisconsin was to outline the bill and give the reasons why it should be enacted, and that at a later time the Senate would decide whether or not to take it up and give it formal consideration.

Mr. DUFFY. Mr. President, as I understood the colloquy between the Senator from Arkansas [Mr. ROBINSON] and the Senator from Oregon [Mr. MCNARY], the understanding was that the Senate would take a vote on proceeding to the consideration of the bill, and that there would be nothing further done about the proposed legislation, except a statement by me.

Mr. ROBINSON. That was my suggestion, I will say to the Senator from New York.

Mr. WAGNER. Mr. President, may I ask the Senator from Arkansas whether it is his desire to have this particular piece of legislation made the unfinished business of the Senate?

Mr. ROBINSON. That is the object of the motion. It would become the unfinished business.

Mr. WAGNER. I think it will take some time.

Mr. ROBINSON. I expect it to take some time. I understand it is a controversial matter, but it has been pending on the calendar a long time. The Senator from Wisconsin has been pressing for consideration of the bill, and I felt that he was entitled to an opportunity to make the motion and to have the Senate pass upon the question whether it would consider the bill.

It was my statement a few moments ago, and I repeat it, that if the bill shall be taken up, when the Senator from Wisconsin shall have completed his statement it is my purpose to move a recess until tomorrow, if that is satisfactory to the Senate, and that will afford opportunity for further consideration of the matter.

I might state also that another measure which is very much controverted is in line for consideration, the bill referred to by the Senator from Massachusetts [Mr. WALSH] yesterday, but that is not ready to be proceeded with this afternoon. I thought we might go ahead for a time this afternoon and have a session tomorrow, and then take a recess until Monday.

Mr. WAGNER. Of course, there was no intimation to those who are opposed to this bill that it would be called up suddenly in this way. I had hoped that if it was to be considered by the Senate we would have a little more time in which to prepare.

Mr. ROBINSON. The Senator will have time. There is no disposition on my part, and I am sure I can speak for the Senator from Wisconsin, to take snap judgment on anyone. The bill has been pending on the calendar for a long period, and if the Senator should desire further time, for my part I should be glad to see it accorded him. I have no disposition to press for immediate action on the bill.

Mr. DUFFY. Mr. President, I may say to the junior Senator from New York [Mr. WAGNER] that I explained before he came into the Chamber that when the bill came up on the call of the calendar I gave notice that I would endeavor to have it brought before the Senate for consideration at the first opportunity. I held back while more important matters, the banking bill and other measures, were before the Senate, and this seemed to be the first opportunity for me to make the motion. I consulted with the leader on this side, and it was agreeable to him. I therefore made the motion.

Mr. WAGNER. Mr. President, this is proposed legislation to which all of the authors, composers, and song writers who would be affected are bitterly opposed.

Mr. DUFFY. I will correct the Senator's statement in that respect. I have letters to the contrary.

Mr. WAGNER. I should perhaps say, so far as I know. As I understand, the broadcasting companies and some other organizations, such as the Hotel Men's Association, are for the bill. That is about the division.

Mr. DUFFY. I think I can also correct the Senator in that respect.

Mr. WAGNER. Perhaps the Senator can.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wisconsin.

Mr. COPELAND. Mr. President, if this measure is so vital to the welfare of the country that it must be used as a stop-gap in these circumstances, I have not a word to say, but I do wish to make my earnest protest that it is not the time to bring up controversial matters of so little general consequence as is this measure. If the Senate desires to consider it, it is for the Senate to decide, but to me it seems the height of absurdity to do so under the circumstances.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wisconsin.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes, which was read, as follows:

A bill to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes

Be it enacted, etc., That (a) section 1 of the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, is hereby amended by striking out the first five words and inserting in lieu thereof the following: "That the author of any work made the subject of copyright by this act, or his executors or administrators, or any assignee claiming under a written agreement with him or them the right to copyright such work,".

(b) Subsections (b), (c), and (d) of section 1 of such act are hereby amended to read as follows:

"(b) To translate the copyrighted work into other languages or dialects, or to make any other version thereof, if it be a literary work; to dramatize it; to make from it a motion picture with or without sound or with or without dialog; to convert it into a novel or other nondramatic work, if it be a drama or a motion picture; to arrange or adapt it, if it be a musical or dramatico-musical work; to complete, execute, and finish it, if it be a model or design for a work of art or for a work of architecture: *Provided*, That copyright in a work of architecture shall extend only to artistic character and design and not to processes or methods of construction;

"(c) To deliver the copyrighted work in public for profit;

"(d) To exhibit the copyrighted work publicly if it be a motion picture, to perform or represent it publicly if it be a drama or a choreographic work or pantomime or, if it be a dramatic or dramatico-musical work or a motion picture and not reproduced in copies for sale, to vend any manuscript or any record whatsoever thereof; to make or to procure the making of any transcription or record thereof, by or from which, in whole or in part, it may in any manner or by any method be exhibited, performed, represented, produced, or reproduced; and to exhibit, perform, represent, produce, or reproduce it in any manner or by any method whatsoever: *Provided*, That the right to produce a motion picture shall include the right to exhibit it; ".

(c) Subsection (e) of section 1 of such act is hereby amended by striking out the last paragraph thereof, by inserting after "(a) hereof," the words "to synchronize it for use in motion pictures," and by amending the first proviso to read as follows: "*Provided*, That the provisions of this act, so far as they secure copyright controlling the parts of instruments serving to reproduce mechanically a musical work shall include only compositions published and copyrighted after July 1, 1909; and such provisions shall not, except as respects the works of nationals of countries which are parties to the Convention for the Protection of Literary and Artistic Works, or works first published therein, include the works of a foreign author or composer unless the foreign country of which such author or composer is a citizen or subject grants, either by treaty, convention, agreement, or law to citizens of the United States similar rights: *Provided further*, That such rights granted in accordance with the Convention for the Protection of Literary and Artistic Works shall not apply to works which have been lawfully adapted to mechanical instruments before this subsection, as amended, takes effect nor shall there be any liability under this act, as amended, for the public performance of said works by means of such mechanical instruments: ".

(d) Section 1 of such act is further amended by adding after subsection (e) the following new subsection:

"(f) To communicate the copyrighted work to the public by radio broadcasting, radio facsimile, wired radio, telephony, television, or other means of transmission; ".

SEC. 2. The last sentence of section 3 of such act is hereby amended to read as follows: "The copyright upon composite works or periodicals shall give to the author or other owner of each part or contribution therein all the rights which he would have if such part or contribution were individually copyrighted in his name."

SEC. 3. Section 4 of such act is hereby amended to read as follows:

"SEC. 4. That the works for which copyright may be secured under this act shall include all the writings of an author, whatever the mode or form of their expression."

SEC. 4. (a) Subsection (f) of section 5 of such act is hereby amended to read as follows:

"(f) Maps and geographical charts; ".

(b) Subsection (l) of such section, as amended, is hereby amended to read as follows:

"(l) Motion pictures; "

(c) Subsection (m) of such section is hereby amended to read as follows:

"(m) Choreographic works and pantomimes, the scenic arrangement or acting form of which is fixed in writing or otherwise;".

(d) There are hereby inserted after subsection (m), as amended, of such section two new subsections as follows:

"(n) Works of architecture, or models or designs for architectural works;

"(o) Works prepared expressly for radio broadcasting, or for recording by means of electrical or mechanical transcription, in-



cluding programs and continuities insofar as they embody original work of authorship:".

SEC. 5. Section 7 of such act is hereby amended to read as follows:

"SEC. 7. No copyright shall subsist in any publication of the United States Government, or any reprint, in whole or in part, thereof: *Provided, however,* That the publication or republication by the Government, either separately or in a public document, of any material in which copyright is subsisting shall not effect any abridgment or annulment of the copyright or authorize any use or appropriation of such copyright material without the consent of the copyright proprietor."

SEC. 6. Section 8 of such act is hereby amended to read as follows:

"SEC. 8. (a) That the copyright secured by this act shall extend to the work of an author or proprietor who is a citizen or subject of a foreign country not a party to the Convention for the Protection of Literary and Artistic Works, only:

"(1) When such alien author or proprietor shall be domiciled within the United States at the time of the creation or first publication of his work; or

"(2) When the foreign country of which such author or proprietor is a citizen or subject grants, either by treaty, convention, agreement, or law, to citizens of the United States the benefit of copyright on substantially the same basis as to its own citizens, or copyright protection substantially equal to the protection secured to such foreign author under this act or by treaty; or when such foreign country is a party to an international agreement which provides for reciprocity in the granting of copyright, by the terms of which agreement the United States may, at its pleasure, become a party thereto.

"(b) The existence of the reciprocal conditions aforesaid shall be determined by the President of the United States, by proclamation made from time to time, as the purposes of this act may require.

"(c) Authors within the jurisdiction of any foreign country that is now or may hereafter be a party to the Convention for the Protection of Literary and Artistic Works, whether their works are unpublished or published for the first time in one of the countries parties to said convention, shall have all the rights now accorded or which may hereafter be accorded by law to nationals of the United States; and the enjoyment and the exercise of such rights shall not be subject to any formality: *Provided,* That as to copyrights in works not previously copyrighted in the United States no right or remedy given pursuant to this act shall prejudice lawful acts done or rights in or in connection with copies lawfully made, the making of additional copies, or any other continuance of business undertakings or enterprises lawfully undertaken within the United States prior to the date on which the adherence of the United States to said Convention for the Protection of Literary and Artistic Works becomes effective; and the author or other owner of such copyright or persons claiming under him shall not be entitled to any remedy against any person who has, prior to such date, taken any action in connection with the exploitation, production, reproduction, circulation, or performance (in a manner which at the time was not unlawful) of any such work whereby he has incurred expenditure or liability; nor shall rights in respect of the further use of copies or other forms of reproduction be in any manner impaired."

SEC. 7. Section 9 of such act is hereby amended to read as follows:

"SEC. 9. That the author or other person entitled thereto by this act may secure copyright for his work by publication thereof with the notice of copyright required by this act; and such notice shall be affixed to each copy thereof published in the United States by authority of the copyright proprietor."

SEC. 8. Section 10 of such act is hereby amended by adding the following: "Registration of composite works or periodicals by the proprietor thereof shall inure also to the benefit of the author or the owner of each independent part or contribution therein to the same extent as though such part or contribution were separately registered."

SEC. 9. Section 11 of such act is hereby amended to read as follows:

"SEC. 11. That copyright may also be had of any work of an author which has not been published upon, the deposit, with claim of copyright, of one complete copy of such work if it be a book, monograph, essay, article, story, poem, lecture, or similar production, a map, a dramatic, musical, or dramatico-musical composition, a choreographic work or pantomime, or a work prepared expressly for radio broadcasting or electrical or mechanical recording; of a title and description, with not less than five prints taken from different sections of the film, if the work be a motion picture; of a photographic print, if the work be a photograph; of a description and drawings or plans sufficient to identify the work, if it be a work of architecture; and of a photograph or other identifying reproduction thereof, if it be a work of art, a plastic work or drawing, or a model or design for an architectural work. But the privilege of registration of copyright secured hereunder shall not exempt the copyright proprietor from the deposit of copies, insofar as required under sections 12 and 13 of this act, where the work is later published."

SEC. 10. Section 12 of such act is hereby amended by striking out the words "reproduced in copies for sale" and inserting in lieu thereof the word "published" and by amending the last sentence to read as follows: "With the exception of actions or proceedings for infringement of works entitled to copyright without formality, no action or proceeding shall be maintained for infringement of copyright in any work until the provisions of this act with respect to the deposit of copies and registration of such work shall have been complied with."

SEC. 11. The proviso of section 15 of such act, as amended, is hereby amended to read as follows: "*Provided, however,* That said requirements shall not apply to (1) works printed or produced in the United States by any other process than those above specified in this section; (2) works in raised characters for the use of the blind; (3) books or periodicals of foreign origin in a language or languages other than English; (4) works by nationals of the United States copies of which are distributed only in foreign countries; or (5) works in any language, by foreign authors, first published in a foreign country party to the Convention for the Protection of Literary and Artistic Works."

SEC. 12. (a) Section 18 of such act is hereby amended to read as follows:

"SEC. 18. That the notice of copyright required by this act, as amended, shall consist of (1) the word 'copyright', or the abbreviation 'copr.', or the letter 'C' enclosed within a circle; (2) the name of the copyright owner, or his initials, monogram, mark, or symbol, provided his name appears in reasonable proximity thereto; (3) the year when the copyright began. In the case of any work in book form, the notice shall be placed upon the title page, or the page immediately following. In the case of a newspaper, magazine, or periodical, such notice may also be placed in the editorial and publishing statement or table of contents: *Provided,* That one notice of copyright in each volume or in each number of a newspaper, magazine, or periodical published shall suffice: *Provided further,* That the notice of copyright in a newspaper, magazine, periodical, or other composite work shall be deemed sufficient to constitute due notice of copyright on behalf of each individual author entitled to copyright in any of the individual parts or contributions therein, notwithstanding any variance between the date in such notice and the date when copyright in any such part or contribution began: *Provided further,* That in the case of an anonymous or pseudonymous works a notice with the name of the publisher shall be sufficient to protect the author or other owner of the copyright."

(b) Section 19 of such act is hereby repealed.

SEC. 13. Section 20 of such act is hereby amended to read as follows:

"SEC. 20. That where the author or other owner of a copyright has sought to comply with the provisions of this act with respect to notice, the omission by accident or mistake of the prescribed notice, or any error as to the name of the copyright owner or the date of copyright or the position of the notice, shall not invalidate the copyright or deprive the author or other owner thereof of any of his rights under this act, or, except as otherwise provided in this act, as amended, prevent recovery for infringement against any person who, after actual notice of the copyright, begins an undertaking to infringe it, but shall prevent the recovery of damages against an innocent infringer who has been misled by the omission of or error in the notice; and in a suit for infringement no permanent injuction shall be had unless the copyright owner shall reimburse to the innocent infringer his reasonable outlay innocently incurred, or such proportion thereof, as the court, in its discretion, shall direct."

SEC. 14. Sections 21 and 22 of such act are hereby repealed.

SEC. 15. Section 23 of such act is hereby amended to read as follows:

"SEC. 23. That the term for which copyright is secured by this act shall endure for 56 years from the date of first publication; or, in case of unpublished works, from the date of the creation of the work as shown in the records of the Copyright Office and as indicated by the copyright notice affixed to such work if and when published, or, in the absence of such notice and record, as otherwise proved; at the expiration of which time it shall terminate: *Provided,* That for works registered under section 11 of this act prior to the date when this section, as amended, takes effect, the copyright shall endure for 56 years from the date of deposit of the copy or other material specified in said section 11: *Provided further,* That (1) the term shall not in any case exceed 56 years; (2) the term shall not, except as to works copyrighted in the United States at the time when this act, as amended, takes effect, exceed the term granted in the country of origin of the work; and (3) no copyright shall subsist in any work which is in the public domain because of the expiration of the term of protection in the United States, or, if it has not been copyrighted in the United States, because of the expiration of the term of protection in the country of origin: *And provided further,* That the works of any author entitled to copyright without formality under section 8 of this act, as amended, may be registered in the Copyright Office upon the filing of a suitable application, under rules of the Register of Copyrights, stating the date of first publication or creation of the work and upon deposit of one copy of the work if published, or of suitable identifying material if unpublished, and the payment of the fee specified in section 61, as amended."

SEC. 16. Section 24 of such act is hereby amended to read as follows:

"SEC. 24. That the copyright subsisting in any work when this section, as amended, takes effect shall be continued until the expiration of 56 years from the date of the beginning of the term of the original copyright in the work. If, on the date when this section, as amended, takes effect, less than 28 years have elapsed since the copyright began, then the copyright for

the period of such continuation beyond 28 years shall vest, on the date when this section, as amended, takes effect, in the person or persons living on said date, or the proprietor in cases specified in sections 23 and 24 of this act, prior to the date when this section, as amended, takes effect, who would have been entitled to the renewal term under this act prior to the date when this section, as amended, takes effect, subject to any agreement, valid in law or equity, which may have been made for the disposal of the renewal term prior to the date when this section, as amended, takes effect: *Provided*, That in the case of a periodical or other composite work the continued term shall inure to the benefit of the proprietor with respect only to the work as a whole, and to each contribution or part as to which he would have been entitled to the renewal term under this act, prior to the date when this section, as amended, takes effect, by virtue of any contract or agreement with the author."

SEC. 17. Section 25 of such act is hereby amended to read as follows:

"SEC. 25. (a) That if any person shall infringe the copyright in any work protected under the copyright laws of the United States, such person shall, subject to the stipulations of this section, be liable:

"(1) To an injunction restraining such infringement except as otherwise provided in this act. No temporary restraining order shall, however, be issued which would prevent the broadcasting of a program by radio or television, the publication or distribution of a newspaper, magazine, or periodical, or the production substantially commenced or the distribution or exhibition of a motion picture: *Provided*, That this limitation of liability in respect of temporary restraining orders shall not be applicable in any case where the plaintiff shall show to the satisfaction of the court (1) that defendant is unable to pay adequate damages for the infringing act complained of, or (2) that defendant has commenced the manufacture of the publication or motion picture, or the rehearsal for the broadcast, with actual knowledge of the plaintiff's copyright or of the fact that he, the defendant, is an infringer: *Provided further*, That no injunction shall issue restraining the construction, substantially begun, or use, of an architectural work, nor shall any order for its demolition or seizure be granted: *Provided further*, That, except after judgment that such reproduction is an infringement, no injunction shall issue restraining the reproduction of a copyrighted photograph in a newspaper, magazine, periodical, or newsreel;

"(2) To pay such damages to the owner of the right infringed as he may have suffered due to the infringement, as well as all or such part of the profits which the infringer shall have made from such infringement as the court may decree to be just and proper; and in proving profits the plaintiff shall be required to prove only sales, rentals, license fees, or any other revenue derived from any disposition of an infringing work, and the defendant shall be required to prove every element of cost which he claims;

"(3) To pay in lieu of the proved damages and profits provided for in the foregoing paragraph (2), such damages, not exceeding $20,000 for all infringement by any one infringer up to the date of suit, as shall in the opinion of the court be sufficient to prevent their operation as a license to infringe, and as shall be just, proper, and adequate, in view of the circumstances of the case: *Provided*, That this paragraph shall have no application in respect of the infringement of architectural works, or models or designs for such works, unless by an infringer possessed of actual knowledge thereof: *Provided further*, That an unauthorized performance by radio broadcasting transmitted simultaneously by two or more connected stations shall be regarded as the act of one infringer.

"(b) In any action for infringement of copyright in any work covered by the provisions of this act, the plaintiff must prove that at the time of alleged infringement the copyrighted work had been registered with the Register of Copyrights and, in case of a published work, that notice of copyright had been affixed to copies thereof circulated in the United States, or to the newspaper or periodical containing the same, before he is entitled to any remedy other than an injunction or the fair and reasonable value of a license, in a sum not more than $1,000, or both, as determined by the court.

"(c) In case of the infringement of copyright in any work by any person or corporation engaged solely in printing, binding, or manufacturing such work in printed form (the word 'printing' as used in this section is defined to include photo-engraving, electrotyping, stereotyping, photogravure, gravure lithographing, or other processes used in the reproductive manufacture of such works in printed form, as well as all forms and methods of printing), where such infringer shall show that he was not aware that he was infringing and that he was acting in good faith, and that such infringement could not have been reasonably foreseen, the person aggrieved shall be entitled only to an injunction against future printing, binding, and manufacturing the same in printed form, and to the delivery up of all such printed, bound, and manufactured material, and shall not be entitled to any profit made by such infringer from his contract or employment to print, bind, or manufacture in printed form, or to damages, actual or statutory, against such infringer: *Provided*, That in case such printer is also the publisher, distributor, or seller of such creation, or in partnership or regularly engaged in business with such publisher, distributor, or seller, or is in anywise directly or indirectly interested in the publication, distribution, sale, or exploitation of such creation (other than as derived solely from his contract or employment merely to print, bind, or manufacture the same in printed form) or in any profits to be derived from such publication, distribution, sale, or exploitation, then the person aggrieved shall be entitled to all the remedies provided by this act, and the immunity granted by this subsection shall not apply.

"(d) In the event that advertising matter of any kind carried by a newspaper, magazine, or periodical, or broadcast by radio shall infringe any copyrighted work, where the publisher of the newspaper, magazine, or periodical, or the broadcaster, shall show that he was not aware that he was infringing and that such infringement could not reasonably have been foreseen, the person aggrieved shall be entitled to an injunction only (1) before work of manufacture of the issue has commenced, or, in the case of broadcasting, before the rehearsal of the program has begun; or (2) against a continuation or repetition of such infringement in future issues of such newspaper, magazine, or periodical, or in future broadcasts; and shall not be entitled to any profit made by such publisher or broadcaster from his contract or employment to carry such advertising matter, or to damages, actual or statutory, against him: *Provided, however*, That no injunction shall lie against the completion of the publication and distribution of any issue of such newspaper, magazine, or periodical, or the broadcast of any radio program, containing alleged infringing matter where the work of manufacture of such issue has commenced, or, in the case of broadcasts, where rehearsals have begun: *Provided further*, That this subsection shall in no wise limit the remedies of the person aggrieved against the advertiser, advertising agency, or the person or corporation responsible for the infringement: *Provided further*, That if the publisher of the newspaper, magazine, or periodical, or the broadcaster, is in anywise interested in the commodity or subject matter advertised, or is the advertiser or advertising agency, in such wise that the publisher or broadcaster is entitled to any profits or benefits from the sale of the subject matter advertised, or from the handling or placing of such advertising matter (other than profits derived by the publisher or broadcaster merely from his contract or employment to run such advertising matter in his newspaper, magazine, or periodical, or to broadcast such advertising matter), then the immunity granted by this paragraph shall not apply.

"(e) In any action against publishers, distributors, or sellers of periodicals, magazines, or newspapers for infringement of copyright, the plaintiff shall not be entitled to enjoin the alleged infringement as to any matter claimed to infringe such copyright when any part of such material has, prior to the time when action was commenced, been included in any issue of such periodicals, magazines, or newspapers upon which the work of manufacture has actually begun, or to sequester, impound, or destroy any issue containing such alleged infringing matter, or the means for publishing such issue except upon proof to the satisfaction of the court that the manufacture of the issue containing such alleged infringing matter or the first installment thereof was commenced with actual knowledge that copyright subsisted in the work alleged to have been infringed.

"(f) Except in the case of an infringement by a publisher or distributor of a newspaper, magazine, or periodical, a broadcaster, or a motion-picture producer or distributor, who has acted innocently and in good faith, and except as otherwise provided in this act, the infringer shall further be liable:

"(1) To deliver up, on oath, to be impounded during the pendency of the action, upon such terms and conditions as the court may prescribe, all articles alleged to infringe a copyright;

"(2) To deliver up, on oath, for such disposition as the court may order, all the infringing copies, records, rolls, and other contrivances or devices, as well as all plates, molds, matrices, or other means for making such infringing copies.

"(g) Whenever the owner of the copyright in a musical composition has used or permitted the use of the copyrighted work upon the parts of musical instruments serving to reproduce mechanically the musical work, then in case of infringement of such copyright by the unauthorized manufacture, use, or sale of interchangeable parts, such as disks, rolls, bands, or cylinders for use in mechanical music-producing machines adapted to reproduce the copyrighted music, no criminal action shall be brought, but in a civil action an injunction may be granted upon such terms as the court may impose, and the plaintiff shall be entitled to recover in lieu of profits and damages a royalty as provided in section 1, subsection (e) of this act: *Provided*, That whenever any person in the absence of a license agreement, intends to use a copyrighted musical composition upon the parts of instruments serving to reproduce mechanically the musical work, relying upon the provisions of section 1, subsection (e) of this act, as amended, he shall serve notice of such intention by registered mail upon the copyright proprietor at his last address disclosed by the records of the Copyright Office, sending to the Copyright Office a duplicate of such notice; and in case of his failure so to do the court may, in its discretion, in addition to sums hereinabove mentioned, award the complainant a further sum, not to exceed three times the amount provided by section 1, subsection (e), by way of damages, and not as a penalty, and also a temporary injunction until the full award is paid.

"(h) There shall be no liability, civil or criminal, under this act, on the part of any person for the following:

"(1) The performance of a copyrighted musical work by a recognized charitable, religious, or educational organization where the entire proceeds thereof, after deducting the reasonable cost of presenting the same, are devoted exclusively to charitable, religious, or educational purposes;

"(2) The auditory reception of any copyrighted work by the use of a radio receiving set, wired radio, or other receiving, reproducing, or distributing apparatus, or the performance, other than by broadcasting, of any copyrighted work by a coin-operated ma-

chine or machine mechanically or electrically operated or by means of a disk, record, perforated roll, or film, manufactured by or with the consent of the copyright owner or anyone claiming under him, except where admission fees, other than for the ordinary occupation by a guest of a hotel or lodging-house room, are charged to the place of operation or, in the case of restaurants, cover charges distinct from the charges for food, or other minimum charges, are made;

"(3) The reproduction, manufacture, distribution, and sale of designs or patterns for wearing apparel or pictorial or other representations or illustrations of such designs, patterns, and wearing apparel;

"(4) The merely incidental and not reasonably avoidable inclusion of a copyrighted work in a motion picture or broadcast depicting or relating current events.

"(i) Rules and regulations for practice and procedure under this section shall be prescribed by the Supreme Court of the United States."

SEC. 18. The proviso of section 28 of such act is hereby repealed.

SEC. 19. Section 30 of such act is hereby amended to read as follows:

"SEC. 30. That the importation into the United States of any article bearing a false notice of copyright when there is no existing copyright therein in the United States, or of any piratical copies of any work copyrighted in the United States, as well as adaptations of musical compositions to instruments serving to reproduce them electrically or mechanically, if they would be unlawful in the United States, is prohibited."

SEC. 20. (a) The first paragraph of section 31 of such act is hereby amended to read as follows:

"SEC. 31. That during the existence of copyright under this act in any book in the English language, when an authorized edition thereof shall have been produced, or shall be in process of production, in accordance with the provisions of section 15 of this act, as amended, irrespective of whether compliance with those provisions was essential to obtain copyright for the work under this act, the importation into the United States of any copies of such book not so produced (although authorized by the author or proprietor) or any plates of the same not made from type set within the limits of the United States shall be, and is hereby, prohibited: *Provided, however*, That such prohibition shall not apply:".

(b) Subsection (d) of such section is hereby amended by striking out the semicolon at the end of the paragraph marked "First" and inserting in lieu thereof a comma and the following: "except that said author may import not more than five copies, for individual use and not for sale;".

SEC. 21. Section 34 of such act is hereby amended to read as follows:

"SEC. 34. (a) That all actions, suits, or proceedings arising under the copyright laws of the United States shall be originally cognizable by the district courts of the United States, including the district courts of Alaska, Hawaii, the Canal Zone, Puerto Rico, and the Virgin Islands, the Supreme Court of the District of Columbia, and the courts of first instance of the Philippine Islands.

"(b) Orders, judgments, or decrees of any court having jurisdiction arising under the copyright laws of the United States may be reviewed on appeal in the manner and to the extent provided by law for the review of cases determined in said court. On such appeal the appellate court shall have jurisdiction to reverse, modify, or affirm the proceedings in the court below, including the amount and nature of any recovery or award under section 25 of this act, as amended."

SEC. 22. (a) Section 38 of such act is hereby repealed.

(b) Section 39 of such act is hereby amended by inserting after the word "no" the words "civil or."

SEC. 23. Section 41 of such act is hereby amended to read as follows:

"SEC. 41. (a) That the copyright is distinct from the property in the material object copyrighted, and the sale or conveyance, by gift or otherwise, of the material object shall not of itself constitute a transfer of the copyright, nor shall the assignment of the copyright constitute a transfer of the title to the material object; but nothing in this act shall be deemed to forbid, prevent, or restrict the transfer of any copy of a copyrighted work the possession of which has been lawfully obtained.

"(b) Independently of the copyright in any work secured under this act, as amended, and even after assignment thereof, the author retains the right to claim the authorship of the work as well as the right to object to every deformation, mutilation, or other modification of the said work which may be prejudicial to his honor or to his reputation: *Provided, however*, That nothing in this paragraph shall limit or otherwise affect the right of full freedom of contract between the author of a work and an assignee or licensee thereof, or invalidate any express waiver or release by the author of any such rights or of any remedies or relief to which he might be entitled in consequence of a violation thereof, and the assignee or licensee of the author's moral right may, with the author's permission, make any change in the work which the author himself would have had a right to make prior to such assignment.

"In the absence of special contract, or notice by the author at the time he consented to the use of his work, the necessary editing, arranging, or adaptation of such work for publication in book form or for use in a newspaper, magazine, or periodical, in broadcasting, in motion pictures, or in mechanical or electrical reproduction, in accordance with the customary standards and reasonable requirements, shall not be deemed to contravene the right of authors reserved in this section: *Provided*, That nothing in this section shall be deemed to alter or in any manner impair any right or remedy of an author at common law or in equity."

SEC. 24. Section 42 of such act is hereby amended to read as follows:

"SEC. 42. That the author or other owner of any copyright secured under this act as amended, or of any copyright heretofore secured under any previous act, may to the extent of his interest therein, by written instrument signed by him or his duly authorized agent, executed after this act, as amended, takes effect, assign, mortgage, license, or otherwise dispose of the entire copyright or any right or rights comprised therein, either wholly or separately, either generally or subject to limitations, for the entire term of such copyright or for a limited time, or for a specified territory or territories, and may bequeath the same by will. But no assignment, mortgage, license, or other disposition of said copyright, or any right or rights comprised therein, shall be valid except as between the parties thereto, unless it is in writing signed by the owner of the right in respect of which such instrument is made, or (except in the case of a will) by his duly authorized agent. The author, or other owner of any copyright, or any person or persons deriving any right, title, or interest from any author or other owner as aforesaid, may each, separately, for himself, in his own name as party to a suit, action, or proceeding, protect and enforce such rights as he may hold, and, to the extent of his right, title, and interest, is entitled to the remedies provided by this act, as amended. The provisions of this act as to the acknowledgment of assignments and recording them in the Copyright Office are applicable to the instruments referred to in this paragraph.

"In the absence of any agreement to the contrary, license to publish a work in book form, or in a newspaper, magazine, periodical, or other composite work, shall not be deemed to convey any other right than the right of publication as a book, or in a newspaper, magazine, periodical, or other composite work, respectively; nor shall license for any specified use of a work be deemed to convey a right to use it in any other manner."

SEC. 25. Section 54 of such act is hereby amended by striking out the period at the end of such section and inserting in lieu thereof a colon and the following: "*Provided*, That any incorrect entry may be corrected by the filing of a new and correct application accompanied by the required copy, or identifying material, and the fee as in the case of an original entry. The application for such corrected entry shall also be accompanied by an affidavit sworn to by the owner of the copyright setting forth the facts upon which the request for the new entry is based. In case of a dispute as to the ownership of copyright, the Supreme Court of the District of Columbia may, upon due cause shown, order the cancelation or correction of any entry. No liability shall be incurred, however, on the part of any person who, in reliance upon an erroneous entry, shall have printed, performed, or otherwise used the copyrighted work contrary to the rights of the actual owner."

SEC. 26. Section 60 of such act is hereby amended by inserting after the words "to be destroyed" the words "or returned to the copyright owner:".

SEC. 27. Section 61 of such act is hereby amended by striking out the following: "For recording the renewal of copyright provided for in sections 23 and 24, $1."

SEC. 28. Section 62 of such Act is hereby amended to read as follows:

"SEC. 62. (a) That in the interpretation and construction of this act 'the date of publication' shall in the case of a work of which copies are reproduced for sale or distribution be held to be the earliest date when copies of the first authorized edition were placed on sale, sold, or publicly distributed or made available for renting or licensing, by the proprietor of the copyright or under his authority.

"(b) In the absence of agreement to the contrary, where any work is created by an employee within the scope of his employment, his employer shall be regarded as the assignee, even without a written assignment, and shall be the owner of the copyright in such work; but this provision shall not apply to works created under special commission where there is no relation of employer and employee, unless the parties agree otherwise.

"(c) Copyright in the photograph of a single individual shall not be had except with the written consent of the person photographed."

SEC. 29. That nothing in this act shall be construed as in contravention of any obligation of the United States existing by virtue of any treaty to which the United States is a party.

SEC. 30. That the President is hereby authorized and requested to take all steps and perform all acts necessary to make the United States a member of the Union for the Protection of Literary and Artistic Works.

SEC. 31. That this act shall take effect on November 1, 1935, except as to section 30, which shall take effect on the date of enactment of this act. All acts or parts of acts in conflict with the provisions of this act are hereby repealed, but nothing in this act shall affect causes of action for infringement of copyright heretofore committed now pending in courts of the United States, or which may hereafter be instituted; but such causes shall be prosecuted to a conclusion in the manner heretofore provided by law.

Mr. DUFFY. Mr. President, in view of the discussion which has been had, I think perhaps it would be advisable for me to explain to the Senate how I, as the author of the bill, became interested in this subject.

It so happened that I was chairman of the subcommittee of the Foreign Relations Committee, which considered the

treaty to enable this country to adhere to the International Convention of the Copyright Union. Our subcommittee held hearings with reference to whether the treaty should be adhered to. It soon became evident from the testimony before our subcommittee that there was a very decided difference of opinion prevailing among those who might be affected by such action. There was a very marked conflict of interest, as appears here today from the discussion so far had. If this country were to join with almost 50 other countries and become a party to the International Convention of the Copyright Union, it was generally agreed that some enabling legislation would be necessary in order to adjust the provisions of our law to the provisions of the treaty.

It was generally recognized that for a quarter of a century there had been no comprehensive revision of the copyright law, and that greatly changed conditions had occurred in the means whereby artistic works are communicated to the public. Almost everyone who has given study to the question agrees that many changes in our copyright law are highly desirable by reason of these changed conditions.

Our subcommittee of the Foreign Relations Committee reported to the full committee. We reported that there was this wide difference of opinion. The entire committee then decided to request the Department of State to organize an informal interdepartmental committee to confer with the various conflicting interests in an endeavor to reconcile, as far as possible, such divergent viewpoints. Such a committee was formed. I desire the Senate to know the membership of this committee, because it is very important in the discussion of this question.

Two of the members of the committee were from the Department of State. Two of the members of the committee represented the Copyright Office itself. They would be certainly as well acquainted with this subject as any men who could be chosen. The fifth member of the committee represented the Department of Commerce.

So there we have 2 representatives of the Department of State, concerned naturally with the treaty; 2 experts from the Copyright Office, and 1 from the Department of Commerce. These members, representing three departments of our Government, had no personal interest in the controversies which were in question. They were entirely impartial; and they proceeded, at the request of the Foreign Relations Committee, to contact the various elements and the various persons who had shown the slightest interest in this legislation.

An organized propaganda has been turned loose in the past 3 or 4 weeks, which implies or intimates that certain big interests with ulterior purposes are behind this bill. The answer to that, I think, can best be given by showing that it was these 5 men, representing these 3 departments of the Government most concerned in the question, who worked out the bill as the result of 25 or more conferences with all the various conflicting interests, at times when everyone who desired to do so had a full opportunity to express his viewpoint, and everyone had a full opportunity to be heard. The committee then carefully prepared a draft of the bill as the result of these various conferences.

Naturally, as was said by the Senator from California [Mr. McADOO], the Chairman of the Patents Committee, there is so inherent a conflict of interest that everyone cannot be satisfied in any kind of copyright legislation. There are the producers on one side of the table, and the consumers on the other. Their interests are directly opposite. I do think, however, that a very fine job was done by these five gentlemen, who gave so much of their time to reconciling, in a large measure, the various conflicting interests which existed.

When the bill finally took that shape, as the result of all of these hearings, I introduced it in the Senate, and it was referred to the Committee on Patents. The Committee on Patents then held hearings and had conferences on it. The bill was cut up to a considerable degree and revised, and I then, at the request of several members of the Committee on Patents introduced into the Senate the revised bill which is now before the Senate for consideration.

Mr. President, before going into a discussion of the various parts of the bill, I want to say that I consider that this bill is a good bill. If there is one outstanding authority on copyright in this country, it is Thorwald Solberg, who was United States Register of Copyrights for 33 years. It is true that the question of copyright is rather technical. There are undoubtedly a number of Senators who have had no occasion to give study to this question. But, surely, Thorwald Solberg may be quoted as an impartial and unbiased witness. He has carefully studied this bill. In his statement which I had printed in the RECORD the other day, Mr. Solberg says—

> S. 3047 is the most practical and most carefully prepared copyright bill that has been presented to Congress since 1925.

He further states:

> It accords to authors (besides the wide area of new international protection) a great many of the most important reforms for their benefit urged upon Congress for the last dozen years.

This bill has two principal objectives. The first is to bring our statute law into harmony with the general copyright treaty which has been favorably reported to the Senate by the Committee on Foreign Relations on April 18 last. It was unanimously ratified by the Senate on April 19, but by unanimous consent such action was reconsidered and the treaty was placed back on an Executive Calendar to await action on this bill. This was done on my own motion because of the various conflicting interests. It had been generally understood by the various interests affected by this legislation that ratification of the treaty would not be insisted upon until the Senate had an opportunity to pass upon the merits and the questions which are involved in this particular bill. So the first objective is that this bill would be, in effect, enabling legislation.

The second objective is to bring about such changes in our law as the committee, and those who know most about copyright, and who have given it the greatest study, consider very necessary by reason of changed conditions.

The Committee on Patents deemed it advisable to present this bill in the form of amendments to the present law, rather than attempt to recodify or completely revise our copyright law. It was thought advisable to proceed cautiously with so many conflicting interests concerned. In many respects this bill is a compromise. None of the various interests have received all that they have asked for, but the committee did feel that the bill represents a fair compromise, considering the directly conflicting interests that must always be present in a consideration of bills affecting the copyright law.

This country has become a great exporter of copyrighted works. This is partly because of the demand for American motion pictures, and also because of the inherent literary and musical worth of American fiction, songs, and drama. The problem of adequate protection of copyrighted work in other countries has accordingly assumed proportions never hitherto reached.

One of the important provisions of the treaty is the provision for copyright without formality. This provision is often referred to as "automatic" copyright. The authors of the United States will obtain this right under the treaty in almost 50 countries that are now parties to the treaty. In order for United States authors and composers to obtain copyright without formality in other countries, it is, of course, necessary that authors of those countries, that are parties to the treaty, should be entitled to the copyright without formality in the United States.

In the propaganda which has been instigated by the Authors' League and A. S. C. A. P.—A. S. C. A. P. is American Society of Composers, Authors, and Publishers—complaint is made that this bill would give rights to foreign authors that are denied to American authors. What the bill and treaty accomplishes is that American authors get the "automatic" copyright in the other countries where they have real need for same, while foreign authors get the same reciprocal right in this country. In other words, it is not difficult for American authors to comply with the formalities as required by

the present law. They are used to doing so. It is very inexpensive. American authors are not asked to give up anything that they now enjoy. It would be difficult, however, for American authors to have to comply with the copyright restrictions in various other countries where it would be desirable to copyright their works. Since American authors constitute the source of the vast bulk of copyrightable works, which are of interest to the consumers in the United States, the question of consumers' rights and interests necessarily plays an important part.

That was the suggestion made by the Senator from Florida [Mr. TRAMMELL], that in a bill passed some years ago he thought the consumers were not given any hearing, or that very little consideration was given to their interests. It seems to me that this committee, which has labored so faithfully, has worked out a fair compromise so that the consumers' interests are considered.

While the American authors would like to have automatic copyright in this country, the consumers have insisted that they should be protected against the innocent use of works in which copyright exists. The report of the committee states the situation very well, and I will quote a few lines from it:

> This situation has led to the compromise upon which the present bill is based. Other bills introduced in recent years have accorded automatic copyright in full or have refrained from according it at all. They have invariably failed of enactment. The present program affords automatic copyright to American authors where they need it most, namely, in other countries, and it withholds automatic copyright from American authors in respect to the United States, where the consuming industry and the consuming public seem, at least for the present, to have a better case in favor of registration and notice than the authors have for exemption from these formalities. Strong inducements are held out to all authors to register and otherwise comply with the formalities set forth in the law. Unless they do so, their rights of recovery in case of infringement are severely limited.

In other words, because of the treaty provision, it is necessary to extend that right to foreign authors, but at the same time a very large inducement is held out to them to register the same as American authors would have to do.

As a matter of fact, American authors do not object seriously to complying with the present copyright law. The argument is largely made, in my opinion, as a smoke screen, to cover up the real objection that A. S. C. A. P. has to this bill, and that is the provision on page 16, commencing in line 18, which changes the law as to minimum statutory damages. As the law now stands, no matter how innocent an infringement may have occurred, the minimum damages a court can award is $250.

I have in my file letters from a Federal judge in my State and letters from the United States district attorneys of both districts of Wisconsin, urging that some remedial legislation be enacted to prevent the racket that has grown up by means of this provision for statutory damages. It is an anomaly in our law. It indicates a distrust of the courts. It has been the means for the setting up of a system of espionage and snooping whereby informers are paid a proportion of the minimum statutory damages that are collected.

As the law now stands the minimum statutory damage is $250 and the maximum is $5,000. The bill now before the Senate raises the maximum from $5,000 to $20,000 in order that court may give adequate damages in case of a deliberate violation, but it does away with the minimum by providing that courts shall award sufficient statutory damages to prevent infringement and to be fixed in such sum as may be just, proper, and adequate, in view of the circumstances of the particular case.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. DUFFY. I yield.

Mr. CLARK. I understand, of course, the argument made by the Senator from Wisconsin on this matter, but, on the other hand, I suggest to the Senator that the purpose of originally including in the existing law the minimum of $250 was to protect the right of song writers or authors or others who might be impecunious and unable to hire high-powered attorneys in the case of infringement by big broadcasting companies and organizations of that sort. In other words, if it is necessary in each particular case for the song writer to go into court and prove his special damages the broadcasting company, maintaining a large legal staff, would feel perfectly free to violate the rights of the song writers and encroach upon them and run the risk of being able to wear them out in court.

On the other hand, with the provision in the act for a minimum of $250 damages, so that all that has to be proved is a violation of the rights of the song writer without the necessity of proving special damage arising from the violation, the little fellow, the song writer, is protected against such encroachments and violations.

Mr. DUFFY. Let me say to the Senator that the same rule would hold good under this bill, except that the court would have the discretion to allow less than $250 if the judge should desire to do so.

Let me read a letter I have from the Honorable Patrick T. Stone, Federal judge of the western district of Wisconsin. After mentioning this bill, which was formerly Senate bill 2465, he says:

> Undoubtedly you know of the practice of some of the assignees of the owners of copyrights in the commencement of action in the United States district courts to collect judgment for violation of the copyright law. The practice has savored of a racket. The court is unable to use any discretion in fixing the amount of damages. The minimum for each infringement is $250, and it has worked a hardship on a number of defendants. I should be glad to see your bill become a law.

Mr. CLARK. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. DUFFY. I yield.

Mr. CLARK. While it may possibly be that in some particular instance the fixing of the minimum has worked a hardship on some particular violator of the rights of an author or song writer, nevertheless, the whole effect of it has been beneficial in keeping the large broadcasting companies from deliberately invading the rights of the authors or song writers, hoping to wear them out in court.

Mr. DUFFY. I will say the court now will have the right without the author proving any damage by the usual methods of proof to award him $20,000 where, under the old law, he could only get $5,000. That is purposely put in the bill so that where there is a deliberate, intentional infringement, the court, without the necessity of going into all the elements of proof, may award four times the maximum amount that could be awarded under the old law. On the other hand, there is a protection against innocent infringement which has been developed into a racket by means of spies and snoopers going around and getting a percentage of the statutory damages of $250, which the court has had to impose. That is what the courts objected to; that is what the United States district attorneys have written about and objected to. It is not right, and it is not fair. It is that provision to which A. S. C. A. P. objects. By the way, as the Senator knows, A. S. C. A. P. is being prosecuted by the Federal Government in the southern district of New York by reason of alleged violations of the antitrust law. I do not know, of course, how the case will come out, but at least it is serious enough to invite prosecution. A. S. C. A. P. has become so monopolistic, has secured such complete control, and has become so powerful—and it is headed by a very good friend of mine, but that does not change the situation—that it has been able to employ a system of snoopers to divide up the $250 minimum that the court may award.

Some time ago I had a case called to my attention where in a pool hall, I think it was, returns were being received from a baseball game and some copyrighted music came over the radio. The man who turned on the radio did not know copyrighted music was going to come over the air; he had no means of knowing it. Those present were there to listen to the returns of the ball game and not to

listen to music; but because of that innocent infringement, although the broadcasters had paid A. S. C. A. P. for the privilege of broadcasting that particular song, the proprietor of the place was subject to the $250 minimum statutory damages.

If the Senator from Missouri were on the court he would not feel that it was justifiable, I am sure, that, under such circumstances, those innocent infringers should be subjected to statutory damages of that kind.

Let me call the attention of the Senator again to the wording of the bill. It leaves it to the discretion of the court, but demands that the court shall fix such sum as will prevent future infringements and assess such sum as he deems just and proper and adequate under all the circumstances of the case.

I say to the Senator that I think the way the provision of the present law has been abused in the past has created great resentment throughout the country. Only a few months ago I was talking with the senior Senator from Indiana [Mr. VAN NUYS], who recalled instances of the same kind when he was a United States district attorney in Indiana. There was nothing that could be done about it. When evidence is presented of music coming into a particular place by radio or on a phonograph, if the person responsible has not secured a license beforehand he is subject to the $250 minimum of damages. I think that is one of the most shameful things in the whole Federal law; it savors very much of the abuses of prohibition times.

I feel certain that the man who composes music or composes a song should have protection; and if someone else wants to use it, he should pay the composer for it, and if it has been deliberately infringed, adequate damages ought to be paid. Because the broadcasting companies have such great facilities, we thought we ought to raise the $5,000 limit to $20,000. That is the way it now appears in the bill. Whereas heretofore the courts would not have been able, as statutory damages, to give judgment for more than $5,000, now, under this bill, the courts can go as high as $20,000. That is the point that really is bringing opposition to this bill. I think if this abuse were generally understood by the people and by the authors themselves, there would not be opposition to the bill. I feel that many of the authors who have opposed it are under an absolute misapprehension, because this bill, as I can point out, in place after place, contains provisions that the Authors League has requested, provisions that the authors of this country have been asking for and struggling for for years and years; but it is the other aspect, this money-making proposition, frequently affecting people who are entirely innocent, that has caused the furor and the well-organized propaganda to be let loose upon this bill.

The question of injunctive relief is a serious question. There are two sides to the argument. I now quote briefly from the report of the committee, which states the situation very clearly:

> Producers of copyrighted works claim that, unless full rights of injunction are accorded them, users of copyrighted works will pay no attention to their rights and will simply remunerate them in damages after having callously used their works in whatever manner was desired. Users of copyright works, on the other hand, claim that unless given a large exemption from the full implications of the law of injunction, they may be put to vast and unwarranted losses in cases that would be of small use to copyright owners and might, indeed, enable copyright owners to indulge in practices differing little from blackmail.
>
> For instance, a publication about to go to press might, under present law, be enjoined because of the appearance of a single small item which infringed some copyright. Or a radiobroadcaster might be about to begin a program and have that program seriously interfered with through the deletion of some part in which, quite unknown to the broadcaster, claim of copyright existed. In such cases it is obviously better that the copyright holder should run the risk of some loss, which could in all cases be reimbursed in damages, than that the copyright user should be thus placed in jeopardy in the course of his business. Accordingly, the present bill reduces the injunctive remedy, but quadruples the maximum of statutory damages, and continues the present unlimited amount of damages recoverable when actually proved.

For instance, this illustration was brought out before the committee. The Saturday Evening Post will be ready to go to press. There may be included in that issue of the Saturday Evening Post, without permission of the author, one little poem which somebody has copyrighted. If that poem happened to be in the set-up of the paper about ready to go to press, an injunction could be asked or a restraining order had, and the whole issue held up. There is no question that the Saturday Evening Post is able to respond in damages for whatever amount the author of the poem might be damaged by reason of having it included in that particular issue of the magazine.

It would not be fair and it would not be right for the owner of the copyright to be able to hold up the Saturday Evening Post for some exorbitant sum in order to do away with a restraining order and allow the issue to come out on time. Unless the author could show that the publisher would not be able to respond in damages or unless he could show that it is an intentional infringement, then he would be left to his remedy for damages. Of course, if the publisher should not be financially responsible or if he is intentionally infringing, the remedy by injunction would remain as it has been.

There is another question in which I believe the Senator from Florida [Mr. TRAMMELL] expressed some interest. It had to do with the provision which does away with the present requirement of the law that books printed in the English language must be printed in this country. That would be contrary to the provisions of the treaty. The British Government and others have protested earnestly from time to time against this discrimination because, they say, it is unfair to them. They have in fact threatened reprisals against American books sent to England, Canada, and other English-speaking countries where books in English are read.

We made inquiry to find out how many men could possibly be adversely affected in this country by reason of this provision being stricken from the law, assuming there were no other benefits which would come to printers in this country, which I think is very clearly what would happen. From the United States Department of Labor, Bureau of Labor Statistics, we have the estimate that, according to the latest figures, about 375 men would be deprived of work for an entire working year if the change in the law were made. In other words, when we talk about how it might seriously affect this country we must recall that the worst that could happen, the most adverse effect that could come about, would be that 375 men might be affected.

Mr. TRAMMELL. Mr. President, will the Senator yield for a question?

Mr. DUFFY. I yield.

Mr. TRAMMELL. Did the Senator get any information from the International Allied Trade Association?

Mr. DUFFY. As I understand, Mr. Flynn appeared before the Interdepartmental Copyright Committee and stated he did not agree to the provisions, but was not very vigorous in his condemnation. I think the figures were shown to him at that time that not more than 375 men would be affected.

Mr. TRAMMELL. I have a letter from Mr. Flynn and the president of the association in which it was stated that it would probably affect 5,000 or 6,000 men directly. Of course it involves a policy of switching this printing away from America to a foreign country, of which I do not approve. I propose to offer an amendment providing that the printing of American books shall be done in America and that it may not be transferred to some foreign country and work given to people there instead of being furnished to American workmen.

Mr. DUFFY. I appreciate the force of the Senator's argument. On the other hand, we have it definitely from governments against which we have been discriminating in this respect that our authors of books printed in this country, which have been permitted to be sold in the other countries, will be up against the same thing, and in the very same way, so the American workmen will be much worse off than if the provision is retained whereby American authors are permit-

ted to sell their books abroad. There will be a much greater desire on their part to sell their books in foreign countries, because up to the present time there has been deliberate piracy. Time after time authors who have sent their books over there have had them stolen, and there was practically no redress.

While on the face of it there might appear to be valid objection along the line the Senator suggests, yet in the long run the American workman would be worse off by reason of the reprisal which would be certain to come.

Mr. TRAMMELL. Mr. President, may I ask the Senator a question?

Mr. DUFFY. Certainly.

Mr. TRAMMELL. Does the Senator in considering these matters observe where our foreign friends are working in behalf of American labor instead of working in behalf of foreign labor? I have never known any proposal to come before the Senate except where their whole effort was to give protection to their own people, which I think is proper, and which I think should be done by us in behalf of Americans. That is the reason why I propose to offer the amendment to which I have referred.

Mr. DUFFY. If the Senator should happen to be in a position of authority in Great Britain or Canada where American books are sold in large numbers, printed in the United States, and at the same time the United States would not permit any English books printed in England to be brought into the United States, he would assert his human nature and sense of justice and say, "If that is the way the United States is going to treat our books that go over there, we will do the same with American books which come over here."

It so happens that the number of American books which go to those countries is greatly in excess of the number of books which come from other countries to the United States. I suggest that it is a very short-sighted policy for those who are advocating that sort of amendment, which is contrary to the terms of the treaty, because in the long run they will lose much more than they would gain.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. DUFFY. Certainly.

Mr. LEWIS. I should like to ask both Senators, the able Senator from Florida [Mr. TRAMMELL] and the Senator from Wisconsin [Mr. DUFFY], in charge of the measure, if there are not treaties existing between our country and other countries which specifically provide for the exchange of privileges in connection with the printing and distribution of books? Would not the amendment proposed to be tendered by the able Senator from Florida, if successful, possibly have no weight under the doctrine of our country that our treaties are supreme against any law which may be enacted? Are not our treaties supreme and would not they take precedence over any law we might enact?

Mr. DUFFY. May I say to the Senator from Illinois that certainly if the treaty now on our Executive Calendar be ratified, as it was unanimously reported from the Committee on Foreign Relations, there would be no question that such legislation would be contrary to it, and I think the treaty provisions would prevail.

I cannot at the moment answer the Senator as to whether there is at present any treaty which specifically covers the case, but I do know the law has been complied with, and that English and Canadian authors sending their books over here have had to have them printed in this country. It has so happened that because of the artistic and literary merits of the American works, there is a much larger demand for American books in Canada, Australia, England, and various parts of Great Britain than there is for the works of their authors over here. Naturally if they carry out, as they might well do as a matter of justice because of our discrimination against them, their threats of reprisal, it would mean that the American workman would be far worse off than if the provision were adopted. I will say, in answer to the Senator from Illinois, that I have been informed that at the present time there is no treaty in force which would specifically cover that question, but a treaty on the subject is on the Executive Calendar.

Mr. President, I have discussed the general features of what I consider to be the controversial matters. Some parts of the bill are the law as it is today. In view of the fact that there may be no question about most of the slight changes which have been made—and I do not think there will be, because in all the discussions and all the conferences which have been held there has been practically no question raised—I do not think I shall take the time of the Senate to discuss the bill paragraph by paragraph, unless some question shall be raised as to any particular provision. I do not believe most of the provisions of the bill are the subject of very much difference of opinion. The conflict of viewpoint has been covered by the $250 minimum being eliminated, about which A. S. C. A. P. was very much upset, the question as to injunctive relief, and the question about the printing of foreign books in the English language in this country. I think those are the outstanding points upon which there has been a decided difference of opinion.

I will say to the Senator from Arkansas [Mr. ROBINSON] that I have covered in my statement what I consider the three controversial points. About many of the other sections of the bill there is no controversy. I do not think I shall take up the time of the Senate to go over the bill paragraph by paragraph unless some question shall be raised with reference to them. I therefore feel that that is as far as I shall go in my statement today, in view of the arrangement which was made between the Senator from Arkansas and the Senator from Oregon.

Mr. VANDENBERG. Mr. President, in lieu of the amendment I offered on June 25, I offer an amendment in modified form, which I send to the desk, in order that it may be pending when consideration of the bill shall be resumed.

The PRESIDING OFFICER. The amendment will be received and regarded as pending.

LONGEVITY PAY IN THE NAVY—BILL INDEFINITELY POSTPONED

The PRESIDING OFFICER. The Chair lays before the Senate a bill from the House of Representatives to which he invites the attention of the Senator from Florida [Mr. TRAMMELL].

The bill (H. R. 6512) to authorize the crediting of service rendered by personnel (active or retired) subsequent to June 30, 1932, in the computation of their active or retired pay after June 30, 1935, was read twice by its title.

Mr. TRAMMELL. Mr. President, identically the same bill was introduced in the Senate, passed by the Senate and House, and was approved by the President on June 13. This bill is absolutely unnecessary. I move that it be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

THE CALENDAR

The PRESIDING OFFICER (Mr. McGILL in the chair). If there be no further reports of committees, the clerk will state the first business on the Executive Calendar.

THE JUDICIARY

The legislative clerk read the nomination of Daniel H. Case, of Hawaii, to be circuit judge, second circuit, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

INTERSTATE COMMERCE COMMISSION

The legislative clerk read the nomination of John M. Hall, of the District of Columbia, to be chief inspector of locomotive boilers.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John Brodie Brown, of Oregon, to be assistant chief inspector of locomotive boilers.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters on the calendar are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 25 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Thursday, August 1, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 31 (legislative day of July 29), 1935

CIRCUIT JUDGE, TERRITORY OF HAWAII

Daniel H. Case to be circuit judge, second circuit, Territory of Hawaii.

INSPECTORS OF LOCOMOTIVE BOILERS

John M. Hall to be chief inspector of locomotive boilers.

John Brodie Brown to be assistant chief inspector of locomotive boilers.

POSTMASTERS

MAINE

Arthur E. Herrick, Bethel.
Albert G. Mahar, Dennysville.
William W. Eustis, Dixfield.
Clarence M. Staples, North Berwick.

NEW MEXICO

Margaret I. Daniels, Cloudcroft.

SOUTH CAROLINA

James T. Copeland, Bethune.
DeWitt T. Latimer, New Brookland.
Coit M. Graves, Pageland.

SOUTH DAKOTA

Joseph H. Coughlin, Carthage.
Harry E. Henegar, Chamberlain.
James F. Bateman, Cottonwood.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 31, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, we praise Thee that Thy holy altar is ever open to Thy children, where they may receive wisdom to instruct, light to guide, and strength to uphold them in right thinking and clean living. Here may we find our refuge, not in our imperfect building of manhood, not in our righteousness, not in our purposes, but in the supreme love of God. May we realize how weak we are and hold on to the riches we have in Thee. How impossible it is to speak worthily of God the Father, Almighty! O we thank Thee for the gentleness of Thy spirit; it removes each spot and stain of regret, sorrow, and sin. Hear our prayer of thanksgiving, O Lord, as we ascribe unto the Lamb all power and glory. O may we be anchored to Him forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H. R. 670. An act conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates;

H. R. 1540. An act for the relief of Lester I. Conrad;

H. R. 1541. An act for the relief of Evelyn Jotter;

H. R. 1951. An act for the relief of John J. O'Connor;

H. R. 2122. An act for the relief of William Seader;

H. R. 2421. An act for the relief of John R. Allgood;

H. R. 2449. An act for the relief of Floyd L. Walter;

H. R. 2480. An act for the relief of Charles Davis;

H. R. 2487. An act for the relief of Bernard McShane;

H. R. 2611. An act for the relief of John E. Fondahl;

H. R. 2679. An act for the relief of Ladislav Cizek;

H. R. 3167. An act for the relief of Louis Alfano;

H. R. 3506. An act for the relief of George Raptis;

H. R. 3826. An act for the relief of John Evans;

H. R. 4029. An act for the relief of Thomas Enchoff;

H. R. 4290. An act for the relief of Harriet V. Schindler;

H. R. 4718. An act for the relief of Yamato Sesoko;

H. R. 4812. An act for the relief of Mrs. Carlysle Von Thomas, Sr.;

H. R. 4814. An act for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps;

H. R. 4815. An act for the relief of Jasper Daleo;

H. R. 4820. An act for the relief of Lawrence S. Copeland;

H. R. 4822. An act for the relief of Thomas F. Olsen;

H. R. 4824. An act for the relief of Capt. George W. Steele, Jr., United States Navy;

H. R. 4833. An act for the relief of Ciriaco Hernandez and others;

H. R. 4853. An act for the relief of Charles H. Holtzman, former collector of customs, Baltimore, Md.; George D. Hubbard, former collector of customs, Seattle, Wash.; and William L. Thibadeau, former customs agent;

H. R. 4901. An act to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions;

H. R. 4974. An act for the relief of Rabbi Isaac Levine;

H. R. 5041. An act authorizing and directing the Secretary of the Treasury to reimburse Lela C. Brady and Ira P. Brady for the losses sustained by them by reason of the negligence of an employee of the Civilian Conservation Corps;

H. R. 5229. An act directing the Secretary of the Interior to investigate, hear, and determine claims of the individual members of the Stockbridge and Munsee Tribe of Indians of the State of Wisconsin;

H. R. 5230. An act to confer jurisdiction upon the Court of Claims to hear claims of the Stockbridge and Munsee Tribe of Indians;

H. R. 6673. An act providing for an annual appropriation to meet the share of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts, and for participation in the meetings of the International Technical Committee of Aerial Legal Experts and the commissions established by that Committee;

H. R. 6703. An act for the relief of Joanna Forsyth;

H. R. 6914. An act to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes;

H. R. 6995. An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes;

H. R. 7575. An act to legalize a bridge across Black River on United States Highway No. 60 in the town of Poplar Bluff, Butler County, Mo.;

H. R. 7591. An act granting the consent of Congress to the cities of Donora and Monessen, Pa., to construct, maintain, and operate a bridge across the Monongahela River between the two cities;

H. R. 7620. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 7809. An act to extend the times for commencing and completing the construction of certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N. Dak.;

H. R. 7882. An act to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works;

H. R. 8209. An act temporarily to exempt refunding bonds of the Government of Puerto Rico from the limitation of public indebtedness under the Organic Act;

H. R. 8270. An act to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes;

H. J. Res. 258. Joint resolution to provide for certain State allotments under the Cotton Control Act; and

H. J. Res. 335. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff, and for other purposes.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 3149. An act to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry;

H. R. 3642. An act to amend section 483 of the Code of the District of Columbia as to residence of members of the police department;

H. R. 5521. An act for the relief of Frank Williams; and

H. R. 6228. An act authorizing a capital fund for the Chippewa Indian Cooperative Marketing Association.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 32. An act to provide for the creation of the Saratoga National Historical Park in the State of New York, and for other purposes;

S. 1421. An act to amend subsection (a) of section 313 of the Tariff Act of 1930;

S. 1422. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of William E. B. Grant;

S. 1483. An act for the relief of William E. Williams;

S. 1793. An act to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928 (45 Stat. L. 602);

S. 2044. An act for the refund of income and profits taxes erroneously collected;

S. 2166. An act for the relief of Ludwig Larson;

S. 2323. An act for the relief of Ida C. Buckson, executrix of E. C. Buckson, deceased;

S. 2578. An act authorizing distribution of funds to the credit of the Wyandotte Indians, Oklahoma;

S. 2618. An act for the relief of James M. Montgomery;

S. 2652. An act to authorize the President to attach certain possessions of the United States to internal-revenue collection districts for the purpose of collecting processing taxes;

S. 2691. An act for the relief of E. E. Sullivan;

S. 2719. An act for the relief of Capt. Guy L. Hartman;

S. 2864. An act to establish the San Juan National Monument, P. R., and for other purposes;

S. 2977. An act authorizing the George Washington Memorial Bridge Public Corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Potomac River at or near Dahlgren, Va.;

S. 3016. An act for the relief of E. Sullivan;

S. 3020. An act for the relief of A. E. Taplin;

S. 3045. An act providing for payment to the State of Wisconsin for its swamp lands within all Indian reservations in that State;

S. 3086. An act to provide for the striking of medals in lieu of coins for commemorative purposes;

S. 3107. An act to exempt publicly owned interstate highway bridges from State, municipal, and local taxation;

S. 3130. An act granting the consent of Congress to the State of Tennessee and certain of its political subdivisions to construct, maintain, and operate a toll bridge across the Tennessee River at or near a point between Dayton and Decatur, Tenn.;

S. 3131. An act to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point, and Dauphin Island, Ala.;

S. 3145. An act authorizing the President of the United States to appoint Sgt. Samuel Woodfill a captain in the United States Army and then place him on the retired list;

S. 3164. An act authorizing the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, to construct, maintain, and operate a toll bridge across the Missouri River at or near Brownville, Nebr.;

S. 3186. An act for the relief of Edward H. Karg;

S. 3210. An act to refer the claim of the Menominee Tribe of Indians to the Court of Claims with the absolute right of appeal to the Supreme Court of the United States;

S. 3227. An act to amend section 3 of the act approved May 10, 1928, entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", as amended February 14, 1931;

S. 3244. An act relating to the Oregon-Washington Bridge Board of Trustees;

S. 3245. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg.;

S. 3277. An act authorizing a preliminary examination of the Nehalem River and tributaries, in Clatsop, Columbia, and Washington Counties, Oreg., with a view to the controlling of floods;

S. 3279. An act authorizing the city of Natchez and the county of Adams, State of Mississippi, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Natchez, State of Mississippi;

S. 3289. An act to authorize the attendance of the Marine Band at the United Confederate Veterans' 1935 Reunion at Amarillo, Tex.;

S. 3290. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Ouachita River at or near Monroe, La.", approved January 26, 1925;

S. 3291. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Red River at or near Alexandria, La.", approved January 15, 1931;

S. 3293. An act providing old-age pensions for Indians of the United States;

S. 3303. An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings;

S. 3328. An act to provide an official seal for the United States Veterans' Administration, and for other purposes;

S. 3329. An act to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the Fort Knox Military Reservation, Ky., for the construction thereon of certain public buildings, and for other purposes;

S. J. Res. 59. Joint resolution providing for the celebration on September 17, 1937, of the one hundred and fiftieth anniversary of the adoption of the Constitution of the United States of America by the Constitutional Convention; establishing a commission to be known as the "Sesquicentennial Constitution Commission"; and

S. J. Res. 167. Joint resolution to amend the public resolution approved June 26, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1404. An act to promote the efficiency of national defense.

The message also announced that the Senate has recommitted to the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the Air Mail Service the report of said committee.

FREDERICK HUNTINGTON GILLETT

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, it is with extreme sorrow that as senior member of the Massachusetts delegation it becomes my duty to announce to the House the passing in Springfield, Mass., yesterday, of a man who was a Member of this body for 32 years, serving with such distinction that he was elected Speaker in the Sixty-sixth, Sixty-seventh, and Sixty-eighth Congresses.

In the death of Frederick Huntington Gillett the State of Massachusetts and the Nation lose one who has peculiarly impressed his personality upon public events over a long period of years. In his student days at Amherst College he was recognized as possessing outstanding qualities for a brilliant career. As assistant attorney general of the State and as a member of the State legislature he became well equipped for his future public life in Washington. He retired from this body upon his election as United States Senator from Massachusetts. He served one term in that body and thus rounded out a continuous career in the House of Representatives and in the United States Senate of 38 years. He did not simply hold office during that long period but rendered honorable service to the people which will be a monument to his memory.

Mr. Gillett was not only a legislator, but a thoroughly genial gentleman. He possessed marvelous physical vitality, as is evidenced by the fact that on his eighty-second birthday he played 18 holes of golf and delivered a speech that same evening. His splendid mental equipment was apparent in conversation, in his speeches, and in his writings. One of the most impressive addresses I have ever heard in my experience in Washington was the welcome Speaker Gillett gave to General Pershing when the latter received the thanks of Congress.

Frederick Huntington Gillett was the personification of a dignified, genial, and highly educated gentleman, scholar, and statesman.

Mr. CANNON of Missouri. Mr. Speaker, the death rate in the House, both physical and political, is very high. So often the flag hangs at half mast that in the urgent press of business our regret at the loss of a friend is soon crowded aside and our expressions of regret, while poignant and sincere, become formal and stereotyped. But now and then some Member or former Member passes who has served with such distinction, who has been so prominently identified with the House and its proceedings, who has been so long and so intimately associated with the Membership of the House as a whole, that the news of his death brings a deep sense of personal loss. I am certain that is true today of all who served with Speaker Gillett.

He was the last of a race of giants. Clark, of Missouri, Cannon, of Illinois, Underwood, of Alabama, Mann, of Illinois, Kitchin, of North Carolina, Olmsted, of Pennsylvania, Payne and Cockran, of New York, contemporaries with whom he measured swords or served as comrade at arms, have all passed on to the Elysian fields before him. He was the last survivor of that notable company which a generation ago monopolized front-page publicity for two Congresses in a titanic battle which revolutionized the control and procedure of the House.

His Speakership, along with that of Speaker Clark, marked the closing phase of that epoch-making readjustment. He was the first Speaker of his party to divorce the judicial functions of the office from partisan control. His illustrious party predecessor, Speaker Cannon, in conformity with the views uniformly entertained from the establishment of the office, considered it his duty as well as his privilege to use the official prerogatives at his command for any partisan purpose which, in his judgment, the moment required or the occasion warranted. On the contrary, in keeping with the changed trend of the times, Speaker Gillett, like Speaker Clark, wholly disregarded political consideration in his interpretation of the law of the House. On a hasty computation, I am inclined to think he passed on more points of order than any other Speaker in the history of the House, and yet in all that long array of decisions, there is no single instance of surrender to expediency and none that is not based on recognized procedure and authoritative precedent.

Speaker Gillett was one of the most scholarly Speakers of the House. He had been an undergraduate at Amherst at a time when great emphasis was laid on the classics, and his speeches are replete with classic allusions. He did not speak frequently, but when he took the floor he spoke convincingly and with peculiar charm. I recall especially in his speech accepting the Speakership, one of the most noteworthy of the many acceptance speeches to which the House has listened, his suggestion of throwing a ring into the sea. And on the occasion of his introduction of the King of the Belgians to the Congress, his reference to His Majesty as a manly king and a kingly man is one of the traditions of the House.

We like to recall, Mr. Speaker, that after his long service in both branches of the Congress Speaker Gillett frequently expressed himself as regretting the change from the House to the Senate. He preferred the associations of the House, its wide representation, its strict adherence to rules of established parliamentary procedure, its democracy, its opportunities, its loyal friendships, and, as a matter of fact, he reluctantly consented to go to the Senate only on the urgent and insistent appeal of his friend and classmate at Amherst, President Coolidge. But always his heart, his sympathies, his real interest were with the House.

It is still more gratifying, Mr. Speaker, to recall that at the close of his long service of 32 years, the longest continuous service at that time from any congressional district in the Nation, save one, he expressed it as his opinion, "weighed carefully", as he said, that the average ability, industry, and serious devotion to duty of Members of Congress was higher when he left the House than when he entered.

Mr. Speaker, this is an historic Chamber. It is crowded with the memories of great events and great men, and among all that glorious company there is no more compelling figure, no more engaging personality than that of the kindly courtly, knightly Frederick H. Gillett, of Massachusetts. [Applause.]

Mr. CONNERY. Mr. Speaker, the State of Massachusetts has suffered a great loss today in the death of the former Speaker of this House, Frederick H. Gillett.

As has been so well said by my distinguished colleague from Missouri [Mr. CANNON], Speaker Gillett felt that the Speakership of this House in honor is next to the Presidency of the United States, and he so expressed himself on leaving the House to go to the Senate. He declared it was by no

wish of his own that he left the House of Representatives. He wanted to stay here—he loved the House—and I think he expressed the feeling of every Member of this House toward the Speakership of the House.

Under an apparently cold exterior, Speaker Gillett was a warm-hearted man. I recall an incident which occurred on the floor of the House one day when he left the chair to speak on the floor after he had been severely attacked by Members of the House for making a speech up in Massachusetts in which he criticized the Senate. I recall that on our side of the House some Members were criticizing him. I was a new Member from Massachusetts at that time, and I recall sitting in the back of the Chamber, and finally I stood up and asked him to yield, and when he yielded I said, "It seems to me that the Speaker of this House is entitled to say anything he pleases to say outside of the House when he is not presiding over the Membership of the House." He always remembered this as coming from a Democrat on our side of the House. It moved him and he took occasion to thank me warmly. Under that cold exterior, as I say, dwelt a very warm heart. I know of no man whom I admired more, as was so well said by the gentleman from Missouri, for his scholarly attributes. He was able to say much in a few words. His speech on leaving here to go to the Senate, which was quoted by the gentleman from Virginia [Mr. WOODRUM] in his memorial address, was one of the finest speeches to which I ever listened. In a few words he told the whole story of you and you and you, and the rest of us who come to Congress. He told why Congress is criticized. He told why the Congress is always wrong with the people of the country no matter what Congress does here, because we are a natural target for the people, a conglomerate target, and the people pick no individual Member but attack the whole body. His defense of the Congress, and particularly the House of Representatives, on that occasion, I think, will go down in history and be quoted and requoted throughout the ages as expressing what the House of Representatives means to the people of the United States.

Massachusetts will feel his loss. We admired him, we respected him, we gloried in him, and on behalf of the Democratic delegation, not only from Massachusetts, but from entire New England, I wish to pay my respects to the late Speaker Frederick H. Gillett today, and say peace to his soul.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I am glad to join with members on both sides of the aisle in paying my tribute of respect to the memory of one of the greatest presiding officers that I have ever known, Frederick H. Gillett.

I say this advisedly, because I was not only a Member of the opposite party, but also of an opposite political faith, during the 6 years I served while he was Speaker of the House.

He will go down in the history of Congress as one of the greatest presiding officers this body has ever seen.

I remember on one occasion—and this may encourage Members of the House—the press was severely criticizing Congress in general and the House of Representatives in particular. Mr. Gillett called me into the lobby to discuss a point I had raised about his referring to Members of the Senate in a public address.

He remarked to me that he had not criticized, but that he had said that the average ability of the Members was the highest he had ever known.

I might say here that another great man who has passed on made the same statement, and that was Hon. William Bourke Cockran, of New York.

We may be encouraged to know that this great leader expressed regret at having left the House of Representatives to go to the United States Senate. The same thing occurred with reference to John Sharp Williams, a Senator from Mississippi, who was at one time the Democratic leader of this House. John Sharp Williams stated, before he left the Senate, that it was the regret of his life that he ever left the House of Representatives. He said that this was the real legislative body of America.

So, Mr. Speaker, I am glad to join with my colleagues today in paying tribute to the memory of this departed friend, to come, as it were, in all humility and place a wild flower upon the bier of one of the greatest presiding officers I have ever known. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I ask unanimous consent to revise and extend my remarks on the late Frederick H. Gillett. I feel that the West, as well as the East, has suffered a great loss. I served 20 years with him in Congress.

The SPEAKER. Without objection, it is so ordered.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. TAYLOR of Colorado. I ask unanimous consent, Mr. Speaker, that the business on Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection?

Mr. McFARLANE. Reserving the right to object, I want to inquire what the program is today?

Mr. TAYLOR of Colorado. It is the sentiment of the House, practically unanimously, that we dispose of this bus bill today, then take up the tax bill tomorrow and finish that tax bill this week.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

THE TAX BILL

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that in the consideration of the bill H. R. 8974, the tax bill, there shall be not to exceed 8 hours of general debate, to be confined to the bill, and to be equally divided and controlled between myself and the gentleman from Massachusetts [Mr. TREADWAY].

The SPEAKER. The gentleman from North Carolina asks unanimous consent that in the consideration of the so-called "tax bill" general debate be limited to 8 hours, to be confined to the bill, to be equally controlled by the gentleman from Massachusetts and himself. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object. I am as anxious as anyone in the House to consider this bill and bring it to a conclusion, but considering the fact that we are going to be here for some time, I do not see the reason for any great rush, nor what particular difference it will make so far as the time of sine die adjournment is concerned whether we conclude the consideration of the bill on Saturday night next or on Monday night next.

I am willing to agree to the unanimous-consent request made by the gentleman from North Carolina, but he told me before the session that if he obtained this agreement he was going to insist on having the entire 8 hours' debate tomorrow. Under the circumstances, that is not a reasonable request. I am quite willing to meet here at the usual hour and run until the usual hour of 5 or 5:30 o'clock tomorrow night, but I am not willing to agree to a unanimous-consent request to hold the House here and finish the entire 8 hours of general debate tomorrow.

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object. I do so having in mind an idea the opposite of that expressed by the distinguished minority leader. It appears to me that 8 hours of general debate is just too much at this time of the session. One day's debate should be sufficient, 4 hours, and that is nearer what some people who have discussed the question had in mind than 8 hours. I feel that to take 8 hours of general debate at this time is far beyond a reasonable request.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. SNELL. The whole proposition of having a tax bill at this time of the session is entirely unreasonable, so we might as well have the whole thing unreasonable as part of it.

Mr. O'CONNOR. Oh, well, the gentleman goes a little too far.

Mr. SNELL. Not in my statement, as far as I consider the proposition.

Mr. O'CONNOR. To finish it in 1 day would be the proper thing, but you cannot finish 8 hours of general debate, or even 6 hours of general debate, in 1 day.

Mr. SNELL. The gentleman is right.

Mr. O'CONNOR. Four hours is the average that you can do in a day, even though meeting here at 11 o'clock in the morning.

Mr. SNELL. This is a most important measure, affecting the life of all of our people, and after being here for 7 consecutive months it seems to me that the request as put is unreasonable.

Mr. O'CONNOR. I read the minority report, and so far as this being an important measure is concerned, I notice that the report says it is the most important piece of legislation that ever came in here.

Mr. BLANTON. Mr. Speaker, reserving the right to object, though I shall not object, we have met here on occasions at 10 o'clock in the morning. We could meet tomorrow at 10 o'clock a. m. and hold until 6 o'clock p. m. and finish the proposed 8 hours' general debate if all were willing to do so.

Mr. BOLAND. Mr. Speaker, I reserve the right to object. We have been here in session since last January. The Members of the House are played out. They have been waiting for practically the past 3 weeks for this bill and it is unreasonable, in my estimation, for the Ways and Means Committee to come in here and ask for 8 hours of general debate on a bill that practically the whole membership of the House is ready to vote on at this time. For that reason, hoping that this bill will be completed this week so that the Members can go home and get a rest, I am forced to object.

BUS AND TRUCK TRANSPORTATION

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 314, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 314

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1629, an act to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. RANSLEY. Mr. Speaker, there is no opposition to the rule on this side.

Mr. O'CONNOR. Mr. Speaker, this is a rule for the consideration of the truck and bus bill, an open rule, providing for 2 hours of general debate. We hope sincerely the bill will be completed today in time to take up some other matters.

I yield 10 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Speaker, I think we all agree that we would like to have as copious transportation facilities as can be easily handled. We want as much agricultural production as can be consumed and as much manufacturing as can be taken care of. But when there comes a time in our industrial organization that we get so much of any one of these three that the people who produce the facilities cannot make a living, and by throwing their commodity on the market deprive others of a legitimate way of making a living, we have found there must be some control. Production, transportation, and credit to perform similar functions in our industrial machine to that of gasoline, oil, and air in an internal-combustion engine. When these three factors are in balance, the machine works. When we get too much of one the use of the other two is impaired.

About 15 years ago it was discovered with regard to the question of transportation that there must be some limitation placed upon the amount. So the States devised the system of certificates of necessity and convenience. It is not a new proposition by any means. It has been found by the States that requiring certificates of necessity and convenience is a very essential thing to supply in service in public transportation. We have an example here in the District of Columbia of the evil of not having that kind of control by the public, in our taxicab situation, where all the drivers are practically starving, where they do not have the facilities to keep their cabs in repair or keep them clean, and where, when we have a big convention, such as the Shrine convention, they go on strike to make up the losses that have been sustained in the past. We cannot give proper public service without some kind of control. We have had the railroads under control, and to a certain extent we have had the ships under control, but we have not made any Federal effort to control busses. The States have all done it, but the Federal Government has done nothing, and there is no coordinated system.

This bill provides, briefly, that the Interstate Commerce Commission, cooperating with boards representing utility commissions of the States in which such busses operate in interstate commerce, shall pass upon the question as to whether or not there is reasonable need for a bus in that particular line of traffic.

In other words, this bill gives the States a power over interstate commerce that they have never had before. Instead of being a bill centralizing power in the Federal Government, it gives the States additional power that they have never had. It also exempts the small private trucker, the man who operates a truck on his own farm or exclusively hauling farm commodities. I am told that out West a number of trucks haul oranges from the orange groves and do not do anything else except haul fruit and commodities from the place where the fruit is produced around to the different neighborhoods. It is a cheap method of hauling perishable goods. All trucks used exclusively in that kind of work are eliminated from the operation of this bill.

Mr. ANDRESEN. Will the gentleman yield?

Mr. HARLAN. I yield.

Mr. ANDRESEN. Does that include trucks that haul dairy products?

Mr. HARLAN. As long as they are unprocessed. It would not include cheese and butter, but it would include milk.

Mr. ANDRESEN. Cream and milk?

Mr. HARLAN. Yes.

Mr. RANKIN. Will the gentleman yield?

Mr. HARLAN. Yes; I yield.

Mr. RANKIN. Did the gentleman say that this bill puts all trucks that handle butter and cheese and condensed milk at the mercy of the big truckers?

Mr. HARLAN. If they are engaged in interstate commerce—not intrastate commerce; not local in the States. This bill has nothing to do with that, also if they are in interstate commerce and handle livestock and unprocessed farm produce, this does not affect them.

Mr. RANKIN. Are you not satisfied with the railroad——

Mr. HARLAN. I do not yield for an argument.

Mr. CRAWFORD. Will the gentleman yield for a question?

Mr. HARLAN. I yield.

Mr. CRAWFORD. Take a practical illustration. Suppose a truck is loaded at the farm with potatoes grown on the farm in Michigan, and it moves to New Orleans and picks up sweetpotatoes grown on a farm in Louisiana and moves them back to Detroit, Mich., for sale; will that movement come within the provisions of this law?

Mr. HARLAN. I will refer the gentleman to page 9 of the bill and he can read the clause there and he can interpret it as well as I can. As long as this is unprocessed farm produce, in my opinion it is not affected.

Now, Mr. Speaker, the remark has been made that this is a bill for the railroads. This bill is endorsed by every organization of truck carriers that we know of; at least, all the prominent organizations of truck carriers. It protects every interest in the truck business. It gives the States more rights to control intrastate commerce than they ever had before. It includes the provisions of the truckers' code which are now wiped out, maintaining labor hours and minimum rates. In fact, it is objected to by but very, very few people who really are informed on this business.

Mr. SNELL. Will the gentleman yield for a question?

Mr. HARLAN. Yes; I yield.

Mr. SNELL. Is there anything in this bill that affects unfavorably the individual farmer in the use of a truck in connection with the carrying of his farm produce to market?

Mr. HARLAN. Absolutely not.

Mr. SNELL. There is nothing in the bill that makes any additional expense to him?

Mr. HARLAN. In the first place it does not affect any trucks that are not in interstate commerce. All of that control is retained by the States.

Now, there is not anyone with a reasonable mind who would not like to see the highest type of transportation developed that it is possible to develop. If trucks produce that high type of transportation let us have them and let us develop the trucks. If the railroads do it let us give them at least an even chance in handling these goods. The attitude of the Federal Government has been to tie the hands of the railroads; fix their rates and provide their safety appliances. They have to employ labor for hours that the Government fixes. Their income is fixed. We tie their hands and then turn the trucks loose to take the cream of their commerce and expect them to continue to offer service.

If we continue that policy, gentlemen, whatever your attitude toward the railroads is—and I am referring particularly to the gentleman from Mississippi—we are going to own the railroads before very long.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. HARLAN. I cannot yield.

Mr. RANKIN. The gentleman referred to me; he ought to yield.

Mr. HARLAN. I cannot yield, in the time allowed.

Mr. Speaker, what this country needs if we expect to get the perfect system of transportation is to put these different types of transportation on an even basis and let them compete for business and service—not tie the hands of one type of transportation while letting another type proceed to have undue advantage in the competition and fight for business. We will never get any place that way, and the natural consequence of that policy in the past has been to put most of our railroads on the verge of bankruptcy where we are going to own them before very long.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Speaker, at the outset let me say that having spent a good part of the winter as a member of the subcommittee of the Committee on Interstate Commerce charged with the duty of holding hearings on this bill and similar bills, having listened to the testimony of witnesses and taken part in executive sessions of the subcommittee and later of the full committee, I have come to the conclusion that I cannot support this legislation. I may be somewhat lonely in the House in this attitude because I imagine the bill is going to pass, but I do want to call attention to certain aspects of it which, I think, are important and to indicate the reasons for my opposition.

Make no mistake, Mr. Speaker, this is one of the most important and far-reaching bills this House has been called upon to consider in many a moon. It is printed in 64 pages. You will note it represents an effort to regulate and control an industry wide-spread over the country. I think it difficult to exaggerate the importance of this legislation, although, I suspect, Mr. Speaker, that a large proportion of the membership of the House has not given much attention to its details. Let me say something of its history.

The bill before us is a Senate bill introduced by the Senator from Montana. It passed the Senate something like 3 months ago. It is fair to say that that body paid little attention to it in debate upon the floor of the Senate. Prior to the time the Senate passed this bill the subcommittee of the Committee on Interstate Commerce, of which the gentleman from Alabama [Mr. HUDDLESTON] was chairman, and upon which I had the honor of serving, was put to work by the direction of the full committee in holding hearings. We held extensive and exhaustive hearings and I think we learned a good deal about the trucking business. I am going to confine my remarks at this time, Mr. Speaker, to the trucking end of this problem rather than to the passenger side of it. We heard from all persons who could possibly be interested in this measure; and, as I say, I think we learned something about the immensity and complexity of the problem involved. The subcommittee, headed by the gentleman from Alabama, drafted a bill of its own, very much simpler than the bill before us, and submitted it to the full committee. After a brief executive session the full committee rejected the subcommittee's proposal in its entirety and decided to take up the Senate bill and use the Senate bill as the basis for legislation to be reported to the House. The Senate bill was thus reported with certain amendments, only one or two of them of first-class importance. I still believe that the subcommittee bill was the better measure, and I think I am violating no confidence when I say that the gentleman from Alabama [Mr. HUDDLESTON] entertains the same belief.

It is a curious thing, Mr. Speaker, that the shippers of the country are not asking for this legislation. No appearance of any importance before the subcommittee was made on behalf of any great shipping interest bringing complaints against the services rendered by trucks in transporting goods and merchandise on the highways.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield for a brief question.

Mr. RANKIN. Did any of those people who pay the freight ask for it?

Mr. WADSWORTH. I remember none of that category. It is not inaccurate to say that the influences behind this measure are centered largely amongst the railways, both the officials of the railroad companies and the members of the railway labor unions. I do not criticize the railroad influence back of this bill one little bit. The railroads are on a tough spot, generally speaking. The trucks are competing with the railroads, and doing it with exceeding efficiency. I think it not inaccurate to say that the railroads, anxious to preserve themselves—and no one is more anxious to preserve them than I—would be very, very glad indeed if there were fewer trucks in competition with them, and would be very, very glad indeed if the rates charged by trucks should be raised. If those two results do not come from this bill, then the railroads will be disappointed. I think there can be no doubt about that.

A new type of transportation has been built up in this country which will always be able to compete successfully with steam railroads, for the simple reason it is more convenient for the small less-than-carload-lot shipper. The truck provides a door-to-door service. The railways cannot do that. The truck has come to stay. I believe within its field it will be supreme, unless, indeed, the Government itself steps in with regulations so severe and so unreasonable as to the rates to be charged by the trucks as to drive them out of business.

Mr. RANKIN. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Mississippi.

Mr. RANKIN. I wonder if the gentleman can inform us to what extent the trucks have brought relief to inland territories that have been discriminated against in connection with freight rates?

Mr. WADSWORTH. The committee did not examine into that question; therefore I cannot answer it.

Mr. RANKIN. Interior points are badly discriminated against, and the trucks have offered the only relief against exorbitant rates which those points have to pay.

Mr. WADSWORTH. We now have before us a bill to regulate the trucking industry. We are not dealing here with great corporations. We are not dealing with magnates of industry or transportation. The Interstate Commerce Commission, when it undertakes this task, will not confine its communications to the officials of a few great organizations, corporate or otherwise.

Mr. Speaker, the testimony before our committee indicates there are in the United States about 3,000,000 trucks. Of those about 450,000 trucks are for hire, of one type, kind, or another. Some of them are "contract trucks", so-called. Indeed, they are the largest segment of the truck-for-hire industry. There is also the so-called "common carrier" truck. The common-carrier truck as designated in this bill is the truck which carries on a transportation service along a fixed route between fixed termini, providing a regular scheduled service open to any shipper. The contract truck, which is far more numerous, is the truck whose owner offers to carry goods for hire at any time and to any place, regardless of schedule or distance. There are in the neighborhood of 450,000 trucks of both categories. Of those, the testimony shows that 83 percent are single-ownership trucks. So you see we have a problem of regulation here which is quite different from the problem represented by the regulation of railroads.

Mr. BEAM. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Illinois.

Mr. BEAM. I wonder if the gentleman could give us any enlightenment as to the number of trucks carrying less than carload freight as compared with the railroads?

Mr. WADSWORTH. I think that information is in the hearings, but I confess to the gentleman from Illinois I cannot remember it now. It is getting larger all the time.

Mr. RANDOLPH. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. Is there an exemption made to the truck which is owned by the farmer who hauls his own products?

Mr. WADSWORTH. There is in this bill.

Mr. RANDOLPH. And the trucks of cooperative farmers?

Mr. WADSWORTH. Yes.

Mr. CRAWFORD. Will the gentleman yield?

Mr WADSWORTH. I yield to the gentleman from Michigan.

Mr. CRAWFORD. With reference to the question just asked, will section 204 impose the regulation of hours on those individual truck owners that have just been mentioned?

Mr. WADSWORTH. In the discretion of the Interstate Commerce Commission, the hours of labor of the driver of the private truck may be regulated.

Mr. CRAWFORD. Whether hauling agricultural commodities or otherwise?

Mr. WADSWORTH. Yes. Several million trucks in the United States will be regulated under this bill by the Interstate Commerce Commission with respect to hours of labor of the operator.

Mr. PETTENGILL. Will the gentleman yield for a correction?

Mr. WADSWORTH. I yield to the gentleman from Indiana.

Mr. PETTENGILL. The gentleman states that 3,000,000 trucks will be regulated by this bill. May I say that it is only the trucks engaged in interstate commerce? There are hundreds of thousands of trucks that haul intrastate.

Mr. WADSWORTH. Yes; there are potentially 3,000,000 I stand corrected.

Mr. SNELL. Will the gentleman yield?

Mr. WADSWORTH. In just a moment. The common-carrier truck is to be regulated completely as to its rates. We do not know how many common-carrier trucks there are as compared to contract carriers. The number of common carriers is considerably less than the number of contract carriers. In any event, the potential number to be regulated as to rates, either minimum- or full-rate regulation, is 450,000, of which 83 percent are single ownership.

Now, let us roughly calculate that not more than one-third of the 450,000 trucks will be engaged in interstate commerce.

None of us can tell what percentage will engage in interstate commerce. It may occur to any truck owner overnight that he wants to haul a lot of merchandise across a State line, following a route he has never followed before. If you visualize the immense number of trucks in New York City and remember that they must all take out a certificate of convenience and necessity or a permit, as the case may be, and be regulated if they propose to cross into New Jersey, as well as the immense number in Philadelphia and its surroundings, the immense number in Washington, St. Louis, Chicago, Detroit, and all the great population centers, many of which are on the edge of State lines, you will agree with me that a very large number of trucks is going to engage, and does now engage, in interstate commerce. I would not hesitate at guessing there will be at least 150,000 of them, and 83 percent of them will be single-ownership trucks.

Mr. SNELL and Mr. McFARLANE rose.

Mr. WADSWORTH. I yield first to the gentleman from New York.

Mr. SNELL. Do I understand from the gentleman's statement that an individual owner of a truck that is not engaged in interstate commerce may be regulated or limited with respect to the number of hours he can operate?

Mr. WADSWORTH. No; only if he is engaged in interstate commerce.

Mr. SNELL. Unless he is engaged in interstate commerce the bill does not apply?

Mr. WADSWORTH. It could not; but the number is extraordinarily large, and the point I have been trying to make, and the point which we discussed in the Committee on Interstate and Foreign Commerce, is that this is not a small task, not nearly as simple as regulating railroads. In the railroad-regulation field there are only 700 companies. In this there will be at least 100,000 separate units to be regulated, 100,000 sets of reports, 100,000 sets of accounts, 100,000 sets of questionnaires, 100,000 permits or certificates, at least that number—and we are putting upon the Interstate Commerce Commission a terrific task. Mr. Eastman himself admits that it is a task of extraordinary difficulty. He does not ask to be excused from it, neither does the Commission, but he recognizes that it is an extraordinarily difficult task.

These truckmen are not like railroad presidents. These men are not great corporation officials. These men do not employ legal staffs. These men live in overalls, with their hands covered with grease, working for a living very much as a mechanic works for his living.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. McFARLANE. With respect to the 150,000 or 200,000 individual truck owners who will probably come under this bill, can the gentleman give us some information as to what this regulation will cost them, if they comply with the law and come under it, as to bonds and all other additional expenses that will be required under this act?

Mr. WADSWORTH. We cannot make any such estimate. That depends entirely upon the good judgment of the Commission. There is no specific charge or cost laid against the truck operator in this bill.

Mr. McFARLANE. But he will have his bond and his permit and various other expenses and will have to have a lawyer up here in Washington all the time to advise him whether he is violating the law or not and to protect his interests under this law.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Kentucky.

Mr. MAY. I imagine one of the great difficulties in regulating the busses will arise from the fact——

Mr. WADSWORTH. Not busses.

Mr. MAY. That a man who owns a bus in Virginia may pick up a special cargo and carry it over into Maryland,

whereas the railroads are definitely outlined and know where they are running.

Mr. WADSWORTH. Certainly. Now, if I may continue——

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield briefly, please.

Mr. KVALE. Does the gentleman make the point that a farmer living in the western part of the State of Minnesota can drive 200 miles into South St. Paul with a load of hogs and not be subject to regulation under this bill, whereas a man making a 25-mile run from eastern Wisconsin and crossing a State border is subject to such regulation, because he is in interstate commerce?

Mr. WADSWORTH. Let me explain that. This bill specifically exempts from its provisions, with the exception of the safety provisions, all trucks used exclusively in the carrying of unprocessed agricultural products and in carrying livestock. How many trucks fall under that exemption no one in the world knows.

Mr. MICHENER. Does that include raw milk?

Mr. WADSWORTH. It does.

Mr. FITZPATRICK. Did the bill recommended by the gentleman's subcommittee require regulation by the Federal Government? The gentleman stated that his subcommittee held hearings.

Mr. WADSWORTH. The subcommittee's bill did not go as far as this bill.

Mr. FITZPATRICK. Was there any regulation under the gentleman's subcommittee bill?

Mr. WADSWORTH. Oh, yes.

Mr. FITZPATRICK. Will the gentleman explain that? I think it would be well for the House to know about that.

Mr. WADSWORTH. I shall try to, but my time is fast expiring.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield, briefly.

Mr. SIROVICH. The gentleman from New York is making a very instructive and informative statement. Will he be kind enough to inform the Members of the House whether he has any data, information or statistics, to determine the profit of the average individually owned motor bus or truck.

Mr. WADSWORTH. None whatsoever. The sizes and types of trucks are almost infinite in number. One truck may run 6 miles on a gallon of gasoline, another truck may run 10 miles on a gallon, another truck may run 4 miles on a gallon—there are all types, sizes, and kinds, as well as new trucks and old trucks.

I am endeavoring, Mr. Speaker, to demonstrate and point out the extraordinary complexity of this problem. I think this bill goes too far. Remember that trucks carry an infinite variety of goods and under this bill these goods, if the Interstate Commerce Commission is to do a reasonable job or a logical job at regulating, will have to be grouped into freight classifications. Certainly, there will be one charge for hauling a ton of salt and another charge for hauling a ton of hay, and so on through an infinite number of classifications, just as is the case upon the railroads today. When you begin to regulate rates for 100,000 units in 80 or 90 different classifications on trucks that travel all over the United States from the forks of the creek down to New York, on all kinds of roads, in a widely varying climate, winter and summer, you have undertaken quite a task.

My complaint against this bill is that it should not attempt the regulation of rates, that we should be satisfied with a cautious start, and confine our regulations to safety on the highways and then see where we get.

That is the principal difference, may I say, between the subcommittee's bill, which was rejected by the Committee on Interstate and Foreign Commerce, and the bill now before us. The great difference is that this bill goes the whole length of regulation of rates, whereas the subcommittee's bill left the rate problem alone to see how the Commission would get along in regulating safety devices and hours of labor.

Mr. HARLAN. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. HARLAN. Does not the gentleman think it would be proper to regulate wages and hours of labor as a matter of safety?

Mr. WADSWORTH. As to hours of labor and safety, yes; but not wages. This bill does not propose to go that far. This bill does not provide for the regulation of wages.

Mr. PIERCE. Will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. PIERCE. This bill does not regulate the hours of a man who is working for himself?

Mr. WADSWORTH. It does, if he comes under the private-owner category of the bill. It is left to the Commission to regulate the hours of labor, provided the truck is engaged in interstate commerce.

Mr. PIERCE. Then the object must be to drive the trucks off the highway.

Mr. WADSWORTH. Oh, I do not ascribe such motives to the authors of the bill or the people who support it. The truth is that those back of the bill are perfectly honest people, and I have much sympathy with them.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman.

Mr. CHRISTIANSON. Here you have trucks that carry livestock to market and are engaged in carrying merchandise back. They would have to get a license in spite of the fact that their business was carrying livestock?

Mr. WADSWORTH. That would depend upon the interpretation of the language found on page 9, which exempts motor vehicles used exclusively in shipping livestock or unprocessed agricultural products. Of course, when farmers send stock to the Chicago, St. Louis, or Kansas City stockyards, they frequently ask the truckman to bring back a load of stock feed or some piece of agricultural machinery, and they get a special rate from that truckman. The farmer bargains with him. He calls his neighbor truckman over the telephone from his farmhouse and says, "I have a few animals here on my farm that are ready for sale. They are less than a carload lot, and I cannot send them by the railroad. Will you send your truck around here tomorrow morning and take them to Chicago, and how much will you charge?" The truckman states his price.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended for 15 minutes.

The SPEAKER. The time is in control of the gentleman from New York and the gentleman from Pennsylvania.

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes more to the gentleman from New York.

Mr. WADSWORTH. The farmer then says to the truckman, "Will you haul these animals of mine a little cheaper if I give you a return haul of some stock feed or something like that?" and he bargains over the telephone with the truckman, and they come to an agreement. Under this bill that bargaining has got to stop. Bargaining for loads on contract trucks has got to stop because every contract trucker who is not exempted under this bill must publish his minimum rates, and he is forbidden ever to go below them except upon notice. That is the purpose of the bill. Its purpose is to lessen competition, not only between trucks and railroads, but to lessen competition between the little trucker and the big trucker.

Mr. PETTENGILL. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. PETTENGILL. Does the gentleman think that the practice is defensible when one truck will deliver transportation for less than cost and thus drive another honest American, who cannot survive, to the wall?

Mr. WADSWORTH. That opens up a very wide question.

Mr. PETTENGILL. Is it not fair that somebody should have the right to fix the level below which he may not go?

Mr. WADSWORTH. That leads to a much larger question. It reaches the whole philosophy of government in its regulatory field. Have we come to the point in our economic development at which the Congress shall enact laws to

prevent anybody's doing business at a loss? If so, most of us would do nothing at all during a depression.

Mr. COLDEN. Is not there a fundamental difference in the regulation of a railroad which enjoys a monopoly of the traffic over its rails, and the traffic of a truck on a highway that is open to all, where competition is free?

Mr. WADSWORTH. I think that the two things are in different categories.

Mr. COLDEN. I do, too.

Mr. HOLMES. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. HOLMES. The gentleman gave an illustration about a farmer wanting a load of cattle hauled to the market, and for the truckman to bring back a load of grain. The gentleman's contention is that the truckman has to file minimum rates for that service?

Mr. WADSWORTH. Unless engaged exclusively in carrying livestock.

Mr. HOLMES. As a matter of fact, if he is a casual operator he does not have to file a rate, and if he is engaged exclusively in carrying livestock or unprocessed agricultural products, he has not got to file a rate.

Mr. WADSWORTH. If he is a casual, that is true, but the truckman to whom I refer is a professional truckman. He is not a casual at all. He lives in the village and takes orders to carry goods in any direction he feels able to carry them and at the price he thinks is fair.

Mr. HUDDLESTON. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. HUDDLESTON. These exemptions applicable to farm produce and other things are conditional, temporary, and last only so long as the Interstate Commerce Commission shall choose to allow them to last. When the Commission chooses to set them aside, there are no exemptions as to farm produce.

Mr. WADSWORTH. Not at all.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. CRAWFORD. I assume from what the gentleman has said that what we are facing is a railroad problem rather than a national transportation problem.

Mr. WADSWORTH. The railroad problem is mixed in it, but this goes beyond that. It goes into every little highway and byway all over the country.

Mr. CRAWFORD. I am talking about the motive that brought the bill to consideration. Was it a railroad problem or a national transportation problem?

Mr. WADSWORTH. I can express merely my own judgment. I think without the desperation which lives in the minds of the railroad people we would not have this bill.

Mr. CRAWFORD. That answers it.

Mr. WADSWORTH. I am not blaming the railroads. They are in a difficult position; but I think if this bill passes they will be disappointed. Truck competition will still go on. It may cost the shipper a little more. I am wondering whether any government, the Interstate Commerce Commission or any other commission, can regulate these thousands and thousands of units as to rates as well as all of their practices. I dread seeing a condition approximating that which existed when the Government tried to enforce the eighteenth amendment.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The question was taken; and on a division (demanded by Mr. MCFARLANE) there were ayes 160 and noes 3.

Mr. MCFARLANE. Mr. Speaker, I raise a point of no quorum, and I object to the vote on that ground.

The SPEAKER. The Chair will count. [After counting.] Two hundred and twenty-two Members are present, a quorum.

So the previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

FACTUAL HISTORY OF THE ELIMINATION OF MEXICAN RADIO PROGRAM DESCRIBED AS OBSCENE AND INDECENT PAID FOR BY THE MEXICAN GOVERNMENT

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain correspondence with the Secretary of State, Assistant Secretary of State, and myself, and to include a short article from the newspaper Broadcast, and a short transcript of testimony of the hearing before the Federal Communications Commission.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. CONNERY. Mr. Speaker, the power and influence of the Power Trust is well known to all Members of the Congress. Some Members of the Congress have not as yet realized that the creature of the Power Trust—the Radio Trust—headed by the National Broadcasting Co., is just as arrogant, just as intolerant of proper supervision or governmental regulation, and just as influential as ever the Power Trust claimed to be.

The head of the National Broadcasting Co., M. H. Aylesworth, is well known to the Federal Trade Commission. The reports of the Federal Trade Commission indicate that M. H. Aylesworth was formerly the managing director of the National Electric Light Association, the predecessor of the present Edison Institute. The National Electric Light Association is that body which the Federal Trade Commission found had spent large sums of money corrupting and influencing our college professors and our educators to work, under cover, for the best interests of the Power Trust.

The attached correspondence, which Members of the Congress have had with the Federal Communications Commission, illustrates the influence which the National Broadcasting Co. has with that governmental agency. The arrogant attitude taken by the Federal Communications Commission on the petition signed by 16 Members of the House of Representatives indicates the need of a congressional inquiry into the activities of this governmental agency. The protection which the Federal Communications Commission has accorded to the officers of the National Broadcasting Co. and those representing the Mexican Government who are alleged, as the affidavits herein referred to indicate, to have openly and flagrantly violated the Communications Act of 1934 is indicative of the fact that the Radio Trust is following closely in the footsteps of its parent body, the Power Trust.

Further, the influence which the representatives of the Radio Trust apparently have with the members of the Federal Communications Commission is comparable with the power and the influence which the Power Trust is credited with having with State regulatory bodies.

Surely, the present head of the Broadcast Division of the Federal Communications Commission, one credited with being a high-class lawyer, must have had some objective in writing to Members of the Congress and quoting to them language from a court ruling which is not to be found in the case cited. Surely, when the Supreme Court has ruled on a violation of the Radio Act in 1931 it is not necessary to go back to 1883 and compare a violation of the Radio Act with postal violations.

A few months ago a prominent radio station, located in one of our larger centers, was cited before the Federal Communications Commission for renewal of its license and charged with broadcasting a program which was and is offensive to millions of our people. The hearing in this case, as shown by the official minutes, clearly indicated the attitude of the present members of the Broadcast Division toward types of programs which are clearly offensive to a majority of our people.

When the case was called, the only witnesses who appeared before the Commission were those who were officers of or those who had a direct and personal interest in the continuation of the station. Despite the fact that many complaints had been filed with the Commission, only one deposition was taken by those who supposedly act for the protection of the people and for the proper supervision of radio licenses.

Last month, after citing in a number of stations for violations of the law or the regulations of the Commission in putting on programs which, to say the least, were offensive,



some 16 of these complaints were dismissed on nothing more than the promise of the licensees that they would not put on such broadcasts again.

Mr. Speaker, the Congress has appropriated and is spending billions of dollars for relief of those unable to secure employment. The diversion of advertising from newspapers and magazines to radio broadcasting has, according to the officials of the international printing trades unions, deprived more than 40,000 skilled printing-trades workers of permanent employment. In addition, the false statements put forth by radio-advertising solicitors that people listen into the radio and obtain the same type of entertainment that they would by patronizing the theater has resulted in much of the depression which exists in the theatrical industry.

During the past year or more the radio networks have established theaters wherein they put on shows and permit free entry only to those who are advertisers or those who are friends of advertising agencies which control the placing of advertising. This, Mr. Speaker, constitutes an unfair trade practice toward the newspapers and the magazines which are dependent for their continued existence on the same advertisers.

For the past few years there has been a great deal of complaint as to the type of motion pictures shown throughout our country. I believe, however, if taken as a whole, the type of radio programs poured forth into the homes of our American people are more offensive than many of the pictures complained of. At least, one does not have to patronize the pictures complained of unless he or she cares to. Yet, when one turns the dial of the radio we have but little knowledge of the type of program or address which will be dinned into the ears of our women and children.

The national women's organizations, as well as many others, have made continual complaints as to the debasing influence of the type of programs weekly pouring into the homes of our people. Even the Chairman of the Federal Communications Commission has himself complained of the type of programs which are put on the air by many radio stations.

Last year the Congress, as a result of the petition of numerous educational, religious, labor, and farm organizations, directed the Federal Communications Commission to study and report on what percentage of radio facilities should be assigned directly to organizations interested in educational, religious, labor, and agricultural promotion. The Commission, after listening to those who hold radio licenses, and to some others, reported that these non-profit-making bodies should continue to be dependent for radio facilities upon those who are interested, from past experiences, solely in profits.

This correspondence, which I trust every Member will read carefully, clearly indicates that the only real cure the Congress can effect is to eliminate the profit motive from radio broadcasting, eliminate radio advertising, and then you will be able to substitute educational and cultural programs instead of the present debasing type of programs which those who listen in are forced to hear.

There is pending before the House at the present time certain legislation which I sincerely trust will soon be enacted into law. A bill has been presented by Mr. MONAGHAN, of Montana, providing for complete Government control and operation of all radio broadcast stations. This is the system which is now in force in almost all civilized countries. This system is in successful operation in England and in Canada, as well as other countries. This bill merits the active support of every forward-looking and independently minded Member of the House. Another bill, presented by Mr. MCKEOUGH, of Illinois, will eliminate from radio broadcasting much of the alien propaganda now heard from time to time. This bill prevents the broadcasting of addresses or programs by, for, or, in the interest of any foreign nation unless such program or address has the approval of the Secretary of State. Surely, there is no Member of the House who believes that licensees of the Government should derive a profit for broadcasting alien propaganda into the homes of the American people. I sincerely trust that these two bills will be favorably reported by the Interstate Commerce Committee and soon enacted into law.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
COMMITTEE ON LABOR,
Washington, D. C., July 1, 1935.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

(Attention R. Walton Moore, Assistant Secretary.)

MY DEAR MR. SECRETARY: Complying with your request enclosed herein, you will find a factual history, with copies of correspondence, which is self-explanatory, indicating the unwillingness or the inability of the Federal Communications Commission to force the National Broadcasting Co. to comply with the provisions of the Communications Act of 1934, or to prosecute the Mexican Government for its open and flagrant violation of the provisions of that act.

The protest and request which 16 Members of the House of Representatives, including the undersigned, made to the Federal Communications Commission pertaining to an obscene, filthy, and vile radio broadcast, originating in the New York studios of the National Broadcasting Co., and broadcast over a network of radio stations, which broadcast was put on by or for the Mexican Government and paid for by that Government, has been virtually ignored by the Federal Communications Commission.

The Federal Communications Commission has, either in a futile effort to protect the Mexican Government or the officials of the National Broadcasting Co., or both, from proper prosecution for this openly flagrant violation of the Communications Act of 1934, which act specifically provides: "Sec. 327. * * * No person within the jurisdiction of the United States shall utter any obscene, indecent, or profane language by means of radio communication", revealed their impotency or their subserviency to either those in control of the National Broadcasting Co. or the Mexican Government.

Further, the penalty for such violations, as provided for in the Communications Act of 1934, is as follows: "Sec. 501. Any person who willfully and knowingly does or causes or suffers to be done any act, matter, or thing, in this act prohibited or declared unlawful, or who willfully and knowingly omits or fails to do any act, matter, or thing in this act required to be done, or willfully and knowingly causes or suffers such omission or failure, shall, upon conviction thereof, be punished for such offense, for which no penalty (other than forfeiture) is provided herein, by fine of not more than $10,000, or by imprisonment for a term of not more than 2 years, or both."

The Federal Communications Commission, either as a result of only a casual investigation, if any investigation was really made, or, in an attempt to deceive those who had, in writing, asked for an investigation, either failed to secure or ignored the results of the investigation made by officials of the National Broadcasting Co. which is revealed, in part, in affidavits, the substantial contents of which, with names temporarily deleted, are herein quoted:

"The undersigned testifies that on the program broadcasted on Thursday, March 21 at the WJZ station at 9:30 p. m., under the title of 'Mexican Program', there was a recitative with music which we qualify unfitted for the radio. It was an account of the love affairs of a man with several girls, and then told of the exquisite of those love affairs with the girl he loved, and spoke of their songs, their kisses, at the shore of the lake, and finally when the girl disrobed herself and offered him her beauty, which he began to describe in an indecent way."

"I further state that * * * stated that his investigation disclosed the fact that the second number of this program was a poem, recited in Spanish and backgrounded with music; that the narrator reached into his vest pocket, withdrew a sheet of paper, and recited in Spanish a poem which was entirely different from that rendered, or used, in the rehearsal, and also in the regular dress rehearsal held immediately prior to the actual broadcast; that the program had not been recorded; and that in order to find out what was actually broadcasted * * * was obliged to call into his office for separate examination, first, the narrator who recited the poem, and secondly, the leader of the orchestra, who was also present at the time in the studio, and that in each instance he had them give their individual version and report of what had been transmitted over the air.

"I further state that * * * also stated that as a result of the individual reports which he received from the narrator and the orchestra leader, and on account of the indecent, obscene, and suggestive remarks contained in the poem, he was recommending on that same day * * * that the contract entered into with, and paid for in advance by, the Mexican Government should be canceled immediately.

"I further state that * * * also stated that his investigation of the other songs and poems used in the first, and also the second, broadcasts of this series for the Mexican Government were also suggestive, but not as openly obscene as the second number, or poem, of the first broadcast, and that all of these old thirteenth century Spanish and Arabic songs and poems seemed to 'convey suggestive meanings', as he expressed it, and were not, in his opinion, in line with good taste and 'public interest'."

"* * * We conferred with * * * officials of the National Broadcasting Co.

"I further state that the said * * * stated that 'with all due respect to the Catholic Church, should he be requested to rebroadcast the Mexican Government program of March 21, 1935, he would not hesitate to approve the request.'

"I further state that the said * * * stated that "all of the programs of the National Broadcasting Co. sent out over their networks were recorded, and that this also included the Mexican Government program of March 21, 1935.'"

You will note that one official of the National Broadcasting Co., in the presence of other officials of the National Broadcasting Co., states to those they had invited to the offices of the National Broadcasting Co. to discuss the results of the investigation which the National Broadcasting Co. itself had made of the charges of obscenity contained in the program broadcast for or by the Mexican Government on March 21, admitted that "on account of the indecent, obscene, and suggestive remarks contained in the poem, he was recommending on that same day * * * that the contract entered into with and paid for in advance by the Mexican Government should be canceled immediately." Also you will note that the same official recounted how he had to call in different individuals in order to secure a definite picture of what had occurred while another official stated that the program was recorded.

Exhibit 1. Copy of my letter to Hon. Anning S. Prall, Chairman Federal Communications Commission, under date of April 1, 1935.

Exhibit 2. Copy of reply from Hon. Anning S. Prall, under date of April 2, 1935, to my letter of April 1, 1935.

Exhibit 3. Copy of translation and original Spanish text furnished to me by the Federal Communications Commission. Also, copy of translation made for me by an authority on and one familiar with the Mexican language. The translation furnished to me by the Communications Commission, incomplete in itself, also seeks to hide or "clothe" the indecency which, I understand, a true translation reveals.

Exhibit 4. Copy of petition, signed by 16 Members of the House of Representatives, sent to the Federal Communications on April 15, 1935.

Exhibit 5. Copy of letter of April 30, acknowledging receipt of the petition above referred to and stating that "a full and complete investigation is being made of the subject matter. * * *"

Exhibit 6. Copy of my letter of May 11 to Hon. Anning S. Prall, Chairman Federal Communications Commission.

Exhibit 7. Clipping from, or marked page of, the May 1, 1935, issue of Broadcasting, a radio magazine, the editors of which according to statement made by Rev. Joseph F. Thorning, S. J., in the presence of Commissioners Prall, Sykes, and Case—see exhibit 8—are credited with being quite intimate with the Chairman and other members of the Broadcast Division of the Federal Communications Commission.

You will note that this news story indicates—to those engaged in operating radio broadcasting station—that the Communications Commission had already, before May 1, 1935, completed such investigation as they had made and had arrived at a decision.

Exhibit 8. Quotations taken from the address delivered by Rev. Joseph F. Thorning, S. J., at public hearing, held by the Broadcast Division of the Federal Communications Commission May 16, 1935, at which were present Commissioners Prall, Sykes, and Case, and which statement includes contents of letter sent to me by Chairman Prall on May 14, 1935.

You will note that no refutation was made at this or any other time of the accuracy or inaccuracy of the contents of the news story of May 1, 1935, or the letter of May 14, 1935, which letter stated very specifically that the investigation had not been concluded or a decision arrived at.

Exhibit 9. Copy of letter of May 27, wherein the Federal Communications Commission "after careful study" finds that the program complained of was not obscene under a ruling made in 1883 before radio broadcasting had been called to the attention of Congress.

The letter of May 27, referred to as exhibit no. 9, specifically cites a ruling made in the case of *Duncan* v. *United States*, decided in 1931, and supposedly cites language to be found in the decision of the Court in that case. Incidentally, this case, *Duncan* v. *United States*, dealt with a violation of the Radio or Communications Act and was brought as a result of an indictment returned for a violation of the radio laws. The rulings of the Court are very apropos of the program which the Mexican Government put on or had broadcast from the New York studios of the National Broadcasting Co. on March 21.

In looking through the findings of the Court in the case—*Duncan* v. *United States*—specifically cited, we note that the language, such as is quoted in the letter of May 27 was very much different than that found in the Court's findings.

However, it is worth noting that in the case, cited by the Federal Communications Commission—*Duncan* v. *United States*—the Court held—

"The test is as to whether or not the language alleged to be obscene would arouse lewd or lascivious thought in the minds of those hearing or reading the publication.

"In construing the word 'obscene' as used therein, it has been uniformly held that, if the matter complained of were of such a nature as would tend to corrupt the morals of those whose minds are open to such influences by arousing or implanting in such minds lewd or lascivious thoughts or desires, it is within the prohibition of the statute, and that whether or not it had such a tendency was a question for the jury."

Exhibit 10. Copy of letter from the Federal Communications Commission, of June 6, attempting to correct the obvious deception contained in their letter of May 27. The citation they refer to in this letter of June 6, in an attempt to justify their findings contained in their letter of May 27, is found in cases dealing with violations of the postal laws and handed down in 1883, many years before radio broadcasting was seriously thought of.

Other affidavits, similar to those quoted from, are available and substantiate the contention that the program which we complained of, broadcasted by or for the Mexican Government, over the network of the National Broadcasting Co., was obscene.

Trusting that the enclosed is in the form and is the type of material you requested and that we will be favored with action and an early decision on the part of the State Department.

Sincerely yours,

WILLIAM P. CONNERY, Jr.

EXHIBIT 1

APRIL 1, 1935.

Hon. ANNING S. PRALL,
Chairman Federal Communications Commission,
Washington, D. C.

MY DEAR MR. CHAIRMAN: I shall greatly appreciate your furnishing me with a copy, with translation, of the broadcast sponsored by the Mexican Government, delivered over the National Broadcasting Co. network on March 21.

I have received several protests as to the filthiness of the songs sung on this program. I understand the songs were sung in Spanish. I shall appreciate the copy in the original text and also the translation thereof.

I trust that you will comply with this request, and that the matter herein requested will be furnished me within the next day or two.

With all good wishes, sincerely,

WILLIAM P. CONNERY, Jr.

EXHIBIT 2

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D. C., April 2, 1935.

Hon. WILLIAM P. CONNERY, Jr.,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Replying to your request of the 1st instant for a copy, with translation, of the broadcast sponsored by the Mexican Government and delivered over the National Broadcasting Co. network on March 21, I beg to advise you that the Commission, through its legal department, is making an investigation of this broadcast. Upon receipt of a report, I shall be glad to furnish you with the information you request. It will be impossible, however, to furnish it within the next day or two.

With kind regards, I remain, sincerely yours,

ANNING S. PRALL, *Chairman.*

EXHIBIT 3

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D. C., April 15, 1935.

Hon. WILLIAM P. CONNERY, Jr.,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Enclosed herewith is the Spanish song broadcast over Station WJZ on March 21.

With kind regards, I remain, sincerely yours,

ANNING S. PRALL, *Chairman.*

En Elogio de Silves—Al-Motamid

Saluda a Silves, amigo
Y preguntale si guarda
Recuerdo de mi carino
En sus amenas moradas.

Y saluda, sobre todo,
De Seradsjib el alcazar,
Con sus leones de marmal,
Con sus hermosuras candidas.

Oh! Cuantas noches pase alli
Al lado de una muchacha
De esbelto y airoso talle,
De firmes caderas anchas!

Oh! Cuantas mujeres hirieron
Alli de amores mi alma,
Siendo cual flechas agudas
Sus dulcisimas miradas!

Oh! Y Cuantas noches tambien
Pase a la orilla del agua,
Con la linda cantadora,
En la vega solitaria!

Un brazalete de oro
En su brazo fulguraba
Como en la esfera del cielo
La luna creciente y clara.

Ebrio de amor me ponian,
Ya sus mágicas palabras,
Ya su sonrisa, ya el vino,
Ya los besos que me daba.

Luego solía cantarme,
Haciendo a los besos pausa,
Algam cantico guerrero
Al compas de mi guitarra;
Y mi corazón entonces
De entusiasmo palpitaba,
Como si oyese en las lides
El resonar de las armas.

Pero mi mayor deleite
Era cuando desnudaba
La flotante vestidura.
Y como flexible rama
De sauce, me descubría
Su beldad, rosa temprana,
Que rompe el broche celoso
Y ostenta toda su gala.

EXHIBIT 4

WASHINGTON, D. C., *April 5, 1935.*

Hon. ANNING S. PRALL,
Chairman Federal Communications Commission,
Washington, D. C.

DEAR CHAIRMAN PRALL: Your recent radio address indicating that the Federal Communications Commission, under your leadership, would protect the American home from radio broadcasts of an obscene, unclean, or offensive nature meets with the unqualified approval of every self-respecting American.

Last week your attention was called to the broadcasting of a radio program by the Mexican Government, which is described in the April 6 issue of America as "a filthy piece of unabashed pornography."

Assuming that your recent radio declaration will be carried out, we feel quite positive that a program as described in such a reliable and responsible publication as America comes within the category of your declaration.

Believing that it is the intent of your Commission to treat all radio broadcasters alike, without granting undue favors to the National Broadcasting Co., we, Members of the House of Representatives, respectfully suggest that your Commission indicate the sincerity of its purpose by penalizing those radio stations which violated the rules of your Commission, and, offended the hospitality extended to radio by the American home, in broadcasting a program that can be described as "a filthy piece of unabashed pornography" by the cancelation of the broadcasting licenses of these radio stations, or at least, by immediately suspending the licenses of those stations until a thorough investigation can be made by your Commission and a public hearing held.

Trusting that your Commission will immediately take action upon this request and notify the undersigned of your action.

Respectfully submitted.

WILLIAM P. CONNERY, Jr.	WILLIAM M. CITRON.
ARTHUR D. HEALEY.	HERMON P. KOPPLEMAN.
J. BURWOOD DALY.	EMMET O'NEAL.
JOSEPH L. PFEIFER.	M. L. IGOE.
JOHN W. MCCORMACK.	JOHN P. HIGGINS.
MICHEAL J. STACK.	JAMES M. FITZPATRICK.
JOSEPH E. CASEY.	RICHARD J. WELCH.
J. JOSEPH SMITH.	JOHN J. MCGRATH.

EXHIBIT 5

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D. C., April 30, 1935.

Hon. WILLIAM P. CONNERY, Jr., M. C.
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN CONNERY: The receipt is acknowledged of your letter of April 16, 1935, with which you transmit a petition signed jointly by 16 Members of Congress, and with which you also transmit a page from the magazine America, dated April 6, 1935. All of these concern a complaint against the action of Station WJZ, in broadcasting an allegedly offensive song during a program which was sponsored by the Government of Mexico.

In reply thereto, you are advised that a full and complete investigation is being made of the subject matter of your complaint, and upon the completion of the investigation, such action will be taken in the premises as is appropriate under the law.

Very sincerely yours,

ANNING S. PRALL, *Chairman.*

EXHIBIT 6

MAY 11, 1935.

Hon. ANNING S. PRALL,
Chairman Federal Communications Commission,
Post Office Building, Washington, D. C.

MY DEAR CHAIRMAN PRALL: Your letter of April 30, which acknowledged my letter of April 16 enclosing petition of myself and 15 other Members of the House of Representatives, contained the information that your Commission had instituted an investigation of the program broadcasted over the National Broadcasting Co. network, by the Mexican Government on March 21.

In view of the fact that this obscene program was called to your attention on March 25 I am assuming that your Commission has by this time ascertained the accuracy of the charges contained in the petition filed by myself and 15 other Members of the House of Representatives, as well as those protests which we have since learned were filed by many individuals.

Our petition not alone directed your attention to this obscene program but, in addition thereto, requested the cancelation or suspension of the licenses of those radio broadcasting stations which carried this obscene program, and also a public hearing to discuss the findings of your Commission.

As several of those who are vitally interested in this matter will meet in Washington on Wednesday, May 15, I trust I am not asking too much when I request that you favor me, prior to that time, with some definite statement as to the results of your investigation, the action of the Federal Communications Commission on our request for the cancelation or suspension of the licenses of those radio stations which broadcasted this obscene program, and the date your Commission has set for a public hearing, as we requested.

Trusting that I may be favored with the information requested, and with every good wish,

Sincerely yours,

WILLIAM P. CONNERY, Jr.

EXHIBIT 7

PROTESTS AGAINST SERIES BY MEXICAN GOVERNMENT ARE REJECTED BY F. C. C.

Finding nothing improper or in violation of the radio regulations, the F. C. C. has passed over the protest registered by a group of Congressmen against the program sponsored over an N. B. C.-WEAF network by the Mexican Government and designed to stimulate tourist travel, it was learned April 25. The protest asked for punitive action against N. B. C. on the ground that the initial program, broadcast March 21, contained a poem in Spanish, which allegedly was offensive to Catholics. In addition to the protest signed by 16 Congressmen, Father John B. Harney, superior of the Paulist Fathers, New York, also asked for disciplinary action.

The congressional petition was signed by Representatives CONNERY, MCCORMACK, HEALEY, CASEY, and HIGGINS, all of Massachusetts, Democrats; CITRON, SMITH, and KOPPLEMANN, Connecticut, Democrats; DALY and SLACK, Pennsylvania, Democrats; PFEIFER and FITZPATRICK, New York, Democrats; WELCH, California, Republican, and MCGRATH, California, Democrat; O'NEAL, Kentucky, Democrat; and IGOE, Illinois, Democrat.

Father Harney's protest was motivated largely by the anti-Catholic actions of the Mexican administration. The matter was referred to the F. C. C. law department by Chairman E. O. Sykes, of the Broadcast Division, which reported no violation. The Mexican account is placed by De Garmo-Kilborn Corporation, New York.

EXHIBIT 8

Excerpts taken from address of Rev. Joseph F. Thorning, S. J., at hearings before Broadcast Division of Federal Communications Commission on May 16, 1935:

"We do not know whether or not this same publication, Broadcasting, the editors of which, we understand, have entries to, and are presumed to have a rather intimate relationship with, members of this Commission, were justified in their comments and their advice of May 1 to the radio industry, but we do know that there has been no repudiation on the part of this Commission of this rather unusual prophecy as to the attitude of this Commission. And, if there is any formal repudiation of this statement in the press, you may be sure it will be welcomed by those who are making the present protests.

"We also know that as late as May 14 the chairman of this Commission, in a letter to Congressman WILLIAM P. CONNERY, Jr., stated very definitely the following:

"'You are advised that the Commission is studying all of the evidence involved and as yet has not reached a decision with regard thereto. I will be pleased to advise you of the Commission's action just as soon as the course thereof has been determined.'"

EXHIBIT 9

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D. C., May 27, 1935.

Hon. WILLIAM P. CONNERY, Jr.,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN CONNERY: The Commission has had under investigation the broadcast of a program sponsored by the Mexican Government which was originated by Station WJZ and carried by other members of the blue network of the National Broadcasting Co. on the evening of March 21, 1935. The portion of this program referred to in your letter to the Commission was a song entitled "En Elogio De Silves", sung in Spanish.

The question as to whether a matter which is broadcast is obscene or indecent must be determined by the application of the rule announced in *Duncan* v. *United States* (48 Fed. (2d) 128), and other leading cases, which is as follows:

"The true test to determine whether a writing comes within the meaning of the statutes is whether its language has a tendency to deprave and corrupt the morals of those whose minds are open to such influences and into whose hands it may fall by arousing or implanting in such minds obscene, lewd, or lascivious thoughts or desires."

The Commission, Broadcast Division, after careful study of all the facts and circumstances in connection with this broadcast, has reached the conclusion that the program does not fall within the above definition.

The division desires to express its appreciation for your cooperation in directing its attention to this matter. Because of the large number of broadcasting and other stations, letters such as yours are very helpful in the duties of the Commission.

Yours very truly,

E. O. SYKES,
Chairman Boardcast Division.

EXHIBIT 10

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D. C., June 6, 1935.

Hon. WILLIAM P. CONNERY, Jr.,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN CONNERY: Please be referred to our letter addressed to you on May 27, relating to a broadcast program sponsored by the Mexican Government which originated over Station WJZ.

The exact language of the quotation of the rule in that letter is taken from the case of *Knowles v. United States*, Circuit Court of Appeals, Eighth District, 170 Federal, pages 409–412. This case is cited in the Duncan case referred to in our former letter.

Sincerely yours,

E. O. SYKES,
Chairman Broadcast Division.

A TRIBUTE TO GRAY SILVER

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, this morning at Martinsburg, W. Va., there was buried a man who had been for many years one of the outstanding agricultural leaders of the Nation. Gray Silver was his name, and scores upon scores of Members of this House knew and loved him well over a long period of years.

He was one of my constituents who was always working in behalf of the best interests of his fellow men, as he saw those interests. Last Friday evening, before leaving for his home, he called at my office and discussed the possibility of having the proposed highway from Washington to Gettysburg come by way of the historic Potomac River, touching famous Harpers Ferry and other noted spots. He was to return on Monday of this week and go further into the matter, but suddenly death came to this West Virginian, who was one of the leaders in the formation of the American Farm Bureau Federation, and worked tirelessly for better conditions for those who till the soil of America.

As president of the United States Grain Marketing Corporation he headed a $26,000,000 business, which is a cooperative effort sought to aid the grain producer. He often spoke of his work and of his problems in this corporation, which was liquidated with its obligations paid in full, after he claimed large financiers shut off its credit before the corporation really functioned.

Gray Silver was a "great leader", said the editorial writer in the Clarksburg Exponent, in paying tribute to him in the following splendid words:

Gray Silver was a tireless worker for the cause he loved, and that was to keep agriculture at the top of the economic picture. Thus striving, Gray Silver passed on and new hands must be found to carry forward the ideals which this master farmer always battled for.

That will be hard to do, for there was a wider field than most of us knew that was tilled and worked by Gray Silver. First, he was himself a farmer with broad acres in the Shenandoah Valley and in Arkansas and Illinois. He found time also to study the problems of the farmer and his unswerving efforts in legislative halls and upon committees and in the farm cooperative movement brought about achievements for which farmers everywhere will always remember the name of Gray Silver. He did this great task well.

But he was more than a farmer and a worker for the interests of the farmer. He was a lovable and calm country gentleman, one who made and kept friends through the years, because he was, like the soil he loved, good. In his lifetime he won from the French Government a citation for "distinguished service in agriculture", but from his fellow man, his multitude of friends in West Virginia, and throughout the Nation, he won also an everlasting and unforgettable acclaim as a man to be depended upon and always to be found dependable.

BUS AND TRUCK TRANSPORTATION

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1629) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1629, with Mr. MCCORMACK in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. RAYBURN. Mr. Chairman, I yield myself such time as I may desire.

I do not intend to take up the time of the Committee, because this bill was handled by a subcommittee who have gone into it very thoroughly and who understand the matter. I do think that after the alarm is over and these gentlemen who have worked on this problem so faithfully demonstrate to the House that in these matters of trucks and busses in interstate commerce, uncontrolled and unregulated at this time as to safety or anything else, when the Members find that this bill, in the regulation of matters in interstate commerce does not go as far as many of the States have gone in regulating matters of transportation by bus and truck in intrastate commerce, regulations that have been accepted from one end of the land to the other, with every State in the Union having some sort of regulation of busses and trucks, more than half of them very stringent regulations, I think the objections to this bill will practically vanish.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COOPER of Ohio. The question that the House is going to consider at this time is whether or not the Federal Government is going to regulate interstate motor bus and truck traffic, and that is all there is to it?

Mr. RAYBURN. That is all there is to it. It is to regulate traffic that no State can regulate.

Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. SADOWSKI].

Mr. SADOWSKI. Mr. Chairman, the Interstate and Foreign Commerce Committee of the House has had under consideration the Motor Carrier Act since last January, approximately 7 months since the bill was introduced in the House.

In February and the first part of March of this year, the committee held hearings on motor-carrier legislation, taking in all some 441 pages of printed testimony from the numerous witnesses, including the Interstate Commerce Commission and the Coordinator of Transportation. From all the data compiled by the congressional committees of both the House and the Senate, the voluminous testimony taken by the Interstate Commerce Commission and the reports of the States utility commissions, it is self-evident that there is positive need for interstate regulation of motor carriers. Legislation over interstate motor carriers, to be practical, must conform with the principles of regulation now in effect in the 48 States which regulate common carriers, and the 42 States that regulate contract carriers. The State commissions have asked Congress to pass this bill so that there may be harmony between States as to motor-carrier regulation, and since 1926 Congress has had before it legislation of this character. However, it has taken several years to accumulate and compile detailed information on highway transportation until now, quoting from the Interstate Commerce Commission report to the President and to Congress this year:

It is a fair conclusion that we have reached a point where little improvement can be anticipated from further consideration of these measures.

In our hearings and investigations the sentiment of the public and the people engaged in transportation has been overwhelmingly in support of adequate regulation of interstate motor carriers. The subcommittee, of which Mr. PETTENGILL was chairman, after careful consideration of all of the amendments that were submitted, reported the bill as

amended unanimously to the full committee. The full committee adopted two amendments to further strengthen the bill and reported it out to the House with practically no opposition in the committee.

I want to call your attention to the fact that the motor carriers had excellent codes of fair competition under which they were operating for a year prior to May 27, 1935. Considerable progress was made in self-regulation under these codes, which provided similar principles to those contained in S. 1629. The motor carriers want legislation to relieve the chaotic condition that exists today in the industry.

In addition to the endorsement of the Interstate Commerce Commission, the National Association of State Railroad and Public Utilities Commissioners, the American Trucking Association, the National Association of Motor Bus Operators, the Railroad Brotherhood Associations, the American Railway Association, and the American Bar Association (report of 1935), this bill has also the recommendations of thousands of honest shippers, who do not desire to take unfair advantage of the truck owner and abuse labor, but are compelled to do so by the chiseling and heartless tactics of their competitors who drive down rates below cost by playing one trucker against another.

It is now up to the House to pass this bill, which has already been passed by the Senate. The House committee has adopted a few amendments and now recommends the bill as amended to the House.

The bill provides as follows:

Section 202 sets forth the declaration of policy and vests jurisdiction in the Interstate Commerce Commission. I want to say in this connection that in reporting out this bill your committee has no intent to undertake to suppress or restrict in any way the proper development of motor-carrier transportation by responsible carriers for the good of the public interest. Nor do we want motor-carrier transportation subservient to or restrained or curtailed by any other transportation medium. The purpose of the bill is to provide for regulation that will foster and develop sound economic conditions in the industry, together with other forms of public transportation, so that highway transportation will always progress.

Section 203, after the definition of terms used in the bill, provides for exemptions from regulation, except for safety provision, certain carriers, namely: First, school busses; second, taxicabs; third, hotel cabs; fourth, busses used in national parks; fifth, trolley busses similar to street-railway service; sixth, busses or trucks used in zones commercially a part of a municipality or between contiguous municipalities when such transportation is under common control for a contiguous carriage or shipment; seventh, the casual or occasional or reciprocal operators; eighth, motor vehicles when used exclusively in carrying livestock or unprocessed agricultural products.

Mr. ANDRESEN. Will the gentleman yield there?

Mr. SADOWSKI. I yield.

Mr. ANDRESEN. What is the definition of the committee with reference to "other unprocessed farm commodities"? What does that include?

Mr. SADOWSKI. Anything that has not been canned or manufactured or processed.

Mr. ANDRESEN. Would it take in cream and milk?

Mr. SADOWSKI. Everything that is not processed. Cream and milk, I imagine, would come under that.

Mr. ANDRESEN. Does the committee have any definite opinion on that?

Mr. SADOWSKI. No. We did not give any definition of the word "unprocessed."

Mr. RAYBURN. I think it is very well understood that milk is certainly an unprocessed agricultural product.

Mr. ANDRESEN. Does the gentleman consider cream unprocessed?

Mr. RAYBURN. I do.

Mr. ANDRESEN. Both milk and cream, in the gentleman's opinion, would be unprocessed?

Mr. RAYBURN. Yes.

Mr. BARDEN. Will the gentleman yield?

Mr. SADOWSKI. I yield.

Mr. BARDEN. I would like to ask if the gentleman's committee had any opinion from the legal department with reference to the definition as to what is covered in the term "unprocessed agricultural products"?

Mr. SADOWSKI. I cannot say, but that has been used previously in legislation. I imagine the courts may be called upon at some time to interpret that, but it is not for us at this time to go into a lengthy discussion, trying to define all agricultural products which are unprocessed. They would run into the thousands.

Mr. BARDEN. Is it not very vital, at this point, especially to truck areas? Is it not very important that we do have that established?

Mr. SADOWSKI. I think we ought to have that exemption; yes. Does the gentleman think we ought to define what it comprises?

Mr. BARDEN. Yes.

Mr. SADOWSKI. Well, I do not know. I think the courts have gone into that.

Mr. DINGELL. Will the gentleman yield?

Mr. SADOWSKI. I yield.

Mr. DINGELL. I think it is quite evident that canned milk is processed milk. Raw milk in cans, going to market, or separated cream, is not processed.

By that same method you will determine that beef in cans is processed and beef on the hoof is not processed. I think the question is plain beyond doubt and that there is a definite distinction between processed corn in cans and corn coming to the market on the ear.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. SADOWSKI. I would like to finish my statement; I have only 20 minutes.

Mr. ANDRESEN. This is a very important proposition the gentleman is on right now. It is clear, then, that it includes all farm commodities produced upon any farm in the raw state ready for market.

Mr. SADOWSKI. On the whole, that is the way the Commission will interpret it. Undoubtedy, the courts will give the same interpretation to it. I do not think we need discuss this further.

Mr. ANDRESEN. Is that the gentleman's opinion?

Mr. SADOWSKI. That is my opinion, too.

(9) Motor vehicles used exclusively in the distribution of newspapers.

Section 204 defines the duties and powers of the Commission, including the right of the Commission to provide reasonable rules for qualifications of employees, maximum hours of service, and standards of equipment. These provisions as laid down by the Commission must be observed by all motor carriers—common, contract, or private. Regulation under the bill will give employees better working conditions and insure them a living wage by stabilizing the industry. It has been suggested to your committee that maximum labor hours should be written into the law. This matter has been carefully considered by the subcommittee and the full committee. After careful study the committees, in both cases, decided to leave maximum hours of service up to the rules of the Commission so that this new legislation would be flexible to meet all the labor situations among the various classes of motor-carrier operators to be regulated. I understand that the railroads have a flexible rule which permits their employees to work longer hours in certain cases in an emergency.

I am for labor. My record at home and in Congress speaks for itself. But I feel it would be a serious mistake to write into this bill a definite maximum labor-hour provision that does not take into consideration all of the peculiarities and emergencies that exist in the motor-carrier industry. Such a provision may be proper at some later date after we have had an opportunity to hear from the motor-carrier employees themselves, but as yet they have not had a chance to be heard, and I think we should leave this matter to the dis-

cretion of the Commission to work out a maximum labor-hour rule that will conform with, and be acceptable to, the men employed in the industry and the various State commissions, upon whom the burden of enforcement is going to rest anyway. The various regulatory features of the bill, which provides for supervision and the power to make rules, will tend greatly to promote careful operation for safety on the highways, and I think I can speak for nearly all the members of the committee when I say that the Interstate Commerce Commission deserves a vote of confidence that they will formulate a set of reasonable rules, practical for the various types of carriers, including therein maximum labor-hours of service on the highway.

Section 205 provides how the act shall be administered and the creation of joint boards composed of a member, or examiner, of the Interstate Commerce Commission and a member of the State commissions.

Section 206 provides for certificates of public convenience and necessity for common carriers, giving to all common carriers in operation prior to June 1, 1935, certificates as a matter of course.

Sections 207 and 208 relate to the issuance of certificates for common carriers, the terms and conditions, and provides that common carriers not in operation prior to June 1, 1935, must present proof of public convenience and necessity, responsibility, and so forth.

This grandfather clause is absolutely necessary to prevent unscrupulous speculation and to protect pioneers of the industry for the public interest.

Further, the convenience and necessity provision as it relates to common carriers only, is necessary to have a conformity with the already existing State laws, and the laws under which all common carriers are regulated, including railroads, pipe lines, and so forth. We are convinced there can be no stability or progress of common carriers on the highways without the requirements of public convenience and necessity.

It has been suggested that the granting of certificates of convenience and necessity may cause monopoly. There seems to be no basis for this contention. There is nothing in the bill to prohibit the Commission from granting two or more certificates over the same route, and there are many operators competing on the same routes now that will receive certificates under the grandfather clause as a matter of course. It is conceded that practically every route of importance in the country is covered by one or more truck or bus operators. In several instances as many as 20 or more are on the same route, namely, New York-Boston, Chicago-Detroit, Cleveland-Pittsburgh, Chicago-New York, and others.

Such a contention of monopoly does not properly recognize what a certificate of public convenience and necessity is. The Senate bill, under section 207 (a), provides that "a certificate shall be issued to any qualified applicant therefor, authorizing the whole or any part of the operations covered by the application, if it is found that the applicant is fit, willing, and able properly to perform the service proposed and to conform to the provisions of this part and the requirements, rules, and regulations of the Commission thereunder, and that the proposed service, to the extent to be authorized by the certificate, is or will be required by the present or future public convenience and necessity, otherwise such application shall be denied."

The effect of such a provision is to place the authority in the hands of the Commission, a governmental body, to determine whenever public convenience and necessity requires additional operations on the public highway. In this respect, interstate common carriers will simply be placed under the same rules and regulations as are now enforced as to intrastate carriers.

Section 209 provides for the issuance of permits to contract carriers; all bona fide operations in effect prior to June 1, 1935, to be granted permits as a matter of course. Operations started later must file application and present proof.

Section 210 provides condition under which certificates and permits may be held under dual operation.

Section 211 provides for broker's licenses and the procedure under which brokers are regulated.

Section 212 provides for the suspension of rates for cause and the transfer of certificates, permits, and licenses.

Section 213 provides that the Commission shall control the consolidation, merger, and acquisition of control of motor carriers. I will say in this respect that it is the intent, and it is important to the welfare and progress of the motor-carrier industry, that the acquisition of control of the carriers be regulated by the Commission so that the control does not get into the hands of other competing forms of transportation, who might use the control as a means to strangle, curtail, or hinder progress in highway transportation for the benefit of the other competing transportation.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I yield the gentleman from Michigan an additional 5 minutes.

Mr. SADOWSKI. Section 214 confers upon the Commission jurisdiction over the issuance of securities.

Section 215 provides for the filing of insurance, bonds, and so forth, for the protection of the public.

Section 216 provides that reasonable rates must be established for common carriers and also provides for joint rates and suspension.

Section 217 provides for the application and filing of tariffs by common carriers.

Section 218 provides for the filing of rate schedules for contract carriers showing minimum rates, and so forth.

Section 219 provides for the issuance of receipts and bills of lading.

Section 220 provides for the filing and keeping of accounts, records, and reports.

Section 221 provides for service of orders, notices, and other processes.

Section 222 provides for penalties for unlawful operation.

Section 223 provides for the collection of charges of motor carriers.

Section 224 provides for the identification plate or plates to be issued to interstate motor carriers.

Section 225 provides for the investigation of motor vehicles, sizes, weights, and so forth, in conjunction with other Government bureaus.

Section 226 provides for a saving clause or the separability of provisions.

Section 227 provides that the act shall take effect on October 1, 1935, unless extended by the order of the Commission, but not later than January 1, 1936.

The States, generally, prohibit the use of their highways to common-carrier vehicles unless a certificate of public convenience and necessity is obtained after hearing in accordance with statute. The authority of a State to grant or deny a citizen the use of the public highways as a place of business is recognized.

In the case of *Stephenson* v. *Binford* (287 U. S. 251, 264) it was held that—

> It is well-established law that the highways of the State are public property; that their primary and preferred use is for private purposes; and that their use for purposes of gain is special and extraordinary, which, generally at least, the legislature may prohibit or condition as it sees fit.

In the case of *Buck* v. *Kuykendall* (267 U. S. 307) the court held that a State could not regulate motor carriers operating in interstate commerce, and that the matter of control of carriers in interstate commerce was entirely in the hands of Congress to provide for Federal regulation.

This decision left the door wide open. It permitted all sorts of abuses by irresponsible operators at the expense of the intrastate motor carriers and other transportation agencies who were under strict State and Federal regulation.

After considering all the data at hand and the recommendations of the Interstate Commerce Commission, the Coordinator, the carriers themselves, and the public interest to be served, the committee believes that the bill as reported supplies the best possible regulation to preserve an adequate

highway transportation system properly adapted to the needs of the commerce of the United States.

The President in his message to Congress strongly recommended and urged that motor-carrier regulation as embodied in this bill be enacted at this session of the Congress.

This bill—S. 1629—is a part of a complete and coordinated program of legislation touching all forms of transportation recommended by the Federal Coordinator of Transportation, which will ultimately give the Nation a system of efficient transportation at the lowest possible cost consistent with fair treatment of labor and earnings on investment, which will support adequate credit for expansion and improvements in equipment for the convenience and service to the public.

This bill meets the approval of nearly all of the principal interests affected, and the committee recommends its speedy enactment as a part of the Interstate Commerce Act. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. HOLMES. Mr. Chairman, I yield the gentleman from Connecticut [Mr. MERRITT] 10 minutes.

Mr. MERRITT of Connecticut. Mr. Chairman, when one observes the condition of the highways of this Nation, especially those which are adjacent to any of the great cities of the country, it is hardly necessary to argue that the question of bus transportation, both of passengers and of freight, has become a question of public importance. A large part of the congestion on these highways is due to passenger busses and to commercial trucks. Aside from the congestion of the highways by these vehicles, there are daily reports of accidents and injuries, due sometimes to the defects in the vehicles themselves, but more often due to the incompetence or carelessness of the drivers.

The fact that all 48 States regulate common carriers among the busses, and that 42 States regulate contract carriers, shows that the States have realized the necessity of regulation and control of these vehicles. Of course, these State regulations above referred to are for intrastate business. But the demands of the State regulatory bodies for Federal control of interstate business by busses and trucks is unanimous. It has been found in some cases that bus lines and other forms of transportation will nominally start just over the line of one State, but do the major part of their business in adjoining States simply for the purpose of using its interstate character to escape the control and the regulation of the State in which the major part of its business is done.

From this point of view alone, a Federal law is not only justified but demanded. And when we consider the enormous amount of business, both passenger and freight, which is handled by these interstate trucks and busses, and when we contemplate the tremendous loss in traffic which has been sustained by the railroads and steamships in consequence of this competition, it is still more evident that in order to preserve that fair competition which has been stressed in all transportation legislation the busses and trucks must be regulated in their transaction of interstate business.

The railroads, because they have heretofore carried the great bulk of passenger and freight business, have naturally been the greatest sufferers, but this legislation is not proposed in their special interest. Nor is it proposed by this legislation to deprive the public of the best and most economical transportation which is available, whether it be by highway or railroad or water. But all students of the question, including the Federal Coordinator, who has been working on the matter for 2 years, are agreed that there must be coordination among these various transportation agencies, so as to produce not only the best and cheapest methods for the use of the public but also to provide for competition and rates to the end that transportation agencies may have a fair return on their investment and the users of the transportation may have low and equal rates, so that no territory and no person shall have an advantage in transportation rates over his neighbor or over neighboring territory.

The question is by no means a new one, and interstate regulation has been recommended for several years by the Interstate Commerce Commission, and latterly by the Coordinator of Transportation.

The bill which has been reported favorably by the committee is substantially Senate bill 1629, which was passed by the Senate in April last. It is understood that the bill was written by the Coordinator of Transportation and is the result of careful study on his part.

The classes of carriers to whom the bill principally relates are, first, the common carriers, which means any person or corporation that undertakes to transport passengers or property for the general public in interstate commerce; and, second, contract carriers, who transport passengers or property in interstate commerce under special or individual contracts or agreements.

There is no disagreement in any direction, so far as I know, about the advisability of regulating common carriers, and the only important objection to the bill seems to be because it includes contract carriers. A very large proportion of these contract carriers are individuals, and the objections to their inclusion are based upon the extreme difficulty of regulating them and the tremendous staff which a close regulation of these contract carriers would necessitate.

It is admitted that this regulation of contract carriers does present some difficulties, but the amount of regulation which the bill provides is slight, and it does not attempt to set up any rate structure for them. Admittedly this bill is bringing transportation regulation into new territory, and admittedly it is somewhat experimental. But we must bear in mind that nearly all the States, certainly more than 40 of them, already have State regulatory bodies and regulations covering intrastate transportation by motor vehicles. Such experiences, therefore, as has been had in this field, is in the possession of these State regulatory bodies. So far as I know, these bodies have been sufficiently successful in State regulation unanimously to recommend Federal regulation of interstate business, and they point out that one of the principal difficulties that they have encountered is in the interference of unregulated interstate vehicles with the State-regulated intrastate busses and trucks.

I need not go into the details of the bill, which provides for certificates of convenience and necessity before a license to operate is granted, or into the terms and conditions of the certificate for a common carrier or for a contract carrier. Nor need I refer to the question of consolidation or the issuance of securities or other details which are covered in the committee report and will be more fully covered by other speakers. I confine myself to the general statement that there can be no question that regulation is necessary in the public interest; that this bill has been prepared very carefully and after long study; that it has the unanimous approval of State regulatory bodies who are experienced in regulation; that the terms of the bill are moderate and do not impose such drastic conditions as to cripple the industry in any way. And in conclusion I repeat that, in my opinion, the bill carries out admirably the policy set forth in section 202 of the bill, which in condensed form is to regulate transportation by motor carriers so as to preserve the inherent advantages of such transportation, to promote adequate service and reasonable charges therefor, without discrimination or undue preferences, and to improve the relations between, and coordinate transportation by, and regulation of, motor carriers and other carriers.

The administration of the bill is wisely placed under the Interstate Commerce Commission, which already has jurisdiction over railroads and other forms of transportation, to the end that the wisdom and experience of that Commission may be used not only in connection with this form of transportation, but in its coordination of all other forms. It is clear to me, therefore, that this bill is in the public interest and should be enacted into law.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. MERRITT of Connecticut. I yield.

Mr. BIERMANN. After a carrier files a minimum rate will not the Interstate Commerce Commission have any-

thing to do with passing upon the justness of that rate?

Mr. MERRITT of Connecticut. I do not think so under this bill. They file minimum rates. Without notice they may not go below those rates, but I do not understand that the Commission can force that rate on other carriers.

Mr. BIERMANN. The Interstate Commerce Commission, then, has nothing to do with determining what is a just minimum rate under this bill?

Mr. MERRITT of Connecticut. I think that is the case.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. MERRITT of Connecticut. I yield.

Mr. WADSWORTH. On common carriers; they have not on contract carriers.

Mr. BIERMANN. Under this bill the Interstate Commerce Commission can prescribe what is a just and minimum rate for contract carriers?

Mr. WADSWORTH. For common carriers but not on contract carriers.

Mr. MERRITT of Connecticut. And contract carriers are the most numerous in the business.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MERRITT of Connecticut. I yield.

Mr. ANDRESEN. Assuming the case of a farmer who owns his own truck, hauls cattle to the market and takes back a load of manufactured commodities for some other farmer; would that man be a contract carrier and would he have to file a rate?

Mr. MERRITT of Connecticut. I think not, if it is only an occasional transaction.

Mr. ANDRESEN. Only an occasional transaction?

Mr. MERRITT of Connecticut. Yes; I think so.

Mr. ANDRESEN. With reference to the safety features, will the Interstate Commerce Commission have inspectors out to go over the commercial carriers on the highways?

Mr. MERRITT of Connecticut. They will have the right to make regulations concerning all vehicles.

Mr. ANDRESEN. And in order to secure safety we can assume that the Interstate Commerce Commission will see that the trucks and busses are in proper condition at all times?

Mr. MERRITT of Connecticut. I think that is true; yes. This will have to be done gradually, of course. They will have to go along as experience dictates.

Mr. HOLMES. Will the gentleman yield?

Mr. MERRITT of Connecticut. I yield to the gentleman from Massachusetts.

Mr. HOLMES. The way this bill is set up, the Interstate Commerce Commission may utilize the machinery already set up by the public utility commissions of the various States to do the police work under this bill.

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Chairman, we start out with the proposition that practically everyone, it seems to me, concedes that there ought to be some legislation passed regulating the bus and truck business engaged in interstate commerce. There has been more or less agitation for such legislation for a great many years.

It has been said that the primary push-back of the legislation is the railroads and the railroad brotherhoods. There is no denying the fact that they are very much interested. At the same time, I think it is fair to say that nearly everyone considers that the truck and bus business engaged in interstate commerce should be regulated. We have had proposed legislation to that end kicking around the Congress for a great many years.

The House of Representatives a few years ago passed a bill, and I believe the Senate passed one also, but it was held up in conference. After years of consideration and study by those interested in the subject, the Coordinator of Railroads and his staff prepared this bill. It has passed the Senate and has been pending before the Committee on Interstate and Foreign Commerce for several months. The committee has given it very careful and detailed consideration.

Over against the fact that practically everyone admits that some legislation on the subject should be passed, I think we may put the further fact that if Congress waits before it passes any legislation on the subject until a bill is produced which no one objects to, no legislation will ever be passed. This is a highly controversial subject, and objections may be raised to most any bill on the subject that may be brought in here for consideration. I think the objections to this bill are largely fanciful and the product of imagination.

Mr. ANDRESEN. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Minnesota.

Mr. ANDRESEN. I think the objections to this bill are largely due to a lack of understanding as to just what the bill contains and what the Interstate Commerce Commission will do. If we can get that cleared up I do not believe there will be any objections to the bill.

Mr. MAPES. Mr. Chairman, without going into detail, because I have not the time to do that and because, further, others have given the details of this bill more careful study than I, may I say that, in a general way, I think it is fair to say that the legislation proposes to regulate trucks and busses engaged in interstate commerce a good deal the same as most of the States regulate them within the various States. That, as a general proposition, I think, holds true. What is the situation under existing conditions? We have intrastate busses and trucks regulated, but the moment a truck or bus goes across a State line it is engaged in interstate commerce and although it comes into competition with intrastate traffic it is unregulated except as to the extent the States can regulate it under their police powers.

Mr. WADSWORTH. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman from New York.

Mr. WADSWORTH. I think the gentleman should make it very clear that the States thus far have not attempted to any extensive degree to regulate rates. This bill does regulate rates.

Mr. MAPES. That is true, but the State commissions of a great many of the States, I do not know how many or what the percentage is, have been given the same authority to regulate rates within their respective States which this bill gives the Interstate Commerce Commission to regulate rates of those that are engaged in an interstate business. There is no reason to believe that the Interstate Commerce Commission will abuse this authority any more than the State commissions have abused their authority with reference to intrastate business.

Mr. ANDRESEN. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Minnesota.

Mr. ANDRESEN. It was stated by another speaker in reference to this bill that the Commission did not regulate the rates or would not have the power to regulate rates under the provisions of this bill.

He stated all that was necessary was for a trucker to file his rates with the Commission and once having filed the rates he could not reduce them without filing another schedule, whether they were fair and just or otherwise.

Mr. MAPES. I think that statement is correct.

Mr. ANDRESEN. Then the Commission does not have the power to regulate or fix the rates for these trucks?

Mr. MAPES. My understanding is that the Commission has the right to fix the maximum and the minimum rates.

Mr. WADSWORTH. Of common carriers?

Mr. MAPES. Yes; of common carriers only, I am told.

Mr. ANDRESEN. Will the gentleman yield for a further question?

Mr. MAPES. I yield, although I have not much time remaining.

Mr. ANDRESEN. The gentleman has studied this legislation. The gentleman is one of the brilliant men of the House and we have confidence in his judgment and I would like to ask the gentleman a question with respect to trucks engaged in the transportation of farm commodities. An apparent exemption exists in the bill which excludes trucks

from the provisions of the bill if they are engaged in the hauling of unprocessed farm commodities or livestock.

Mr. WADSWORTH. Exclusively.

Mr. ANDRESEN. Exclusively, yes; but assuming a trucker hauls a load of livestock to market and brings back a load of feed or some other commodity to be delivered to a farm, would such trucker come within the provisions of the bill?

Mr. MAPES. The gentleman from New York discussed that thoroughly. I think, perhaps, it would depend upon whether he was an occasional carrier or engaged in reciprocal transportation. Personally, I think that exemption is illogical.

I do not see any reason why a man who is engaged exclusively in the trucking business, even though he is carrying farm products only, should not come within the provisions of this law just the same as any other trucker; and let me say further to the gentleman from Minnesota that I think the criticism or the feeling that this measure in some way is going to interfere with the average farmer is without any foundation at all. Except, perhaps, in a remote sort of way, for instance, if a man puts a driver on a truck and has him drive his truck an excessive number of hours, he might eventually be regulated, as far as the safety provisions of the bill are concerned. Otherwise, I do not see how this legislation can affect the individual farmer at all, when he is trucking the products of his own farm and bringing back whatever he wants to bring back for the use of himself or for the use of his neighbors if he does it only occasionally.

Mr. ANDRESEN. If he does that with his own truck, of course, he would be exempt, but if he hired somebody to haul his livestock and bring it back again, it would be a different proposition.

Mr. MAPES. This bill exempts him, but, as I say, for myself I see no logic in that exemption. If such a man is engaged exclusively in the trucking business why should he not be regulated, even though he carries nothing but farm products?

Let me say further that this bill has the approval of the State commissions.

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield my colleague the gentleman from Michigan 5 additional minutes.

Mr. MAPES. The bill carries a provision for joint boards, which means that when a question comes up affecting traffic running into two or more States, the Interstate Commerce Commission will request the State commissions of the States affected to appoint a representative of their commissions to sit in with a representative of the Interstate Commerce Commission to make the regulations affecting the traffic going in and out of those particular States. This is a provision for which the State commissions have fought for a great many years and it is contained in this bill.

The bill, as I have stated, has the endorsement of the Coordinator of Railroads. It has the endorsement of the State commissions, and it is very much favored by the railroads and by the railroad brotherhoods.

It seems to me, if we are going to get legislation passed on this subject, we must make a start. As for myself, I can see no great objection to any of the provisions in this bill, and I think as a whole it is very desirable legislation and should be passed.

Mr. GILCHRIST. Will the gentleman yield?

Mr. MAPES. I will yield.

Mr. GILCHRIST. On page 9, in the first line, the word "reciprocal" is used. I do not know exactly what that means.

Mr. MAPES. That means if you and I are neighbors owning adjoining farms, and you go to market and bring back something for me and I pay you for it, and then 6 months later I go to market and bring back something for you and you pay me for it, that is a reciprocal transaction and would not come under this legislation.

Mr. MITCHELL of Tennessee. I did not get all of the gentleman's question. I am inclined to support the bill, but I am wondering, from the shipper's viewpoint, whether or not the passage of this bill cannot have a tendency to drive out competition, and that the effect of it would be to have a few great companies to own and operate the traffic over the country. What does the gentleman think the effect of the legislation will be along that line?

Mr. MAPES. One of the purposes of the legislation is to keep out of the business the unfit and irresponsible, the driver who is hauling passengers, for example, who has a bus that is run down and unsafe, or the trucker who is operating with unsafe trucks. It will have a tendency to keep that class of operators out of business.

Mr. MITCHELL of Tennessee. There is an idea that the railroads may operate the bus lines throughout the country. What does the gentleman say to that?

Mr. MAPES. I think under the regulations by the Interstate Commerce Commission there is not much danger of that. Let me say that the bill does not contemplate that the Commission, if it does fix the rates, will fix the same rates as the railroads charge, but will only fix such rates as are necessary to allow a reasonable return to those engaged in the transportation of passengers and freight in interstate commerce by motor vehicles. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield to the able and handsome gentleman from Arkansas [Mr. TERRY], who has devoted a great deal of time to this bill, 15 minutes.

Mr. TERRY. Mr. Chairman, I wish to return fourfold the complimentary remarks made by the gentleman from Indiana. [Laughter.]

Mr. Chairman, this bill—S. 1629—to amend the Interstate Commerce Act, as amended by providing for the regulation of the transportation of passengers and property by motor carriers, was introduced in the Senate February 4, 1935, and on the same day a similar bill, H. R. 5262, was introduced in the House. This bill, after a number of changes were made in it, the Senate passed on April 15 of this year.

The subcommittee of the House Committee on Interstate and Foreign Commerce held hearings on H. R. 5262, and after the hearings were concluded the subcommittee prepared a substitute bill for H. R. 5262, which had for its purpose, primarily, the regulation of passenger-bus transportation, and, as has been stated, the full Committee on Interstate and Foreign Commerce rejected the subcommittee print and favorably reported on S. 1269, which we now have before us.

The specific objectives of S. 1269 may be briefly grouped as follows: One, to guard against congestion and oversupply of transportation service, this objective being accomplished by certificates of convenience and necessity for common carriers, and permits for contract carriers of passengers and property. It is my information that the provision for certificates of convenience and necessity is an almost uniform requirement of all of the States which have undertaken to regulate motor vehicles, and I am informed that it is also generally used in foreign countries.

Secondly, the bill seeks to provide for financial responsibility in case of shipments in order to protect the shipper against loss or damage and the public in the event of personal injuries. The bill seeks to prevent any excess in charges against the public or undue discrimination in the charges. The bill seeks to promote public safety in operation by the carrier and provides for qualifications and maximum hours of service for employees and safety of operation and standards of equipment. It provides uniform accounting and statistics to be furnished to the Interstate Commerce Commission in accordance with its rules and regulations. It also controls the consolidation or merger of truck lines, and it controls the issuance of securities by carriers where they are in excess of $500,000. It does not attempt to control mergers of smaller units. It also provides for the establishment of joint rates between motor carriers and provides for agreements for joint rates between motor carriers and carriers in other forms of transportation.

Objection has been raised to the regulatory provisions of the bill upon the ground that regulation is not practicable. The distinguished gentleman from New York [Mr. WADSWORTH] has raised this question and has argued it very

ably. We all recognize that in this field of motor transportation there are numerous obstacles to overcome. Motor transportation is a matter that has grown up within the last 15 years. During the last few years it has increased by leaps and bounds. We are confronted with this situation. The 48 States of the Union have regulations not only for common carriers but also for contract carriers, and to a certain extent for private carriers. Mr. Joseph Eastman, the Coordinator of Transportation, while testifying before the subcommittee of the Committee on Interstate and Foreign Commerce on this point said:

The practicability of regulation has been much debated. I realize, and there is no question whatever, that the regulation of motor vehicles will involve many practical difficulties, chiefly resulting from the fact that there are many individual operators. It is not like the case of the railroads where the companies are large. There are thousands of operators of motor vehicles, and many of them operate only one or two trucks. Practical difficulties will arise in locating the carriers and also in enforcing regulations with respect to them. However, that question has been canvassed very thoroughly, and for reasons which have been stated we believe that regulation is practicable, that the experience of the State commissions points in that direction, and also the experience of the code authorities; and in any event, the only way in which we can determine the matter is to try. Fears in regard to practicability are no reason for not attempting what ought to be done, if there is any possible way to do it. While I am confident that regulation will prove practicable, I also realize the difficulties which will be encountered. In order to meet that the Commission in the course of its regulation will have to feel its way along and be guided by experience as it goes on, and changes in the law may prove necessary because of experience, but the important thing in my opinion is to get under way and undertake to do the job.

The question of bus and truck regulation has been before this Congress for a number of years. Bills have been introduced from time to time and have passed one or the other body, but no definite policy has been made in regard to regulation. During the past several years the Interstate Commerce Commission and other bodies have made intensive studies of this subject. The regulatory bodies of the various States which are grouped together in a national organization, composed of the 48 State commissions, have investigated the subject. All these State commissions, out of the vast experience they have had, are now calling upon this Congress to pass this bill. It is said that this bill is in the interest of the railroads.

It may be to a certain extent in the interest of the railroads if the regulation of transportation is in that interest, but I say to you that the people who are asking for this bill—S. 1629—are the commissions of the 48 States of this Union.

Regulation of motor carriers is in effect in nearly all of the States—

I am quoting from the report of the Senate committee—

growing from relatively minor beginnings until it now embraces common carriers of passengers in 48 States and the District of Columbia; common carriers of property in 42 States and the District of Columbia; and contract carriers of property in 31 States.

That is a great field. The vast majority are contract carriers, yet the commissions in 31 States of the Union have regulations in regard to contract carriers.

Mr. BIERMANN. Will the gentleman yield?

Mr. TERRY. I yield.

Mr. BIERMANN. Will the gentleman explain why this bill provides that the Interstate Commerce Commission shall regulate the rates of common carriers and not of contract carriers?

Mr. TERRY. The reason it does not, as I understand it, is because common carriers have fixed, definite routes, fixed termini, and it is much easier and more proper to establish rates in a known, definite field than in an untried field, where the conditions and services vary so greatly.

Mr. BIERMANN. But the contract carriers are compelled to file their minimum rates with the Interstate Commerce Commission. Why should not the Interstate Commerce Commission determine whether or not those rates are reasonable after they have been filed?

Mr. TERRY. The Interstate Commerce Commission can pass upon whether those minimum rates are proper and based upon the cost of the service.

Mr. BIERMANN. Under this bill?

Mr. TERRY. Yes.

Mr. BIERMANN. Contract carriers? I would like to have the gentleman point out that section. I have not seen it.

Mr. PEARSON. Will the gentleman yield?

Mr. TERRY. I yield.

Mr. PEARSON. Is it not a fact that under section 209 the Interstate Commerce Commission could decline to issue a certificate of convenience and necessity unless the rates submitted by the contract carriers were satisfactory to the Commission? Could that not be done under section 209 of the bill, page 26?

Mr. TERRY. Permits for vehicles of contract carriers; yes.

Now, it has been said that the Interstate Commerce Commission is reaching out for more and added power. This bill provides that where the regulations of not more than three States are involved, the Interstate Commerce Commission shall form joint boards. Those boards are composed of a member from each of the States. That member is appointed by the regulatory body of that State. The joint boards then get together and pass upon the question that affects a given area. This provision has been recommended strongly because the Interstate Commerce Commission wants to turn over, as much as possible, to the local areas, to the States involved, the questions that come up in that area.

The point is emphasized that the bill does not affect matters that are exclusively intrastate.

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, the gentleman from New York gave a most interesting discussion on this bill. I wish I could agree with all of it. There is a staggering problem involved in this bill. It is hardly necessary for me to say that. But the shippers of this country cannot do without contract- and common-carrier truck service. We have gone away beyond the day when we can do only with rail transportation in the United States. That is past history. I am positive that the railroad employees and railroad executives will be highly disappointed as the result of this legislation; yet at the same time, as one who has participated in our State, to a fairly large extent, in the creation of trucking companies, in the creation of truck service and in the use of that service in sheer self-defense, in sheer desperation to find transportation service which the railroads could not render and did not render with the equipment they had at that time and which they could not render with the equipment and service which they extend at the present time, I have seen so much damage to the industrial activities through transportation by unregulated and unmanaged common carriers that, based on experience, I shall have to vote for this legislation. I do that as one who has used, to the extent of millions of tons, trucks for shipping purposes, as one who believes so thoroughly in truck transportation. Still I shall vote for this bill. I shall vote for the bill, realizing that at the moment we do not, in my opinion, have a national transportation problem; that at the present time, in my opinion, we have a railroad problem of the widest proportion. Tonnage has shifted to trucks, not through something that the railroads did, but as a result of something they did not do; that is, they failed to give service. That is why the trucks got it.

Mr. SHORT. Will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. SHORT. Is that failure not due to the fact that the railroads have been strictly regulated and busses and trucks have not?

Mr. CRAWFORD. I think it is largely due to the fact that the railroads were regulated, and through regulation

they looked to Washington to preserve their capital structures and their rate structures, as protected industries in this country too often look to Washington to solve their problems instead of getting down to actual mature labor and working out many of their problems and letting the Federal Government solve those that they cannot solve themselves.

Mr. SHORT. But the gentleman realizes the railroads have had no choice in the matter?

Mr. CRAWFORD. The railroads have not had any choice in some matters, but they have had choice in their management to get out and design transportation facilities which would give the shippers of this country the service which they should have in order to keep up with the speedy and economic method of doing business which this country has developed. Therein I think the railroad managements have materially failed.

But, for a moment, let us assume that the enactment of this bill will, due to regulations, create a considerable advance in operating costs, which it probably will.

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 5 additional minutes to the gentleman from Michigan.

Mr. CRAWFORD. At the same time, if it brings the truck operators of this country, both common and contract carriers, to a full realization that common sense, economy, and judgment must be brought into their methods of operation, then, in that respect, by effecting a sufficient amount of economies to offset the increased cost which will follow as a result of this legislation, not a shipper should have to pay any increased cost for his transportation service.

The passage of this bill will bring the interstate truck operators of this country under regulation, and always include in that the common and contract carriers, because we must have both; we cannot operate the industry of this country any longer without the service of these two transportation agencies, and the Interstate Commerce Commission must be so reasonable in its interpretation of section 204 as to permit these two agencies to continue to operate. In designing their rules and regulations they must leave them so these two services can be continued for the benefit of the shipping and consuming public.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. FULMER. Is it not a fact that the railroads are largely responsible for inviting this competition because of the extremely high freight rates and passenger rates, and in some instances discriminatory rates, and largely because of extra rates on short hauls? Have not the railroads by these practices absolutely forced this type of competition?

Mr. CRAWFORD. The gentleman is correct.

I have traveled considerably in this country and have acquired the habit of counting the number of cars in trains. They travel or pull from 25 to 125 cars in a train.

Mr. GILCHRIST. Did the gentleman count them riding on the beams?

Mr. CRAWFORD. Sometimes we count them that way, as my friend suggests. You can haul a 125-car train at less expense than a 30-car train, but the shipper pays the bill, the transportation service is not rendered. The shippers of this country, therefore, could not put up with the terminal expense and with the delays in building up a long train and its operation for the sole purpose of saving costs in operating trains. That is only a part of the transportation service. The terminal cost is the big part. You must give the shippers quick transportation arrangements so they can pick up a carload of goods tonight at 7 o'clock, put it on the loading platform at destination tomorrow morning at 7 o'clock so the buyer or consignee in turn can transfer it to his individual units, for delivery to the independent and chain retail grocery stores in the city where the wholesaler and jobbers are located.

Mr. SCHNEIDER. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. SCHNEIDER. What is the opinion of the gentleman with reference to setting maximum hours for truck drivers in the interest of safety on the highways?

Mr. CRAWFORD. By all means, we should have safety. Time and again I have been called on the telephone about a terrible wreck that has happened, about a fine driver who has been killed. The wreck happened and the driver was killed because he had been on duty anywhere from 8 to 24 hours. This is the price which the creation of the trucking industry had to pay. We had accidents on the railroads. We have a few of them yet, but not so many. This is the price which we have to pay for a new mode of transportation; we had to go through that era.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. PIERCE. If regulation alone was all that was needed, that would have been accomplished by the bill drafted by the subcommittee. This is not for regulation, but is for freight rates, is it not? Is not this being done in the interest of the railroad companies, to get more money for them? If you wanted regulation you would have passed the subcommittee bill, would you not?

Mr. HOLMES. Mr. Chairman, if my colleague will yield, I will say to the distinguished gentleman from Oregon that there is no attempt in this bill to fix any rates insofar as the railroads are concerned.

Mr. PIERCE. Is not the object of the bill to put trucks off the road?

Mr. HOLMES. No; far from it.

Mr. PIERCE. Then why not give us a regulation bill?

Mr. HOLMES. This bill will not keep any truck off the road if it complies with the safety requirements of the bill.

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 2 additional minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. That answers that part of the question of the gentleman from Oregon dealing with safety. On the question of the regulation of hours, suppose I am a little one-truck owner and operator operating out of Michigan, hauling potatoes to Indianapolis, as an illustration, and taking back canned goods packed by the Morgan Canning Co., of Indiana, to a wholesale jobber in Michigan. I own and operate my truck; I am accustomed to taking that truck out on the highway at 3 or 4 o'clock this afternoon and driving all night long, getting into Indianapolis tomorrow morning about 7 o'clock, unloading my load, taking on another one, and driving back home, reaching there about 7 o'clock tomorrow evening, having been on the road 24 hours. If you put regulatory measure with reference to hours on such an interstate truck operation as a contract carrier the chances are you will put it out of business.

Mr. SCHNEIDER. Is it not true that the public interest should be protected in the enactment of this legislation against the hazard of one who works long hours driving?

Mr. CRAWFORD. Absolutely. He may go to sleep at the wheel of an automobile and kill your whole family.

Mr. SHORT. He is a menace on the highway?

Mr. CRAWFORD. Yes.

Mr. Chairman, we can still argue this bill pro and con for 3 weeks and would still have to admit that there is a railroad problem, a safety problem, and there is a service which the shipper must have. There is also an agricultural problem throughout the country today wherein the farmers have to pay, in my opinion, a higher rate for transportation than they should have to pay.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I yield to the brilliant young statesman from Montana [Mr. MONAGHAN] 10 minutes.

Mr. MONAGHAN. Mr. Chairman, I am glad I can reciprocate the compliment to the gentleman from Indiana. I am glad to see that he is in good humor today, because I want him to support an amendment which I am going to later present. Since he thinks so much of my ability as a statesman, I know he will be glad to support my amendment.

I intend at the proper time to present to the Committee of the Whole House an amendment to this bus and truck bill

which will provide for a maximum of 8 hours, with the further provision that the driver of the truck must be away from the motor vehicle for at least 12 consecutive hours. In going over the report of the National Safety Council I made some observations.

Mr. Chairman, we have "walkathons" and "danceathons" and all those various crazy schemes that are gotten up by promoters to advertise, which endanger the health of the contestants and are based upon foolish ideas of people who merely want to promote. There is a word that I would like to coin, which they have not found out about, and that is a "truckathon." I should define "truckathon" as follows, and I coin the word: It is that brutal, inhumane, and dangerous practice whereby drivers of busses and trucks are compelled to work 18 to 20 hours a day, to the detriment of their own health and the danger of the public who travel the highways of our country.

In going over the report of the National Safety Council I found picture after picture and report after report showing the disastrous results of working men 103, 104, and 120 hours with barely 2½ to 3 hours' rest during that period of time. Men engaged in other industries may work for a longer period of time, although it is not wise and not in the interest of good sound economics. This is not true of the driver of the truck who must travel the highways. There is an imminent danger from working truck drivers as high as 18 hours a day without rest, or rest which, if it is obtained at all, is snatched in the back of a truck or in a cab, which is stuffy and usually filled with fumes of carbon monoxide.

If you go over the report of the National Safety Council or just briefly scan these pictures which I have had enlarged for the purpose, you will find that accident after accident has been proven to be the result of drousiness, or, as the National Safety Council puts it briefly, "too long at the wheel."

The main provision in the interest of safety that should be put into this truck and bus bill, and the one which is the most sorely needed, is that which will prevent the operators from working men more than 8 hours and compel the driver to be away from the bus for at least 12 consecutive hours' rest.

Mr. KENNEY. Will the gentleman yield?

Mr. MONAGHAN. I yield to the distinguished gentleman from New Jersey.

Mr. KENNEY. I have read the gentleman's proposed amendment, but I notice it does not provide for any exception in case of emergency. I wonder if the gentleman would except an emergency from the general rule of working 8 hours a day?

Mr. MONAGHAN. Yes. I may say to the gentleman that if the amendment is properly drafted I shall be glad to add it to the amendment which I shall submit, or accept it if the gentleman offers it.

In further support of the amendment may I say that the president of the American Federation of Labor, Mr. Green, has sent a letter to the membership of the Interstate and Foreign Commerce Committee supporting this amendment, which may be found in the additional views I have submitted on this bill, in which he points out the danger to the public on the highway and the lack of humane treatment involved to the driver of the truck.

Mr. Chairman, it has been suggested by the membership of the committee who have talked on this bill thus far that we might well leave this matter up to the Commission. If there is one criticism that I believe may be logically and reasonably posited against the Membership of the Congress, it is that there is too great a tendency on the part of the Congress to pass the buck to the commissions, which are usually the creatures of Congress itself. The Congress expects that creature to do something which the creator refuses to do itself. If America is going to be brought out of this depression, we cannot leave it up to commissions to do it. The people have elected the Membership of this House and the Membership of the Senate, as well as the President of the United States, to solve the problem, and not the men who are selected by them indirectly to do the duty of legislating for the country. [Applause.]

In this connection, may I call attention to the fact that Mr. Eastman, Coordinator of Railroads, which office we championed when it came before the Committee on Interstate and Foreign Commerce, is now telling the country that we should not have a railroad pension law, for example, and, although not a lawyer, he makes the statement that the Supreme Court decision on the Railroad Retirement Act was so sweeping that we need further investigation. He has been investigating the matter since 1933 and has not learned a great deal about it; yet he can positively assert that the Congress, the President, and the country want to go no further than the pauper's dole which we passed here some time back. I want to say that so far as the country is concerned, the railroad men are praying night and day that we will pass a law which will take the aged men of this country from dangerous and precarious occupations and place them on the retirement rolls.

Just a few moments ago, in the anteroom of the House, a Member of Congress said to me, "While I am very tired and want to go back home, I do not want to see this Congress adjourn before we have a railroad retirement act." This seems to be the majority opinion. I spoke to several Senators over in the Senate yesterday and they are of like opinion, and yet Mr. Eastman dares to state the Congress wants to wait longer before acting on this subject. I want to say for the benefit of the Members of the House a few words further beside the point of the amendment which I shall offer. My good friend, DAVE TERRY, says the best way to get an amendment adopted is not to talk on it at all, and I am trying to follow his advice in this instance. The new railroad retirement bill is one that is based upon the same principle as the social security bill, or the right of Congress to appropriate moneys out of the Treasury in the form of an annuity to anyone.

[Here the gavel fell.]

Mr. TERRY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MONAGHAN. To get back to the 8-hour provision, there was a time when the men in this country worked under different conditions. I remember my father telling about how he worked in the smelters before those hot blast furnaces as long as 16 hours a day, and you know at that time they never thought there would ever be an 8-hour day in our country. I recall, however, the great fight that was waged in Butte, Mont., the town in which the first 8-hour law in this country was put into effect, when the Heinz Corporation fought another corporation, and they started to cutting each other's throats, and an 8-hour law was finally put across in the State of Montana. In the bus and truck industry of this country, if men are worked too long, danger results, not only to their own health but to the public traveling the highways in automobiles. I hope the day will come when we will not only have an 8-hour law for the bus and truck industry, but a 6- or a 4-hour law for all employees of the country and an adequate pension. These two things alone, if enacted into law during this or any other session of the Congress, will prove the only sound and fool-proof method of bringing about recovery in a day and age when machines have advanced beyond the comprehension and beyond the progress of statesmanship, which is unable to see, or, if able to see, is unable or unwilling to act in the proper direction. [Applause.]

Mr. HOLMES. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, as a member of this subcommittee I have given a great deal of time and study to the bill before the committee at the present time.

As has been previously stated, the question of regulation of motor carriers is a subject that has been discussed by committees of this House for the past 15 years. In bringing this legislation before you today I can say that it provides about the least we can set up in the way of regulatory machinery to lay the foundation for further supervision and regulation of the motor-truck industry.

In our opinion and in the opinion of those who appeared before us at the hearing, at the request of the State utility

commissions of the various States, including the trucking industry of the United States, we believe you will find that the minimum requirements we have set forth in these various sections will not in any way hamper or cripple the motor transportation industry or deprive anybody of the right to be on the highway or create any undue burden or impose any hardship on any individual owner or any common carrier or any contract carrier by motor vehicle.

Mr. GILLETTE. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. GILLETTE. That being the case, what was the object in providing an exemption for carriers of livestock exclusively or farm products exclusively? Why not regulate that? What was the object of the exemption?

Mr. HOLMES. The object was to help the farmer and keep him out of any regulation whatsoever insofar as handling unprocessed agricultural products or livestock on the farm. As an individual owner he would be exempt anyway and would not come under the provisions of the bill.

Mr. GILLETTE. If regulatory measures were necessary, as were sought to be obtained in this bill, would it not be advisable to apply them to that class of carrier? Why would you exempt a man who is engaged exclusively in carrying livestock, and bring in a farmer who carries livestock on some trips and other materials on other trips?

Mr. HOLMES. The farmer who carries livestock on one trip and unprocessed agricultural products on another trip may combine them both and carry livestock and farm products or machinery and be exempt under the provisions of this bill.

Mr. GILLETTE. Not if he carries other freight.

Mr. HOLMES. The purpose of this exemption is that a man who may take a bag of beans or a bushel of potatoes or any other unprocessed agricultural commodity and put it on his truck cannot get exemption from regulation and then go into the general trucking business in competition with his neighbor who has a legitimate permit to operate as a contract carrier.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. CRAWFORD. Is it not true that so far as the contract carrier doing business in interstate commerce is concerned, the public interest is protected in the provision covering hours of work and safety of the vehicle? In other words, that is taken care of so far as the public is concerned.

Mr. HOLMES. That is true in most of the cases of the carriers, and they are trying to do it so far as the individual owner of a motor truck is concerned, if he is in interstate traffic. Moreover, it does not have a provision that disturbs the rate structure.

Mr. MITCHELL of Tennessee. Will the gentleman yield?

Mr. HOLMES. Yes.

Mr. MITCHELL of Tennessee. I am interested in the likelihood of the railroads and other means of transportation—especially the railroads—piling up the concessions of the bus companies, and thereby getting a monopoly of the transportation.

Mr. HOLMES. Let me make an observation by furnishing the Committee with a statement by a gentleman in the motor-truck industry of the United States. This information was submitted by S. B. Horton, of North Carolina.

According to the Bureau of Public Roads, the registration of all trucks in 1933 was 3,226,747 trucks. The United States Department of Agriculture reported that its survey showed about 900,000 trucks on the farms. Public-owned trucks were 31,346. For-hire trucks, 300,475. Privately owned operated industrial and commercial trucks, 1,998,541.

So I think it is humanly impossible for all railroads combined to buy up the entire output of busses, amounting to over 3,000,000 trucks.

Mr. MITCHELL of Tennessee. It is said that this bill will result in throwing out of business a great many men engaged in the handling of trucks.

Mr. HOLMES. I think the gentleman is entirely mistaken. This bill will not put anybody out of the trucking business.

Mr. SHORT. It is going to employ more men.

Mr. MITCHELL of Tennessee. I think the gentleman is a greater optimist than I am.

Mr. CARLSON. Will the gentleman yield?

Mr. HOLMES. Yes.

Mr. CARLSON. What provision is made for the enforcement of the act?

Mr. HOLMES. In the legislation here created it makes it possible for the Interstate Commerce Commission to cooperate with bodies organized in the States. The State utility commissioners already have machinery set up to care for intrastate regulation. It is the intent and purpose of the legislation to use the machinery of the State in connection with the regulation of that portion which enters into interstate commerce.

Mr. CARLSON. Do you expect the States to enforce this by cooperation with them?

Mr. HOLMES. The public utilities commission of every State in the Union has come before our committee and urged this legislation, because it is the one link in the motor-transportation regulation that they have no control over. When a motor vehicle crosses a State line, it goes without the control of the State where the motor vehicle is registered, and goes into another territory.

Mr. DONDERO. What does the gentleman say about the right of Congress to regulate the hours of a man who owns one truck engaged in interstate commerce, in his right to work?

Mr. HOLMES. We are not attempting to regulate that in this bill.

Mr. DONDERO. On page 3 of the report I read the following:

(4) Regulation only of labor hours and safety of equipment of private carriers.

Have we the right to regulate the hours over which a man can work his own truck?

Mr. HOLMES. That the gentleman will find on page 9 of the bill, line 25:

(3) To regulate for private carriers of property by motor vehicle, if need therefor is found, reasonable requirements to promote safety of operation and to that end prescribe qualifications and maximum hours of service of employees, and standards of equipment.

That covers only the private owner that takes his truck over the State line.

Mr. DONDERO. And the gentleman thinks we have a right to regulate how many hours a man can work his own truck?

Mr. HOLMES. I do not think the Commission will attempt to regulate that. If I, as an operator of a 5-ton truck, living in Massachusetts, decided to take that truck into New Hampshire, I am exempt from these regulations, because I am a private owner. There should be somebody that would compel me to have proper equipment and to see that I comply with the laws and carry proper insurance to protect the individual in the new territory into which I go.

Mr. DONDERO. The gentleman does not think we have a right to tell a man how many hours he may work?

Mr. HOLMES. No.

Mr. MERRITT of Connecticut. The language of the bill is:

Maximum hours of service of employees.

That is the service of an employee, not the service of an owner.

Mr. PETTENGILL. Mr. Chairman, I was about to raise that point.

Mr. WHITE. Then a certificate of necessity and convenience will be in the nature of a franchise to use the roads to the exclusion of those who have no such certificate.

Mr. HOLMES. Of course, every man who is now a common carrier automatically gets a certificate. But when new applications are made, this will be applicable.

Mr. WHITE. My question is that the certificate of necessity will operate so as to give a franchise to a particular line to the exclusion of those who cannot obtain such a certificate.

Mr. HOLMES. We have routes now traveled out of New York, Chicago, and every metropolitan center that are covered by 12, or 14, or 16, or 24 different common carriers. There is nothing in the bill that will deprive, in the least, anyone who wants to engage in the transportation service from getting a permit as a common carrier.

Mr. WHITE. But the bill confers authority upon the Commission to withdraw or grant the permit.

Mr. HOLMES. I appreciate that, but we have to make a start somewhere in the regulation of this tremendous industry, for its own elevation.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. Yes.

Mr. CHRISTIANSON. It will be necessary for those not now engaged in this business but who desire to engage in it, to prove convenience and necessity.

Mr. HOLMES. Yes.

Mr. CHRISTIANSON. Therefore it will tend to create a monopoly in this form of transportation upon the part of those who are already engaged in it.

Mr. HOLMES. The gentleman must realize that no man can operate a motor-vehicle truck in the State of Minnesota unless he first gets a license from the State to operate it. He gets either a common carrier's license or a contract carrier's license. If he enjoys that right in his own State, in my opinion, it is not going to be difficult for him to get a certificate of convenience, if he is a common carrier, or a permit to operate if he is a contract carrier. Of all the millions of trucks that we have registered in the United States, according to the report from the N. R. A., the code authority in the truck industry, about 300,000 for-hire trucks are registered with that group.

About 10 percent of our entire trucking registration throughout the whole United States enters interstate commerce. When we make provision for exemptions under this bill, we eliminate many, many trucks. So that it will not be a difficult thing for the Interstate Commerce Commission to cooperate with the States and to assist the States. It will create no monopoly. Any man will have the right to enter into this business, provided he has a sound and sufficient reason for going into this business.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. HOLMES. I yield.

Mr. CHRISTIANSON. May we be assured by the gentleman that under the provisions of this bill any person who is now engaged in intrastate business will automatically receive, without proving necessity and convenience, a license to engage in interstate commerce?

Mr. HOLMES. No. If a man is operating in intrastate business today, he must make his application for a permit.

Mr. CHRISTIANSON. So I was right in my contention that the operation of this law will be to create a monopoly in intrastate shipments?

Mr. HOLMES. No, no.

Mr. CHRISTIANSON. In those who are at the present time operating in interstate commerce?

Mr. HOLMES. No. I think the gentleman is entirely wrong.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. HOLMES] has again expired.

Mr. PETTENGILL. Mr. Chairman, I yield 3 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, the thing that has impressed me in the legislation that has been adopted by the two Congresses of which I have had the honor to be a Member is the tendency to kill off competition. It seems that everything we have done has been designed to kill off competition and to give a monopoly or privilege to certain classes and groups. I hesitate to oppose the wishes of the railroad men.

I have been a railroad man, but I want to say that it seems to me this is simply a move in restraint of trade. If you go down here to the market in Washington today you will find that the people in Washington have the privilege of buying the products of the farms and enjoying things which they could not enjoy under the old system of transportation. I call attention to the fact that throughout this country there are undeveloped sections which the railroads will never penetrate, which must rely on the trucks for transportation. Out in the Northwest they are proposing to build a road to make a short cut from the great irrigated potato-producing sections of my State of Idaho into Los Angeles. That short cut will only be used by the trucks. Potatoes produced in Idaho will be available to the great markets of southern California.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. COOPER of Ohio. There is nothing in this bill that would prevent those farmers' trucks going to market. It does not embrace agricultural products that are not processed in any manner, shape, or form.

Mr. WHITE. The point I tried to develop a moment ago is the fact that the provisions of this bill give control of the trucking business to the Interstate Commerce Commission, through the issuance of certificates of convenience and necessity, to those people who are successful in getting those certificates. It will be, in effect, a franchise. A railroad can step in and buy up the control of those trucking concerns who have these certificates of convenience and necessity, kill off competition, and then put on all the charges the traffic will bear.

Mr. PIERCE. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. PIERCE. Is there any other object in the bill?

Mr. WHITE. That is the way it looks to me. I think we might as well try to regulate the old horse and buggy and the wagon. We moved things that way. This is just refined transportation. I am in favor of transporting things by the cheapest means possible.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. CHRISTIANSON. I assume from what the gentleman has said that he favors regulation and favors competition and he fears that the effect of any regulations is to throttle competition?

Mr. WHITE. I think these certificates of convenience and necessity will put the business in the hands of a few organized truck companies and operate to eliminate competition and permit these favored companies to increase the cost of transportation.

Mr. CHRISTIANSON. If the gentleman takes that position, why does he not support the bill which will permit the railroads also to compete?

The CHAIRMAN. The time of the gentleman from Idaho [Mr. WHITE] has expired.

Mr. HOLMES. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, this question of the regulation of busses and trucks has been before the Congress for several years. So far as I have ever heard, no one takes the position that there should not be some regulation of this important part of our transportation system. If this is so large a part of the system as some people have expressed here today, there is all the more reason for some kind of fair and decent regulation. There is not a State in the Union, so far as I know, but what has regulation of busses and trucks. I have never heard any special objection to that. It is agreed by all that this is necessary. As I understand this bill, it does not go any farther than a great many States have gone in the regulation of this business. It simply regulates that part of the bus and truck business that is now engaged in interstate commerce in practically the same way intrastate commerce is now regulated, and which the individual States cannot regulate at the present time. Am I correct in that?

Mr. HOLMES. That is correct.

Mr. SNELL. I know that in my own State we have some trouble with trucks coming in from outside States not obeying our laws. There is no way by which the State can make those outside trucks obey our laws, and this has been proven desirable and necessary on many occasions.

Mr. ZIONCHECK. Will the gentleman yield right there?

Mr. SNELL. I yield.

Mr. ZIONCHECK. Could there be any regulation without imposing the necessity of a certificate of public convenience and necessity?

Mr. SNELL. I think perhaps there might be; but if we are going to have regulation, we must make a start. I doubt if there is a single man in this House who will not say we ought to have some regulation of busses and trucks in interstate commerce, and that is what this legislation is trying to do. Of course, we may have to change this bill; but as I look at it, it is about as near a skeleton bill as we could have and accomplish any degree of regulation. It is necessary to make a start, and if we have gone too far in any one particular, we can amend the law, but I believe it is necessary to make that start at the present time.

I have taken special interest in this bill on account of the interest of the farmers in this legislation. I am convinced, from my study of the bill and from the statements of those in charge of the bill, that there is not a single word in this bill that is inimicable to the agricultural interests of the country or the transportation of farm products.

So far as railroads are concerned, I cannot see how this is especially favorable to them. I cannot imagine how the railroads could buy up all of these 4,000,000 people who are operating busses and trucks at the present time. If they did buy up those trucks and raised the price, there would be a man on every corner who would start an individual truck tomorrow morning in competition with the railroad trucks, and he could operate cheaper than the railroads and would certainly get some amount of business. You are dealing with an entirely different question with trucks than you are with railroads.

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. SNELL].

Mr. SNELL. It does not take much capital to start in the bus or truck business. For this reason it is pretty hard to get a monopoly in this field.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. WADSWORTH. Does the gentleman from New York feel that the man standing on the corner could get a certificate of convenience and necessity?

Mr. SNELL. There may be some question about that, that may have to be modified; but I expect that the Interstate Commerce Commission would use a little judgment. They would not be too strict in the carrying out of all of the minor details of regulation; and certainly, if the combine you fear raised rates, there would not be any question about a new man getting a certificate.

I am not anywhere nearly as apprehensive as my friend from New York [Mr. WADSWORTH] is about the large and detailed amount of work which this bill will entail. The various States are doing it at the present time and we have not heard that it has caused any great amount of inconvenience in any State.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. CHRISTIANSON. I am very much impressed with the gentleman's argument. There is State regulation of intrastate business and the necessity of Federal regulation of interstate business. Can the gentleman tell us how many of the States which regulate intrastate business regulate as to rates? My understanding is that most of them regulate as to other things.

Mr. SNELL. As a matter of fact, I do not think many of them do; and I should have preferred to have had this bill reported with rates out. I like the safety and the labor provisions, but it has been my experience in the present House of Representatives that I get very little that I like and prefer, and I am perfectly willing to take the best I can get under the circumstances. [Laughter.]

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield again?

Mr. SNELL. I yield.

Mr. WADSWORTH. I am glad to hear the gentleman state that he would prefer a bill with the rates out of it.

Mr. SNELL. I would.

Mr. WADSWORTH. That is exactly what the subcommittee of the Committee on Interstate Commerce proposed in its substitute bill.

Mr. SNELL. If the gentleman will offer such an amendment I will vote for it.

Mr. WADSWORTH. I shall offer a motion to recommit the bill to the committee with instructions to report it back with the subcommittee's substitute bill in place of the present bill.

Mr. SNELL. I am perfectly convinced in my own mind that it is necessary at this time to make some start toward the regulation of busses and trucks engaged in interstate business, and the present bill is as near satisfactory as anything you can expect, and I shall support the bill.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The Clerk read as follows:

Be it enacted, etc., That the Interstate Commerce Act, as amended, herein referred to as "part I", is hereby amended by inserting at the beginning thereof the caption "part I", and by substituting for the words "this act", wherever they occur, the words "this part", but such part I may continue to be cited as the "Interstate Commerce Act", and said Interstate Commerce Act is hereby further amended by adding the following part (II):

"PART (II)

"SECTION 201. This part may be cited as the 'Motor Carrier Act, 1935.'

Mr. PETTENGILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment: Page 1, line 5, strike out the word "part" and insert in lieu thereof the word "Part."

The committee amendment was agreed to.

Mr. PETTENGILL. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 2, strike out "II" in parenthesis and insert in lieu thereof "II" without parenthesis.

Page 2, line 3, strike out "II" in parenthesis and insert in lieu thereof "II" without parenthesis.

Page 2, after line 3, insert the following caption: "Short title"

The committee amendment was agreed to.

The Clerk read as follows:

"DECLARATION OF POLICY AND DELEGATION OF JURISDICTION

"SEC. 202. (a) It is hereby declared to be the policy of Congress to regulate transportation by motor carriers in such manner as to recognize and preserve the inherent advantages of, and foster sound economic conditions in, such transportation and among such carriers in the public interest; promote adequate, economical, and efficient service by motor carriers, and reasonable charges therefor, without unjust discriminations, undue preferences or advantages, and unfair or destructive competitive practices; improve the relations between, and coordinate transportation by and regulation of, motor carriers and other carriers; develop and preserve a highway transportation system properly adapted to the needs of the commerce of the United States and of the national defense; and cooperate with the several States and the duly authorized officials thereof and with any organization of motor carriers in the administration and enforcement of this part.

"(b) The provisions of this part apply to the transportation of passengers or property by motor carriers and to the procurement of and the provision of facilities for such transportation, and the regulation of such transportation, and of the procurement thereof, and the provision of facilities therefor, is hereby vested in the Interstate Commerce Commission.

"(c) Nothing in this part shall be construed to affect the powers of taxation of the several States or to authorize a motor carrier to do an intrastate business on the highways of any State, or to interfere with the exercise by each State of the power of regulation of intrastate commerce by motor carriers on the highways thereof.

Mr. PETTENGILL. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 1, insert at the beginning of the line the words "engaged in interstate or foreign commerce."

The committee amendment was agreed to.

Mr. PETTENGILL. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 3, line 10, after the word "the", insert the word "exclusive."

The committee amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, although I am a member of the Committee on Interstate Commerce, my attention on that overworked committee has been largely engrossed with other legislation; so I am not an authority on this bill. I made this motion at this time for the purpose of clarifying in my own mind, if I can, a feature of the bill, and an important feature, upon which perhaps even many members of the committee are hazy, and that is the operation and effect of this bill upon rates in motor transportation.

I am quite sure that no member of the Interstate Commerce Committee would seek to give the House the idea that there is any such rate regulation in this bill as the railroads are subjected to, yet I have heard some things stated here in debate that might give many of you the impression that there is the same rate regulation over trucks in this bill as there is over railroads in the Interstate Commerce Act. I am interested in this question in connection with other pending legislation which may come before the House before the end of this session relating to section 4 of the Interstate Commerce Act. I sat throughout the hearings and have become quite familiar with the rate-regulating powers of the Interstate Commerce Act over the railroads of the country; and I have made the statement repeatedly that there is no such rate regulation over motor transportation in this act, as there is over the railroads under section 4, and especially under the long- and short-haul clause.

If I am wrong, Mr. Chairman, it is important to me and it is important to that legislation when it comes before this body that I be set right and that others be set right who have my views as to the difference between the rate regulation of this act and the Interstate Commerce Act.

The provisions of this bill as they affect rate regulation begin on page 41, subparagraph (c). I want to direct attention first to the provisions on page 46, which provide that none of the provisions of this act shall apply to any schedule of rates filed by motor carriers in bona fide operation at the time this act goes into effect. Those rates are set so far as this act is concerned to begin with. I want that fact kept in mind.

Now, we will go back to page 41 and see what kind of rate regulation there is in this act.

Subparagraph (c) of section 216 says that the common carriers of property by motor vehicle may establish through routes and joint rates. Notice it says they "may" establish through routes and joint rates. It is my construction of that language that it is absolutely optional with them whether they establish such routes and rates or not, and this construction is borne out by the language on page 40 of subparagraph (a) of section 216, relating to common carriers of passengers, wherein it says that "it shall be the duty" of every common carrier of passengers to establish reasonable through routes and just and reasonable individual and joint rates and just and reasonable regulations and practices.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Chairman, in other words, the establishment of just and reasonable passenger rates is made mandatory on the carriers. The establishment of property rates is made permissive with the carriers. They may establish reasonable through routes and joint rates, and this relates to joint rates only.

Mr. Chairman, I want to call attention to the further language in this section. First, it says they "may establish through rates and joint rates", and, second, if they do, they "must" establish just and reasonable "regulations and practices" in connection therewith, and just, reasonable, and equitable divisions of these rates with the joint carriers. So there is nothing in that section whatever imposing any limitation or restriction in the matter of rates.

We will turn now to subparagraph (e) on page 42. We come down to some rate regulation in this paragraph. Any person may make complaint in writing to the Commission that rates, fares, charges, and so forth, are in violation of this section 216, or of section 217. It states further:

Whenever, after hearing, upon complaint or in an investigation on its own initiative—

And, mind you, there will be no such thing as an investigation of truck rates on the initiative of the Commission. It will have to be by complaint, necessarily. To start with, somebody is going to have to make a complaint to the Interstates Commerce Commission that some truck rate is unjust and unreasonable. Then there will be a hearing. In the hearing the burden will be on the complainant. Now, ask any shipper complaining of railroad rates under the Interstate Commerce Act what that sort of requirement would do to the shipper to put the burden on him of establishing the ground of complaint. He will tell you it will put him out of court. He will tell you that he could not get started with a complaint against the railroad where that burden rested on him.

Now, if he establishes the burden of proof that rests on him with reference to the truck rates, what does he have to prove? He has to prove that the rate is unduly preferential, unjustly discriminatory, unduly prejudicial. There are no such words in the Interstate Commerce Act. Think of a complainant having on himself the burden of proof coming down to Washington to prove that a truck rate was "unduly" prejudicial or discriminatory or preferential. The railroads want the Pettengill bill repealing the long- and short-haul clause, but they would gladly trade the Pettengill bill for such alleged regulation as this. I am not complaining of this alleged rate regulation. I am simply denying that it is rate regulation.

[Here the gavel fell.]

Mr. WADSWORTH. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am prompted to impose upon the patience of the members of the Committee for a little while by some of the observations made by the gentleman from Colorado [Mr. MARTIN]. He traced the rate-making provisions of this bill up to the time he lost the floor. May I continue the story just a moment beyond that point?

On pages 42 and 43, as the gentleman from Colorado stated, the Commission, after a hearing upon complaint or in an investigation on its own initiative, if it finds that any individual rate—not alone a joint rate but an individual rate—charged, demanded, or collected is or will be unjust, unreasonable, or unjustly discriminatory or unduly preferential or unduly prejudicial, it shall determine and prescribe the lawful rate, fare, or charge, or the maximum or minimum. That is complete rate regulating authority.

Mr. MARTIN of Colorado. Under impossible conditions for the complainant to establish.

Mr. WADSWORTH. I think the whole rate-making program is impossible anyway; so we do not disagree there.

The pro forma amendment was withdrawn.

Mr. PIERCE. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have watched the debate very closely. I wonder why this bill? I am a farmer, living 300 miles from tidewater. I raise wheat and stock. The only relief I have ever seen in my 40 years on that farm from the terrific confiscatory railroad freight rates was when the trucks came.



Every time we regulated them we hurt the chance we had to get our freight to tidewater at a lower rate than that charged by the railroads. The regulation of the rates the trucks and busses are to charge is the crux of the whole question. I believe in regulating them as far as safety devices are concerned. I do not believe we should give to the Interstate Commerce Commission in Washington, D. C., the power to fix the minimum rate that shall be charged to take a truckload of hogs from my farm to Vancouver, in another State.

Mr. MARTIN of Colorado. May I ask my beloved friend from Oregon a question?

Mr. PIERCE. I yield.

Mr. MARTIN of Colorado. Then what right should the Interstate Commerce Commission have to fix the minimum rate on a railroad for hauling those hogs?

Mr. PIERCE. That is altogether a different situation. The railroad is a complete monopoly. The truck is not. The truck came into competition with the railroads when they were very heavily overcapitalized. The railroads are now trying to pay dividends and interest on that overcapitalization. It is the railroad influences and the Wall Street bankers that are behind this bill.

Mr. TRUAX. The gentleman speaks of "they" as being behind this bill. What does the gentleman mean by "they"?

Mr. PIERCE. I mean the railroads, the Wall Street railroads, controlled by about half a dozen big banking firms.

Mr. TRUAX. What about the big trucking interests—are they not back of this bill?

Mr. PIERCE. There are a few of them that want to monopolize the business.

Mr. TRUAX. I know they are in Ohio.

Mr. PIERCE. But the ordinary farmer is not behind this bill and the ordinary trucker is not behind it.

Mr. TRUAX. The ordinary farmer is opposed to the bill.

Mr. PIERCE. Absolutely, from beginning to end. This bill contains more dynamite for the Members on this side than anything we have had up this session. You put this over and put this bill into effect, and many Members will lose their seats on this very issue.

Mr. ZIONCHECK. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. ZIONCHECK. In the State of Oregon did not the gentleman repeal the certificate of public necessity and convenience law and make it a law of license after an experience there?

Mr. PIERCE. Yes; we did. A certificate of public necessity and convenience is simply to create a monopoly; it just means a monopoly for the fellows that hold those certificates, valuable though they are.

Mr. ZIONCHECK. And the only way in which another person can come in and compete with one who has such a certificate is to come to Washington and make a showing that the person who has the certificate is not properly serving the public there, which is impossible.

Mr. PIERCE. Absolutely impossible.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. TERRY. The gentleman is speaking now of the common carriers or the contract carriers?

Mr. PIERCE. I am speaking of the truckmen.

Mr. TERRY. But the gentleman understands there are common carriers and contract carriers.

Mr. PIERCE. It affects both of them.

The camel is certainly getting his nose into the tent, and this means the death of the motor transportation which the farmer has had and which has been the only relief that has come to him from the previous excessive railroad rates.

[Here the gavel fell.]

IF THE PRESIDENT IS SINCERELY INTERESTED IN THE UNDERPRIVILEGED, HE WILL NOT VETO THE BILL RESTORING PENSIONS TO SPANISH-AMERICAN WAR VETERANS AND THEIR DEPENDENTS

Mr. HOEPPEL. Mr. Chairman, I rise in opposition to the pro forma amendment for the purpose of congratulating every Member of the House of Representatives in respect to their attitude toward the Spanish-American War veterans. The Members of the House have shown their sense of fairness and justice to this worthy group of war veterans by permitting H. R. 6995 to pass the House under unanimous consent.

Of all classes of American war veterans, in my opinion, there is no group more entitled to consideration than the boys of 1898 who volunteered for service on the call of President McKinley. They have been virtually the "forgotten veterans" of our American wars, and the House of Representatives is entitled to the fullest measure of praise for its very considerate and humane act in recognizing, although belatedly, this worthy group who suffered more casualties in proportion to the numbers engaged than were suffered by our veterans during the World War.

I wish especially to commend Mr. TRUAX, of Ohio, Mr. MCFARLANE, of Texas, Mr. ZIONCHECK, of Washington, and Mr. COSTELLO, of California, who, I may say, are the administration objectors on measures coming before the House under unanimous consent. Mr. HOPE, of Kansas, Mr. HOLLISTER, of Ohio, and Mr. HANCOCK of New York, the official objectors of the minority side, are also to be commended for joining in the support of this measure and permitting it to pass the House without objection.

It is fitting to recall at this time that Mr. TRUAX, of Ohio, while he is not himself a veteran, has always shown the utmost consideration and sympathetic concern for the veterans of our wars. I had the honor to serve in both the Spanish-American War and the World War, and I am deeply gratified to find individuals like Mr. TRUAX and other Members of the Congress who did not themselves serve evidencing the fullest measure of helpfulness and consideration in the problems of our veterans. I only wish it were in my power to inform all our war veterans of the many outstanding friends they have in the Congress who themselves did not serve in any war but whose patriotic spirit is equal, if not superior in many instances, to that evidenced by those who saw actual service.

Mr. SMITH of Washington, the author of the bill, with whom I cooperated to the fullest extent, Mr. GASQUE, the Chairman of the Pensions Committee, and all the members of that committee are entitled to the fullest measure of appreciation for their splendid efforts in securing the enactment of a bill as humane and just as is the bill to which I refer. Mr. CITRON, of Connecticut, who introduced a bill similar to that of Mr. SMITH which the Congress enacted, should also be commended for his sympathetic interest in the Spanish War veterans.

Today I am pleased to report that the Senate of the United States passed this same bill, H. R. 6995, with a roll-call vote of 74 to 1, thus indicating that the Senate of the United States is living up to its tradition of dealing justly with our American war veterans. The bill was passed by the Senate without a single change, and for this acceptance of the House measure without amendment I wish to express my gratitude and appreciation to the honorable Members of the Senate.

It has been reported that the President will very likely veto H. R. 6995. I cannot believe that the President would be so unsympathetic toward our aged and disabled veterans of the Spanish-American War and their dependents as to veto a measure as humane and just in its application as is H. R. 6995. How can he, in common justice to our war veterans, veto a bill of this kind, which will take so many thousands of our Spanish-American War veterans and their widows from public relief rolls, where they have been forced by the infamous Economy Act, and, at the same time, approve of the so-called "officers' promotion bill", which entails a potential cost to the taxpayers of from $9,000,000 to $12,000,000 per annum for the benefit of able-bodied men already well provided for?

It should be further borne in mind that the majority of the Spanish-American War veterans are unable, because of infirmity and age, to find employment, and thus have no other income than their insignificant pensions, while the 9,073 officers of the Army so munificently provided for in the

officers' promotion bill, will receive from $379 to $534 cash per month, plus free palatial homes, free upkeep of grounds, free fuel and light, and servants at low cost in the person of enlisted men. They also enjoy free medical and dental attention for themselves and families, unlimited sick leave and 1 month of annual leave with full pay, and, in addition, they are permitted to purchase their subsistence and other necessities through their own supply stores and affiliated agencies at discounts of from 10 to 40 percent.

How can the President, if he is honest and sincere, as I believe he is, deal so beneficently with able-bodied officers, already adequately provided for, and deny a bare existence pension to men who in their youth served their country valiantly through every hazard and sacrifice? I believe the President wishes to be fair and humane and I cannot conceive that he would be so magnanimous to the already overprivileged Army officers, and at the same time, so parsimonious with the Spanish-American War veterans and so inconsiderate of their desperate plight.

Mr. PETTENGILL. Mr. Chairman, a point of order.

Mr. HOEPPEL. Will the gentleman withhold his point of order?

Mr. PETTENGILL. Mr. Chairman, we are trying to finish the consideration of this bill this afternoon, and we ought not to take up the time of the Committee with extraneous matters.

Mr. HOEPPEL. Mr. Chairman, may I have permission to proceed for two and a half minutes out of order?

Mr. PETTENGILL. Reserving the right to object, I simply want to protect the proceedings of the House. We are trying to wind up this bill tonight and we ought not to occupy our time with matter that is extraneous to the bill under consideration.

The CHAIRMAN. The gentleman from Indiana will state his point of order.

Mr. PETTENGILL. The point of order is that the gentleman is not talking to the bill.

The CHAIRMAN (Mr. MCCORMACK). The Chair is ready to rule. The gentleman will proceed in order.

Mr. HOEPPEL. In reference to the bill under consideration, I may state that it is my intention to support it. I am at this time, however, speaking in the interest of a worthy group of war veterans with whom it was my honor to serve in 1898, and whose loyal service and present desperate plight certainly constitute a just claim upon the attention of the House.

Today the Senate passed the Spanish-American War pension bill. Today, also, the Senate passed the officers' promotion bill; and in order that the pay of the officers may commence tomorrow, August 1, I have been informed that the bill has been rushed to the White House to be signed by the President today. I personally requested of the floor leader of the Senate that the same expeditious action be taken in respect to the Spanish War veterans' bill, H. R. 6995, so that they also would receive an increase in their pensions effective August 1. It remains to be seen whether or not the administration, which is so solicitous in providing for an already overprivileged group of able-bodied Army officers, will extend the same consideration to our aged and disabled veterans of the Spanish-American War and their dependents.

The President, in his recent message to the Congress, has recognized the fortunes of the overprivileged and has called attention to the imperative needs of the underprivileged. I hope that he will stand by his declaration of interest in the underprivileged and that he will approve of H. R. 6995, and thus correct in some measure the injury which was perpetrated upon the worthy veterans of our American wars through the enactment of the iniquitous Economy Act.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the reason I want to rise now is because of a discussion in connection with exemptions. I expect to offer an amendment at the end of the next section, and I would like to read them to the Committee.

Among the exemptions I expect to offer the following:

Motor vehicles controlled and operated by any farmer and used in the transportation of his agricultural commodities and products thereof, or in the transportation of supplies to his farms; or motor vehicles controlled and operated by a cooperative association as defined in the Agricultural Marketing Act, approved June 15, 1929, as amended.

That amendment would do two things. It would permit the farmer hauling his crop to market to haul his supplies back home. In the second place, it would exempt cooperative organizations to comply with the Capper-Volstead Act, which is the standard definition of cooperative recognized since 1922.

Mr. SNELL. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SNELL. As I listened to the reading of the proposed amendment I think I am in sympathy with it, but I have been told many times today by Members supposed to know that every one of these exemptions is covered in the present bill.

Mr. JONES. If there is no difference then it will do no harm to adopt this amendment. I have read the bill rather hurriedly, but I am confident they are not included. In fact it seems plain to me that they are not.

Mr. HOLMES. Will the gentleman yield?

Mr. JONES. I yield.

Mr. HOLMES. Our committee took that matter up, and I will say that every truck operated by a cooperative organization is exempt.

Mr. JONES. I am sure the gentleman is in error. The recognized cooperative is defined by law; even though it complies with that definition it is still included. The cooperative is not exempted.

Now, I hope I may not be interrupted until I explain the reason for offering this cooperative amendment. This exemption is consistent with the purpose of the act to regulate the use of highways by persons and corporations who use them regularly as places of business and as the primary means of gaining a livelihood. Cooperative organizations do not act as moneymakers in transportation. The hauling is done as a means of reducing the marketing expenses of their members.

Especially in highly organized communities it is almost essential they do some hauling for nonmembers. Otherwise certain farmers who are only temporarily in the community and in some instances tenants might be left without transportation facilities. In some instances it reduces the expense of handling to combine some hauling for nonmembers. This does not mean going into the general business of transportation. It is merely incidental to the hauling for their own members. It is a practical proposition.

This principle has gained almost universal recognition. It has been written into both State and Federal laws. They should be permitted to operate as they have always operated under the restriction of the legal and accepted definition. Otherwise if they accepted any outside business they would become common carriers, and would be required to accept all commodities tendered to them. They are now given permission to handle not exceeding the same amount for nonmembers that they handle for themselves. Under these terms they have operated for years. Without the proposed amendment the bill would make them common carriers, and prevent their continuing their present method of doing business.

As far back as 1922 this principle was recognized. It has been one of their cardinal tenets since that date. By it they have lived. Much of the bus and truck legislation in the various States has recognized these facts and practices, and by those statutes they have been exempted from the common-carrier provisions so long as they do not violate these limitations.

This is a practical proposition. Where this business that is done in trucks is not exempted they will be forced to refuse to take the merchandise of the tenants and transient farmers, who will be left without any proper transportation facilities.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. JONES. In a moment. This will not open the gate for a lot of men to go into the trucking business and thus escape, because the moment they haul more for outside people than they haul for their own members they will be out of the window so far as the exemption is concerned. I yield to the gentleman from Arkansas.

Mr. TERRY. Does not the gentleman feel that while it may be proper for the cooperatives to haul their own products and those of the membership, that whenever they go into the general trucking business they should be subject to these regulations?

Mr. JONES. If they go into the general trucking business, most assuredly they should be subject to the regulations. My amendment will not prevent that.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. PETTENGILL. The gentleman is in favor of the cooperative movement among the farmers of America?

Mr. JONES. Yes.

Mr. PETTENGILL. Would he not favor legislation that would encourage people to join the cooperatives?

Mr. JONES. Yes.

Mr. PETTENGILL. Rather than to have cooperatives haul their stuff without regulation?

Mr. JONES. All busses and trucks must comply with necessary State and local laws as to speed and safety. That is another proposition altogether. The trouble is that your definition of common carrier would regulate them out of business. It is necessary to reach back into the definition that was written in the Capper-Volstead Act, passed in 1922. The cooperatives built their granaries and elevators, and they have taken the grain of the farmers and mixed it, and if they are not exempted, in their grain haulings and in their customer-hauling accommodation which they extend to a few of their neighbors, it would be impossible to separate them entirely. They cannot go into the general transportation business, when they cannot haul more for outside members than they haul for themselves. This is a reasonable provision. This would simply preserve the present exemptions under the law. With the present exemptions and the encouragement given to cooperatives, if we do not carry it through in this measure, we practically kill the benefits of the former measure.

Mr. SABATH. Might not the gentleman's amendment exempt the cooperatives from the entire act?

Mr. JONES. No; it will not. If they violate the Capper-Volstead provision, if they haul more for outside persons than they do for their own members; in other words, if they become common carriers, they lose all exemptions. They would be exempt from the regulations of the act if they simply hauled for themselves and not for profit.

Mr. TERRY. They would be in the nature of contract carriers?

Mr. JONES. They haul for their members. In a limited way they might be contract carriers, in a limited sense, when they haul for outside members. This is incidental to their main purpose of serving their membership.

The CHAIRMAN. The time of the gentleman from Texas has expired, and the Clerk will read.

The Clerk read as follows:

"DEFINITIONS

"SEC. 203. (a) As used in this part—

"(1) The term 'person' means any individual, firm, copartnership, corporation, company, association, or joint-stock association; and includes any trustee, receiver, assignee, or personal representative thereof.

"(2) The term 'board' or 'State board' means the commission, board, or official (by whatever name designated in the laws of a State) which, under the laws of any State in which any part of the service in interstate or foreign commerce regulated by this part is performed, has or may hereafter have jurisdiction to grant or approve certificates of public convenience and necessity or permits to motor carriers, or otherwise to regulate the business of transportation by motor vehicles, in intrastate commerce over the highways of such State.

"(3) The term 'Commission' means the Interstate Commerce Commission.

"(4) The term 'joint board' means any special board constituted as provided in section 205 of this part.

"(5) The term 'certificate' means a certificate of public convenience and necessity issued under this part to common carriers by motor vehicle.

"(6) The term 'permit' means a permit issued under this part to contract carriers by motor vehicle.

"(7) The term 'license' means a license issued under this part to a broker.

"(8) The term 'State' means any of the several States and the District of Columbia.

"(9) The term 'express company' means any common carrier by express subject to the provisions of part I.

"(10) The term 'interstate commerce' means commerce between any place in a State and any place in another State or between places in the same State through another State, whether such commerce moves wholly by motor vehicle or partly by motor vehicle and partly by rail, express, or water.

"(11) The term 'foreign commerce' means commerce between any place in the United States and any place in a foreign country, or between places in the United States through any foreign country, whether such commerce moves wholly by motor vehicle or partly by motor vehicle and partly by rail, express, or water.

"(12) The term 'highway' means the roads, highways, streets, and ways in any State.

"(13) The term 'motor vehicle' means any vehicle, machine, tractor, trailer, or semitrailer propelled or drawn by mechanical power and used upon the highways in the transportation of passengers or property, but does not include any vehicle, locomotive, or car operated exclusively on a rail or rails.

"(14) The term 'common carrier by motor vehicle' means any person who or which undertakes, whether directly or by a lease or any other arrangement, to transport passengers or property, or any class or classes of property, for the general public in interstate or foreign commerce by motor vehicle for compensation, whether over regular or irregular routes, including such motor vehicle operations of carriers by rail or water, and of express or forwarding companies, except to the extent that these operations are subject to the provisions of part I.

"(15) The term 'contract carrier by motor vehicle' means any person, not included under paragraph (14) of this section, who or which, under special and individual contracts or agreements, and whether directly or by a lease or any other arrangement, transports passengers or property in interstate or foreign commerce by motor vehicle for compensation.

"(16) The term 'motor carrier' includes both a common carrier by motor vehicle and a contract carrier by motor vehicle.

"(17) The term 'private carrier of property by motor vehicle' means any person not included in the terms 'common carrier by motor vehicle' or 'contract carrier by motor vehicle', who or which transports in interstate or foreign commerce by motor vehicle property of which such person is the owner, lessee, or bailee, when such transportation is for the purpose of sale, lease, rent, or bailment, or in furtherance of any commercial enterprise.

"(18) The term 'broker' means any person not included in the term 'motor carrier' and not a bona fide employee or agent of any such carrier, who or which, as principal or agent, sells or offers for sale any transportation subject to this part, or negotiates for, or holds himself or itself out by solicitation, advertisement, or otherwise as one who sells, provides, furnishes, contracts, or arranges for such transportation.

"(19) The 'services' and 'transportation' to which this part applies include all vehicles operated by, for, or in the interest of any motor carrier irrespective of ownership or of contract, express or implied, together with all facilities and property operated or controlled by any such carrier or carriers and used in the transportation of passengers or property in interstate or foreign commerce or in the performance of any service in connection therewith.

"(20) The term 'interstate operation' means any operation in interstate commerce.

"(21) The term 'foreign operation' means any operation in foreign commerce.

"(b) Nothing in this part, except the provisions of section 204 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment, shall be construed to include (1) motor vehicles employed solely in transporting school children and teachers to or from school; or (2) taxicabs, or other motor vehicles performing a bona fide taxicab service, having a capacity of not more than six passengers and not operated on a regular route or between fixed termini; or (3) motor vehicles owned or operated by or on behalf of hotels and used exclusively for the transportation of hotel patrons between hotels and local railroad or other common carrier stations; or (4) motor vehicles operated, under authorization, regulation, and control of the Secretary of the Interior, principally for the purpose of transporting persons in and about the national parks and national monuments; or (5) trolley busses operated by electric power derived from a fixed overhead wire, furnishing local passenger transportation similar to street-railway service; nor, unless and to the extent that the Commission shall from time to time find that such application is necessary to carry out the policy of Congress enunciated in section 202, shall the provisions of this part, except the provisions of section 204 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment, apply to: (6) The transportation of passengers or property in interstate or foreign commerce wholly within a municipality or between contiguous municipalities or within a zone adjacent to and commercially a part of any such municipality or municipalities, except when such transportation is under a common control, management, or arrangement for a continuous

carriage or shipment to or from a point without such municipality, municipalities, or zone, and provided that the motor carrier engaged in such transportation of passengers over regular or irregular route or routes in interstate commerce is also lawfully engaged in the intrastate transportation of passengers over the entire length of such interstate route or routes in accordance with the laws of each State having jurisdiction; or (7) the casual, occasional, or reciprocal transportation of passengers or property in interstate or foreign commerce for compensation by any person not engaged in transportation by motor vehicle as a regular occupation or business; or (8) motor vehicles used exclusively in carrying livestock or unprocessed agricultural products; or (9) motor vehicles used exclusively in the distribution of newspapers.

With the following committee amendments:

Page 7, line 13, after the word "part", insert "except the provisions of section 204 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment."

The committee amendment was agreed to.

The Clerk read as follows:

Page 8, line 9, after the word "part", insert "except the provisions of section 204 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment."

The committee amendment was agreed to.

The Clerk read as follows:

Page 9, line 4, strike out the period, insert a semicolon and the words "or (8) motor vehicles used exclusively in carrying livestock or unprocessed agricultural products; or (9) motor vehicles used exclusively in the distribution of newspapers."

Mr. PETTENGILL. Mr. Chairman, I offer the following amendment to the committee amendment just reported.

The Clerk read as follows:

Amendment to the committee amendment:
Page 9, lines 5 and 6, strike out the words "unprocessed agricultural products" and insert in lieu thereof "agricultural commodities not including manufactured products thereof."

Mr. PETTENGILL. Mr. Chairman, we have heard a good deal of discussion this afternoon as to what is a processed agricultural product, whether that would include pasteurized milk or ginned cotton. It was not the intent of the committee that it should include those products. Therefore, to meet the views of many Members we thought we would strike out the word "unprocessed" and make it apply only to manufactured products.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. WHITTINGTON. In other words, under the amendment to the committee amendment, cotton in bales and cottonseed transported from the ginneries to the market or to a public warehouse would be exempt, whereas they might not be exempt if the language remained, because ginning is sometimes synonymous with processing.

Mr. PETTENGILL. That is correct.

Mr. TRUAX. Will the gentleman's amendment be in conformity with the wishes of the cooperative milk producers association? They say that unprocessed agricultural products in line 5, on page 9, are intended to cover milk and cream being transported from the farm to the country receiving stations or creamery.

Mr. PETTENGILL. We think it covers that.

Mr. TRUAX. Therefore, further amendment will not be necessary to strike raw milk from under that clause?

Mr. PETTENGILL. That is right.

The CHAIRMAN. The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. BLAND. I offer an amendment to the committee amendment, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 9, line 5, after the word "livestock", insert a comma and the following: "fish, including shellfish."

Mr. PETTENGILL. Mr. Chairman, the committee accepts the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 8, line 3, after the semicolon, insert the following: "or (4a) motor vehicles controlled and operated by any farmer and used in the transportation of his agricultural commodities and products thereof, or in the transportation of supplies to his farm; or (4b) motor vehicles controlled and operated by a cooperative association as defined in the Agricultural Marketing Act, approved June 15, 1929, as amended."

Mr. JONES. Mr. Chairman, I hope the committee will see fit to accept this amendment. It conforms absolutely to the same provisions that have been written into practically all laws which the National Government has enacted affecting these matters, and is almost identical with the provisions in a great many of the States which have enacted laws regulating busses and trucks. A great many of the States have these identical exemptions.

I want to assure the members of the committee as well as the Members of the House that there is no desire on the part of those who are interested in this amendment to open the floodgates. Practically all of the leading cooperative representatives have indicated that they would like to see this character of amendment. It has been carefully drawn. No concern could go into the general bus or truck business with this exemption. It simply enables the cooperatives to operate in a practical manner. They have fashioned all their business under all of the other acts, the elevator acts in the various States, to suit the handling of a small part of their business for nonmembers. Usually it does not amount to anything like 50 percent. That is the absolute limit. It probably would be less than that. But there are certain accommodations which they can extend, not as a money-making proposition, but in order to enable them to work in a practical manner, especially in communities where they have good organization without this small amount of outside business. I do not think the gentleman would find any harm done by accepting this amendment.

Mr. PETTENGILL. Will the gentleman yield for a question?

Mr. JONES. I yield.

Mr. PETTENGILL. Will not the adoption of the gentleman's amendment be a further encouragement to men not to join the cooperative?

Mr. JONES. No, no; not in any sense.

Mr. PETTENGILL. He can have his stuff hauled by the cooperative.

Mr. JONES. He would have to pay for having it hauled. As a matter of fact, where the cooperatives are really making a success, the members are benefited. In addition the tenant or one temporarily in the community, the joint owner or the neighbor may profit by these activities, even though he may not feel like becoming a regular member.

Mr. WHITTINGTON. Will the gentleman yield right there?

Mr. JONES. I yield.

Mr. WHITTINGTON. On the contrary, the purpose of the cooperative being authorized to operate for others to the extent of 50 percent, is to encourage the cooperatives because they bear the expense?

Mr. JONES. Of course. This makes it possible for that encouragement to continue. The cooperatives themselves would not want this amendment if it were going to hurt them.

Mr. TRUAX. Will the gentleman yield?

Mr. JONES. I yield.

Mr. TRUAX. Does not the gentleman's amendment meet and conform with the contentions of the Cooperative Milk Producers Association?

Mr. JONES. I understand so.

Mr. TRUAX. And this will make the legislation acceptable to them?

Mr. JONES. At least this part of it; yes.

Mr. CRAWFORD. Will the gentleman yield?

Mr. JONES. I yield.

Mr. CRAWFORD. If this amendment is adopted will it tend to do away with a great deal of the apparent opposition which the farm-cooperative associations have toward this legislation?

Mr. JONES. I think it would go a long way toward doing it; at least to this portion of it.

Mr. COLE of Maryland. Will the gentleman yield?

Mr. JONES. I yield.

Mr. COLE of Maryland. What is the attitude of the Farm Credit Administration?

Mr. JONES. I have gone over this matter with them. They make the loans to the cooperatives. They said this was absolutely essential if they were able to carry on their credits to those organizations which have these exemptions in the other acts.

Mr. COLE of Maryland. I want to say to the distinguished gentleman who heads the Committee on Agriculture of this House that as one member of this committee I favor the gentleman's amendment.

Mr. JONES. I thank the gentleman very much. I hope the other members will see fit to accept it.

[Here the gavel fell.]

Mr. TERRY. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, this amendment offered by the gentleman from Texas was considered by the full Committee on Interstate and Foreign Commerce. It was thoroughly discussed, and it was voted down. The committee is entirely in sympathy with the problems of the farmers and the agricultural interests, and in order to protect those interests, the exemptions that are now shown in the bill were placed there. No farmer is subject to this bill who does his own trucking. No farmer is subject to the bill who engages in casual, occasional, or reciprocal transportation of passengers or property in interstate commerce. If he does not do it in interstate commerce he is not subject to it at all. If he does it on a casual, occasional, or reciprocal basis for his neighbor in interstate commerce, this seventh section excludes him.

The committee feels that to the extent the cooperatives are carrying and trucking their own property that they should be exempt, and they are exempt under the terms of the exception on page 9; that is, the casual, occasional, or reciprocal transportation of property in interstate commerce by any person not engaged in transportation by motor vehicle as a regular occupation or business. All farmers are exempt under this provision, and also under subsection 8.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield.

Mr. FULMER. Does the bill attempt to regulate hours of employment of the employee of the farmer driving the farmer's truck?

Mr. TERRY. The bill does not. This is an exemption from that. The hours of the driver engaged in this exemption are not covered. I think safety regulations would be covered, though.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman from Arkansas yield?

Mr. TERRY. I yield.

Mr. WHITTINGTON. Do I understand the gentleman's argument to be that the exemptions in the proposed amendment of the gentleman from Texas are already in the bill?

Mr. TERRY. That is very generally true. The farmer's operations are included in the exemptions that are in the bill. Every bit of trucking they do in transporting their own property is exempt; and the committee, after full consideration, felt that where the cooperatives go into the regular trucking business as such, that they should come within the provisions of the bill as to reasonable regulation.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended 2 minutes in order that I may ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. I would like to ask the gentleman this: If the bill covers the matters that are intended to be covered by the proposed amendment, then the acceptance of the amendment would be merely a clarification of the bill, because many commissions are rather hesitant as to the meaning of the word "casual." They have held, for instance, that if a man hauls once a month or twice a month it is more than casual. If it be the intention of the committee to make the very exemption sought by the gentleman from Texas, then there can be no objection to adopting the gentleman's amendment. It will certainly clarify the bill and effectuate the very intent the gentleman has expressed.

Mr. TERRY. The definition at the bottom of page 8 under exemptions refers to the casual, occasional, or reciprocal transportation by any person not engaged in the transportation by motor vehicle as a regular occupation or business. Now, no farmer who is engaged in farming would be included in this bill.

Mr. JONES. If the gentleman will notice lines 10, 11, and 12 and the qualifications and maximum hours of service fixed in lines 6, 7, and 8, he will see that these qualifications would apply to what the gentleman refers to.

Mr. TERRY. If the gentleman from Texas will allow me, I will say that the committee, after full consideration, believes that the highways of the country should be protected so far as the safety of the citizens of the country is concerned, and we see no reason why farmers or any other groups of citizens should be exempt from reasonable requirements as to safety.

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I want to call attention to the definition of private carrier found on page 6, line 11:

> The term "private carrier of property by motor vehicle" means any person not included in the terms "common carrier by motor vehicle" or "contract carrier by motor vehicle."

Mr. BARDEN. Mr. Chairman, will the gentleman yield for a question?

Mr. HOLMES. I yield.

Mr. BARDEN. Will the gentleman state the difference, in his opinion, between a contract carrier and a casual or an occasional carrier?

Mr. HOLMES. There is a tremendous amount of difference between the two. A contract carrier is one who is engaged in carrying as a regular business. A casual carrier is a farmer or an individual owner of a truck who may casually enter into interstate commerce.

The definition of "person", on page 3, line 15, reads:

> The term "person" means any individual, firm, copartnership, corporation, company, association, or joint-stock association; and includes any trustee, receiver, assignee, or personal representative thereof.

These persons are exempt from the provisions of this bill unless they are actually engaged as common carriers or contract carriers of merchandise in interstate commerce.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. HOPE. Can the gentleman say that a cooperative organization which transported goods for nonmembers is not a contract carrier under the definition of this bill?

Mr. HOLMES. They are not a contract carrier under the definitions of this bill. I will read further:

> Who or which transports in interstate or foreign commerce by motor vehicle property of which such person is the owner, lessee, or bailee, when such transportation is for the purpose of sale, lease, rent, or bailment, or in furtherance of any commercial enterprise.

In other words, the department stores in Washington that may sell a bill of goods to be delivered in Philadelphia, New Jersey, or Massachusetts, do not come under the provisions of this bill because they are private owners of motor vehicles.

Mr. HOPE. Suppose a department store in Washington, owning a fleet of trucks and delivering their own merchandise, should deliver merchandise for another store; would they not be a contract carrier under those circumstances?

Mr. HOLMES. No; they are casual operators. They are not in business as common carriers or contract carriers.

Mr. HOPE. What does it take to make a man a contract carrier?

Mr. HOLMES. In order to become a contract carrier, I presume in the gentleman's State as in my State, the man has to get a license to operate in the State as either a contract or a common carrier.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The Clerk read the Jones amendment.

The amendment was agreed to.

Mr. RANKIN. Mr. Chairman, I offer a motion to strike out the enacting clause.

The Clerk read as follows:

Mr. RANKIN moves to strike out the enacting clause.

Mr. RANKIN. Mr. Chairman, this is probably the only opportunity I will have to register my protest against this bill, which in its present form should be defeated by all means.

The main consequence of this measure is going to be to raise freight and transportation rates to the people you and I represent. It will pile onto the backs of the people of this country additional burdens in the form of transportation charges.

It will paralyze the little fellow and stifle the small communities. It will disrupt this great system of motor transportation that has been built up in recent years and which is giving the people of the country efficient transportation at reasonable rates. Not only that, but it is going to throw men out of work. Everyone knows that.

Mr. PETTENGILL. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Indiana.

Mr. PETTENGILL. The gentleman says this bill is designed to crush the little community and put men out of work. Does the gentleman understand this is an administration bill?

Mr. RANKIN. I do not care where it purports to come from. I am telling you what it is going to do. It is going to throw men out of work; it is going to paralyze transportation in the small communities and increase freight rates.

Talk about the Interstate Commerce Commission! If we are going to have, in the future, the kind of Interstate Commerce Commission we have had in the past, I am in favor of abolishing the Commission now! [Applause.]

Mr. TERRY. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Arkansas.

Mr. TERRY. Does the gentleman realize that about 90 percent of the operations under this bill will be conducted by joint boards which consist partly of the representatives of the States?

Mr. RANKIN. What will that amount to? You are simply turning over the freight system to the railroads and to the large truck companies. That is what you are doing in this bill.

If it is your desire to protect the people riding on the highways, this is not the way to do it. Personally, I would rather meet the average truck driver than the average passenger car driver on the highway. Take the wrecks that we have had on these highways. They have not been caused by the trucks. The truck drivers are the most careful drivers on the road.

Let us look into this a little further. Under the present rulings of the Interstate Commerce Commission the interior points have been discriminated against in favor of water points. Why, you can haul freight from New York to San Francisco through Omaha cheaper than you can put it off in Omaha or any other point between New York and San Francisco. I have pointed out on this floor that you can haul freight from Pensacola, Fla., to St. Louis, Mo., cheaper than you can put it off at any point between those two places. They have charged back to the people enough in freight rates to make up the difference.

As soon as we got a little relief through the motor truck we began to see the light of day. Now you come along with this iniquitous measure that will take away from us the benefits that modern progress has given us.

The gentleman from New York [Mr. WADSWORTH] pointed out that this is going to bring about a great demoralization. How are you going to enforce this measure against the people of the United States when you could not enforce the eighteenth amendment against a few bootleggers? If you want to protect the highways, you can do it through the enactment of proper laws. Here you are destroying a great traffic system. You are imposing an additional burden, which the people will resent, and bringing about a demoralized condition by a bill the provisions of which you can never enforce.

Mr. KVALE. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. KVALE. Does not the gentleman agree that operations in interstate commerce under control, leaving intrastate operations without control, will have a different effect in States such as Delaware and Rhode Island than in a State like Texas, for instance?

Mr. RANKIN. Yes. Take the district I have the honor to represent. It touches two State lines, borders them for 200 miles. It is going to paralyze traffic in that district just as it will in Tennessee and other States where that same condition prevails.

Mr. Chairman, I hope the House will defeat this bill.

[Here the gavel fell.]

Mr. ZIONCHECK. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. SADOWSKI. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Michigan.

Mr. SADOWSKI. Does not the gentleman realize that the men who work in the trucking industry want this legislation?

Mr. RANKIN. You are going to put the little fellow out of business. That is one of the objects of this legislation, and the people know it. [Applause.] That is the object of all this flood of propaganda that has been coming in here to raise rates at the expense of the unorganized producers and consumers of America.

I wonder if anybody has read into the RECORD the letter I have here from the National Grange?

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by including therein a letter from the Washington representative of the National Grange, one of the great agricultural organizations, condemning this measure in no uncertain terms and asking for its defeat.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. O'MALLEY. Does not the gentleman believe in the matter of regulation of transportation that all transportation should be under one uniform system of regulation?

Mr. RANKIN. No; not when the big ones control the system, and I am here to say to the gentleman that the railroads have controlled the Interstate Commerce Commission, as a rule, ever since I can remember, and as a result they have piled upon the people in the interior districts enormous freight rates, and that is what they are after now. I am as good a friend of the railroads as a man has the right to be. I am willing to give them justice, but I am not willing to put people at their mercy and enable them and the big truck operators, the big truck companies which are largely owned by the railroads, to rob the people of this country and paralyze the small communities and the interior districts under the pretense of regulating traffic.

Mr. SADOWSKI. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. SADOWSKI. Would the gentleman be in favor of taking off the regulation of intrastate traffic?

Mr. RANKIN. This does not touch intrastate traffic.

Mr. SADOWSKI. Would the gentleman be in favor of that? All this does now is to put interstate traffic under uniform regulations.

Mr. RANKIN. That is not all it does. If that were all it does, they would not want it. What they want to do is to squeeze out competition. You could not enforce the N. R. A. simply because it was being used by the big ones to squeeze out the little ones, and the American people revolted against it. It was dying of its own weight even before the Supreme Court reached it.

Now, here is what you are going to do. You are going to outlaw these truck operators who are trying to give the people decent transportation at decent rates. You are going to outlaw him under the provisions of this bill and when you do, he is going to resent it, and he is going to go ahead and haul in any event and you are going to have bootlegging in transportation that you cannot prevent or control. As the gentleman from New York said, you will have thousands and thousands of people who are not willing for the Congress of the United States to turn over to any commission, to be dominated by the big railroads, the right to plunder them and prevent them from having their freight hauled at reasonable rates. So you are going into a system that is going to lead to wreck and demoralization. Not only is it going to lead to a demoralization of transportation but, mark my words, it is going to lead to some political wrecks if this bill passes. [Applause.]

The letter referred to by Mr. RANKIN follows:

THE NATIONAL GRANGE,
Washington, D. C., July 26, 1935.

Hon. SAM RAYBURN,
Chairman Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D. C.

DEAR SIR: The report of the special subcommittee which has been considering S. 1629, the Motor Carrier Regulatory Act, contains a statement which is so erroneous that it must not go unchallenged. That statement declares that the bill in its present form has the support of "the majority of shippers and many other national organizations."

This is directly contradicted by testimony of shipper groups before both the House and the Senate committees. It is a self-evident fact that "the majority of shippers", burdened as they are now by excessive transportation costs, would not deliberately support a bill which would inevitably take more money from their pockets for the benefit of the railroads and the common-carrier truck operators who are the principal supporters of this measure.

The testimony before the House and Senate committees shows conclusively that the bill is objectionable to substantially all of the shipping groups represented at the hearings on the bill.

Speaking for the National Grange, I wish to state positively and definitely that the amendments purporting to exempt from the operation of the bill trucks which are used exclusively in hauling agricultural products do not change the attitude of the National Grange toward this proposed legislation. Neither have these amendments withdrawn the opposition of the other agricultural groups, according to my information.

In the hearings on the bill the only organization which I would call a "shipper group" that supported the measure was one composed largely of commission merchants who sought to stop the operations of the itinerant peddler. I think it is safe to assume that the exemptions above referred to would make even that one group at least luke warm in its support.

The National Industrial Traffic League favored the regulation of rates and services of motor trucks, but objected to a number of the provisions of S. 1629. My understanding is that several of their principal objections have not been cured, although, of course, I have no authority to speak for that organization.

The record shows that the bill in its present form has not met the objections of the following organizations which registered opposition to it in the committee hearings:

The National Grange.
American Farm Bureau Federation.
Farmers Educational and Cooperative Union of America.
American Cotton Cooperative Association.
American National Livestock Association.
National Cooperative Milk Producers Federation.
American Association of Creamery Butter Manufacturers.
American Ports Cotton Compress and Warehouse Association.
Eastern Apple Growers Council.
National Industrial Traffic League.
National Woolgrowers' Association.
National Dairy Union.

In view of the clearly expressed opposition of these organizations, and considering the admitted fact that the shipping public will not willingly assume the burden of increased transportation costs, I fail to see that there is any basis whatever for the statement quoted at the outset of this letter.

It should be remembered, however, that the opposition of a number of the groups mentioned above does not extend to Federal regulation of passenger busses, providing such regulation is divorced from truck regulation.

At a time like the present, when transportation costs represent such a great percentage of the value of farm and factory products, I believe it would be a very grave mistake for Congress to make possible, by passing this bill, increased profits for large common-carrier truck operators and railroads at the expense of every shipper and consumer in America.

The National Grange is still unalterably opposed to the enactment of this bill.

Very respectfully yours,

THE NATIONAL GRANGE,
FRED BRENCKMAN,
Washington Representative.

Mr. CRAWFORD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there are two provisions in this bill alone—and I do not believe either one has been mentioned up to this time—which, based on my practical experience, will, in my opinion, save the contract truck operators of this country far more than any burden that could ever be imposed upon them as a result of this legislation.

These two provisions are the ones governing brokers, on page 30, and rebates, on page 58.

I wish I could take you people into the offices and into the homes—a lot of these fellows have not any offices—of the contract truck operators of this country and show you the terrific and staggering loot they have to give the brokers of this country who pick up the shipping orders for the freight and hand it over to the truck operator. This provision alone, in my opinion, will save the contract carriers enough money to offset every burden that will be placed on them by this legislation.

With respect to the matter of rebates, large shippers will get these fellows into their offices and offer them a big pile of freight to haul, and by the time they get through they have rebated back practically every cent in excess of out-of-pocket costs they have collected for the transportation service rendered.

These two provisions are important, because you cannot conduct business in this country successfully as long as rebates by a transportation system are permitted, whether it is a common or contract carrier by truck or by the railroads or the airplanes or by water. We must get rid of rebates because they destroy everything that can possibly be built up that is constructive in our industrial system.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. PETTENGILL. Does not the gentleman agree that the provision against rebates is designed to protect the little man?

Mr. CRAWFORD. It is the only way he can survive.

Mr. PETTENGILL. Whether he is a shipper or a carrier.

Mr. CRAWFORD. Entirely so.

Mr. ZIONCHECK. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Washington.

Mr. ZIONCHECK. I have observed in all the argument here that you talk about the bananas upon the bunch and not about the tarantula that is hid in the bunch, which is the certificate of public convenience and necessity.

Mr. CRAWFORD. All right, let me answer that question. The question comes up about railroad acquisition. You put the contract common carriers in this country who operate trucks on a profitable basis by eliminating the brokers' loot and the rebate loot and I would like to see a railroad acquire those transportation lines. They will be on a decent living standard and you cannot buy them out. The way it is at the present time they are freezing them out gradually and to my certain knowledge the railroads are acquiring control of a lot of truck operators.

Mr. ZIONCHECK. The gentleman has not answered my question. If there is an operator who obtains a certificate

of public convenience and necessity, no matter what rates they charge, in order for anyone else to come in, they must come all the way to Washington, D. C., and make a showing before the Commission here that the public is not being adequately served or is being served at an exorbitant freight rate.

Mr. CRAWFORD. If it was not for the decentralizing provisions in this bill, I would not vote for it for that reason. This bill breaks down the Washington control and sets up local control where the interested parties may appear, at small expense and before those who know the local conditions. This is a great redeeming feature of this bill.

[Here the gavel fell.]

Mr. TRUAX. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the Committee, the gentleman from Mississippi mentioned a letter received from the National Grange opposing this bill. I want to state that the National Farmers' Union is unalterably opposed to this also.

A few moments ago I talked with the secretary of the national organization, Edward Kennedy, and he informed me that the Farmers' Union was opposed to this bill, because its ultimate object was to elevate rates, both for freight and for passenger busses; that the object was to secure that elevation to a basis equal and comparable to the freight and passenger rail rates, and then perpetuate those rates.

Mr. RANKIN. And to raise them all.

Mr. TRUAX. The gentleman from Mississippi is right, to raise them all. I wonder if you gentlemen and ladies read a notice in the paper of July 17 with the following heading:

Two-cent railroad rate is possibility. Interstate Commerce Commissioner makes the recommendation. Possibility that American railroads might be forced to reduce their passenger fares to 2 cents a mile was seen today in a proposed report to the Interstate Commerce Commission. Irvin L. Koch, examiner for the Commission, reported that the present regular basic passenger fare structure of 3.6 cents per mile was unreasonable.

That Pullman surcharges of passengers who ride in sleeping cars are unreasonable and should be eliminated.

I can remember when we did have 2-cent railroad fares in the State of Ohio. The railroads did a tremendous business, and they would do a tremendous business today if fares were reduced to 2 cents per mile.

Why do men ride in busses, why do they use their private automobiles for long distances—traveling 400 or 500 miles in a day?

They do it in a large majority of cases because they are unable to pay the high passenger fares and, in addition thereto, the high Pullman charges.

I want to maintain the railroads. I want to keep them intact. I do not wish to destroy the railroads of this country. But if you pass this bill it will eliminate competition so that busses can raise the rates, so that trucks can raise the freight rates and be on a level with the charges of the railroads.

Why should not these huge busses carry passengers for less money when the taxpayers build their roads for them and maintain their roads throughout the year? You ought to defeat this bill. [Applause.]

Mr. Chairman, at this juncture I insert the newspaper article from which I quoted a short time ago.

[From the Washington Daily News of July 17, 1935]

TWO-CENT RAILROAD RATE IS POSSIBILITY—INTERSTATE COMMERCE COMMISSIONER MAKES THE RECOMMENDATION

Possibility that American railroads might be forced to reduce their passenger fares to 2 cents a mile was seen today in a proposed report to the Interstate Commerce Commission.

Irving L. Koch, examiner for the Commission, reported that the present regular basic passenger fare structure of 3.6 cents per mile is unreasonable.

He recommended that the Commission establish 2 cents per passenger-mile fares in coaches and 3 cents per passenger-mile in Pullmans. Koch also held:

That experimental fares in the southern and western districts, seeking added passengers at low fares, are reasonable and lawful.

"That Pullman surcharges to passengers who ride in sleeping cars are unreasonable and should be eliminated.

"That extra fare as now charged for 'extraordinary' service is lawful."

Although the present basic fare now is 3.6 cents a mile, numerous railroads in the South and West have lowered it drastically.

The Commission has set October 3 and 4 as the dates for oral arguments on the passenger-fare situation. It probably will make its decision about 6 weeks later. If it follows precedents, it likely will follow in general the recommendations of Examiner Koch.

The examiner said that "extraordinary measures are imperative" if the railroads are to regain their fair share of passenger traffic. He said their only hope of obtaining it was by making their fares "more nearly commensurate with the price and convenience of travel by highway."

He held that "supertrains" and "ultraservice" recently installed by numerous railroads to regain traffic have been "relatively unsuccessful", but that reduced fares in the South and West have resulted in vastly increased business.

Mr. Chairman, you will note that according to this newspaper statement the Interstate Commerce Commission has set October 3 and 4 of this year as the dates for oral arguments on the passenger-fare situation. Is there anyone here so optimistic as to believe that this hearing will not be prejudiced or biased because of the enactment into law of this bill? Is there any so sanguine as to believe that legislation designed to increase rates for trucks and busses will have the salutory effect of, at the same time, reducing railroad fares? Is there one so foolish as to insist that this particular legislation wholeheartedly supported by certain railroads who now are monopolizing truck and bus lines, doing an interstate business, will influence or induce the Commission to reduce prevailing passenger rates when smacked in the face by this dictum of Congress to raise existing rates and to keep them raised?

I plead guilty of not belonging to the aforesaid groups. I contend that it is most paradoxical indeed, and highly inconsistent as well, for us on the one hand to approve legislation designed to increase rates, and on the other make a feeble and futile gesture of reducing railroad passenger fares. I claim that such a procedure is unfair and unjust to the great majority of people who use railroads only on rare occasions because of a lack of sufficient income, wealth, or property to patronize those most comfortable and safest of all common carriers.

Why do men and women ride all night in busses in preference to using a comfortable sleeper on the modern railroad train? Is it because they desire the novelty of the thing? Is it because the bus will provide a greater degree of comfort and luxury? No. It is usually because it is a cheaper fare, in most cases amounting to just one-half of the fare charged by the railroads to say nothing of the piratical rates of the Pullman Co.

Moreover, this legislation is a further invasion of State rights by the Federal Government with no corresponding benefits to the citizens residing in those States. It is all well and good to prate of the superior service of the Federal Government in promulgating, applying, and enforcing uniform regulations as to safety devices and appliances. But the theory does not work out so well in actual practice. As a matter of fact, and of record, the State of Ohio, for instance, is doing a fairly good job of enforcing regulations now existing in respect to busses and trucks. We have a competent and efficient State police devoting the major portion of their time to the enforcement of these regulations affecting trucks and busses. They see to it that load limits are observed and that the proper safety devices are installed, and that those devices are in good working order.

They endeavor to inculcate that most important trait of all to drivers, namely, the observance of common respect and courtesies to others. It is a difficult problem to instill in the minds of many truck drivers that, contrary to the prevailing belief of some of their number, they are not the specially anointed of those who use the public highways. The most outstanding trait of many of these drivers is that of plain hoggishness. Every individual who drives a passenger car realizes just what I am talking about. They all know, for they have encountered and will continue to encounter, the truck driver who wants to and does hog the road.

The maximum legal loads of trucks should not be so excessive as to slow down the speed of trucks to a mere snail's pace when ascending a long and steep grade or hill. That procedure retards and slows up passenger traffic to an extent

indescribable and constitutes one of the gravest dangers to passengers.

The legal width of freight trucks should be narrowed, and no heavy truck traffic should be permitted on Saturdays and Sundays. Those are the days on which wageworkers and toilers in the factories and the mills and the white-collared workers in the cities and hard-working farmers, particularly with reference to the Sundays, use the highways most and for which they have very largely paid, through real estate, gasoline, and other taxes.

So I repeat my former observation that this legislation is a usurpation of State rights by the Federal Government without a proportionate benefit to those affected and involved in the various States.

Without question, the bill will ultimately exterminate individual operators and paralyze transportation in small communities. That is being done now. If proof is needed, witness the spectacle of railroads withdrawing passenger trains one by one until today in hundreds of cases they now seek to abandon for all time all passenger service in these small communities.

This is a hardship upon the pioneers and their descendants. It is a hardship upon the business men and the worthy citizens who helped to build these railroads and made them a success. The hardship may be borne during the summer months, but will be grievously felt when compelled to endure the chilling winds of winter's icy blasts.

Proponents of this bill say that it will only eliminate the unfit and irresponsible truck and bus drivers. Would that this might also be said of automobile passenger traffic. But you can no more deny the right of the poor man to operate a second-hand, worn-out truck than you can deny that same right to the poor man to operate on any public highway, at any time, his aged but still serviceable flivver. These same proponents of the bill tell us that they want to regulate the hours of labor to help labor, yet when we sponsor an amendment to limit all days of work to 8 hours of labor, they vote that amendment down.

Finally, this seems to be a connecting and complete link in that vast chain of massed capital, massed industry, and massed banking which slowly but inevitably is strangling and choking to an economic death all independent business and production. These captains of high finance, masquerading under the guise of helping labor and protecting and safeguarding human health and human happiness, are welding an endless chain, a chain of high finance, a chain of rugged capitalism, a chain of a socialism of dollars, a chain of commodity-selling stores, a chain of public-utility holding companies, a chain of predatory and plutocratic wealth, all to be owned and controlled ultimately by the Morgans, Mellons, Rockefellers, and others of their ilk. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired. All time has expired. The question is on the motion of the gentleman from Mississippi that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The question was taken; and on a division (demanded by Mr. RANKIN) there were—ayes 10, noes 89.

So the motion was rejected.

Mr. WHITTINGTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WHITTINGTON: Strike out on page 8, line 6, after the word "nor", all of said line, and lines 7, 8, and line 9 down to and including the word "except."

Mr. WHITTINGTON. Mr. Chairman, I ask the attention of the chairman of the committee to this statement. Subparagraph (b) on page 7 provides that—

Nothing in this part * * * shall be construed to include (1) motor vehicles employed solely in transporting school children and teachers to and from school; nor (2) taxicabs, or other motor vehicles * * * or (5) trolley busses operated by electric power.

Then there is a provision before the casual operators or farm trucks mentioned by the gentleman from Arkansas are inserted:

nor, unless, and to the extent that the Commission shall from time to time find that such application is necessary to carry out the policy of Congress enunciated in section 202, shall the provisions of this part apply to the casual, occasional reciprocal transportation of passengers or property in interstate or foreign commerce.

In other words, I propose to strike out that language that would give the Interstate Commerce Commission power to nullify the exception which both the Committee of the Whole and this committee here have approved in this bill. If that language, which by this amendment I propose to eliminate, remains, then it will be possible for the Interstate Commerce Commission to nullify the exception that grants a privilege to the farmer, the occasional operator of a truck, to haul his produce to market. That is the purpose of the amendment; and unless there should be reason to the contrary, I cannot see why it should not be stricken out.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. STEFAN. The gentleman's amendment would help this farmer who hauls occasionally a load of livestock to market, located in another city, and comes back with merchandise for his neighbor.

Mr. WHITTINGTON. As I understand it, the members of this committee in charge of this bill agree that he is excepted. I maintain that inasmuch as they have substantially agreed to that statement, unless the language I mention is stricken from the bill, that exception in favor of the farmer is nullified, because the Interstate Commerce Commission would have the power to nullify it.

Mr. STEFAN. And the gentleman wants to make sure that he is going to be protected?

Mr. WHITTINGTON. Exactly. That is the purpose of my amendment.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. SADOWSKI. Mr. Chairman, I rise in opposition to the amendment. The committee put that provision in giving discretionary power to the Commission because it felt the Commission ought to have some discretionary power in relation to these four exemptions, 6, 7, 8, and 9. Part 6 deals with the zones, the municipalities bordering upon State lines. No. 7 deals with casual and occasional and reciprocal transportation. No. 8, of course, deals with agricultural products. We felt that the Commission itself ought to have some power there to interpret this act according to section 202, wherein we set down the policies to be carried out in the bill. It should have the power to interpret those three remaining exemptions in connection with section 202 so that we would not have somebody coming in by subterfuge, chiseling in, using these last three exemptions to break down the very things that we are trying to correct.

Mr. FORD of Mississippi. Does not the gentleman think it would be better for the Congress to decide what should be exempted rather than to leave it in the hands of the Commission that might nullify the entire intentions of Congress?

Mr. SADOWSKI. We do that very thing. The Commission can only consider this in reference to the policy set down by the Congress in section 202. They have to take into consideration the policy of Congress.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. SADOWSKI. Yes.

Mr. WHITTINGTON. Is it not true that the language that I propose to strike out is language that was in this bill as passed by the Senate and is not an amendment of the House committee?

Mr. SADOWSKI. Yes.

Mr. WHITTINGTON. And is it not true, in the second place, that the House committee inserted paragraph 8, permitting motor vehicles carrying livestock and agricultural products?

Mr. SADOWSKI. That is correct.

Mr. WHITTINGTON. In order to make that provision effective, this language ought to be stricken out, because it has never been the intention of anybody who has spoken here to give the Interstate Commerce Commission any discretion with respect to farm products.

I call the gentleman's attention to the fact that this amendment is necessary to make effective the amendment that you yourself, in behalf of the farmers, inserted in this bill.

Mr. RAYBURN. Will the gentleman yield right there?

Mr. SADOWSKI. I yield.

Mr. RAYBURN. The gentleman from Mississippi does not want to exempt all? The gentleman wants this exception in to apply to this amendment. He does not want to strike that out above. He can put in some amendment here that will protect what he is seeking to do, but I am afraid the gentleman has not read the page just under that. I do not think he wants to go as far as his amendment goes.

Mr. WHITTINGTON. I will assume that the committee meant what it said, that it wanted all of these eight sections excepted.

Mr. RAYBURN. If the exception applies down to eight, then I would be perfectly willing, so far as I am concerned.

Mr. WHITTINGTON. That is my main purpose. Otherwise the committee amendment would not be effective.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I offer as a substitute for the amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON], to put sections 8 and 9 on page 9, after the word "service", on line 6, page 8.

That makes the exemption absolute rather than discretionary with reference to subsections 8 and 9.

Mr. WHITTINGTON. I ask that the amendment be reported, Mr. Chairman.

Mr. PETTENGILL. And in addition to that, then renumber 6 and 7 to conform.

Mr. WHITTINGTON. I think the amendment is satisfactory, but I ask that it be reported.

The CHAIRMAN. The Chair suggests that the gentleman from Indiana send the amendment to the desk in writing.

Mr. PETTENGILL. I have not had an opportunity to prepare it, but I can restate it. I think there is a great deal of merit in what the gentleman from Mississippi [Mr. WHITTINGTON] says, that we want the provisions of sections 8 and 9 to be absolutely exempted, the same as 1, 2, 3, 4, and 5, but we do not want to exempt section 6, which is a complicated subject. Therefore, Mr. Chairman, as a substitute, I move that we insert clauses 8 and 9, on page 9, after the word "service", on line 6, page 8, and then renumber 6 and 7 to conform.

Mr. GILCHRIST. Why not put 7 in there? Seven and 8 and 9 ought to go together.

The CHAIRMAN. The gentleman from Indiana [Mr. PETTENGILL] offers a substitute amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PETTENGILL: On page 8, line 6, after the word "service", insert subsections 8 and 9 as found on page 9 beginning in line 4; and strike out the amendment on page 9, and renumber subsections 6 and 7 to conform.

Mr. WHITTINGTON. Is that offered as a substitute to the amendment I proposed?

Mr. PETTENGILL. Yes.

The CHAIRMAN. Does the Chair understand that the gentleman from Mississippi agrees to the substitute amendment?

Mr. WHITTINGTON. That is satisfactory to me, Mr. Chairman.

The CHAIRMAN. The gentleman from Mississippi [Mr. WHITTINGTON] asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

The committee amendment was agreed to.

Mr. BARDEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BARDEN. I should like to inquire if the gentleman from Indiana intended to insert sections 8 and 9 as amended? There have been amendments accepted, as I understand, by the committee.

The CHAIRMAN. The Chair does not feel that is a matter of parliamentary inquiry. The Committee has already acted upon that. If the gentleman desires to obtain information from the gentleman from Indiana [Mr. PETTENGILL], the Chair will recognize the gentleman for that purpose.

Mr. WADSWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: On page 8, line 13, strike out the words "passengers or."

Mr. WADSWORTH. Mr. Chairman, may I have the attention of the members of the Committee on Interstate and Foreign Commerce in charge of the bill?

On page 8, line 13, strike out the words "passengers or", so that it will read "the transportation of property in interstate and foreign commerce."

The gentleman from Indiana a moment ago referred to the sixth subdivision as dealing with a very complicated question. It does. This was brought to our attention in the subcommittee hearings, and the subcommittee redrafted the language as I now propose to make it with my amendment, by striking out the reference to passengers.

Mr. KENNEY. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. KENNEY. That question, as I remember it, was brought up, and instead of doing what the gentleman now proposes to do, there was a proviso added. If the gentleman will look at page 8, line 20, "and provided a motor carrier engaged in such transportation of passengers", and so forth, I think he will see that takes care of the very thing he has in mind. In other words, if that proviso was out, then the gentleman ought to strike out what he proposes by his amendment to strike out; but it amounts to the same thing if we leave in those words with that proviso.

Mr. WADSWORTH. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: In the committee amendment now transposed to page 8, after the word "service", in line 6, strike out the word "exclusively" and insert in lieu thereof the word "primarily."

Mr. RAYBURN. Mr. Chairman, will the gentleman yield that I may submit a unanimous-consent request?

Mr. GILCHRIST. I yield.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

Mr. MICHENER. Mr. Chairman, reserving the right to object, how long does the gentleman intend to proceed this evening?

Mr. RAYBURN. Until we finish the bill.

Mr. MICHENER. We have 40 pages of the bill yet to read. Taking only 2 minutes to the page will mean 80 minutes to read the bill.

Mr. RAYBURN. The gentleman understands about the reading of a bill. When the first one or two sections are read a great many Members want to make speeches. We have had about 15 or 20 of them, and I think they have said about what they intend to say. I really think we can conclude reading the bill tonight. The committee has only four or five amendments to offer.

Mr. MICHENER. Why not let the bill go over until tomorrow? It will take until after 6 o'clock to do nothing but read the bill.

Mr. RAYBURN. Tomorrow there is another matter to come before the House, and we are anxious to send this bill to conference.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this section and all amendments thereto do close in 10 minutes. Is there objection?

There was no objection.

Mr. GILCHRIST. In the amendment which has just been discussed, providing exemptions for livestock and agricultural products, you will find the word "exclusively." It refers to

motor vehicles that are used "exclusively" in carrying livestock or unprocessed agricultural products. Now, there is no such an animal—no such a motor vehicle in the United States, because no motor vehicle is ever used exclusively for that purpose. I live in a community that is highly agricultural and that has many motor vehicles, and I challenge any man on the floor to show me a motor vehicle that is used exclusively for that purpose.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Certainly.

Mr. CRAWFORD. It was my thorough understanding that the amendment offered by the gentleman from Texas [Mr. JONES] would correct that for all farmers, including those who were members of cooperatives.

Mr. GILCHRIST. But his amendment did not include a contract carrier; it would not include that class of motor vehicles.

Mr. CRAWFORD. I understood that it would include contract carriers hauling farm products in the raw to market and bringing back from the market any kind of product the farmer uses.

Mr. GILCHRIST. I do not so understand the amendment.

Mr. CRAWFORD. I may be in error.

Mr. GILCHRIST. It applies only to farmers and to cooperatives. Now, I have just talked to a gentleman from Maine. In that State they carry their potatoes to market and bring back fertilizer. The farmers in my section of the country send their livestock or produce to market, and the trucks then carry back feed or some other commodity. There is not a single motor vehicle in the United States that at some time in the year does not carry something besides livestock and unprocessed agricultural products. I dare say that you never saw one, and never will see one. Once a year—one violation in a year would take that motor vehicle outside of the exemption of the bill.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. PETTENGILL. I think the gentleman is entirely mistaken in his last statement, because one transaction would be a casual or occasional transaction.

Mr. GILCHRIST. Either section 8 is in the bill for some purpose or for no purpose. If what the gentleman says is true, we might as well take section 8 out of the bill entirely.

Mr. PETTENGILL. Such a truck would be entitled to exemption under two or three provisions.

Mr. GILCHRIST. Once a year he may carry feed or fertilizer back. The gentleman now admits by his statement that if such a thing occurs once a year section 8 would not be needed at all but it would come under section 7. Section 7 is not going to protect this situation at all, even under the amendment offered by the gentleman from Mississippi. Section 7 can be lifted out of the bill at any time by the simple action of the Interstate Commerce Commission. That is the way the bill now stands. So in order to make this thing really mean what is intended and what is argued, section 8 ought to include language which would remedy the defect. To do this I have inserted the word "primarily." I do not care what word is used provided it makes clear what is really intended.

Let us write the language so it will apply to something. As it stands now it does not apply to anything on earth. I want the bill clarified accordingly. Take this provision out of the bill entirely or else make it mean something, or make it apply to something. Perhaps a majority wants the whole clause stricken. If so, all right. But do not leave any jokers in the bill. Make it mean something or else take it out entirely.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, very little opportunity has been given some of us to make a careful study of the pending bill. I recognize the fact that the Committee on Interstate and Foreign Commerce, particularly the subcommittee that has had this measure in charge, has devoted a great deal of attention to the preparation of this measure. I rise to say only that in my judgment very definite control ought to be established over freight-carrying motor vehicles. There are a great many serious objections to these tremendous trucks that we meet today everywhere on the road. I think the day is coming when special provision must be made for them, some special route must be established in order that the main highways may be devoted to what I feel is their purpose and intent, namely, the ordinary automobile use. It is very unfortunate that there has sprung up in this country such a tremendous influence in behalf, as I see it, of motor-freight trucking.

It not only is damaging, of course, to railroad transportation, but it requires the upkeep of very expensive roads at the expense of the Government and the State, and altogether seems to me not to warrant the expenditures that are made on behalf of these special rights-of-way for trucks. Therefore, I, for one subscribe to the effort that the Congress is today making to set up a certain regulatory power over interstate trucking. I commend the measure that we have before us without, as I say, having given study to the details that go to make it up.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GILCHRIST].

The question was taken; and on a division (demanded by Mr. GILCHRIST) there were—ayes 28, noes 45.

So the amendment was rejected.

The Clerk read as follows:

GENERAL DUTIES AND POWERS OF THE COMMISSION

SEC. 204. (a) It shall be the duty of the Commission—

(1) To regulate common carriers by motor vehicle as provided in this part, and to that end the Commission may establish reasonable requirements with respect to continuous and adequate service, transportation of baggage and express, uniform systems of accounts, records, and reports, preservation of records, qualifications and maximum hours of service of employees, and safety of operation and equipment.

(2) To regulate contract carriers by motor vehicle as provided in this part, and to that end the Commission may establish reasonable requirements with respect to uniform systems of accounts, records, and reports, preservation of records, qualifications, and maximum hours of service of employees, and safety of operation and equipment.

(3) To establish for private carriers of property by motor vehicle if need therefor is found, reasonable requirements with respect to the qualifications and maximum hours of service of employees, and safety of operation and equipment.

(4) To regulate brokers as provided in this part, and to that end the Commission may establish reasonable requirements with respect to licensing, financial responsibility, accounts, records, reports, operations, and practices of any such person or persons.

(5) For the purpose of carrying out the provisions pertaining to safety, the Commission may avail itself of the assistance of any of the several research agencies of the Federal Government having special knowledge of any such matter, to conduct such scientific and technical researches, investigations, and tests as may be necessary to promote the safety of operation and equipment of motor vehicles as provided in this part; the Commission may transfer to such agency or agencies such funds as may be necessary and available to make this provision effective.

(6) To administer, execute, and enforce all other provisions of this part, to make all necessary orders in connection therewith, and to prescribe rules, regulations, and procedure for such administration; and

(7) To inquire into the organization of motor carriers and brokers and into the management of their business, to keep itself informed as to the manner and method in which the same is conducted, and to transmit to Congress, from time to time, such recommendations as to additional legislation relating to such carriers or brokers as the Commission may deem necessary.

(b) The provisions of any code of fair competition for any industry embracing motor carriers or for any subdivision thereof approved pursuant to the National Industrial Recovery Act or any present or future act amendatory thereof, or supplementary thereto, or in substitution therefor, which is in conflict or inconsistent with any action under the provisions of this part, shall have no force or effect after this section becomes effective.

(c) The Commission may from time to time establish such just and reasonable classification of brokers or of groups of carriers included in the term "common carrier by motor vehicle", or "contract carrier by motor vehicle", as the special nature of the services performed by such carriers or brokers shall require; and such just and reasonable rules, regulations, and requirements, consistent with the provisions of this part, to be observed by the carriers or brokers so classified or grouped, as the Commission deems necessary or desirable in the public interest.

(d) Upon complaint in writing to the Commission by any person, State board, organization, or body politic, or upon its own initiative without complaint, the Commission may investigate whether any motor carrier or broker has failed to comply with any provision of this part, or with any requirement established pursuant thereto. If the Commission, after notice and hearing, finds upon any such investigation that the motor carrier or broker has failed to comply with any such provision or requirement, the Commission shall issue an appropriate order to compel the carrier or broker to comply therewith. Whenever the Commission is of opinion that any complaint does not state reasonable grounds for investigation and action on its part, it may dismiss such complaint.

(e) After a decision, order, or requirement has been made by the Commission in any proceeding under this part, any party thereto may make application to the Commission for reconsideration or rehearing of the same, or of any matter determined therein, and it shall be lawful for the Commission in its discretion to grant such reconsideration or a rehearing if sufficient reason therefor be made to appear. Applications for reconsideration or rehearing shall be governed by such general rules as the Commission may prescribe. No such application shall excuse any motor carrier or broker from complying with or obeying any decision, order, or requirement of the Commission, or operate in any manner to stay or postpone the enforcement thereof, without the special order of the Commission. If, after such reconsideration or rehearing, it shall appear that the original decision, order, or requirement is in any respect unjust or unwarranted, the Commission may reverse, change, or modify the same accordingly. Any decision, order, or requirement made after such reconsideration or rehearing shall be subject to the same provisions as an original decision, order, or requirement.

(f) The provisions of sections 14 and 16 (13) of part I, relating to reports, decisions, schedules, contracts, and other public records, shall apply in the administration of this part.

Mr. SADOWSKI. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SADOWSKI: On page 10, line 4, after the period, add as follows: "In the event that such requirements are established, the term 'motor carrier' shall be construed to include private carriers of property by motor vehicle in the administration of sections 204 (d) and (e); 205, 220, 221, 222 (a) (b) (d) (f) and (g) and 224."

The committee amendment was agreed to.

The Clerk read the committee amendment as follows:

On page 10, line 1, strike out the words "with respect to the" and insert "to promote safety of operation, and to that end prescribe."

Page 10, line 3, strike out "and safety of operation" and after the word "and" insert "standards of."

The committee amendments were agreed to.

Mr. MONAGHAN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MONAGHAN: On page 10, after line 3, insert the following new subsection:

"For the purpose of carrying out the provisions pertaining to safety, the Commission shall prescribe that no owner of a motor vehicle shall permit any employee engaged in the operation of such motor vehicle to be employed for a period of more than 8 hours in any 24-hour period, and every operator of a motor vehicle operating in interstate commerce shall be assured not less than 12 consecutive hours' rest away from the motor vehicle prior to his again operating the motor vehicle. The Commission may avail itself of the assistance of any of the several existing research or other agencies of the Federal Government having special knowledge of any matter pertaining to the safety of life and the health of the workers employed in the operation of motor vehicles, to conduct such scientific and technical researches, investigations, and tests as may be necessary to promote the safety of operation and proper equipment for motor vehicles as provided for in this act. The Commission may transfer to such agency or agencies such funds as may be necessary and available to make this provision effective."

Mr. MONAGHAN. Mr. Chairman, the main argument that has been made against this provision is that we should delay to find out further facts; but I think the very statement of the case is sufficient for any one to be convinced that we need no further investigation on this subject. For the purpose of the Committee of the Whole House I should like to read the statement of Commissioner McManamy, Chairman of the Legislative Committee of the Interstate Commerce Commission. He says:

Further investigation of the need for regulation of hours of service of employees engaged in interstate transportation should hardly be necessary, because the hours of service of railroad employees have been regulated by law for 27 years and it has proven to be one of the most important provisions of all the safety regulation.

I submit if you are really trying to pass a bill here that is designed to promote safety on the highways you can ill afford to leave the amendment which I have submitted out of the bill. As I pointed out in general debate, there is nothing that will lead to a greater danger than leaving these men on duty without restriction. I have affidavits which I should like to submit to the committee, but I have not the time, which show that men have even died as a result of the long hours they have been employed without sufficient rest.

Mr. FULMER. Will the gentleman yield?

Mr. MONAGHAN. I yield to the gentleman from South Carolina.

Mr. FULMER. Suppose a truck is leaving South Carolina for Washington having two drivers. The first driver drives 8 hours. It is the purpose of the amendment that that driver has to get away from the truck for 12 hours?

Mr. MONAGHAN. That is correct.

Mr. FULMER. What is going to become of the truck and the other driver? Does the other driver have to wait until the second driver gets back?

Mr. MONAGHAN. It is perfectly possible they will employ the same system that the railroads of the country employ and adopt the relay system.

In other words, Mr. Chairman, this amendment is merely designed to see that these men are properly and humanely treated. I do not see how a Member of Congress can vote against the amendment and then go back home and explain to his constituents that he has a humane mind and soul. I do not know how he can explain to his constituents that he has acted in the interest of protecting the man who is operating a car upon the highways of this country. It has been shown by the National Safety Council, a carriers' organization, that drowsiness due to excessive hours is most dangerous to the public who travel the highways.

Mr. Chairman, I do not believe that any further argument is necessary. Any Member who votes against this amendment is voting against the 8-hour law for the trucking industry of this country and voting against the safety of the public who travel the highways of our country.

[Here the gavel fell.]

Mr. KENNEY. Mr. Chairman, I offer an amendment, which I regard as a preferential amendment, to the amendment offered by the gentleman from Montana.

The Clerk read as follows:

Amendment offered by Mr. KENNEY to the amendment offered by Mr. MONAGHAN:

At the end of the amendment add the following:

"The requirements under this paragraph shall not apply in any case of emergency or casualty or unavoidable accident or the act of God, nor where the delay was the result of a cause not known to the owner or its officer or agent in charge of such employee at the time said employee left a terminal or place, and which could not have been foreseen."

Mr. MONAGHAN. Mr. Chairman, I accept the amendment.

Mr. KENNEY. Mr. Chairman, if the House is to adopt the amendment proposed by the gentleman from Montana, then, first, I submit, it ought to adopt the amendment I have submitted to his amendment.

My perfecting amendment provides an exemption to the general provision which is incorporated in the original amendment. It would provide that in case of emergency or accident or through an act of God, the regulation as to hours of labor would not apply.

The driver of a truck has a greater duty than merely driving the truck. Assuming there is one driver to the truck, this driver has the obligation to protect whatever is carried in the truck. If he goes through the countryside or happens to be upon the road at a late hour of the night and anything goes wrong, he is under an obligation to remain with the truck until he gets assistance. I have in mind a particular case where a man with a truck was going along the road carrying oriental rugs. He got off his truck and tried to repair the engine. He could not make the repairs and waited there about 3 hours and requested passers-by to send him assistance, but if it is late at night it is usually difficult to

get anybody to stop on the roadside and give any help. Finally, he took a chance and left his truck and went up to the nearest village and telephoned for help, and when he came back two valuable oriental rugs were missing.

So I say, Mr. Chairman, if we are going to adopt the Monaghan amendment, I think first we ought to adopt this perfecting amendment to provide for cases of emergency and not work a hardship on the owners of trucks in this country.

Mr. MONAGHAN. Mr. Chairman, will the gentleman yield?

Mr. KENNEY. Certainly.

Mr. MONAGHAN. The language which the gentleman from New Jersey suggests is the identical language of the Interstate Commerce Act governing the railroads, is it not?

Mr. KENNEY. It is practically that.

Mr. PETTENGILL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, with respect to what the gentleman from Montana has stated, that anybody who speaks against his amendment is opposed to labor or against proper safety provisions with respect to trucks operating on the roads of the country, I think is an unfair accusation against the Members of this House.

It is my judgment this matter has not been thoroughly enough thought out to know whether it is going to promote safety or not. Suppose a regular run between two towns is a 9-hour run if they conform with State law, but if by speeding up the truck you can make the regular run that ought to occupy 9 hours in 8 hours, this law will force a man to drive his truck faster than he otherwise would in order to avoid the operation of this amendment.

Mr. MONAGHAN. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. I cannot yield right now.

It is also only fair to the Congress that I should read the observations made by Mr. Eastman, of the Interstate Commerce Commission, which has been giving this matter some thought:

The bill in the form in which it passed the Senate and in the form recommended by a majority of the House committee, gives the Commission authority to prescribe maximum hours of service for the employees of common carriers, contract carriers, and private carriers of property. A minority of the House committee proposes an amendment which would direct the Commission to prescribe that—

(1) No owner of a motor vehicle shall permit any employee engaged in operation of such motor vehicle to be employed for a period of more than 8 hours in any 24-hour period;

And (2) and every operator of a motor vehicle operating in interstate commerce shall be assured not less than 12 consecutive hours' rest away from the motor vehicle prior to his again operating the motor vehicle.

Without doubt Federal regulation of hours of service is highly desirable in the public interest. The question is whether the standards should be specified by the Congress or left for the Commission to determine.

In the case of the railroads, Congress has specified the standards, but this was done only after a very thorough consideration of the matter and full hearing of all who wished to be heard. Moreover, the standards are quite different from those here suggested. In general, continuous service of more than 16 hours in any 24-hour period is prohibited and the provisions have been very carefully drawn with appropriate qualifications and exceptions.

It may be—and, in fact, is probable—that the standards for highway operation should be more stringent than those for railroad operation; but has it been shown that the 8-hour standard is either practicable or desirable? Neither the Commission nor the Coordinator has made an exhaustive investigation of this question, nor can it be said that it has in any way been thoroughly investigated by the committees of Congress. There has been no full hearing on this matter. Nor are any appropriate qualifications and exceptions proposed such as are contained in the railroad law and covering service which may properly be required of employees in the event of accident or other casualty or unforeseen circumstances.

There are many truck or bus operations where, even if 8 hours is a proper normal standard, the run may require a comparatively slight excess over that time, and it would be very difficult, if not impossible, as a practical matter to provide for relief at the end of 8 hours' service. Yet by proper rest for drivers between runs or by alternating them between shorter and longer runs it is possible that sufficient protection to the public safety can be afforded. This is only one illustration of many practical situations which ought to be given thorough and careful consideration before definite regulations are prescribed.

Section 225 of S. 1629, in the form recommended by the House committee, makes it the duty of the Commission to report on this matter. In any such report, following investigation, the facts will be fully developed; and if Congress is dissatisfied with such regulations as the Commission may prescribe, it will then be in a position to prescribe substitute regulations on its own account. Surely this is a wiser way to proceed than to attempt now to prescribe definite regulations in default of any thorough investigation or consideration, particularly when those which are proposed are so much more drastic than those which are provided for the railroad competitors of the trucks and busses.

I am persuaded that the adoption of the amendment offered by the gentleman from Montana would drive the traffic to the railroads.

It should be noted, also, that the proposed amendment applies only to "employees" and would not reach the owner-drivers. Yet the latter probably operate the larger number of the trucks in service and it is with respect to owner-drivers that the worst and most numerous instances of long hours have been reported. From the standpoint of public safety, therefore, the amendment fails to attack the worst feature of the present situation. This is a criticism to which S. 1629 in the form recommended by the committee is probably also open, for it is not clear that the Commission could prescribe maximum hours of service for other than employees. However, if the Commission finds that it is practicable and desirable to attack this other feature of the problem, it can make appropriate recommendations to the Congress following its investigation. The matter is mentioned here only to emphasize the fact that the proposed amendment covers only a limited portion of the field, so far as the general public safety is concerned.

Mr. MONAGHAN. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. MONAGHAN. Will the gentleman tell me whether he favors 8 hours as a sufficient time for a man to drive a truck? Would he be in favor of having a driver of a truck drive more than 8 consecutive hours?

Mr. PETTENGILL. I do not know what my personal view is on that; I know that many private owners drive their trucks 15 and 16 hours a day.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. MARCANTONIO. Does not the gentleman believe that it is unsafe for anyone to drive more than 8 hours a day?

Mr. PETTENGILL. In the infinite variety of circumstances, cities and the open country, I do not know what the rule should be.

Mr. MARCANTONIO. Well, I am asking the gentleman, generally speaking.

Mr. PETTENGILL. I am in favor of the Commission prescribing something to protect the people from drivers going to sleep on their jobs. But I do not know what the rule should be. I think as we are just starting off we ought to pass the bill as it is and let the Commission have the opportunity to make further study, and then Congress can give it further consideration.

Mr. HOLMES. If we adopt this amendment, it will increase the rates.

Mr. PETTENGILL. No doubt about that.

[Here the gavel fell.]

Mr. PIERCE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. MONAGHAN. I do not want to object to the request, but there are at least a half a dozen Members who have expressed a desire to speak, and 10 minutes will not satisfy them.

The CHAIRMAN. The Chair will say that all debate is closed on the amendment to the amendment.

Mr. MONAGHAN. I object to the 10 minutes.

Mr. RAYBURN. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The question was taken, and the motion was agreed to.

Mr. COOPER of Ohio. Mr. Chairman, I have a great deal of sympathy for the purpose the gentleman from Montana [Mr. MONAGHAN] has in mind in offering this amendment. I think the time has come when not only the Federal Government but the States must pass some drastic regulations in regard to the hours of service of employees of busses and trucks that run over our highways. It is not necessary for me to call the attention of the House to the appalling loss of life every year from accidents upon the highways. I don't believe that any man can safely drive a truck, or bus for more than 10 hours. We recall that in 1917 we passed what was known as the Adamson 8-hour labor law for railroad men. I ought to be fair, however, and say that the law did not limit railroad employees to 8 hours' service, but it set a standard for an 8-hour day, with time and a half for overtime.

More than 25 years ago Congress passed a bill, creating what was known as the 16-hour law for railroad employees, which prohibits the working of any railroad employee in train service for more than 16 hours without first taking 10 hours' rest.

I know what it means to sit on a vehicle and operate it when a man is tired. I do not like to make use of a personal reference, but I shall give you an experience that I had. I remember the day that I was promoted to a locomotive engineer. I went from the fireman's side of the cab to the right-hand side. That was one of the happiest days of my life. I waited 4 years for it. How proud I was when I went out that first morning to take charge of a locomotive. We had no 16-hour law then, and the first week that I was in charge of a locomotive I had to work three 36-hour shifts. There were times when I would be running along that I would have to get down on the steps and open up the tank spigot and let the cold water run over my head in order to keep awake. Today I see men driving trucks and busses going over the highways that I know are not physically fit to operate the vehicle.

I talked to the operator of a bus down at the corner of Fourteenth Street and the Avenue about 2 years ago. He was leaving for Pittsburgh at 10:30 o'clock, 250 miles distant, 100 miles of high mountains to cross, and the other 150 miles steep hills, valleys, and curves. I said to him, "Where are you relieved?" He said, "I am not relieved; I go through to Pittsburgh." I say it is physically impossible for anyone to safely operate a bus or truck from here to Pittsburgh over 100 miles of mountains and 150 miles of hills and curves under any conditions. A year ago last Christmas a bus leaving Pittsburgh, going west along the Ohio River, turned over and killed many passengers. At the inquest the driver testified he had been out for 20 hours without sleep or rest. It is of vital importance that prompt action be taken to regulate the hours of service of bus and truck operators who are charged with the safe transportation of passengers and freight on cur interstate highways.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. TERRY. Mr. Chairman, the committee had this amendment offered by the gentleman from Montana under consideration, and as stated by the chairman of the subcommittee [Mr. PETTENGILL], we thought it best to leave these matters for investigation and decision of the Interstate Commerce Commission. I yield to no man, not even the gentleman from Montana, in interest in seeing that the hours of service are properly regulated. I yield to no man interest in seeing that the highways of the country are safe, not only for the drivers of trucks and busses, but for the general traveling public. But what hours should be observed; what regulations in regard to safety, should be made; what standard of equipment should be used, depend entirely on the type and character of the service and the type and character of the bus or truck.

The gentleman based his argument upon the statement of Hon. Frank McManamy, chairman of the legislative committee, who testified before the subcommittee of the Interstate and Foreign Commerce Committee. In his testimony Mr. McManamy said:

A further reason is that the regulations of many of the States contain such provisions and it would be unfair to allow interstate carriers to operate in disregard of such provisions. It is my view, therefore, that definite hours of service provisions should be included in the bill. This would be accomplished by inserting in section 304 (a) (1) and (2), lines 9 and 15, page 8, following the word "record" in both lines, the words which appear in S. 394, as follows: "qualifications and maximum hours of service of employees."

In this bill we provide that the Commerce Commission shall determine the qualifications and hours of maximum service. In the bill on page 63, section 225, it is provided:

The Commission is hereby authorized to investigate and report on the need for Federal regulation of the sizes and weight of motor vehicles and combinations of motor vehicles, and of the qualifications and maximum hours of service of employees of all motor vehicles and private carriers of property by motor vehicle.

In the powers given to the Commission in reference to the regulation of common carriers it is provided:

Regulate the maximum hours of service of employees and safety operation and equipment.

The same is true as to contract carriers and private carriers.

The committee desires this amendment to be voted down, not because it is not in sympathy with the spirit of the amendment, but because it desires the Interstate Commerce Commission to make this investigation and then provide accordingly.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

All time has expired.

The question is on the amendment to the amendment, offered by the gentleman from New Jersey [Mr. KENNEY].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now recurs on the adoption of the amendment offered by the gentleman from Montana [Mr. MONAGHAN], as amended.

The question was taken; and on a division (demanded by Mr. CONNERY) there were ayes 34 and noes 63.

Mr. CONNERY. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment as amended was rejected.

Mr. PETTENGILL. Mr. Chairman, I wish to make a unanimous consent request. This has disposed of really the last controversial matter in the bill, as far as the committee is aware. The hour is late, and for the interest and convenience of the House, I am going to ask unanimous consent at this point to dispense with the reading of the next section, which is 8 pages long.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. ZIONCHECK. Mr. Chairman, I object.

The Clerk read as follows:

ADMINISTRATION

SEC. 205. (a) Excepting a matter which is referred to a joint board as hereinafter provided, any matter arising in the administration of this part requiring a hearing shall be heard and decided by the Commission, or shall, by order of the Commission, be referred to a member or examiner of the Commission for hearing and the recommendation of an appropriate order thereon. With respect to such matter the member or examiner shall have all the rights, duties, powers, and jurisdiction conferred by this part upon the Commission, except that the order recommended by such member or examiner shall be subject to the following provisions of this paragraph. Any order recommended by the member or examiner with respect to such matter shall be in writing and be accompanied by the reasons therefor, and shall be filed with the Commission. Copies of such recommended order shall be served upon the persons specified in paragraph (f), who may file exceptions thereto, but if no exceptions are filed within 20 days after service upon such persons, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective, unless within such period the order is stayed or postponed by the Commission. Where exceptions are filed as herein provided it shall be the duty of the Commission to consider the same and, if sufficient reason appears therefor, the Commission shall grant such review or make such orders or hold or authorize such further hearings or proceedings in the premises as may be necessary or proper to carry out the purposes of this part, or the Commission may, on its own motion, review any such matter and take action thereon as if exceptions thereto had been filed. The Commission, after review upon the same record or as supplemented by a further hearing, shall decide the matter and make appropriate order thereon.

(b) The Commission shall, when operations of motor carriers or brokers conducted or proposed to be conducted involve not more than three States, and the Commission may, in its discretion, when operations of motor carriers or brokers conducted or proposed to be conducted involve more than three States, refer to a joint board for appropriate proceedings thereon, any of the following matters arising in the administration of this part with respect to such operations: Applications for certificates, permits, or licenses; the suspension, change, or revocation of such certificates, permits, or licenses; applications for the approval and authorization of consolidations, mergers, and acquisitions of control or operating contracts; complaints as to violations by motor carriers or brokers of the requirements established under section 204 (a); and complaints as to rates, fares, and charges of motor carriers or the practices of brokers: *Provided, however,* That if the Commission is prevented by legal proceedings from referring a matter to a joint board, it may determine such matter as provided in paragraph (a) of this section. The Commission, in its discretion, may also refer to a joint board any investigation and suspension proceeding or other matter not specifically mentioned above which may arise under this part. The joint board to which any such matter is referred shall be composed solely of one member from each State within which the motor-carrier or brokerage operations involved in such matter are or are proposed to be conducted: *Provided,* That the Commission may designate an examiner or examiners to advise with and assist the joint board under such rules and regulations as it may prescribe. In acting upon matters so referred joint boards shall be vested with the same rights, duties, powers, and jurisdiction as are hereinbefore vested in members or examiners of the Commission while acting under its orders in the administration of this part. Orders recommended by joint boards shall be filed with the Commission, and shall become orders of the Commission and become effective in the same manner, and shall be subject to the same procedure, as provided in the case of orders recommended by members or examiners under this section.

(c) Whenever there arises in the administration of this part any matter that the Commission is required to refer to a joint board, or that the Commission determines, in its discretion, to refer to a joint board, the Commission shall, if no joint board eligible to consider said matter is in existence, create a joint board to consider the matter when referred, and to recommend appropriate order thereon. The Commission shall prescribe rules governing meetings and procedure of joint boards and may, in the event of legal proceedings preventing reference to a joint board, determine the matter as provided in paragraph (a) of this section. Except as hereinafter provided, a joint board shall consist of a member from each State in which the motor carrier or brokerage operations involved are or are proposed to be conducted. The member from any such State shall be nominated by the board of such State from its own membership or otherwise; or if there is no board in such State or if the board of such State fails to make a nomination when requested by the Commission, then the Governor of such State may nominate such member. The Commission is authorized to appoint as a member upon the joint board any such nominee approved by it. If both the board and the Governor of any State shall fail to nominate a joint board member when requested, then the joint board shall be constituted without a member from such State, if members for two or more States shall have been nominated and approved by the Commission. All decisions and recommendations by joint boards shall be by majority vote. If the board of each State from which a member of a joint board is entitled to be appointed shall waive action on any matter referred to such joint board, or if any joint board fails or refuses to act, or is unable to agree upon any matter submitted to it within 45 days after the matter is referred to it or such other period as the Commission may authorize, or if a member shall not be nominated for more than one State (except only when the operations proposed shall be into or through territory foreign to the United States), then such matter shall be decided as in the case of any matter not required to be referred to a joint board. When any proceeding required to be referred to a joint board shall involve operations of a motor carrier conducted or proposed to be conducted into or through territory foreign to the United States, if a single State shall be involved, or if only one State shall make nomination of a joint board member through its Governor or State board, then the Commission, in such case, may receive from that State the nomination of not more than three members and may appoint such nominees to constitute the joint board. Members of joint boards when administering the provisions of this part shall receive such allowances for travel and subsistence expenses as the Commission shall provide. A joint board shall continue in existence for the consideration of matters referred to it by the Commission until such time as its existence may be terminated by the Commission. A substitution of membership upon a joint board from any State may be made at any time by nomination and appointment in the same manner as an original nomination and appointment.

(d) Where practicable and as the Commission may by rule or order direct, hearings by any member, examiner, or joint board upon any matter referred to him or to such board shall be held at such places within the United States as are convenient to the parties.

(e) So far as may be necessary for the purposes of this part, the Commission and the members and examiners thereof and joint boards shall have the same power to administer oaths, and require by subpena the attendance and testimony of witnesses and the production of books, papers, tariffs, contracts, agreements, and documents, and to take testimony by deposition, relating to any matter under investigation, as though such matter arose under part I; and any person subpenaed or testifying in connection with any matter under investigation under this part shall have the same rights, privileges, and immunities and be subject to the same duties, liabilities, and penalties as are provided in part I, unless otherwise provided in this part.

(f) In accordance with rules prescribed by the Commission, reasonable notice shall be afforded, in connection with any proceeding under this part, to interested parties and to the board of any State, or to the governor if there be no board, in which the motor-carrier operations involved in the proceeding are or are proposed to be conducted, and opportunity for hearing and for intervention in connection with any such proceeding shall be afforded to all interested parties.

(g) The Commission is authorized to confer with or to hold joint hearings with any authorities of any State in connection with any matter arising in any proceedings under this part. The Commission is also authorized to avail itself of the cooperation, services, records, and facilities of such State authorities as fully as may be practicable, in the enforcement or administration of any provision of this part. From any space in the Interstate Commerce Commission Building not required by the Commission, the Government authority controlling the allocation of space in public buildings shall assign for the use of the national organization of the State commissions and of their representatives suitable office space and facilities which shall be at all times available for the use of joint boards created under this part and for members and representatives of such boards cooperating with the Commission or with any other Federal commission or department under this or any other act; and if there be no such suitable space in the Interstate Commerce Commission Building, the same shall be assigned in some other building in convenient proximity thereto.

(h) Any final order made under this part shall be subject to the same right of relief in court by any party in interest as is now provided in respect to orders of the Commission made under part I: *Provided,* That, where the Commission, in respect of any matter arising under this part, shall have issued a negative order solely because of a supposed lack of power, any such party in interest may file a bill of complaint with the appropriate district court of the United States, convened under the Urgent Deficiency Appropriations Act, October 22, 1913, and such court, if it determines that the Commission has such power, may enforce by writ of mandatory injunction the Commission's taking of jurisdiction.

(i) All the provisions of section 17 of part I shall apply to all proceedings under this part.

(j) No member or examiner of the Commission or member of a joint board shall hold any official relation to or own any securities of, or be in any manner pecuniarily interested in, any motor carrier or in any carrier by railroad, water, or other form of transportation.

(k) The Commission is authorized to employ, and to fix the compensation of, such experts, assistants, special agents, examiners, attorneys, and other employees as in its judgment may be necessary or advisable for the convenience of the public and for the effective administration of this part.

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

SEC. 206. (a) No common carrier by motor vehicle subject to the provisions of this part shall engage in any interstate or foreign operation on any public highway, or within any reservation under the exclusive jurisdiction of the United States, unless there is in force with respect to such carrier a certificate of public convenience and necessity issued by the Commission authorizing such operations: *Provided, however,* That, subject to section 210, if any such carrier or a predecessor in interest was in bona fide operation as a common carrier by motor vehicle in 1934, over the route or routes or within the territory for which application is made and has so operated since that time, or if engaged in furnishing seasonal service only, was in bona fide operation in 1934, during the season ordinarily covered by its operation, except in either instance as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such certificate without requiring further proof that public convenience and necessity will be served by such operation, and without further proceedings, if application for such certificate is made to the Commission as provided in paragraph (b) of this section and within 120 days after this section shall take effect, and if such carrier was registered in 1934, under any code of fair competition requiring registration, the fact of registration shall be evidence of bona fide operation to be considered in connection with the issuance of such certificate. Otherwise the application for such certificate shall be decided in accordance with the procedure provided for in section 207 (a) of this part and such certificate shall be issued or denied accordingly. Pending the determination of any such application the continuance of such operation shall be lawful: *And provided further,* That this paragraph shall not be so construed as to require any such carrier lawfully engaged in operation solely within any State to obtain from the Commission a certificate authorizing the transportation by such carrier of passengers or property in interstate or foreign commerce between places within such State if there be a board in such State having authority to grant or approve such certificates and if such carrier has obtained such certificate from such board. Such transportation shall, however, be otherwise subject to the jurisdiction of the Commission under this part.

(b) Application for certificates shall be made in writing to the Commission, be verified under oath, and shall be in such form and contain such information and be accompanied by proof of service upon such interested parties as the Commission shall, by regulation, require. Any person, not included within the provisions of paragraph (a) of this section, who or which is engaged in transportation in interstate or foreign commerce as a common carrier by motor vehicle when this section takes effect may continue such operation for a period of 120 days thereafter without a certificate and, if application for such certificate is made to the Commission within such period, the carrier may, under such regulations as the Commission shall prescribe, continue such operation until otherwise ordered by the Commission.

The CHAIRMAN. The Clerk will report the committee amendments.

Mr. TRUAX. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and two Members are present, a quorum.

Mr. TRUAX. Mr. Chairman, I move that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. TRUAX) there were ayes 25 and noes 76.

Mr. O'MALLEY. Mr. Chairman, I demand tellers.

Tellers were refused.

So the motion was rejected.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: Page 22, line 4, strike out "in 1934" and insert "on June 1, 1935."

The committee amendment was agreed to.

The Clerk read the next committee amendment, as follows:

On page 22, line 8, strike out "in 1934" and insert in lieu thereof "on June 1, 1935."

The committee amendment was agreed to.

The Clerk read the next committee amendment, as follows:

On page 22, line 18, strike out "in 1934" and insert in lieu thereof "on June 1, 1935."

The committee amendment was agreed to.

Mr. PETTENGILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. PETTENGILL: Page 19, line 8, strike out "though such matter arose" and insert "the Commission has in a matter arising."

The amendment was agreed to.

Mr. PETTENGILL. I offer a further amendment.

The Clerk read as follows:

Page 19, line 12, strike out "are provided in" and insert "though such matter arose under."

Mr. TRUAX. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I can easily understand why the amendment offered by the gentleman from Montana [Mr. MONAGHAN] was defeated in this committee. Evidently this committee does not believe in an 8-hour day, even for Members of Congress. [Laughter.]

I call your attention to the fact that it is now 5:30 by the clock. Many of us, especially the gentleman from Massachusetts [Mr. CONNERY], Chairman of the Committee on Labor, of which committee I have the honor to be a member, believe in the 30-hour week. That committee recently reported favorably a 30-hour week bill, yet on the floor of this House of Representatives we reject an amendment which provides for an 8-hour day for drivers and employees of trucks and busses.

Mr. CONNERY. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. CONNERY. The gentleman from Ohio [Mr. COOPER] just told me outside the Chamber that if he could have spoken a little longer he would have brought out some very serious accidents which were caused by men working longer than 8 hours, and would have brought out the fact that if you or I or the gentleman from Ohio [Mr. COOPER], or any other Member of this House, drove his own little automobile three or four hundred miles he would be ready to quit.

Mr. TRUAX. There is no question about that. I will tell you an amendment that should have been adopted on this bill, namely, that there should be no operation of Government trucks on Saturday or Sunday of any week.

Mr. RICH. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. RICH. When some people work it is necessary for them to work only 8 hours a day, but the public of America thinks this Congress has to work 16 hours to get in a day.

Mr. TRUAX. I would ask the gentleman about the bankers. How many hours a day do they work?

Mr. RICH. Oh, the gentleman and I are opposed to bankers.

Mr. TRUAX. Oh, no. The gentleman from Pennsylvania is not opposed to bankers, because he is one of them. I decline to yield further to the gentleman. The gentleman is a distinguished member of the banking fraternity. They only require 4 or 5 or 6 hours. They open at 9 o'clock in the morning and they close at 3 o'clock.

Mr. RICH. But the gentleman is accusing me of being a banker, and I resent the accusation.

Mr. TRUAX. Mr. Chairman, I decline to yield further.

Mr. RICH. Then I will have to have those words taken down.

The CHAIRMAN. The gentleman from Ohio declines to yield.

Mr. TRUAX. Mr. Chairman, a few days ago when the gentleman from Pennsylvania was on one of his characteristic rampages he spoke about hogs. I asked him what was the price of hogs in his district. He refused to answer; he evaded the question. He has not answered that question to this day.

How much are hogs today?

Mr. RICH. Hogs are too damned high. [Laughter and applause.] And if I were a hog raiser like the gentleman from Ohio——

Mr. TRUAX. How much are hogs? [Laughter and applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

The Clerk read as follows:

PERMITS FOR CONTRACT CARRIERS BY MOTOR VEHICLE

SEC. 209. (a) No person shall engage in the business of a contract carrier by motor vehicle in interstate or foreign commerce on any public highway or within any reservation under the exclusive jurisdiction of the United States unless there is in force with respect to such carrier a permit issued by the Commission, authorizing such person to engage in such business: *Provided*, That, subject to section 210, if any such carrier or a predecessor in interest was in bona fide operation as a contract carrier by motor vehicle in 1934 over the route or routes or within the territory for which application is made and has so operated since that time, or, if engaged in furnishing seasonal service, only, was in bona fide operation in 1934 during the season ordinarily covered by its operations, except in either instance as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such permit, without further proceedings, if application for such permit is made to the Commission as provided in paragraph (b) of this section and within 120 days after this section shall take effect, and if such carrier was registered in 1934 under any code of fair competition requiring registration, the fact of registration shall be evidence of bona fide operation to be considered in connection with the issuance of such permit. Otherwise the application for such permit shall be decided in accordance with the procedure provided for in paragraph (b) of this section and such permit shall be issued or denied accordingly. Pending determination of any such application the continuance of such operation shall be lawful. Any person, not included within the foregoing provisions of this paragraph, who or which is engaged in transportation as a contract carrier by motor vehicle when this section takes effect, may continue such operation for a period of 120 days thereafter without a permit and, if application for such permit is made within such period, the carrier may, under such regulations as the Commission shall prescribe, continue such operation until otherwise ordered by the Commission: *Provided further*, That nothing in this part shall be construed to repeal, amend, or otherwise modify any act or acts relating to national parks and national monuments under the administrative jurisdiction of the Secretary of the Interior, or to withdraw such authority or control as may by law be held by the Secretary of the Interior with respect to the admission and operation of motor vehicles in any national park or national monument of the United States.

(b) Applications for such permits shall be made to the Commission in writing, be verified under oath, and shall be in such form and contain such information and be accompanied by proof of service upon such interested parties as the Commission may, by regulations, require. Subject to section 210, a permit shall be issued to any qualified applicant therefor authorizing in whole or in part the operations covered by the application, if it appears from the applications or from any hearing held thereon, that the applicant is fit, willing, and able properly to perform the service of a contract carrier by motor vehicle, and to conform to the provisions of this part and the lawful requirements, rules, and regulations of the Commission thereunder, and that the proposed operation, to the extent authorized by the permit, will be consistent with the public interest and the policy declared in section 202 (a) of this part; otherwise such application shall be denied. The Commission shall specify in the permit the business of the contract carrier covered thereby and the scope thereof and shall attach to it, at the time of issuance, and from time to time thereafter, such reasonable terms, conditions, and limitations consistent with the character of the holder as a contract carrier as are necessary to carry out, with respect to the operations of such carrier, the requirements established by the Commission under section 204 (a) (2) and (6): *Provided, however*, That no terms, conditions, or limitations shall restrict the right of the carrier to substitute or add contracts within the scope of the permit, or to add to his or its equipment and facilities, within the scope of the permit, as the development of the business and the demands of the public may require.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 26, line 20, strike out "in 1934" and insert "on June 1, 1935."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 26, line 24, strike out "in 1934" and insert "on June 1, 1935."

Mr. TRUAX. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment by Mr. TRUAX: Page 26 and page 27, lines 21 and 24, after the word "on", strike out the word "June" and insert in lieu thereof the word "July."

Mr. TRUAX. Mr. Chairman, I hope the committee will adopt the amendment.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. PETTENGILL. Mr. Chairman, to save time we will adopt it.

Mr. TRUAX. I thank the committee.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read the next committee amendment.

The Clerk read as follows:

Page 27, line 7, strike out "in 1934" and insert in lieu thereof "on June 1, 1935."

The committee amendment was agreed to.

The Clerk read as follows:

DUAL OPERATION

SEC. 210. No person shall at the same time hold under this part a certificate as a common carrier and a permit as a contract carrier authorizing operation for the transportation of property by motor vehicle over the same route or within the same territory, unless for good cause shown the Commission shall find that such certificate and permit may be held consistently with the public interest and with the policy declared in section 202 (a) of this part.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 29, line 16, after the word "person", insert the following: "after January 1, 1936."

The committee amendment was agreed to.

Mr. PETTENGILL. Mr. Chairman, in order to save time, not knowing that there is any controversial matter in the remaining sections, although there may be unknown to the committee, I ask unanimous consent that further reading of the bill may be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: Page 38, line 12, after the word "act", insert the following: "including penalties applicable in cases of violations thereof."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 43, line 16, after the word "operated", insert the following: "*Provided, however*, That nothing in this part shall empower the Commission to prescribe or in any manner regulate the rate, fare, or charge for intrastate transportation, or for any service connected therewith, for the purpose of removing discrimination against interstate commerce or for any purpose whatever."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 47, line 20, after the word "express", strike out the comma and insert "and/or water."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 64, line 5, strike out the word "July" and insert in lieu thereof the word "October."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 64, line 9, strike out the word "July" and insert the word "October."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 64, line 10, after the word "of", strike out "January" and insert "April."

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 1629, the Motor Carrier Act, 1935, pursuant to House Resolution 314, he reported the same back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be read a third time, and was read the third time.

Mr. WADSWORTH. Mr. Speaker, I move to recommit the bill to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the bill back amended by striking out all after the enacting clause and inserting the provisions of the bill which I send to the desk.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WADSWORTH. I am.

Mr. PETTENGILL. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. PETTENGILL. Is this the bill favored by the gentleman from New York and the gentleman from Alabama [Mr. HUDDLESTON]?

Mr. WADSWORTH. Yes.

Mr. PETTENGILL. Will the gentleman agree to dispense with its reading?

Mr. WADSWORTH. If I may be permitted to explain it in 4 minutes.

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent that the reading of the motion to recommit may be dispensed with and printed in the RECORD, and that the gen-

tleman from New York [Mr. WADSWORTH] may have 10 minutes in which to explain the motion, at the conclusion of which the previous question on the motion to reconsider shall be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. WITHROW. Mr. Speaker, I understood the gentleman asked for 4 minutes, which was changed to 5, and now the gentleman from New York is given 10 minutes. Mr. Speaker, I object.

Mr. PETTENGILL. Mr. Speaker, I modify the request and ask unanimous consent that the gentleman from New York may have 5 minutes in which to explain his motion, at the conclusion of which the previous question on the motion to recommit shall be considered as ordered.

The SPEAKER. Is there objection to the modified request of the gentleman from Indiana?

There was no objection.

Mr. WADSWORTH. Mr. Speaker, the motion which I have offered is that the bill shall be recommitted to the Committee on Interstate and Foreign Commerce with instructions to report forthwith amended by striking out everything after the enacting clause and substituting the text of a bill which was recommended by the subcommittee of the Committee on Interstate and Foreign Commerce. That particular bill was introduced later in the House by the gentleman from Alabama [Mr. HUDDLESTON] and is available to all Members. It provides for full regulation of all passenger busses, just as the pending measure provides for that regulation.

Then when it comes to the field of truck regulation, instead of dividing the trucks for hire into separate categories of common-carrier trucks, contract trucks, and privately owned trucks, it places all trucks for hire in one single category—that is, trucks for hire.

Mr. Speaker, it authorizes the Interstate Commerce Commission to regulate all trucks for hire with respect to the hours of labor of the operator, just as the pending Senate bill does. It authorizes the Interstate Commerce Commission to regulate them as to safety devices, the type and size of such, as to indemnity bonds, insurance, and financial responsibility. It follows the general provisions of the pending bill with respect to that type of regulation, but refrains from attempting to regulate the rates to be charged by trucks for hire anywhere in the country engaged in interstate commerce.

The bill also provides for the regulation of the brokers very much as the brokers are regulated in the pending Senate bill. The bill also provides for the regulation of the issuance of securities in excess of $500,000. The bill does not contain any provision for the issuance of certificates of convenience and necessity. All of the trucks for hire which are to be regulated under the Huddleston substitute bill will be required to get a simple permit from the Interstate Commerce Commission and no certificate of convenience and necessity whatsoever is required.

Mr. Speaker, the supporters of this measure believe it goes as far as we ought to try to go at the beginning of this great task of regulating the truck industry. It provides for the regulation of the safety features, the regulation of responsibility, insurance, indemnity, the type and size of the bus, and the hours of labor of the operator, but does not go into the field of attempting to regulate rates.

That, in short, is what the substitute bill proposes to do.

Mr. CONNERY. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Massachusetts.

Mr. CONNERY. Does the Huddleston bill contain such provision as is contained in the present bill that the Interstate Commerce Commission is supposed to regulate the hours of these drivers?

Mr. WADSWORTH. It does.

Mr. MAY. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Kentucky.

Mr. MAY. Do I understand the Senate passed a bill and that a subcommittee of the House Committee on Interstate and Foreign Commerce reported the bill that the gentleman offers as a substitute?

Mr. WADSWORTH. To the full committee. The full committee rejected it.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WADSWORTH moves to recommit the bill to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the same back forthwith with an amendment striking out all after the enacting clause and inserting the following:

"That the Interstate Commerce Act, as amended, herein referred to as 'Part I', is hereby amended by inserting at the beginning thereof the caption 'Part I', and by substituting for the words 'this act', wherever they occur, the words 'this part', but such part I may continue to be cited as the 'Interstate Commerce Act', and said Interstate Commerce Act is hereby further amended by adding the following part:

"'PART II

"'SHORT TITLE

"'SECTION 201. This part may be cited as the "Motor Carrier Act, 1935."

"'DECLARATION OF POLICY AND JURISDICTION

"'SEC. 202. (a) It is hereby declared to be the policy of Congress to regulate transportation by motor carriers in interstate and foreign commerce in such manner as to recognize and preserve the inherent advantages of such transportation in the public interest; and cooperate with the several States and the duly authorized officials thereof and with any organization of motor carriers in the administration and enforcement of this part.

"'(b) The provisions of this part apply to the transportation of passengers or property by motor carriers in interstate and foreign commerce, and the regulation of such transportation as provided by this part is hereby vested in the special division of the Interstate Commerce Commisison hereinafter created.

"'(c) Nothing in this part shall be construed to affect the powers of taxation of the several States or to authorize a motor carrier to do an intrastate business on the highways of any State. It is not intended by this part to interfere with the exclusive exercise by each State of the power of regulation of intrastate commerce (including regulation of rates, fares, charges, and service in connection with such intrastate commerce) by motor carriers on the highways thereof, and notwithstanding this part, the intrastate operations of motor carriers on the highways of a State shall continue to be subject to the laws of the State regulating such intrastate commerce; and nothing in this part shall affect any motor carrier which does not extend his or its operations beyond the boundaries of a single State.

"'DEFINITIONS

"'SEC. 203. (a) As used in this part—

"'(1) The term "person" means any individual, firm, copartnership, corporation, company, association, or joint-stock association.

"'(2) The term "Commission" means a permanent special division of the Interstate Commerce Commission composed of three members thereof, which is hereby created and which shall be designated as "Division of Highway Transportation", and the members and chairman of which shall be designated by the President, who may prescribe their terms of service as members of such division; but such division shall not be held to be a division for purposes of review or rehearing by the Interstate Commerce Commission under section 17 of part I.

"'(3) The term "permit" means a permit issued under this part to a motor carrier.

"'(4) The term "license" means a license issued under this part to a broker.

"'(5) The term "State" means any of the several States or the District of Columbia.

"'(6) The term "interstate commerce" means commerce between any place in a State and any place in another State or between places in the same State but through another State.

"'(7) The term "foreign commerce" means commerce between any place in a State and any place in a foreign country, or between places in a State but through any foreign country.

"'(8) The term "highway" means the roads, highways, streets, and ways in any State.

"'(9) The term "motor vehicle" means a vehicle, machine, tractor, trailer, or semitrailer propelled or drawn by mechanical power and used upon the highways in the transportation of passengers or property, but does not include a motorcycle or a vehicle, locomotive, or car operated exclusively on a rail or rails.

"'(10) The term "passenger carrier" includes any person transporting, by motor vehicle, for compensation or remuneration, direct or indirect, persons or persons and package express or excess baggage.

"'(11) The term "property carrier" includes any person transporting the property of others by motor vehicle, for compensation or remuneration, direct or indirect.

"'(12) The term "motor carrier" includes both a passenger carrier and a property carrier.

"'(13) The term "broker" means any person not included in the term "motor carrier" and not an employee or agent of any

such carrier, who or which, as principal or agent, sells any transportation subject to this part.

"'(14) The "services" and "transportation" to which this part applies include all vehicles operated by, for, or in the interest of any motor carrier irrespective of ownership or of contract, express or implied.

"'(15) The term "State board" or "board" means the administrative agency (by whatever name designated) which under the laws of any State has jurisdiction to regulate the transportation by motor vehicle of persons or property over the highways of such State.

"'(b) Nothing in this part shall be construed to include (1) motor vehicles employed solely in transporting school children or teachers to or from schools; or (2) taxicabs, or other motor vehicles performing a bona fide taxicab service, and not operated on a regular route or between fixed termini; or (3) motor vehicles owned or operated by or on behalf of hotels and used exclusively for the transportation of hotel patrons between hotels and local common carrier stations; or (4) motor vehicles operated, under authorization, regulation, and control of any department, bureau, or other agency of the United States, principally for the purpose of transporting persons in and about the public buildings and grounds and national parks and national monuments; or (5) trolley busses operated by electric power derived from a fixed overhead wire, furnishing passenger transportation similar to street-railway service; or (6) the transportation of property in interstate or foreign commerce wholly within a municipality or between contiguous municipalities or within a zone adjacent to and commercially a part of any such municipality or municipalities, except when such transportation is under a common control, management, or arrangement for a continuous carriage or shipment to or from a point without such municipality, municipalities, or zone; or (7) the casual, occasional, or reciprocal transportation of passengers or property in interstate or foreign commerce for compensation by any person not regularly engaged in transportation by motor vehicle as his or its principal occupation or business; (8) motor vehicles while used exclusively in carrying livestock or unprocessed agricultural products; or (9) motor vehicles while used exclusively in the distribution of newspapers or periodicals.

"'GENERAL DUTIES AND POWERS OF THE COMMISSION

"'SEC. 204. (a) It shall be the duty of the Commission—

"'(1) To regulate motor carriers as provided in this part, and, as a part of such regulation, to establish by rules and regulations reasonable requirements with respect to qualifications and maximum hours of service of employees, and safety of operation and equipment, of such carriers.

"'(2) To administer, execute, and enforce the provisions of this part, to make all necessary orders in connection therewith, and to prescribe rules, regulations, and procedure for such administration.

"'(b) For the purposes of this part, the Commission may from time to time establish such just and reasonable classifications of brokers or of groups of passenger carriers as the special nature of the services performed by such carriers or brokers shall require; and such just and reasonable rules and regulations, consistent with the provisions of this part, to be observed by the carriers or brokers so classified or grouped, as the Commission deems necessary or desirable in the public interest.

"'(c) Upon complaint in writing to the Commission by any person, State board, organization, or body politic, or upon its own initiative without complaint, the Commission may investigate whether any passenger carrier or broker has failed to comply with any provision of this part, or with any requirement established pursuant thereto. If the Commission, after notice and hearing, finds upon any such investigation that the carrier or broker has failed to comply with any such provision or requirement, the Commission shall issue an appropriate order to compel the carrier or broker to comply therewith. Whenever the Commission is of opinion that any complaint does not state reasonable grounds for investigation and action on its part, it may dismiss such complaint.

"'(d) After a decision, order, or requirement has been made by the Commission in any proceeding under this part, any party thereto may make application to the Commission for reconsideration or rehearing of the same, or of any matter determined therein, and it shall be lawful for the Commission in its discretion to grant such reconsideration or a hearing if sufficient reason therefor be made to appear. Applications for reconsideration or rehearing shall be governed by such general rules as the Commission may prescribe. No such application shall excuse any passenger carrier or broker from complying with or obeying any decision, order, or requirement of the Commission or operate in any manner to stay or postpone the enforcement thereof, without the special order of the Commission. If, after such reconsideration or rehearing, it shall appear that the original decision, order, or requirement is in any respect unjust or unwarranted, the Commission shall reverse, change, or modify the same accordingly. Any decision, order, or requirement made after such reconsideration or rehearing shall be subject to the same provisions as an original decision, order, or requirement.

"'ADMINISTRATION

"'SEC. 205. (a) Any matter arising in the administration of this part requiring a hearing shall be heard and decided by the Commission, or shall, by order of the Commission, be referred to a member or examiner of the Commission for hearing and the recommendation of an appropriate order thereon. With respect to such matter the member or examiner shall have all the rights, duties, powers, and jurisdiction conferred by this part upon the Commission, except that the order recommended by such member or examiner shall be subject to the following provisions of this paragraph. Any order recommended by the member or examiner with respect to such matter shall be in writing and be accompanied by the reasons therefor, and shall be filed with the Commission. Copies of such recommended order shall be served upon the persons specified in paragraph (c), who may file exceptions thereto, but if no exception is filed within 20 days after service upon such persons, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective, unless within such period the order is stayed or postponed by the Commission. Where any exception is filed as herein provided it shall be the duty of the Commission to consider the same and, if sufficient reason appears therefor, the Commission shall grant such review as may be necessary or proper to carry out the purposes of this part, or the Commission may, on its own motion, review any such matter and take action thereon as if exceptions thereto had been filed. The Commission, after review upon the record on which the order of the member or examiner was based or as supplemented by a further hearing, shall decide the matter and make appropriate order thereon.

"'(b) So far as may be necessary for the purposes of this part, the Commission and the members and examiners thereof shall have the same power to administer oaths, and require by subpena the attendance and testimony of witnesses and the production of books, papers, tariffs, contracts, agreements, and documents, and to take testimony by deposition, relating to any matter under investigation, as though such matter arose under part I; and any person subpenaed or testifying in connection with any matter under investigation under this part shall have the same rights, privileges, and immunities and be subject to the same duties, liabilities, and penalties as though such matter arose under part I, unless otherwise provided in this part.

"'(c) In accordance with rules prescribed by the Commission, reasonable notice shall be afforded, in connection with any proceeding under this part, to interested parties and to the board of any State, or to the Governor if there be no board, in which the motor-carrier operations involved in the proceeding are or are proposed to be conducted, and opportunity for hearing and for intervention in connection with any such proceeding shall be afforded to all interested parties.

"'(d) The Commission is authorized to confer with or to hold joint hearings with any authorities of any State in connection with any matter arising in any proceedings under this part. The Commission is also authorized to avail itself of the cooperation, services, records, and facilities of such State authorities as fully as may be practicable, in the enforcement or administration of any provision of this part.

"'(e) Any final order made under this part shall be subject to the same right of relief in court by any party in interest as is now provided in respect to orders of the Interstate Commerce Commission made under part I.

"'(f) No member or examiner of the Commission shall hold any official relation to, or own any securities of, or be in any manner pecuniarily interested in, any motor carrier or in any carrier by any other form of transportation.

"'(g) The Commission is authorized to employ, and to fix the compensation of, such experts, assistants, special agents, examiners, attorneys, and other employees as in its judgment may be necessary or advisable for the convenience of the public and for the effective administration of this part.

"'PERMITS OF MOTOR CARRIERS

"'SEC. 206. (a) No person shall engage in the business of a motor carrier in interstate or foreign commerce unless there is in force with respect to such carrier a permit issued by the Commission, authorizing such person to engage in such business.

"'(b) Applications for such permits shall be made to the Commission in writing, be verified under oath, and shall be in such form and contain such information as the Commission may by regulations require. A permit shall be issued to any applicant therefor authorizing the operations covered by the application, if it appears from the application or from any hearing held thereon, that the applicant is fit, willing, and able to perform the service, and to conform to the provisions of his part and the lawful requirements, rules, and regulations of the Commission thereunder; otherwise such application shall be denied. The Commission shall specify in the permit the nature of the business of the carrier covered thereby and shall attach to it, at the time of issuance, and from time to time thereafter, reasonable terms, conditions, and limitations consistent with the character of the holder as a motor carrier: *Provided, however,* That no terms, conditions, or limitations shall restrict the right of the carrier to substitute or add to his or its equipment and facilities as the development of the business and the demands of the public may require.

"'(c) Any person engaged in the business of a motor carrier on the date this section becomes effective shall have a period of 120 days after such date within which to file an application for a permit, and pending the determination of the Commission upon such application such person may continue in such business without a permit.

"'BROKERAGE LICENSES

"'SEC. 207. (a) No person shall engage in the business of a broker unless such person holds a license issued by the Commission,

authorizing such person to engage in such business: *Provided*, That the provisions of this paragraph shall not apply to any motor carrier holding a permit or to any bona fide employee or agent of such motor carrier, so far as concerns transportation to be furnished wholly by such carrier or jointly with other motor carriers holding like permits, or with a common carrier by railroad, express, or water.

"'(b) Applications for licenses shall be made to the Commission in writing, be verified under oath, and shall be in such form and contain such information as the Commission may by regulations require. A license shall be issued to any applicant therefor if the Commission finds that the applicant is fit, willing, and able to perform the service proposed and to conform to the provisions of this part and the requirements, rules, and regulations of the Commission thereunder; otherwise such application shall be denied.

"'(c) Any person engaged in the business of a broker on the date this section becomes effective shall have a period of 120 days after such date within which to file an application for a license, and pending the determination of the Commission upon such application such person may continue in such business without a license.

"'(d) The Commission shall prescribe reasonable rules and regulations for the protection of travelers or shippers by motor vehicle, to be observed by any person holding a license, and no license shall be issued or remain in force unless such person shall have furnished and maintained in effect a bond or other security approved by the Commission, in such form and amount as will insure financial responsibility and the supplying of authorized transportation in accordance with contracts, agreements, or arrangements therefor.

"'(e) The Commission and its special agents and examiners shall have the same authority as to accounts, reports, and records, including inspection and preservation thereof, of any person holding a license, that they have under this part with respect to motor carriers subject thereto.

"' ISSUANCE OF SECURITIES

"'SEC. 208. Motor carriers shall be subject, with respect to the issuance of securities, to the provisions of paragraph (2) to (11), inclusive, of section 20a of part I (including penalties applicable in cases of violations thereof); and in the application of such paragraph (2) to motor carriers the term "common carrier", as used therein, shall be construed to mean "motor carrier": *Provided, however*, That said provisions shall not apply to such carriers where the par value of the securities to be issued, together with the par value of the securities then outstanding, does not exceed $500,000. In the case of securities having no par value, the par value for the purposes of this section shall be the fair market value as of the date of their issue: *Provided further*, That the exemption in section 3 (a) (6) of the Securities Act of 1933, as amended, is hereby amended to read as follows: "(6) Any security issued by a common carrier or motor carrier, the issuance of which is subject to the provisions of section 20a of the Interstate Commerce Act, as amended; ".

"' SECURITY FOR THE PROTECTION OF THE PUBLIC

"'SEC. 209. No permit shall be issued to a motor carrier or remain in force, unless such carrier complies with such reasonable rules and regulations as the Commission shall prescribe governing the filing and approval and maintaining in effect of surity bonds, policies of insurance, qualifications as a self-insurer or other securities or agreements, in such reasonable amount as the Commission may require, conditioned to pay, within the amount of such surety bonds, policies of insurance, qualifications as a self-insurer or other securities or agreements, any final judgment recovered against such motor carrier for bodily injuries to or the death of any person resulting from the negligent operation, maintenance, or use of motor vehicles under such permit, or for loss or damage to property of others.

"' SERVICE, RATES, FARES, AND CHARGES

"'SEC. 210. (a) It shall be the duty of every passenger carrier to provide safe and adequate service, equipment, and facilities for the transportation of passengers in interstate or foreign commerce; to establish, observe, and enforce just and reasonable rates, fares, and charges, and just and reasonable regulations and practices relating thereto, and to the issuance, form, and substance of tickets, the carrying of personal, sample, and excess baggage, the facilities for transportation, and all other matters relating to or connected with the transportation of passengers in interstate or foreign commerce.

"'(b) It shall be unlawful for any motor carrier engaged in interstate or foreign commerce to make, give, or cause any undue or unreasonable preference or advantage to any particular person, port, gateway, locality, or description of traffic in any respect whatsoever, or to subject any particular person, port, gateway, or locality to any unjust discrimination or any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided, however*, That this paragraph shall not be construed to apply to discriminations, prejudice, or disadvantage to the traffic of any other carrier of whatever description.

"'(c) Any person, State board, organization, or body politic may make complaint in writing to the Commission that any such rate, fare, charge, classification, rule, regulation, or practice, in effect or proposed to be put in effect, is or will be in violation of this section or of section 211. Whenever, after hearing, upon complaint or in an investigation on its own initiative, the Commission shall be of the opinion that any rate, fare, or charge demanded, charged, or collected by any passenger carrier for transportation in interstate or foreign commerce, or any classification, rule, regulation, or practice whatsoever of such carrier affecting such rate, fare, or charge or the value of the service thereunder, is or will be unjust or unreasonable, or unjustly discriminatory or unduly preferential or unduly prejudicial, it shall determine and prescribe the lawful rate, fare, or charge or the maximum or minimum, or maximum and minimum rate, fare, or charge thereafter to be observed, or the lawful classification, rule, regulation, or practice thereafter to be made effective.

"'(d) Whenever there shall be filed with the Commission any schedule stating a new rate, fare, charge, or classification for the transportation of passengers by a passenger carrier, or any rule, regulation, or practice affecting such rate, fare, or charge, or the value of the service thereunder, the Commission is hereby authorized and empowered upon complaint of any interested party or upon its own initiative at once and, if it so orders, without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, or charge, or such rule, regulation, or practice, and pending such hearing and the decision thereon the Commission, by filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may suspend the operation of such schedule and defer the use of such rate, fare, or charge, or such rule, regulation, or practice, for a period of 90 days and if the proceeding has not been concluded and a final order made within such period the Commission may, from time to time, extend the period of suspension by order, but not for a longer period in the aggregate than 180 days beyond the time when it would otherwise go into effect and after hearing, whether completed before or after the rate, fare, charge, classification, rule, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding instituted after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, or charge, or classification, rule, regulation, or practice shall go into effect at the end of such period: *Provided*, That this paragraph shall not apply to any initial schedule or schedules filed by any such carrier in bona fide operation when this section takes effect.

"'(e) In any proceeding to determine the justness or reasonableness of any rate, fare, or charge of any such carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the permit under which such carrier is operating; and in applying for and receiving a permit under this part any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such permit.

"'(f) In the exercise of its power to prescribe just and reasonable rates, fares, and charges, the Commission shall give due consideration, among other factors, to the cost of rendering the service in question, to the inherent advantages of transportation by motor carriers, and to the need, in the public interest, of adequate and efficient transportation service by such carriers at the lowest cost consistent with the furnishing of such service.

"' TARIFFS OF MOTOR CARRIERS OPERATING BETWEEN FIXED TERMINI OR OVER REGULAR ROUTES

"'SEC. 211. (a) Every motor carrier operating between fixed termini or over a regular route shall file with the Commission, and keep open to public inspection tariffs showing all the rates, fares, and charges for transportation, and all services in connection therewith, of passengers in interstate or foreign commerce between points on its own route or routes. Such rates, fares, and charges shall be stated in terms of lawful money of the United States. The tariffs required by this section shall be published, filed, and posted in such form and manner, and shall contain such information, as the Commission by regulations shall prescribe; and the Commission is authorized to reject any tariff filed with it which is not in consonance with this section and with such regulations. Any tariff so rejected by the Commission shall be void and its use shall be unlawful.

"'(b) No such carrier shall charge or demand or collect or receive a greater or less or different compensation for transportation or for any service in connection therewith between the points enumerated in such tariff than the rates, fares, and charges specified in the tariffs in effect at the time; and no such carrier shall refund or remit in any manner or by any device, directly or indirectly, or through any agent or broker or otherwise, any portion of the rates, fares, or charges so specified, or extend to any person any privileges or facilities for transportation in interstate or foreign commerce except such as are specified in its tariffs.

"'(c) No change shall be made in any rate, fare, charge, or classification, or any rule, regulation, or practice affecting such rate, fare, charge, or classification, or the value of the service thereunder, specified in any effective tariff of any such carrier, except after 30 days' notice of the proposed change filed and posted in accordance with paragraph (a) of this section. Such notice shall plainly state the change proposed to be made and the time when such change will take effect. The Commission may, in its discretion and for good cause shown, allow such change upon notice less than that herein specified or modify the requirements of this section with respect to posting and filing of tariffs either in particular instances or by general order applicable to special or peculiar circumstances or conditions.

"'(d) No such carrier, unless otherwise provided by this part, shall engage in the transportation of passengers between fixed termini or over a regular route unless the rates, fares, and charges applicable to such transportation have been filed and published in accordance with the provisions of this part.

"'ACCOUNTS, RECORDS, AND REPORTS

"'SEC. 212. (a) The Commission is hereby authorized to require annual, periodical, or special reports from all motor carriers, to prescribe the manner and form in which such reports shall be made, and to require from such carriers specific answers to all questions upon which the Commission may deem information to be necessary for purposes of the administration of this part. Such reports shall be under oath whenever the Commission so requires.

"'(b) The Commission may prescribe the forms of any and all accounts, records, and memoranda to be kept by motor carriers and the length of time such accounts, records, and memoranda shall be preserved, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of money. The Commission or its duly authorized special agents or examiners shall at all times have access to all lands, buildings, or equipment of motor carriers used in connection with interstate or foreign operation and also all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing, and kept, or required to be kept, by motor carriers. The special agents or examiners of the Commission shall have authority under its order to inspect and examine any and all such lands, buildings, equipment, accounts, records, and memoranda, including all documents, papers and correspondence now or hereafter existing and kept or required to be kept by such carriers. This section shall apply to receivers of motor carriers and to operating trustees thereof: *Provided*, That this section shall not apply to a property carrier having not exceeding five vehicles in operation at any one time.

"'(c) As used in this section, the term "motor carriers" includes brokers.

"'ORDERS, NOTICES, AND SERVICE OF PROCESS

"'SEC. 213. (a) It shall be the duty of every passenger carrier operating between fixed termini or over a regular route to file with the board of each State in which it operates under a permit issued under this part, and with the Commission, a designation in writing of the name and post-office address of a person upon whom or which service of notices or orders may be made under this part. Such designation may from time to time be changed by like writing similarly filed. Service of notices or orders in proceedings under this part may be made upon such carrier by personal service upon it or upon the person so designated by it, or by registered mail addressed to it or to such person at the address filed. In default of such designation, service of any notice or order may be made by posting in the office of the secretary or clerk of the board of the State wherein such carrier maintains headquarters and in the office of the secretary of the Commission. Whenever notice is given by mail as is provided herein, the date of mailing shall be considered as the time when notice is served.

"'(b) Except as otherwise provided in this part, all orders of the Commission shall take effect within such reasonable time as the Commission may prescribe and shall continue in force until its further order, or for a specified period of time, according as shall be prescribed in the order, unless the same be suspended or modified or set aside by the Commission or be suspended or set aside by a court of competent jurisdiction.

"'(c) Every passenger carrier operating between fixed termini or over a regular route shall also file with the board of each State in which it operates a designation in writing of the name and post-office address of a person in such State upon whom process issued by or under the authority of any court having jurisdiction of the subject matter may be served in any proceeding at law or equity brought against such carrier and arising under this part. Such designation may from time to time be changed by like writing similarly filed. In the event such carrier fails to file such designation, service may be made upon any agent of such passenger carrier within such State.

"'(d) As used in this section, the term "passenger carrier" includes brokers.

"'UNLAWFUL OPERATION

"'SEC. 214. (a) Any person knowingly and willfully violating any provision of this part, or any rule, regulation, or order thereunder, or any term or condition of any permit or license, for which a penalty is not otherwise provided, shall, upon conviction thereof, be fined not more than $25 for the first offense and not more than $100 for any subsequent offense. Each day of such violation shall constitute a separate offense.

"'(b) If any motor carrier or broker operates in violation of any provision of this part (except as to the reasonableness of rates, fares, or charges and the discriminatory character thereof), or any rule, regulation, or order thereunder, or of any term or condition of any permit or license, the Commission or its duly authorized agent may apply to the district court of the United States for any district where such motor carrier or broker operates, for the enforcement of such provision of this part, or of such rule, regulation, order, term, or condition; and such court shall have jurisdiction to enforce obedience thereto by a writ of injunction or by other process, mandatory or otherwise, restraining such carrier or broker, his or its officers, agents, employees, and representatives from further violation of such provision of this part or of such rule, regulation, order, term, or condition and enjoining upon it or them obedience thereto.

"'(c) Any person, whether carrier, shipper, consignee, or broker, or any officer, employee, agent, or representative thereof, who shall knowingly offer, grant, or give, or solicit, accept, or receive any rebate, concession, or discrimination in violation of any provision of this part, or who by means of any false statement or representation, or by the use of any false or fictitious bill, bill of lading, receipt, voucher, roll, account, claim, certificate, affidavit, deposition, lease, or bill of sale, or by any other means or device, shall knowingly and willfully assist, suffer, or permit any person to obtain transportation of passengers or property subject to this part for less than the applicable rate, fare, or charge, or who shall knowingly and willfully by any such means or otherwise fraudulently seek to evade to defeat regulation as in this part provided for motor carriers or brokers, shall be deemed guilty of a misdemeanor and upon conviction thereof be fined not more than $500.

"'(d) Any special agent or examiner who knowingly and willfully divulges any fact or information which may come to his knowledge during the course of the examination of the accounts, records, and memoranda of motor carriers or brokers as provided in section 212 (b), except as he may be directed by the Commission or by a court of competent jurisdiction or judge thereof, shall be subject, upon conviction, to a fine of not more than $500 or imprisonment for a term not exceeding 1 year, or both.

"'(e) Any motor carrier or broker, or any officer, agent, employee, or representative thereof who shall willfully fail or refuse to make a report to the Commission or to keep accounts, records, and memoranda, in the form and manner approved or prescribed by the Commission, or shall knowingly and willfully falsify, destroy, multilate, or alter any such report, account, record, or memorandum, or shall knowingly and willfully file any false report, account, record, or memorandum, shall be deemed guilty of a misdemeanor and upon conviction thereof be subject for each offense to a fine of not less than $100 and not more than $500.

"'IDENTIFICATION OF INTERSTATE CARRIERS

"'SEC. 215. The Commission is hereby authorized, under such rules and regulations as it shall prescribe, to require the display by motor carriers upon each motor vehicle operated under a permit issued by the Commission, suitable identification plate or plates. Any substitution, transfer, or use of any such identification plate or plates, except such as may be duly authorized by the Commission, shall be unlawful.

"'SEPARABILITY OF PROVISIONS

"'SEC. 216. If any provision of this part, or the application thereof to any person or circumstance, is held invalid, the remainder of the part, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"'TIME EFFECTIVE

"'SEC. 217. (a) This part (except this section, which shall become effective immediately upon the enactment of this part) shall take effect and be in force on and after 90 days after the enactment of this part: *Provided, however*, That the Commission shall, if found by it necessary or desirable in the public interest, by order postpone the taking effect of any provision of this part to such time as the Commission shall prescribe, but not beyond the 1st day of January 1936.'"

The SPEAKER. The question is on the motion to recommit.

Mr. WADSWORTH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. ZIONCHECK. Mr. Speaker, I ask for a division.

The question was taken; and on a division (demanded by Mr. ZIONCHECK) there were ayes 39 and noes 120.

Mr. ZIONCHECK. Mr. Speaker, I object to the vote on the ground there is no quorum present.

Mr. O'CONNOR. Mr. Speaker, will the gentleman withhold that a moment?

Mr. ZIONCHECK. I withhold it, Mr. Speaker.

Mr. O'CONNOR. Mr. Speaker, some Members went away with the idea that if there should be a vote it would come up tomorrow. Parliamentary inquiry, Mr. Speaker. If the House adjourns without taking the vote, would this be the unfinished business the first thing in the morning on the motion to recommit?

The SPEAKER. Yes.

Mr. O'CONNOR. If the gentleman will withdraw his point and leave the matter in that situation, I think it would be better.

Mr. ZIONCHECK. With that understanding, I withdraw the point of no quorum, Mr. Speaker.

PUBLIC UTILITIES ACT OF 1935

Mr. HUDDLESTON. Mr. Speaker, I present a matter of privilege, a report of the managers on the part of the Senate on Senate bill 2796.

The SPEAKER. The Clerk will read the report.

The Clerk read as follows:

REPORT OF HOUSE MANAGERS ON CONFERENCE UPON DISAGREEING VOTE OF THE HOUSE AND THE SENATE ON THE AMENDMENT ADOPTED BY THE HOUSE TO S. 2796

The undersigned managers upon the part of the House, appointed on July 12, 1935, upon the request of the Senate for a conference upon the disagreeing vote of the House and the Senate on the amendment adopted by the House to S. 2796, beg to report as follows:

Your managers on July 24, 1935, attended at the time and place which had been appointed for holding the conference upon such matter, whereat they met the managers on the part of the Senate, attended by an employee of the Power Commission and an employee of the Public Works Administration, neither of whom were Senate managers nor employees of Congress; that thereupon the managers on the part of the House requested that such conference be held in executive session, and that such employees of the Power Commission and Public Works Administration be excluded from such conference, which request the managers on the part of the Senate refused, and that for this reason no meeting of the conference could then and there be held.

That again on July 26 the managers on the part of the House attended at the time and place appointed for holding the conference, and thereat met the managers on the part of the Senate, who were again attended by said employee of the Public Works Administration; that the managers on the part of the House renewed their request for an executive session and asked that such session be held without the presence of such employee of the Public Works Administration, and that he be excluded therefrom, which said request the managers on the part of the Senate firmly refused and stated to the managers on the part of the House that no conference would be held otherwise than in the presence of such employee; that thereupon the conference adjourned.

That a conference has been prevented by the unyielding refusal of the managers on the part of the Senate to hold same under conditions consistent with the proper conduct of an executive session and free from the presence and participation of an outsider, who was not an employee of Congress and who is objectionable to the managers on the part of the House, all in derogation of the right and privilege of the managers on the part of the House and of the dignity and independence of the House.

GEORGE HUDDLESTON,
JOHN G. COOPER,
FERE G. HOLMES,
Managers on the part of the House.

Mr. RAYBURN. Mr. Speaker, a point of order.

The SPEAKER. The gentleman from Texas will state his point of order.

Mr. RAYBURN. Mr. Speaker, I make the point of order that the paper read is not a report of the conference committee; that a conference report or a disagreement must be signed by a majority of the Members of the House conference committee and of the Senate conference committee and that this statement or paper has no standing in the House.

The SPEAKER. The Chair will hear the gentleman from Alabama.

Mr. HUDDLESTON. Mr. Speaker, this report is presented as a "report from the managers on the part of the House." The question involved is whether or not the managers on the part of the House may make a report without the cooperation and coaction of the managers on the part of the Senate—that is to say, is a report signed only by the House managers a "report" within the meaning of the rule? This is the parliamentary question involved.

Again, Mr. Speaker, we are confronted with a situation of first impressions and are without any precedent to guide us.

This report is presented to forestall a motion made on tomorrow, under paragraph 1½ (a) of rule XXVIII. This paragraph reads as follows:

After House conferees on any bill or resolution in conference between the House and Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees, or to instruct said House conferees; and, further, during the last 6 days of any session of Congress, it shall be a privileged motion to move to discharge, appoint, or instruct House conferees after House conferees shall have been appointed 36 hours without having made a report.

Mr. Speaker, this is submitted as a report so that the House conferees cannot be charged on tomorrow, which will be the next day after the twentieth day on which they were appointed, with default and failure to make a report within the 20 days.

This is a new rule and has never been construed so far as I have been able to find any authority. It is in peculiar language and the claim of right to make this report by the managers of the House without the cooperation and coaction of the managers on the part of the Senate is based upon its phraseology. I would be prepared to concede that but for this rule House managers could not act separately and independently from the managers on the part of the Senate.

This rule, as I have said, is in quite peculiar phraseology. Note this. It says:

After House conferees on any bill or resolution in conference between the House and Senate * * * shall have failed to make a report.

It does not say, Mr. Speaker, that after the "conferees", which would include the Senate managers as well as the House managers have failed to make a report that thereupon this motion may be made. It says that after "House conferees" have failed to make a report. There is therefore a very distinct and plain implication that House conferees, to wit, managers, properly so-called, may make separate report under this rule.

If it had been intended that this motion might be made after there was a default upon the part of managers upon the part of both Houses, this rule would have so expressed it. It does not so express it.

The rule is aimed at a default of the House managers only. It is not aimed at a default of the managers of both House and Senate. It is aimed at a situation in which House conferees have been negligent or have failed to perform their duty—have failed to do all they might have done. So that in a case in which the House managers have done all that they could have done, there is no field for the application of this rule or for the motion for which it provides.

What have the House managers done? They have tried to have a meeting with the Senate managers. That meeting they were unable to arrange under conditions which made it tolerable to hold the meeting. Therefore, the House conferees are not in default. We have done all that we could have done. We have been guilty of no neglect, and so we come back to the House, to which we owe our authority and duty, and submit this report as an explanation of the reason for our failure to hold a meeting with the managers of the Senate.

If there were no such language used—if the rule were not couched in this peculiar and particular phraseology—if the reference was not made to a failure of only the House managers to make report, I might be willing to agree that they could not make it separately and without the cooperation of the Senate managers. But the reference is to the House managers only and specifically. To comply with that provision of the rule, so that we may not be charged with being in default, we, the House conferees, present this as our report. It is a report in the sense of that expression as used in the rule.

The SPEAKER. The gentleman from Alabama [Mr. HUDDLESTON] has presented a paper which purports to be a report signed by three of the House conferees on S. 2796, from which it appears that the conferees have not been able up to this time to reach an agreement. The gentleman from Texas [Mr. RAYBURN] makes the point of order that this paper cannot be considered as a report, inasmuch as the Senate conferees have not affixed their signatures. The gentleman from Alabama frankly states that he has filed this statement for the purpose of forestalling any action that may be taken under rule XXVIII, which rule authorizes any Member as a matter of the highest privilege to move to discharge and appoint conferees or to instruct conferees after a period of 20 days has elapsed from the time of their appointment when they have failed to make a report on the matter committed to them. The Chair does not think that the rules of the House can be circumvented in that manner. The Chair believes that the House should adhere to forms and practice in matters of this kind. As the Chair has previously stated, this rule was adopted by the House to preserve the authority of the House to exercise control over its conferees when a sufficient time has elapsed and no report has been made by the conference committee. So far as the Chair is aware, the con-

ferees on the part of either body have never heretofore attempted to file a formal report of disagreement without the acquiescence of a majority of the conferees of the other body.

The Chair has before him an instance which occurred in 1901 which may be found in volume 5, section 6569, of Hinds' Precedents, wherein a Senator who had been appointed as a member of a conference committee attempted to file what purported to be a report of disagreement. In that case all the Senate conferees had signed this purported report but only one House conferee had affixed his signature thereto. Objection being raised in the Senate on the ground that this was not a report of the committee of conference, the Senator in charge, admitting that technically it was not a report, withdrew it and proceeded under the general rules governing such matters.

A committee of conference is a joint committee composed of managers appointed on the part of each House. The managers of each House vote the sentiment of the House which they represent. In casting their votes they do so as separate committees and nothing may be agreed upon without the concurrent action of the two committees composing this joint committee, commonly called the "conference committee."

In instant case, the gentleman from Alabama admits that this purported report which he has presented has not been agreed to by the managers on the part of the Senate. Under such circumstances, the Chair does not believe that it is a report within the meaning of our parliamentary practice, and the Chair, therefore, sustains the point of order.

HOUR OF MEETING

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow. I do that for the purpose of hoping that we may finish the tax bill this week.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. SNELL. Mr. Speaker, I object.

EXTENSION OF REMARKS

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and include therein a short newspaper article from which I quoted this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent that all Members of the House may have 5 legislative days within which to extend their remarks on the bill under consideration today.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

AIR MAIL SERVICE IN ALASKA

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5159) to authorize the Postmaster General to contract for air mail service in Alaska, with Senate amendment, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BRUNNER, HAINES, DOBBINS, HARTLEY, and BUCKBEE.

EXTENSION OF REMARKS

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include a short editorial on Lindbergh the Scientist.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

Mr. RICH. Reserving the right to object, is it a newspaper editorial?

Mr. LUNDEEN. It is a short editorial on Lindbergh the Scientist. I hope the gentleman will not object.

Mr. RICH. Mr. Speaker, I have to object to newspaper editorials. I object.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SMITH of Washington, for today, on account of important official business.

SENATE BILLS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 382. An act to provide for the purchase of a certain lot of land in Cedar City, Utah; to the Committee on Public Buildings and Grounds.

S. 423. An act for the relief of Lynn Brothers' Benevolent Hospital; to the Committee on Claims.

S. 478. An act to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U. S. C., title 28, sec. 592); to the Committee on the Judiciary.

S. 479. An act to amend section 126 of the Judicial Code, as amended; to the Committee on the Judiciary.

S. 620. An act to authorize the periodic construction of channels for fishing purposes in the Siltcoos and Takenitch Rivers, in the State of Oregon; to the Committee on Merchant Marine and Fisheries.

S. 739. An act to provide for the establishment of a national monument on the site of Fort Stanwix, in the State of New York; to the Committee on the Public Lands.

S. 754. An act to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States; to the Committee on Merchant Marine and Fisheries.

S. 1042. An act for the relief of J. R. Collie and Eleanor Y. Collie; to the Committee on Claims.

S. 1120. An act for the relief of J. P. Nawrath & Co., Inc.; to the Committee on Claims.

S. 1194. An act for the relief of the State of Maine; to the Committee on the Judiciary.

S. 1314. An act to make the husband or wife of accused a competent witness in all criminal prosecutions; to the Committee on the Judiciary.

S. 1381. An act to amend the act approved February 13, 1925, entitled "An act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeal and of the Supreme Court, and for other purposes; to the Committee on the Judiciary.

S. 1567. An act to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Act"; to the Committee on Mines and Mining.

S. 1683. An act for the relief of Robert L. Monk; to the Committee on Military Affairs.

S. 1786. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for finding of fact and recommendations to the Congress; to the Committee on Indian Affairs.

S. 1950. An act for the relief of Julius Crisler; to the Committee on Claims.

S. 1991. An act for the relief of Wilson G. Bingham; to the Committee on Military Affairs.

S. 2021. An act to recognize the service of Brig. Gen. Edward R. Chrisman; to the Committee on Military Affairs.

S. 2268. An act for the relief of Bausch & Lomb Optical Co.; to the Committee on War Claims.

S. 2296. An act to reduce the interest rate on delinquent taxes; to the Committee on Ways and Means.

S. 2297. An act to amend section 17, as amended, of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; to the Committee on the Judiciary.

S. 2321. An act for the relief of S. M. Price; to the Committee on Claims.

S. 2340. An act to authorize the Attorney General to determine the fee to be paid in connection with the taking of depositions on behalf of the United States; to the Committee on the Judiciary.

S. 2343. An act for the relief of Maj. Edwin F. Ely, Finance Department; Capt. Reyburn Engles, Quartermaster Corps; and others; to the Committee on Claims.

S. 2470. An act to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended; to the Committee on Agriculture.

S. 2504. An act to incorporate the Marine Corps League; to the Committee on the Judiciary.

S. 2523. An act authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896; to the Committee on Indian Affairs.

S. 2558. An act for the relief of Pettus H. Hamphill; and

S. 2564. An act for the relief of Charles L. Wymore; to the Committee on Military Affairs.

S. 2590. An act for the relief of James E. McDonald; and

S. 2603. An act to authorize the Attorney General to determine and pay certain claims against the Government for damage to persons or property in sum not exceeding $500 in any one case; to the Committee on Claims.

S. 2657. An act for the relief of Harold Dukelow; to the Committee on Claims.

S. 2682. An act for the relief of Chief Carpenter William F. Twitchell, United States Navy; to the Committee on Naval Affairs.

S. 2697. An act for the relief of the United Pocahontas Coal Co., Crumpler, W. Va.; to the Committee on Claims.

S. 2731. An act to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes; to the Committee on Indian Affairs.

S. 2734. An act to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania; to the Committee on Claims.

S. 2762. An act to exempt from taxation, under certain conditions, on the basis of reciprocity official compensation of a consular officer, nondiplomatic representative, or employee of a foreign country; to the Committee on Ways and Means.

S. 2810. An act for the relief of the State of Pennsylvania; to the Committee on the Judiciary.

S. 2833. An act for the relief of Mrs. Jack J. O'Connell; to the Committee on Military Affairs.

S. 2834. An act to provide for the appointment of Ira W. Porter as a second lieutenant, United States Army; to the Committee on Military Affairs.

S. 2875. An act for the relief of J. A. Jones; to the Committee on Claims.

S. 2929. An act for the relief of Margaret McCandless Otis; to the Committee on Military Affairs.

S. 3040. An act authorizing the Secretary of the Navy to accept gifts and bequests for the benefit of the Office of Naval Records and Library, Navy Department; to the Committee on Naval Affairs.

S. 3043. An act for the relief of the State of Maine; to the Committee on the Judiciary.

S. 3060. An act to amend section 6 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, as amended; to extend the time within which applications for benefits under the World War Adjusted Compensation Act, as amended, may be filed; and for other purposes; to the Committee on Ways and Means.

S. 3111. An act to authorize the Secretary of Commerce to grant to the State of Louisiana an easement over certain land of the United States in Natchitoches Parish, La., for highway purposes; to the Committee on Interstate and Foreign Commerce.

S. J. Res. 110. Joint resolution authorizing Brig. Gen. C. E. Nathorst, Philippine Constabulary, retired, to accept such decorations, orders, medals, or presents as have been tendered him by foreign governments; to the Committee on Military Affairs.

S. J. Res. 168. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 16 to May 23, 1936, inclusive; to the Committee on Foreign Affairs.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 670. An act conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates;

H. R. 1540. An act for the relief of Lester I. Conrad;

H. R. 1541. An act for the relief of Evelyn Jotter;

H. R. 1951. An act for the relief of John J. O'Connor;

H. R. 2122. An act for the relief of William Seader;

H. R. 2421. An act for the relief of John R. Allgood;

H. R. 2449. An act for the relief of Floyd L. Walter;

H. R. 2480. An act for the relief of Charles Davis;

H. R. 2487. An act for the relief of Bernard McShane;

H. R. 2611. An act for the relief of John E. Fondahl;

H. R. 2679. An act for the relief of Ladislav Cizek;

H. R. 3167. An act for the relief of Louis Alfano;

H. R. 3506. An act for the relief of George Raptis;

H. R. 3826. An act for the relief of John Evans;

H. R. 4029. An act for the relief of Thomas Enchoff;

H. R. 4290. An act for the relief of Harriet V. Schindler;

H. R. 4718. An act for the relief of Yamato Sesoko;

H. R. 4812. An act for the relief of Mrs. Carlysle Von Thomas, Sr.;

H. R. 4814. An act for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps;

H. R. 4815. An act for the relief of Jasper Daleo;

H. R. 4820. An act for the relief of Lawrence S. Copeland;

H. R. 4822. An act for the relief of Thomas F. Olsen;

H. R. 4824. An act for the relief of Capt. George W. Steele, Jr., United States Navy;

H. R. 4833. An act for the relief of Ciriaco Hernandez and others;

H. R. 4853. An act for the relief of Charles H. Holtzman, former collector of customs, Baltimore, Md.; George D. Hubbard, former collector of customs, Seattle, Wash.; and William L. Thibadeau, former customs agent;

H. R. 4901. An act to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions;

H. R. 4974. An act for the relief of Rabbi Isaac Levine;

H. R. 5041. An act authorizing and directing the Secretary of the Treasury to reimburse Lela C. Brady and Ira P. Brady for the losses sustained by them by reason of the negligence of an employee of the Civilian Conservation Corps;

H. R. 5229. An act directing the Secretary of the Interior to investigate, hear, and determine claims of the individual members of the Stockbridge and Munsee Tribe of Indians of the State of Wisconsin;

H. R. 5230. An act to confer jurisdiction upon the Court of Claims to hear claims of the Stockbridge and Munsee Tribe of Indians;

H. R. 6673. An act providing for an annual appropriation to meet the share of the United States toward the expenses of the International Technical Committee on Aerial Legal Experts, and for participation in the meetings of the International Technical Committee of Aerial Legal Experts and the commissions established by that Committee;

H. R. 6703. An act for the relief of Joanna Forsyth;

H. R. 6914. An act to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activi-

ties in carrying out a national program of forest-land management, and for other purposes;

H. R. 7575. An act to legalize a bridge across Black River on United States Highway No. 60 in the town of Poplar Bluff, Butler County, Mo.;

H. R. 7591. An act granting the consent of Congress to the cities of Donora and Monessen, Pa., to construct, maintain, and operate a bridge across the Monongahela River between the two cities;

H. R. 7620. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 7809. An act to extend the times for commencing and completing the construction of certain free highway bridges across the Red River, from Moorhead, Minn., to Fargo, N. Dak.;

H. R. 7882. An act to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works;

H. R. 8209. An act temporarily to exempt refunding bonds of the government of Puerto Rico from the limitation of public indebtedness under the Organic Act;

H. R. 8270. An act to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes;

H. J. Res. 258. Joint resolution to provide for certain State allotments under the Cotton Control Act; and

H. J. Res. 335. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1404. An act to promote the efficiency of national defense.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 29. An act to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty;

H. R. 373. An act for the relief of the American Surety Co. of New York;

H. R. 419. An act for the relief of Ruth Relyea;

H. R. 1073. An act for the relief of John F. Hatfield;

H. R. 1864. An act for the relief of Henry Dinucci;

H. R. 2606. An act for the relief of the estate of Paul Kiehler;

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington;

H. R. 3337. An act for the relief of James Akeroyd & Co.;

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails; and for other purposes;

H. R. 3558. An act for the relief of Capt. Walter S. Bramble;

H. R. 3612. An act to provide for adjusting the compensation of post-office inspectors and inspectors in charge to correspond to the rates established by the Classification Act of 1923, as amended;

H. R. 3760. An act for the relief of Capt. Arthur L. Bristol, United States Navy;

H. R. 4146. An act for the relief of Mrs. Olin H. Reed;

H. R. 4274. An act correcting date of enlistment of Elza Bennett in the United States Navy;

H. R. 4406. An act for the relief of Anna Farruggia;

H. R. 4410. An act granting a renewal of Patent No. 54296, relating to the badge of the American Legion;

H. R. 4413. An act granting a renewal of Patent No. 55398, relating to the badge of the American Legion Auxiliary;

H. R. 4623. An act for the relief of George Brackett Cargill, deceased;

H. R. 4828. An act for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes;

H. R. 4838. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

H. R. 4850. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 5382. An act to provide for advancement by selection in the staff corps of the Navy to the ranks of lieutenant commander and lieutenant; to amend the act entitled "An act to provide for the equalization of promotion of officers of the staff corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., Supp. VII, title 34, secs. 348 to 348t), and for other purposes;

H. R. 5532. An act to provide for the acquisition of a portrait of Thomas Walker Gilmer;

H. R. 5920. An act to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498;

H. R. 6549. An act for the relief of Horton & Horton;

H. R. 6656. An act to authorize the Pennsylvania Railroad Co., by means of an overhead bridge, to cross New York Avenue NE., to extend, construct, maintain, and operate certain industrial sidetracks, and for other purposes;

H. R. 6768. An act to authorize the Secretary of War to lend War Department equipment for use at the Seventeenth National Convention of the American Legion at St. Louis, Mo., during the month of September 1935;

H. R. 6825. An act for the relief of Mrs. Clarence J. McClary;

H. R. 6983. An act to provide for the transfer of certain land in the city of Anderson, S. C., to such city;

H. R. 7022. An act to authorize the selection, construction, installation, and modification of permanent stations and depots for the Army Air Corps, and frontier air-defense bases generally;

H. R. 7050. An act to amend the act of June 27, 1930 (ch. 634, 46 Stat. 820);

H. R. 7902. An act to provide a right-of-way;

H. R. 7909. An act to amend the act creating a United States Court for China and prescribing the title thereof, as amended;

H. R. 8297. An act to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives;

H. R. 8400. An act providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes;

H. J. Res. 182. Joint resolution to provide for membership of the United States in the Pan American Institute of Geography and History; and to authorize the President to extend an invitation for the next general assembly of the institute to meet in the United States in 1935; and to provide an appropriation for expenses thereof; and

H. J. Res. 208. Joint resolution to provide for the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the Ordinance of 1787 and the settlement of the Northwest Territory.

THE LATE FREDERICK H. GILLETT

Mr. TREADWAY. Mr. Speaker, I offer a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 317

Resolved, That the House has learned with profound sorrow of the death of Frederick Huntington Gillett, a Member of the House for 16 consecutive terms, its Speaker of the Sixty-sixth, Sixty-seventh, and Sixty-eighth Congresses, and thereafter a Senator from the State of Massachusetts for one term.

Resolved, That in the death of the Honorable Frederick Huntington Gillett the United States and the Commonwealth of Massachusetts have lost a valued and eminent public servant and citizen.

Resolved, That the House of Representatives, of which he was a distinguished Member and leader, unite in honoring his sterling character; the ability, probity, and patriotic motives which illustrated his public career; and the grace, dignity, and fairness which marked his intercourse with his colleagues in Congress and with his fellow citizens.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was unanimously agreed to.

ADJOURNMENT

The SPEAKER. The Clerk will report the remainder of the resolution.

The Clerk read as follows:

Resolved, That, as a further mark of respect, this House do now adjourn.

The resolution was agreed to.

Accordingly (at 6 o'clock and 19 minutes p. m.) the House adjourned until tomorrow, Thursday, August 1, 1935, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. House Joint Resolution 215. Joint resolution to amend Public Act No. 435, Seventy-second Congress; with amendment (Rept. No. 1683). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 2656. An act to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes; with amendment (Rept. No. 1684). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 8710. A bill to authorize the Secretary of War to lend to the reunion committee of the United Confederate Veterans, to be delivered to a United States property and disbursing officer, 3,000 blankets, olive drab, no. 4, and 3,000 canvas cots, to be used at their annual encampment to be held at Amarillo, Tex., in September 1935; with amendment (Rept. No. 1686). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. H. R. 8966. A bill for the relief of World War soldiers who were discharged from the Army because of minority or misrepresentation of age; without amendment (Rept. No. 1687). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. H. R. 8981. A bill to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the Fort Knox Military Reservation, Ky., for the construction thereon of certain public buildings, and for other purposes; with amendment (Rept. No. 1688). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHANDLER: Committee on the Judiciary. H. R. 4886. A bill providing for the employment of skilled shorthand reporters in the executive branch of the Government; with amendment (Rept. No. 1689). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHANDLER: Committee on the Judiciary. H. R. 4887. A bill to create a Board of Shorthand Reporting, and for other purposes; with amendment (Rept. No. 1690). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN: Committee on Naval Affairs. H. R. 8914. A bill to authorize the attendance of the Marine Band at the United Confederate Veterans' 1935 Reunion at Amarillo, Tex.; without amendment (Rept. No. 1691). Referred to the Committee of the Whole House on the state of the Union.

Mr. DELANEY. Committee on Naval Affairs. H. R. 8872. A bill authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Woman's Club, of the city of Paducah, Ky., the silver service in use on the U. S. S. *Paducah;* without amendment (Rept. No. 1692). Referred to the Committee of the Whole House on the state of the Union.

Mr. MANSFIELD: Committee on Rivers and Harbors. House Resolution 296. Resolution requesting the President to furnish the House with certain information pertaining to the depositing of raw, untreated sewage into navigable or nonnavigable waters of the United States; without amendment (Rept. No. 1694). Referred to the House Calendar.

Mr. O'CONNOR. Committee on Rules. House Resolution 315. Resolution providing for the consideration of H. R. 8974; without amendment (Rept. No. 1695). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 316. Resolution providing for the consideration of Senate Joint Resolution 9; without amendment (Rept. No. 1696). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of Oklahoma: Committee on Military Affairs. H. R. 8242. A bill authorizing the President to order Louis U. LaBine before a retiring board for a hearing of his case and upon the findings of such board to determine whether or not he be placed on the retired list with rank and pay held by him at the time of his discharge; without amendment (Rept. No. 1685). Referred to the Committee of the Whole House.

Mr. DARROW: Committee on Naval Affairs. H. R. 7092. A bill for the relief of Capt. Percy Wright Foote, United States Navy; without amendment (Rept. No. 1693). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DEMPSEY: A bill (H. R. 9009) to make lands in drainage, irrigation, and conservancy districts eligible for loans by the Federal land banks and other Federal agencies loaning on farm lands, notwithstanding the existence of prior liens of assessments made by such districts, and for other purposes; to the Committee on Agriculture.

By Mr. CARTWRIGHT: A bill (H. R. 9010) for the construction of an Indian hospital at Talihina, Okla.; to the Committee on Indian Affairs.

By Mr. DIMOND (by request): A bill (H. R. 9011) to amend the twelfth item of section 460 of the act of Congress approved March 3, 1899 (30 Stat. 1336), as amended by section 29 of the act of June 6, 1900 (31 Stat. 331); to the Committee on the Territories.

By Mr. KENNEDY of Maryland: A bill (H. R. 9012) to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof; to the Committee on the Judiciary.

By Mrs. NORTON (by request): A bill (H. R. 9013) providing for the exchange of certain park lands at and near Western Avenue and West Beach Drive for other lands more suitable to the development of Rock Creek Park and the

street system of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DEMPSEY: A bill (H. R. 9014) for the relief of F. M. Casey; to the Committee on Claims.

By Mr. PETERSON of Georgia: A bill (H. R. 9015) for the relief of E. M. Thorpe; to the Committee on Claims.

Also a bill (H. R. 9016) for the relief of H. H. Barnhill; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9236. By Mr. KRAMER: Resolution of the Council of the City of Los Angeles, adopted July 23, 1935, relative to proposed amendment to section 15 of the Air Mail Act of 1934, etc.; to the Committee on the Post Office and Post Roads.

9237. By Mr. PFEIFER: Petition of the Bushwick Post, No. 96, Jewish War Veterans of the United States, Brooklyn, N. Y., concerning House Joint Resolution No. 363, introduced by Representative DICKSTEIN; to the Commiteee on the Post Office and Post Roads.

9238. Also, petition of Eastern Fisheries Association, Inc., New York, concerning House bill 8055; to the Committee on Merchant Marine and Fisheries.

9239. By Mr. THOMASON: Petition of residents of El Paso, Tex., voicing opposition to interstate advertisements of liquor; to the Committee on Interstate and Foreign Commerce.

9240. By Mr. WHITE: Petition of the Idaho State Legislature, urging the Congress of the United States to enact into law the alcohol-gasoline bill, providing for the manufacture of a blended motor fuel consisting of about 90 percent gasoline and 10 percent grain or potato alcohol to be gained through the process of distilling wheat, corn, and potatoes grown on American farms; to the Committee on Agriculture.

9241. By Mr. TRUAX: Petition of the American Federation of Government Employees, Cincinnati Lodge, No. 50, by their secretary, C. E. Woodward, urging support of annual- and sick-leave bills (H. R. 8458 and 8459); to the Committee on the Civil Service.

9242. Also, petition of the Brotherhood of Railroad Trainmen, Sandusky, Ohio, by their chairman and legislative representative, William Rasey, urging support of the railroad retirement bills (H. R. 8651 and 8652) introduced by Congressman CROSSER; to the Committee on Interstate and Foreign Commerce.

9243. Also, petition of the Springfield (Ohio) Trades and Labor Assembly, by their president, Paul J. Maher, urging support of the bill now pending before Congress to increase taxes on inheritances, incomes, etc.; to the Committee on Ways and Means.

9244. Also, petition of the International Association of Machinists, Akron, Ohio, by their secretary, H. E. Burton, urging support of the Black-Connery 30-hour-week bill; to the Committee on Labor.

SENATE

THURSDAY, AUGUST 1, 1935

(Legislative day of Monday, July 29, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, July 31, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, transmitted to the Senate the resolutions of the House adopted as a tribute to the memory of the late Frederick Huntington Gillett, formerly a Member of the House for 16 consecutive terms, its Speaker during three Congresses, and thereafter a Senator from the State of Massachusetts for one term.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5159) to authorize the Postmaster General to contract for air mail service in Alaska, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BRUNNER, Mr. HAINES, Mr. DOBBINS, Mr. HARTLEY, and Mr. BUCKBEE were appointed managers on the part of the House.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

H. R. 670. An act conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates;

H. R. 1540. An act for the relief of Lester I. Conrad;

H. R. 1541. An act for the relief of Evelyn Jotter;

H. R. 1951. An act for the relief of John J. O'Connor;

H. R. 2122. An act for the relief of William Seader;

H. R. 2421. An act for the relief of John R. Allgood;

H. R. 2449. An act for the relief of Floyd L. Walter;

H. R. 2480. An act for the relief of Charles Davis;

H. R. 2487. An act for the relief of Bernard McShane;

H. R. 2611. An act for the relief of John E. Fondahl;

H. R. 2679. An act for the relief of Ladislav Cizek;

H. R. 3167. An act for the relief of Louis Alfano;

H. R. 3506. An act for the relief of George Raptis;

H. R. 3826. An act for the relief of John Evans;

H. R. 4029. An act for the relief of Thomas Enchoff;

H. R. 4290. An act for the relief of Harriet V. Schindler;

H. R. 4718. An act for the relief of Yamato Sesoko;

H. R. 4812. An act for the relief of Mrs. Carlysle Von Thomas, Sr.;

H. R. 4814. An act for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps;

H. R. 4815. An act for the relief of Jasper Daleo;

H. R. 4820. An act for the relief of Lawrence S. Copeland;

H. R. 4822. An act for the relief of Thomas F. Olsen;

H. R. 4824. An act for the relief of Capt. George W. Steele, Jr., United States Navy;

H. R. 4833. An act for the relief of Ciriaco Hernandez and others;

H. R. 4853. An act for the relief of Charles H. Holtzman, former collector of customs, Baltimore, Md.; George D. Hubbard, former collector of customs, Seattle, Wash.; and William L. Thibadeau, former customs agent;

H. R. 4901. An act to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions;

H. R. 4974. An act for the relief of Rabbi Isaac Levine;

H. R. 5041. An act authorizing and directing the Secretary of the Treasury to reimburse Lela C. Brady and Ira P. Brady for the losses sustained by them by reason of the negligence of an employee of the Civilian Conservation Corps;

H. R. 5229. An act directing the Secretary of the Interior to investigate, hear, and determine claims of the individual members of the Stockbridge and Munsee Tribe of Indians of the State of Wisconsin;

H. R. 5230. An act to confer jurisdiction upon the Court of Claims to hear claims of the Stockbridge and Munsee Tribe of Indians;

H. R. 6673. An act providing for an annual appropriation to meet the share of the United States toward the expenses of the International Technical Committee on Aerial Legal Experts, and for participation in the meetings of the International Technical Committee of Aerial Legal Experts and the commissions established by that Committee;

H. R. 6703. An act for the relief of Joanna Forsyth;

H. R. 6995. An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes;

H. R. 7575. An act to legalize a bridge across Black River on United States Highway No. 60 in the town of Poplar Bluff, Butler County, Mo.;

H. R. 7591. An act granting the consent of Congress to the cities of Donora and Monessen, Pa., to construct, maintain, and operate a bridge across the Monongahela River between the two cities;

H. R. 7620. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 7809. An act to extend the times for commencing and completing the construction of certain free highway bridges across the Red River, from Moorhead, Minn., to Fargo, N. Dak.;

H. R. 7882. An act to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works;

H. R. 8209. An act temporarily to exempt refunding bonds of the government of Puerto Rico from the limitation of public indebtedness under the Organic Act;

H. R. 8270. An act to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes;

H. J. Res. 258. Joint resolution to provide for certain State allotments under the Cotton Control Act; and

H. J. Res. 335. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff, and for other purposes.

ENROLLED BILL

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pittman
Ashurst	Copeland	La Follette	Radcliffe
Austin	Costigan	Lewis	Reynolds
Bachman	Dickinson	Logan	Robinson
Bankhead	Dieterich	Lonergan	Russell
Barbour	Donahey	McAdoo	Schall
Barkley	Duffy	McCarran	Schwellenbach
Black	Fletcher	McGill	Sheppard
Bone	Frazier	McKellar	Shipstead
Borah	George	McNary	Steiwer
Brown	Gerry	Maloney	Thomas, Okla.
Bulkley	Gibson	Metcalf	Townsend
Bulow	Glass	Minton	Trammell
Burke	Gore	Moore	Vandenberg
Byrd	Guffey	Murphy	Van Nuys
Byrnes	Hale	Murray	Wagner
Capper	Harrison	Neely	Walsh
Caraway	Hatch	Norbeck	Wheeler
Carey	Hayden	Norris	White
Chavez	Holt	O'Mahoney	
Clark	Johnson	Overton	

Mr. LEWIS. I desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Mississippi [Mr. BILBO], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Louisiana [Mr. LONG], the Senator from Idaho [Mr. POPE], the Senator from South Carolina [Mr. SMITH], the Senator from Maryland [Mr. TYDINGS], the Senator from Utah [Mr. THOMAS], and the Senator from Missouri [Mr. TRUMAN] are necessarily detained from the Senate.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. KEYES], the Senator from Delaware [Mr. HASTINGS], and my colleague the junior Senator from Vermont [Mr. GIBSON] are necessarily absent from the Senate.

Mr. VANDENBERG. I repeat the announcement that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent because of illness.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a paper in the nature of a memorial signed by James C. B. Beatty, of East Liverpool, Ohio, remonstrating against war and the entrance of the United States into any possible conflict, which was referred to the Committee on Military Affairs.

Mr. BARBOUR presented a resolution adopted by the United Commercial Fishermen's Associations of New Jersey, favoring the prompt enactment of House bill 8055, providing funds for the extension of the sea-food and fresh-water fishery products market, etc., which was referred to the Committee on Commerce.

REPORTS OF COMMITTEES

Mr. WHITE, from the Committee on Commerce, to which was referred the bill (S. 2632) to provide for the construction of 10 vessels for the Coast Guard designed for ice-breaking and assistance work, reported it without amendment and submitted a report (No. 1189) thereon.

Mr. OVERTON, from the Committee on Commerce, to which was referred the bill (H. R. 7349) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended, reported it without amendment and submitted a report (No. 1192) thereon.

Mr. DIETERICH, from the Committee on Naval Affairs, to which was referred the bill (S. 2897) for the relief of Lt. Robert A. J. English, United States Navy, reported it with an amendment and submitted a report (No. 1190) thereon.

PURCHASE OF SILVER, ISSUANCE OF SILVER CERTIFICATES, ETC.

Mr. THOMAS of Oklahoma. Mr. President, the Committee on Agriculture and Forestry have authorized a favorable report without amendment on the bill (S. 3260) to amend Public Law No. 438, Seventy-third Congress, entitled "An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes." I ask that I may have until 12 o'clock midnight tonight to file a report (Rept. No. 1191).

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

INSPECTION OF NAVY YARDS, ETC.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the resolution (S. Res. 175) authorizing the inspection of United States navy yards, air stations, and other naval activities, reported it without amendment; and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on July 31, 1935, that committee presented to the President of the United States the enrolled bill (S. 1404) to promote the efficiency of national defense.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WAGNER:

A bill (S. 3351) granting the consent of Congress to any two or more States to enter into compacts or agreements for greater uniformity in the laws of such States affecting employers and employees; to the Committee on Education and Labor.

By Mr. CAPPER:

A bill (S. 3352) for the relief of Edward C. Paxton; to the Committee on Claims.

By Mr. KING:

A bill (S. 3353) providing for the exchange of certain park lands at and near Western Avenue and West Beach Drive for other lands more suitable to the development of Rock Creek Park and the street system of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. SHEPPARD:

A bill (S. 3354) for the relief of Samuel R. Mann; to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 3355) to authorize loans for the construction of recreational housing accommodations in national parks and national forests; to the Committee on Finance.

By Mr. GLASS:

A joint resolution (S. J. Res. 169) granting permission to Hugh S. Cumming, Surgeon General of the United States Public Health Service; John D. Long, Medical Director, United States Public Health Service; Bolivar J. Lloyd, Medical Director, United States Public Health Service; and Clifford R. Eskey, Surgeon, United States Public Health Service, to accept and wear certain decorations bestowed upon them by the Governments of Ecuador, Chile, Peru, and Cuba; to the table.

AMENDMENT TO TAX BILL

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

ADMINISTRATION OF JUSTICE IN THE COURTS—LIMIT OF EXPENDITURES

Mr. McADOO submitted the following resolution (S. Res. 176), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the special committee of the Senate to investigate the administration of receivership and bankruptcy proceedings in the courts of the United States, created under Senate Resolution No. 78, Seventy-third Congress, first session, agreed to June 13, 1933, and supplemented by Senate Resolution No. 72, Seventy-fourth Congress, first session, agreed to February 15, 1935, and Senate Resolution No. 170, Seventy-fourth Congress, first session, agreed to July 25, 1935, is authorized to employ counsel at a salary of not to exceed $—— per day.

Resolved further, That the limit of expenditures under such resolutions is hereby increased by $85,100.

PURCHASE OF SUPPLIES AND MAKING OF LOANS BY THE GOVERNMENT

Mr. WALSH. Mr. President, there is pending on the calendar a bill, being Order of Business 1211, Senate bill 3055, to provide conditions for the purchase of supplies and the making of contracts, loans, or grants by the United States, and for other purposes. In order that the committee may attach some amendments to the bill, and the Senate may have before it the proposed amendments, I am going to ask that the bill be recommitted, and will assure the Senate that the bill will be reported back to the Senate in a new print by tomorrow morning.

The VICE PRESIDENT. Is there objection?

Mr. ROBINSON. Mr. President, it had been expected that the bill to which the Senator from Massachusetts refers would be taken up for consideration following the disposition of the unfinished business.

Mr. WALSH. We shall be prepared to have it considered tomorrow.

Mr. ROBINSON. I will say to the Senator that it is my intention to move a recess this afternoon until Monday. The Senator, I presume, will be ready on Monday, if the opportunity shall be afforded to proceed with this bill.

Mr. WALSH. That arrangement is perfectly satisfactory, I will say to the Senator from Arkansas.

The VICE PRESIDENT. Is there objection to the request of the Senator from Massachusetts that Senate bill 3055 be recommitted to the Committee on Education and Labor? The Chair hears none, and it is so ordered.

Mr. WALSH subsequently, from the Committee on Education and Labor, to which was recommitted the bill (S. 3055) to provide conditions for the purchase of supplies and the making of contracts, loans, or grants by the United States, and for other purposes, reported it with an additional amendment and submitted a report (No. 1193) thereon.

DISTRICT OF COLUMBIA DIVORCE LAW

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2259) to amend sections 966 and 971 of chapter 22 of the act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, and for other purposes, which were, on page 1, to strike out all after line 8 down to and including line 16 on page 2 and insert:

SEC. 966. Causes for divorce a vinculo and for a divorce a mensa et thoro: A divorce from the bond of marriage or a legal separation from the bed and board may be granted for adultery, desertion for 2 years, voluntary separation from bed and board for 5 consecutive years without cohabitation, final conviction of a felony involving moral turpitude and sentence for not less than 2 years to a penal institution, which is served in whole or in part. A legal separation from bed and board may be granted for cruelty: *Provided*, That where a final decree of divorce from bed and board heretofore has been granted or hereafter may be granted and the separation of the parties has continued for 2 years since the date of such decree, the same may be enlarged into a decree of absolute divorce from the bond of marriage upon the application of the innocent spouse: *Provided further*, That marriage contracts may be declared void in the following cases:

And on page 4, line 14, after "recite", to insert:

Every decree for absolute divorce shall contain the date thereof, and no such final decree shall be absolute and take effect until the expiration of 6 months after its date.

Mr. COPELAND. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

THE AIR MAIL SERVICE—CONFERENCE REPORT

Mr. McKELLAR submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6511) to amend the air mail laws, and to authorize the extension of the Air Mail Service, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That subsection (a) of section 3 of the act entitled "An act to revise air mail laws, and to establish a commission to make a report to the Congress recommending an aviation policy", approved June 12, 1934, as amended (48 Stat. 933, 1243), is amended to read as follows:

"'SEC. 3. (a) The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for initial periods of not exceeding three years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile: *Provided*, That where the Postmaster General holds that a low bidder is not responsible or qualified under this act, such bidder shall have the right to appeal to the Comptroller General, who shall speedily determine the issue, and his decision shall be final: *Provided further*, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 33⅓ cents per airplane-mile for transporting a mail load not exceeding three hundred pounds. Payment for transportation shall be at the base rate fixed in the contract for the first three hundred pounds of mail or fraction thereof plus one-tenth of such base rate for each additional one hundred pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile."

"SEC. 2. Subsection (c) of section 3 of such act is amended to read as follows:

"'(c) If, in the opinion of the Postmaster General, the public interest requires it, he may grant extensions of any route: *Provided*, That the aggregate mileage of all such extensions on any route in effect at one time shall not exceed two hundred and fifty miles, and that the rate of pay for such extensions shall not be in excess of the rate per mile fixed for the service thus extended.'

"SEC. 3. The first sentence of subsection (d) of section 3 of such Act is amended to read as follows:

"'The Postmaster General may designate certain routes as primary or as secondary routes. He shall designate as primary routes at least three transcontinental routes, with such termini as he may deem advisable, and, in addition thereto, such other routes as he may consider in the public interest, but no route less than seven hundred and fifty miles in length shall be designated as a primary route: *Provided*, That the present routes from Seattle to San Diego and from Newark (or New York, as the case may be) to Miami, Florida, may be held and regarded as other than primary routes: *Provided further*, That the southern transcontinental route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles, shall be designated as a primary route.'

"SEC. 4. Subsection (f) of section 3 of such act is amended to read as follows:

"'(f) The Postmaster General shall not award contracts for air mail routes or extend such routes in excess of an aggregate of thirty-two thousand miles, and shall not pay for air mail transportation on such routes and extensions in excess of an annual aggregate of forty-five million airplane-miles. Subject to the foregoing, the Postmaster General shall prescribe the number and frequency of schedules, intermediate regular stops, and time of departure of all planes carrying air mail, with due regard for the volume of mail carried over each route and for connnecting schedules, and he may, under such regulations as he may prescribe, authorize and, notwithstanding any other provisions of this act, compensate for a special schedule or an extra or emergency trip in addition to any regular schedule over air mail routes or portions thereof at the same mileage rate paid for regular schedules on the contract route or routes, or at a lesser rate if agreed to by the contractor and the Postmaster General, and he may utilize therefor any scheduled passenger or express flight of the contractor between the terminal points or over a portion of any route whenever the needs of the service may so require: *Provided*, That the Postmaster General may, upon application by an air mail contractor, authorize said contractor for his own convenience to transport air mail on any nonmail schedule or plane, with the understanding that the weights of mail so transported will be credited to regular mail schedules and no mileage compensation will be claimed therefor and the miles flown in such cases will not be computed in the annual aggregate of flown mileage authorized under this section.'

"SEC. 5. Subsection (a) of section 6 of such act is amended to read as follows:

"'SEC. 6. (a) The Interstate Commerce Commission is hereby empowered and directed, after notice and hearing, to fix and determine by order, as soon as practicable and from time to time, the fair and reasonable rates of compensation within the limitations of this act for the transportation of air mail by airplane and the service connected therewith over each air-mail route, and over each section thereof covered by a separate contract, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates of compensation, and to publish the same, which shall continue in force until changed by the said Commission after due notice and hearing, and so much of subsection (g) of section 3 of this act as is in conflict with this section is hereby repealed.'

"SEC. 6. Subsection (e) of section 6 of such act is amended by adding at the end thereof the following:

"'In arriving at such determination the Commission shall disregard losses resulting, in the opinion of the Commission, from the unprofitable maintenance of nonmail schedules, in cases where the Commission may find that the gross receipts from such schedules fail to meet the additional operating expense occasioned thereby. In fixing and determining such rates, if it shall be contended or alleged by the holder of an air-mail contract that the rate of compensation in force for the service involved is insufficient, the burden of establishing such insufficiency and the extent thereof shall be assumed by him. In no case shall the rates fixed and determined by the said Commission hereunder exceed the limits prescribed in section 3 (a) of this act.

"'The Commission is hereby authorized and directed, after having made a full and complete examination and audit of the books, and after having examined and carefully scrutinized all expenditures and purported expenditures, of the holders of the contracts hereinafter referred to, for goods, lands, commodities, and services, in order to determine whether or not such expenditures were fair and just, and were not improper, excessive, or collusive, in the cases of the eight air-mail contracts which are allowed, by a previous report of the Commission, the rate of 33⅓ cents per mile, under the provisions of the act of June 12, 1934, on routes numbered 7, 12, 13, 14, 19, 25, 27, and 32, and the Commission shall make a report to the Congress, not later than January 15, 1936, whether or not, in its judgment, a fair and reasonable rate of compensation on each of said eight contracts, under the other provisions and conditions of said act, as herein amended, is in excess of 33⅓ cents per mile; together with full facts and reasons in detail why it recommends for or against any claim for increase.'

"SEC. 7. Subsection (b) of section 6 of such act is amended to read as follows:

"'(b) The Interstate Commerce Commission is hereby directed at least once in each calendar year from the date of the award of any contract to examine the books, accounts, contracts, and entire business records of the holder of each air-mail contract, and to review the rates of compensation being paid to such holder in order to be assured that no unreasonable profit is being derived or accruing therefrom, and in order to fix just rates. In determining what may constitute an unreasonable profit the said Commission shall take into consideration the income derived from the operation of airplanes over the routes affected, and in addition to the requirements of section 3 (f) of this act, shall take into consideration all forms of expenditures of said companies in order to ascertain whether or not the expenditures have been upon a fair and reasonable basis on the part of said company and whether or not the said company has paid more than a fair and reasonable market value for the purchase or rent of planes, engines, or any other types or kind, or class, or goods, or services, including spare parts of all kinds, and whether or not the air-mail contracting company has purchased or rented any kind of goods, commodities, or services from any individuals who own stock in or are connected with the said contracting companies or has purchased such goods and services from any company or corporations in which any of the individuals employed by or owning stock in the air-mail contracting company have any interest or from which such purchase or rents any of the employees or stockholders of air-mail contracting companies would be directly or indirectly benefited. Within thirty days after a decision has been reached upon such review by the Interstate Commerce Commission touching such profit a full report thereof shall be made to the Postmaster General, to the Secretary of the United States Senate, and to the Clerk of the House of Representatives.'

"SEC. 8. The first sentence of subsection (c) of section 6 of such act is amended to read as follows:

"'Any contract (1) let, extended, or assigned pursuant to the provisions of this act, and in full force and effect on March 1, 1935, or (2) which may be let subsequent to such date pursuant to the provisions of this act and shall have been satisfactorily performed by the contractor during its full initial period, shall, from and after such date, or from and after the termination of its initial period, as the case may be, be continued in effect for an indefinite period, and compensation therefor, on and after March 1, 1935, during such period of indefinite continuance, shall be paid at the rate fixed by order of the Commission under this act, subject to such additional conditions and terms as the Commission may prescribe, upon recommendation of the Postmaster General, which shall be consistent with the requirements and limitations contained in section 1 of this act; but any contract so continued in effect may be terminated by the Commission upon sixty days' notice, upon such hearing and notice thereof to interested parties as the Commission may determine to be reasonable; and may also be terminated, in whole or in part, by mutual agreement of the Postmaster General and the contractor, or for cause by the contractor upon sixty days' notice.'

"SEC. 9. Subsection (d) of section 7 of such act is amended to read as follows:

"'(d) No person shall be qualified to enter upon the performance of, or thereafter to hold an air-mail contract (1) if, at or after the time specified for the commencement of mail transportation under such contract, such person is (or, if a partnership, association, or corporation, has a member, officer, or director, or an employee performing general managerial duties, that is) an individual who has theretofore entered into any unlawful combination to prevent the making of any bids for carrying the mails: *Provided*, That whenever required by the Postmaster General or Interstate Commerce Commission the bidder shall submit an affidavit executed by the bidder, or by such of its officers, directors, or general managerial employees as the Postmaster General or Interstate Commerce Commission may designate, sworn to before an officer authorized and empowered to administer oaths, stating in such affidavit that the affiant has not entered nor proposed to enter into any combination to prevent the making of any bid for carrying the mails, nor made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person to bid or not to bid for any mail contract, or (2) if it pays any officer, director, or regular employee compensation in any form, whether as salary, bonus, commission, or otherwise, at a rate exceeding $17,500 per year for full time: *Provided further*, That it shall be unlawful for any such officer or regular employee to draw a salary of more than $17,500 per year from any air-mail contractor, or a salary from any other company if such salary from any company makes his total compensation more than $17,500 per year.'

"SEC. 10. Section 10 of such act is amended to read as follows:

"'SEC. 10. All persons holding air-mail contracts shall be required to keep their books, records, and accounts under such regulations as may be promulgated by the Postmaster General, and he is hereby authorized, if and when he deems it advisable to do so, to examine and audit the books, records, and accounts of such contractors, and to require such contractors to submit full financial reports in such form and under such regulations as he may prescribe.

"'Whenever an audit of the books, records, or accounts of any air-mail contractor is made by the auditors of the Interstate Commerce Commission, a full and complete report thereof shall be made to the Post Office Department within thirty days, and that report shall contain all instances in which the contractor has failed to comply with any of the provisions of the uniform system of accounts prescribed by the Post Office Department; and the Postmaster General shall, upon request, have at all times access to the records and reports of the Commission concerning air mail and air-mail contracts. There is authorized to be used from the appropriations for contract air mail service for the fiscal year ending June 30, 1936, a sum not in excess of $25,000 for the purpose of auditing the books and records of air-mail contractors by the Post Office Department.'

"SEC. 11. Section 13 of such act is amended as follows:

"'SEC. 13. It shall be a condition upon the holding of any air-mail contract that the rate of compensation and the working conditions and relations for all pilots and other employees of the holder of such contract shall conform to decisions heretofore or hereafter made by the National Labor Board, or its successor in authority, notwithstanding any limitation as to the period of its effectiveness included in any such decision heretofore rendered. This section shall not be construed as restricting the right of any such employees by collective bargaining to obtain higher rates of compensation or more favorable working conditions and relations.'

"SEC. 12. Section 15, as amended, of such act is amended to read as follows:

"'SEC. 15. After June 30, 1935, no person holding a contract or contracts for carrying air mail on a primary route shall be awarded or hold any contract for carrying air mail on any other primary route, nor on more than three additional routes other than primary routes. In case one person holds several contracts covering different sections of one air-mail route as designated by the Postmaster General, such several contracts shall be counted as one contract for the purpose of the preceding sentence. It shall be unlawful for air-mail contractors, competing in parallel routes, to merge or to enter into any agreement, express or implied, which may result in common control or ownership. After June 30, 1935, no air-mail contractor shall be allowed to maintain passenger or express service off the line of his air-mail route which in any way competes with passenger or express service available upon another air-mail route, except that off-line competitive service which has been regularly maintained on and prior to July 1, 1935, and such seasonal schedules as may have been regularly maintained during the year prior to July 1, 1935, may be continued if restricted to the number of schedules and to the stops scheduled and in effect during such period or season.

"'Upon application of the Postmaster General or of any interested air-mail contractor, setting forth that the general transport business or earnings upon an air-mail route are being adversely affected by any alleged unfair practice of another air-mail contractor, or by any competitive air-transport service supplied by an air-mail contractor other than that supplied by him on the line of his prescribed air-mail route, or by any service inaugurated by him after July 1, 1935, through the scheduling of competitive nonmail flights over an air-mail route, the Interstate Commerce Commission shall, after giving reasonable notice to the air-mail contractor complained of, inquire fully into the subject matter of the allegations; and if the Commission shall find such practice or competition or any part thereof to be unfair, or that such competitive service in whole or in part is not reasonably required in the interest of public convenience and necessity, and if the Commission shall further find that in either case the receipts or expenses of an air-mail contractor are so affected thereby as to tend to increase the cost of air-mail transportation, then it shall order such practice or competitive service, or both, as the case may be, discontinued or restricted in accordance with such findings, and the respondent air-mail contractor named in the order shall comply therewith within a reasonable time to be fixed in such order. If the Commission shall find after like application, notice, and hearing that the public convenience and necessity requires additional service or schedules and such service or schedules do not tend to increase the cost of air-mail transportation, it may permit the institution and maintenance of such schedules and prescribe the frequency thereof. The compensation of any air-mail contractor shall be withheld during any period that it continues to violate any order of the Commission or any provision of this act.'

"SEC. 13. Section 6 of such act is hereby amended by adding at the end thereof a new subsection to read as follows:

"'(f) Each holder of an air-mail contract shall file with the Interstate Commerce Commission, in such form as the Commission shall require, on July 1st and January 1st of each year, a full statement of all free transportation hereafter furnished during the preceding semiannual period to any persons, including in each case the regular tariff value thereof, the name and address of the donee, and a statement of the reason for furnishing such free transportation.'"

And the Senate agree to the same.

KENNETH MCKELLAR,
CARL HAYDEN,
THOMAS D. SCHALL,
Managers on the part of the Senate.

JAS. M. MEAD,
W. P. BRUNNER,
DONALD C. DOBBINS,
I. H. DOUTRICH,
Managers on the part of the House.

YOUTH FACES WAR—ADDRESS BY SENATOR HOLT

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an address entitled "Youth Faces War", which the able junior Senator from West Virginia [Mr. HOLT] delivered from radio station WOL on the 30th day of July.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

When youth faces war and realizes its significance, it will mobilize its efforts to abolish it. War rewards the acts that civilization punishes, spreads the immorality that peace curtails, destroys the ideals that education cultivates.

The history of war shows that it brings dictators and the dictators bring despotism and with despotism liberty is lost. Around the chain of conflict comes the loss of civil rights. Let us weigh war in its true light. We can see the beautiful buildings, the architectural gems, the magnificent homes of civilized people destroyed. We can see the maimed, mutilated, and mangled, all moaning and begging for their existence, for the right to live, or the pleasure of death to get away from their pains. We can see our comrades with their arms and legs gone, torn away by shrapnel. We can see our pals with part of their faces gone. We can see our friends lying on the battlefield—silent, never to speak again. In place of the smiles we can see agony. In the place of peace and happiness we see war and sorrow.

A country can determine the cost of war in dollars and cents, but the moral and cultural cost cannot even be estimated. No one can estimate the cost of war, of this gruesome thing that strikes at thousands and hundreds of thousands of our boys who never return and the weakening and loss of those who do return crippled and gassed. War brings demoralization and criminality. Crime always follows in the wake. Demoralization follows in the pathway. I can see my friends happy and smiling, many leaders in their profession, others working to get to the top, go away to war. Some will never return at all; others return crippled, gassed, and destroyed. Oh, war; what for? If the youth of our country could see the conflict as it really is, and not as it is pictured by the militarists, it would do much to destroy war itself. Benjamin Franklin said, "There never was a good war nor a bad peace."

Those preaching war are from the financiers, who see big profits in foreign lands; from bankers, who want their debts collected; from the munition makers, who have goods to sell. War, what for? For bigger profits for international bankers, for munition makers. Take the profit out of war and you will strike at the very root, because around the profit is its cause. We hear arguments that we should continue to spend money for war because other nations are spending money. The continued race of armaments costs billions upon billions of dollars. Strained relations between the countries of the world will lead you to the very brink, if not into war itself. One country builds a battleship; the neighbor builds one larger; their neighbor builds one still larger; and so the race of navies goes on. One country mobilizes a large force; the neighbor tries to mobilize a larger one; and so the race for troops goes on. It has been the game of the munition makers of the world to have this constant race for armaments, because they are the only ones who cannot lose by it. The disclosures of the committee of the United States Senate investigating munitions should be placed in every school in America, so that the children of today, who may be the soldiers of tomorrow, can see why countries are in the armament race that leads to armed conflict. Behind war is the striving for power and profit. Do away with profits during war and we will not hear the jingoist and militarist screaming their false propaganda of patriotism.

Manipulation and the working of the munitions lobby in the capitals of the world is a startling disclosure to anyone studying the intrigues and activities of munition workers. These militarists mobilize public opinion, mobilize the boys, mobilize every form of communication before any troops are mobilized. They are planners and schemers. They hide behind any organization that will further their aims. The Liberty League with its so-called "constitutional" aims has in its membership and has in its backing those interested in the sale of munitions. Day after day they sent to us in the United States Senate statements that the cost of government was tremendous, criticized the spending of money for relief, assailed the amount of money spent for agriculture but at last when one appropriation came to us, they were as silent as an oyster on the beach in July—that was the appropriation for the Army and the appropriation for the Navy. It was terrible to spend money to keep people from starving to death. It was awful to spend money to keep the farmer from losing on the cost of his products. But it was perfectly proper and regular that America should spend money for the preparation for war. Such an organization, in my opinion, should receive the condemnation and distrust of every thinking American. Around this lobby and this organization you will find built the reactionaries and the tories whose interests are not in the people but in profits. Around this you will find the reason and cause of the lobby that calls for profit, profit, profit. Cicero said, "The law is silent during war."

One of the best ways to eradicate war and its spirit is to allow the American youth to realize what war is and what war does. We teach the boys the glory of battle and the power of conflict and never tell them of its horror, its cost, and its danger. Why not repeat to them the ancient adage, "Men practice war; beasts do not." That saying does away with some of the glamor. War! Its cause, profit; its existence, destruction; its effect, devastation. Let us fight the public enemies who kill wholesale, the international gangsters who would see us killed on the battlefield in order that their profits might continue.

The cost of war is a mortgage on future generations. Not only will the families then living pay and pay and pay, but the children and grandchildren and great grandchildren continue to pay the cost of war. After the debt has been settled, one can again ask: War, what for? How many people could see the battlefield after a battle and again say that our Nation should take a part in such destruction of human life?

The last World War killed 8,538,215, wounded and gassed 21,219,452, and cost the people of the world $284,723,021,580. The next war will be even more severe. Not only will those in the

trenches die, not only will those on the battlefield be wounded, not only those in the line of fire be gassed, but the possibility is that every single community faces a danger of havoc, wreck, and devastation. Horrible as it may have been, another war will be even more horrible. When youth faces war, we will not have war!

Teach the youth of America the cause and effect and we will do much to break down the condition. Let us reward the man who saves by protecting life; let us reward the man who stops sorrow. We see statues and books about war heroes, yet we do not hear very much about our great humanitarians who have given their lives to allay human suffering. Why not let us, as the youth, look toward better things? Toward the saving of life and toward construction, instead of working to kill and destroy. Let us extend our hand of good fellowship instead of a mailed fist of militarism.

Why does any man want to kill his fellow man? What pleasure, what joy, what happiness comes when one levels his gun, pulls the trigger, and sees the life of another young man, just his own age, snuffed out? Back home his mother, his sister, and his friends are wondering why he went to war, just as our mother, our sister, and our friends wonder—war, what for? War builds up hate. It puts anger where friendship should exist. Shall we continue this? Shall we continue to see billions of dollars wasted? Just because munition makers have been powerful enough to force it? But even more, shall we see our fellow men, our friends, our neighbors, and our pals lined up and shot down to collect the debts of financiers who seek profits or bankers who want money due them, or munition makers who want to sell their products? If youth could face war and realize its effect and see it as it really is! Erasmus said, "War is delightful to those who have had no experience of it."

Think of the boys and girls of America who could be educated, who could be taught to help their fellow man to contribute to tomorrow's betterment, if we would spend for education that which we spend for war. Let us build in the place of forts, schools; let us give schoolbooks rather than bullets; let us take those schoolbooks and those schoolhouses and work toward a better understanding between our nations, so that in place of hate we will have friendship. Let us strive to make this world a better place to live in and save the lives of those in existence rather than plan to make this a battlefield and contribute ways to destroy those now living. I abhor war. I despise war. I hate war. It is barbarity. It is depravity. It is demoralization, not only in affecting today but tomorrow. Youth faces war, and with the vim, vigor, and vitality that we have, we will strive to destroy the power of the international gangster, the munitions maker, and the profiteer, so that we may live, so that we may contribute to the future rather than march off, some of us never to return, and many who do return walk with a halting, lame step, marching back, leading those others whose eyes have been destroyed—by war—by the selfish craving for power.

NEUTRALITY PROGRAM

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement adopted by the executive committee of the Federal Council of the Churches of Christ in America on the subject of neutrality.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The executive committee of the Federal Council of the Churches invites the people of our churches to give serious study to the steps which might be taken by our Government to render war less likely and to prevent the involvement of the United States in war.

We believe that the peace of the United States and of the world can best be secured through policies of international cooperation. It is for this reason that we rejoice in the knowledge that the United States has become a member of the International Labor Office. It is for this reason that we have long urged the United States to join the World Court and to state the terms under which our Government might officially relate itself to the League of Nations. It is entirely unlikely that war will be permanently abolished until there is established a world organization in the functioning of which national-currency, trade, and defense policies are conditioned by the fact of world interdependence.

Pending the creation of a world system of security, we recommend that our Government undertake to render less likely American participation in war by modifying its traditional policies of neutrality. We believe that the United States should withhold aid from all belligerents in any conflict that might arise in the future. To this end, we recommend that legislation be enacted providing (1) that an embargo be placed on the shipment of war materials to nations resorting to armed conflict, (2) that an embargo be placed on loans and credits to all nations resorting to war, and (3) that nationals of the United States doing business with or traveling in nations at war do so at their own risk.

SPEED THE NEUTRALITY PROGRAM

Mr. CLARK. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the St. Louis Post Dispatch relating to pending neutrality legislation.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the St. Louis Post-Dispatch, July 31, 1935]

SPEED THE NEUTRALITY PROGRAM

It is disheartening and wellnigh incredible news that Washington dispatches bring about the course of the measures under consideration for safeguarding American neutrality in the event of war abroad. The State and Navy Departments, it is related, are opposed to the measures. They are working behind the scenes, the correspondents say, not only to sabotage the neutrality measures before the Senate but also those designed to take the profit out of war. Secretary Hull is depicted as following a dilatory, if not obstructionist, course with reference to the proposals.

If a referendum could be taken among the American people as to the immediate need for such legislation, the response would be overwhelming approval. The precise form of the measures could not be determined, of course, by such a poll, but the mandate to Washington to work out suitable laws would be unmistakable. Yet what we now find is officials who apparently misread the temper of the people; who seem content to do nothing to prevent repetition of World War history.

While specious objections block the working out of a program, war clouds lower over Europe, Asia, and Africa, and we are little better prepared to deal with the problems they create for America than in 1915. Americans traveling in the war zone, destruction of American ships, foreign propaganda here, financing of belligerents by financial houses—all these will present problems no less perplexing and dangerous than they did in those days. Unless we take steps to block these possible roads to war, the outcome can only be the same.

Official Washington needs to be informed emphatically that the people want to keep out of the next war, if and when it occurs. If they must sacrifice, the sacrifice can be endured better than the burdens and broken homes of another war. President Roosevelt said at a press conference last week that he desired Congress to enact neutrality legislation at the present session. He realizes, and others should awaken to the fact, that this is no time for trifling with one of our most urgent problems.

NATIONAL PROGRAM OF FOREST-LAND MANAGEMENT

Mr. DUFFY obtained the floor.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. DUFFY. I yield.

Mr. McKELLAR. I enter a motion to reconsider the vote by which House bill 6914 was passed. I also ask unanimous consent that the Secretary of the Senate be directed to request the House of Representatives to return to the Senate the engrossed bill, which has been already sent over to the other House.

Mr. JOHNSON. What is the bill?

Mr. LA FOLLETTE. Mr. President, may I ask what the bill is?

Mr. McKELLAR. It is House bill 6914, to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I rise to a parliamentary inquiry. What is the question now before the Senate?

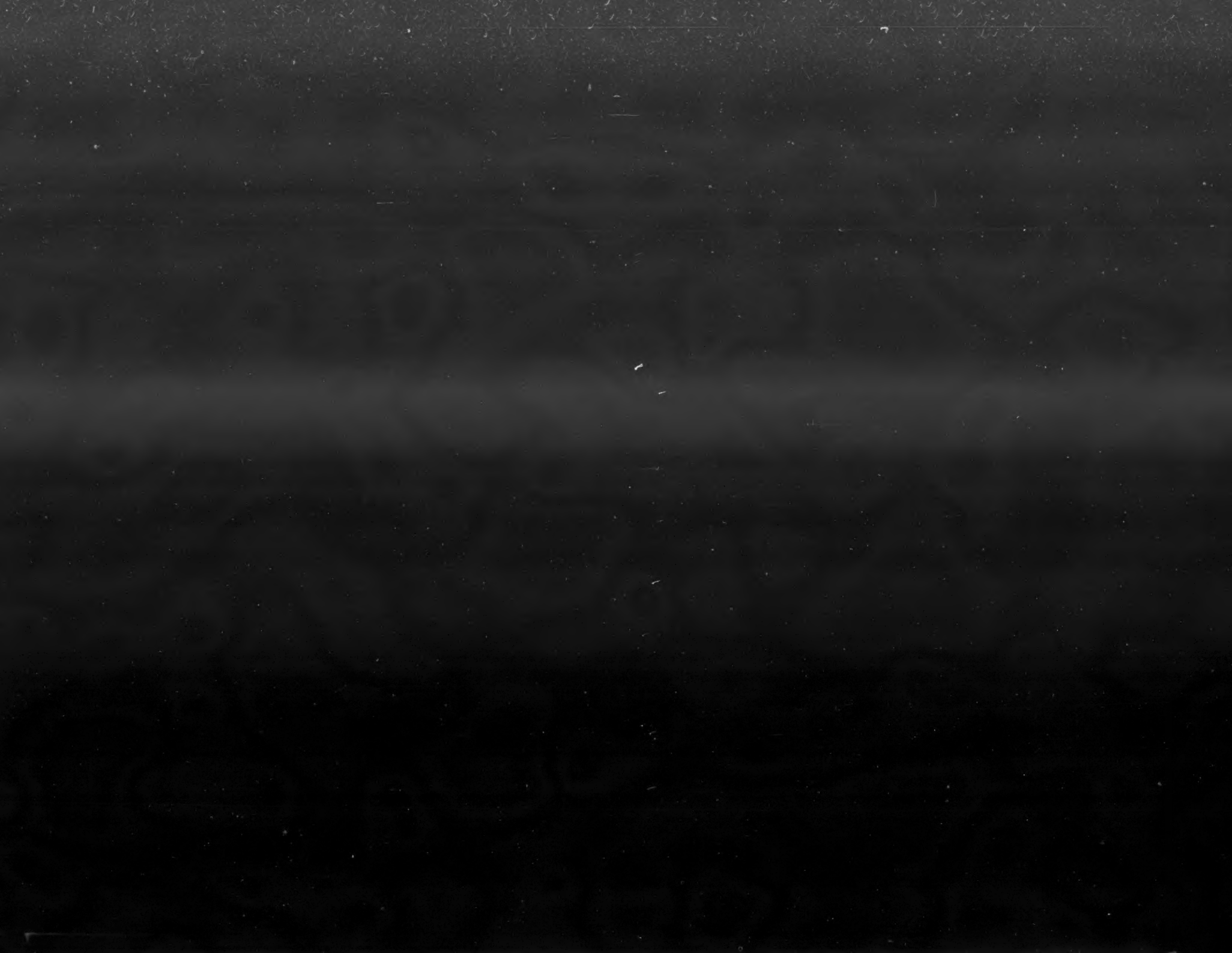
The VICE PRESIDENT. The parliamentary situation is that the Senator from Wisconsin [Mr. DUFFY] has the floor; he yielded to the Senator from Tennessee for the purpose of entering a motion to reconsider the bill mentioned by him and also asked that the House of Representatives be requested to return the engrossed bill to the Senate. Is there objection?

Mr. ROBINSON. Mr. President, what is the request?

Mr. McKELLAR. The request now is that the Secretary of the Senate be directed to request the House of Representatives to return the engrossed bill to the Senate. I have already entered a motion to reconsider the vote by which this bill was passed. The request now made is, in accordance with the rule, for the purpose of securing action later.

Mr. ROBINSON. Mr. President, I shall not object to the request of the Senator from Tennessee, but this bill was considered by the Senate under the unanimous-consent agreement and passed.

Mr. McKELLAR. Yes; it was passed day before yesterday. I had an understanding with the Senator from South Carolina [Mr. SMITH], as I understood, before he left that he would advise me when the bill was considered.



Mr. McNARY. Mr. President, I inquire what is the number of the bill and what is its nature?

Mr. McKELLAR. It is House bill 6914, to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes.

There is one section of the bill to which I object very strenuously, and I asked the Senator from South Carolina, whenever the bill came up, to let me know. The Senator from South Carolina was not here, and the bill was passed without my knowledge day before yesterday. I have entered a motion to reconsider the vote by which the bill was passed, and I am now asking unanimous consent that the House be requested to return the bill so that the Senate may consider it.

Mr. NORBECK. Until I know more about the bill, I shall object.

Mr. ROBINSON. Mr. President, the Senator from South Carolina [Mr. SMITH], before leaving the city for his home State, expressed to me a very great interest in the bill to which the Senator from Tennessee has referred. He was anxious to have it passed upon by the Senate. I think he also telegraphed me about the matter. When the bill was reached on the calendar there was no objection to its consideration, and it was passed in due course of business.

I shall not object to the request that the House be asked to return the bill, but I shall object to considering the motion to reconsider until the Senator from South Carolina returns.

Mr. McKELLAR. I am perfectly willing to comply with that suggestion.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee?

Mr. NORBECK. Mr. President, I shall have to object until I know more about the bill.

The VICE PRESIDENT. Objection is heard.

Mr. McKELLAR subsequently said: Mr. President, I have talked with the Senator from South Dakota [Mr. NORBECK], and he has informed me that he will withdraw his objection to requesting the House of Representatives to return to the Senate House bill 6914. Therefore I ask unanimous consent that the Secretary of the Senate be directed to request the House of Representatives to return the engrossed bill.

Mr. NORBECK. Mr. President, that is upon the assurance of the Senator from Tennessee that he favors the bill, with one exception, relating to the employment of a forester and his assistants in the States. In other words, there is no difference between us as to the principle involved. I do not care whether the appointees are Republicans or Democrats, so I do not object.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. McKELLAR subsequently said: Mr. President, I find that I must secure the passage of a concurrent resclution to make effective the notice which I have previously given. Accordingly I send to the desk a concurrent resolution and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection?

There being no objection, the concurrent resolution (S. Con. Res. 22) was read, considered, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives in signing the enrolled bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes, be, and the same is hereby, rescinded.

REVISION OF COPYRIGHT ACT

The Senate resumed the consideration of the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

Mr. DUFFY. Mr. President, at the time we recessed last evening I had practically concluded an explanation of the bill now before the Senate, so far as the main controversial points are concerned; that is, the points as to which some objection has been raised. I wish to conclude my remarks at this time by quoting a few excerpts from letters received by various people, by the Interdepartmental Committee on Copyright, by the Secretary of State, those in charge of the Copyright Office, and others, in order that I may give the Senate a little idea of the rather wide-spread approval which has been given to the bill.

Before quoting the excerpts from the letters I desire to ask unanimous consent to have printed in the RECORD as a part of my remarks an editorial which appeared in this morning's Washington Post, commenting on some of the objections made to the bill and ending with the sentence:

But if all of the arguments against the excellent Duffy bill are like this one, it should pass without more ado about nothing.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Aug. 1, 1935]

COPYRIGHT FANTASIES

Imagination is the foundation of literature. It is an attribute of every creative artist. It has always been able to materialize the unknown and to give names to airy nothings. But, unfortunately, imagination can be very apt at creating completely absurd hobgoblins.

Certain communications on the subject of the pending Duffy copyright bill, recently received by Senators from authors and composers, form a case in point. These argue that the bill will cause an invasion of foreign works in competition with the product of their American talent.

Those who recognize that art is from its nature cosmopolitan will properly resent any form of protective tariff against the songs and stories of other lands. But let that pass. What the Duffy bill actually does is to increase copyright security for the authors of other countries in return for similar security in such countries for the writers of the United States. The proposed new reciprocal rights against copying, to be accorded to foreigners, are altogether misinterpreted when it is held that they would only further sales of copyrighted works to American consumers who would otherwise patronize native industry.

Increased copyright protection, of course, does not insure the sale of the copyrighted work. It merely discourages the pirating of such work. In the old days, when American law granted to the authors of other countries no copyright at all, American authors languished because of the competition of foreign works of literature that the publishers did not have to pay for. International copyright protection reduced this invasion from abroad. The added copyright security offered by the Duffy bill will still further decrease piracy and with it the only foreign competition that a copyright law can affect.

Alas for the frailties of inspired propaganda. The innocent composers of the senatorial missives should copyright them as rare gems of the realms of fantasy. Agreed that the Nation's lawmakers need some diversion at this stage of the session. But if all of the arguments against the excellent Duffy bill are like this one, it should pass without more ado about nothing.

Mr. DUFFY. I quote first merely an excerpt form a letter written by the president of the University of Illinois, the letter being dated April 16, 1935:

I asked the director of our library to confer with various people and advise me on the matter. He has just submitted a report, on the basis of which we would recommend the enactment of this legislation.

I quote next from a letter written by Frederic G. Melcher, chairman of the Committee on Copyright of the National Association of Book Publishers, particularly with reference to the amendment offered by the Senator from Florida [Mr. TRAMMELL]:

We have just been summarizing and shall print in the next Publishers' Weekly the present state of the book export business in the United States, which has fallen tremendously owing to a natural decline in business, to the difficulties of exchange, and also, I think, to the natural antipathy toward us in other countries due to our staying out of the Union. This bill would greatly improve our chance to export, and to export books is to export ideas and good will as well as merchandise.

In a colloquy yesterday with the junior Senator from New York [Mr. WAGNER] I stated I had received a number of letters from writers who feel that the bill is a meritorious one and should become law. I shall quote from several of those letters to show that writers who are not intimately connected with the organization known as the "A. S. C. A. P."—the American Society of Composers, Authors, and Publishers—and the Authors' League, and who have not been subjected to the propaganda which has been put forth, feel there is merit in the bill.

I quote the first paragraph of a letter dated May 10, 1935, written by Mr. Ralph Milne Farley, who said:

As an author of considerable magazine fiction, permit me to congratulate you upon the bill and to express the hope that you will push it to a successful enactment.

I now quote from Dr. H. M. Lydenberg, director of the New York Public Library, who said:

I feel you have rendered commendable service in drafting this document, and sincerely trust this session of Congress may see the United States enrolled as a member of the International Convention.

I have here a letter from Mr. George W. Benton, who is president or one of the executive officers of the American Book Co., of New York. The letter is dated April 24, 1935, and I quote as follows:

Personally the bill appears so satisfactory for all concerned it is almost incredible that selfish interests have not opened strong attacks upon it.

Since that time there has been some propaganda started in an effort to defeat the bill.

Apparently every legitimate interest has been conserved, and every desirable advantage has been allowed.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. DUFFY. I do.

Mr. CLARK. Do I understand that a division of the American Book Co. is advocating the passage of this bill?

Mr. DUFFY. The letter is from the American Book Co.

Mr. CLARK. Otherwise known as the "American Book Trust"?

Mr. DUFFY. I do not know anything about whether or not it is a trust. Perhaps the Senator from Missouri does.

Mr. CLARK. If the Senator from Wisconsin does not know, he is about the only person in the United States who is not familiar with the fact that the American Book Co. is a book trust.

Mr. DUFFY. The Senator from Wisconsin has not had much contact with the trusts and the big men of the country, and, of course, is not so well acquainted with them as some others.

Mr. CLARK. If the Senator from Wisconsin had taken the trouble to find out how the school children in Wisconsin are gouged by the American Book Co., he probably would have been more familiar with it.

Mr. DUFFY. But the American Book Co. employs many persons in printing books. We are hoping to extend the number of American books that will be used in foreign countries. We are hoping they will be protected by means of this copyright law; and whether or not they are the most despicable sort of people, they have had experience in this business.

I suppose someone may find fault with the National Publishers' Association. Before anyone does question the quotation I am about to make, I will say that its directors are listed here. They represent, among others, the Popular Science Monthly, the Curtis Publishing Co., the Literary Digest, Printers' Ink, Time, Inc., Butterick Publishing Co., MacFadden Publications, Life Publishing Co., Crowell Publishing Co., Capper Publications, McGraw-Hill Publishing Co., Review of Reviews, Nation's Business, the Farm Journal, and the McCall Co. The representatives of those concerns are listed as directors of the National Publishers' Association. In a letter signed by Mr. Marvin Pierce, chairman of the copyright committee, dated April 15, 1935, referring to this bill, he said:

You may count on us for any assistance in our power to expedite the passage of the copyright legislation in the form in which it now stands.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. DUFFY. I yield.

Mr. WAGNER. A moment ago the Senator stated that there has been propaganda in opposition to this proposed legislation. Is the Senator aware that there has been some propaganda, some lobbying, in favor of the proposed legislation?

Mr. DUFFY. I assume that there are a great many persons in this country whose business would be more secure and who would be greatly benefited as a result of the passage of this bill. I know that those who drew the bill had no connection with any business interest. They were two representatives from the Copyright Office, two from the Department of State, and one from the Department of Commerce; and they drew the bill at the request of the Foreign Relations Committee.

Mr. WAGNER. I understand that; but the impression the Senator gave was that this propaganda was all on one side, by those who feel that they will be seriously affected by the proposed legislation. I happen to know that there has been some propaganda and some lobbying in favor of the proposed legislation by persons who feel that they will be benefited by the passage of the bill.

Mr. DUFFY. That certainly would not be unusual.

Mr. WAGNER. No. I do not object to it; but I hope the Senator will not make this a one-sided story.

Mr. DUFFY. The point I desired to make was that if the course of the debate should call for it, I could quote letter after letter from a number of the authors who apparently were deliberately misled as to what the bill contains, or they could not possibly have made the comments they made with reference to the proposed legislation.

I quote from a letter of April 5, 1935, from Mr. A. J. Brylawski, representing the Motion Picture Theater Owners of America:

We see no reason why we cannot completely support this bill, and if hearings are held in either the House or the Senate we shall not fail to take care to emphasize our endorsement thereof.

I have here two or three letters which have come to me within the past day or two from gentlemen whom I do not know, but apparently they are doctors who have been writing various scientific books. This one is from Dr. W. A. Pusey, and is dated July 26:

I would like to see enacted Senate Bill 3047, providing for reciprocal copyright protection on the works of American authors and of foreign authors. It is in the interest of fairness to writers—who, the Lord knows, need it in this country and abroad.

I have a similar letter from Dr. Benjamin Goldberg, of Chicago, who says:

Having devoted a number of years toward the writing of scientific medical treatises for which there is no remuneration other than that obtained in the enhancement of one's professional reputation, I feel that we should have this added protection.

He says that after specifically endorsing the pending bill, Senate bill 3047.

I have a similar letter from Dr. Arthur William Stillians, of Chicago, and many others of the same type.

I have received a communication from the Secretary of Commerce urging particularly that the treaty be ratified and the enabling legislation passed because he feels it would be beneficial to the commerce of the country.

I have here an extract from a letter from Mr. Macdonald DeWitt, who is the chairman of the Committee on Copyright of the Association of the Bar of the City of New York. Among other things, Mr. DeWitt says:

I would like to have our committee go on record on behalf of the Association of the Bar of the City of New York in favor of this bill.

I have a very unusual letter which does not directly mention this bill, but is from a man who is well known to most of the Senators, Robert Underwood Johnson, who has been quite ill lately. Writing a letter to the Secretary of State, he said:

DEAR SECRETARY HULL: How long, oh Lord, how long before the ratification of the copyright treaty is complete? What must the foreigners think of our legislative buggermugger in this matter? I am still, after 5 months, confined to my house with illness. * * * Why should not what is to be done be done quickly?

I have here a large file of letters from persons representing various industries in this country who feel that the proposed legislation is a step forward, who feel that it is something which should have been done a considerable time ago.

I quoted yesterday, and I shall not go more into detail regarding it, from the judge of the western district of Wisconsin commenting upon the practice of A. S. C. A. P. in regard to the $250 minimum damage, which he said savored of a racket. I also quoted yesterday, and shall not go into more detail regarding it, from the Department of Labor, Bureau of Labor Statistics, with reference to the number of men who will be affected by the matter contained in the so-called "Trammell amendment."

I now desire to say just a word on another phase of the matter.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. DUFFY. I yield to the Senator from Idaho.

Mr. BORAH. Before the Senator leaves the subject of the letters to which he has been referring and goes to another subject, I desire to say that I have had a number of letters from authors, some of whom I know personally, protesting against the proposed legislation on the ground that it is for the benefit of the commercialized interests and foreign authors. May I ask the Senator if he has had any communications of that nature from recognized writers? I should like his view on the question raised by these authors.

Mr. DUFFY. Yes; some letters of that kind have been received. I think the writers of the letters were misled in a number of the things they stated, because the assertion is not accurate; but I shall go into that subject just a bit in a minute or two.

Before finishing, I should say that even Mr. E. C. Mills, the general manager of A. S. C. A. P., who bitterly assails the feature of the bill which will do away with the $250 minimum damage, said, in a letter of April 17, referring to the bill:

Regardless of those portions of it to which we may take exception, I do think the committee has attempted to do a sincere and a constructive job.

I have here a quotation from Milton J. Ferguson, chairman of the American Library Association, of June 6, 1935, in which he says:

The most important matter now pending which concerns the book-buying committees and all the libraries generally is this bill, S. 3047, which was introduced in the Senate by Mr. DUFFY. It is the copyright bill, which, if adopted, would give the United States a rightful place in the Copyright Union. There seems to be every reason why this bill should be supported.

And several other comments of that kind.

I should say, of course, that many of these librarians, persons who have to do with the purchasing of books and keeping close track of these matters, have made a very careful study of the provisions of the bill.

With reference to the question asked by the Senator from Idaho [Mr. BORAH], I, perhaps, should make this statement as to the claim that some American authors say they are discriminated against by the passage of this bill.

The copyright law, as contained in the Convention of the Copyright Union, differs in certain respects from the copyright law of the United States. The most important of these is the recognition of copyright in the creator of a literary or artistic work without requiring him to perform any act of formality. This is known as "automatic copyright", and results from the simple creation of the work without compulsory registration or notice.

It is believed that the advantages of automatic copyright are very great, and that the advantages of uniform law on the subject throughout all or most countries are of the utmost importance. I will say that there are some 40 countries which are now members of the International Copyright Union. Nevertheless, in order that the change may not be too abrupt, and in order to take advantage of opportunities for compromise and reconciliation between the system heretofore in vogue in the United States and the system of the countries of the Copyright Union, it has been deemed desirable to limit, so far as the present bill is concerned, the recognition of automatic copyright to authors within the jurisdiction of union countries, or who first publish their works in union countries. This fulfills the requirements of the convention, but will not, on adoption, cause any considerable upset in practices in the United States. The two systems can in this manner be compared in their operation, and the American public can in due time decide whether it wishes to adopt automatic copyright in respect of American authors or to use its influence at the conference of the Copyright Union next year in the direction of some sort of recordation of copyright wherever existing.

In view of the fact that creators of copyrightable works in the United States have become used to the system of notice and registration, it is not believed that any hardship will result to them in the continuance, for the present, of existing requirements.

In other words, this bill and the treaty give to American authors automatic copyrights in all Union countries, and as a matter of reciprocity the authors of those countries are given automatic copyright in this country. It is entirely a matter of reciprocity. The American authors are not giving up anything they now have, anything they now possess. They will be required to go along just exactly in the same way, because it is not difficult for American authors to go through that slight formality here, but it would be difficult for American authors to have to do something of that kind in other countries where they might want to sell their works. So as a matter of reciprocity we give to the authors of those countries what they give to the authors of this country.

The committee considered that matter very carefully, and it did seem that that was not unfair to American authors, because, in addition, the bill offers a great inducement for authors of foreign countries to comply with our provisions as to registration, notice, and so forth, because they have larger rights in the matter of infringement, and we think that in time most of them will comply with our law.

In the preparation of the copyright bill the Authors' League of America was accorded more conferences, and more extended and careful attention was given to their requests than in the case of any other interest. Numerous provisions of the bill—probably as far-reaching and important as in the case of any other interest—were inserted because of the known views of the Authors' League or at the direct instance of the league's representatives. These reforms for the improvement of the authors' situation and the increase of their rights are principally as follows:

First. Protection in other countries. American authors and composers are deeply concerned about protection of their works in other countries, where they have, potentially at least, very lucrative markets.

Our authors have had very unfortunate experiences, particularly in the Netherlands, where time after time the works of American authors have been deliberately stolen from them by interests which are operating in that country.

The representative of the American Society of Composers, Authors, and Publishers has testified that such protection is vital to the future of the creative arts in this country. The bill, which furnishes enabling legislation for the pending copyright treaty, brings this protection to American authors.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Wisconsin yield to the Senator from New Mexico?

Mr. DUFFY. I yield.

Mr. WHEELER. I am not familiar with the bill, but the Senator spoke a moment ago about the Authors' League of America. I find, in a statement which has been submitted to another Senator on this subject, the following:

> There are two fundamental objections to the bill which nothing except complete redrafting of the bill on a different basis can possibly meet. First, foreign authors are given preferential treatment over American authors. Basic copyright is granted to foreign authors without formality. This right is denied to American authors. American authors must still comply strictly with the formalities of notice and registration or lose their copyrights entirely.

Mr. DUFFY. Perhaps the Senator was not in the Chamber when I covered that point, so I will go over it briefly. The bill and the treaty give to American authors the right of automatic copyright in all the countries of the Copyright Union. In return we give to the authors of the other countries the same rights in this country. It is entirely a matter of reciprocity. There are a number of the countries which require their own authors to comply with certain formalities. Our authors are not asked to do anything different from what they have done and are used to doing. Reciprocity and exchange come in; we give to the authors of other countries just what the other countries give to our authors. That may be called discrimination against American authors, but I do not think that, in the broad sense of the term, it is.

Besides that, in order to afford an inducement for foreign authors to comply with our provisions as to registration, notice, and so forth, we have inserted a provision in the bill which offers such inducement, by means of the matter of remedy, for foreign authors to comply with the provision as to registration.

Under the copyright treaty, which has been unanimously reported and is on the Executive Calendar, we must extend to the authors of the other countries in the Copyright Union the privileges they extend to our authors. I may say that the balance is very considerably in favor of our authors, our motion-picture producers, and so forth, going to foreign countries, rather than in favor of those who come from the other countries to this country.

I wish to refer now to the question of divisibility. At present assignment of copyright normally means the entire copyright; moreover, in case of published works copyright is normally obtained by the publisher. Therefore the publisher, not the author, owns it and may control all the uses of it, such as feature broadcasting and motion-picture rights. The bill specifically recognizes the right of an author separately to assign to different purchasers as many component parts of copyright as he may find profitable, for such localities and for such periods of time as he may desire. This reform, the value of which is enhanced by the right accorded in the bill to copyright unpublished manuscripts, has for many years been a leading objective of authors. They have contended for that year after year, and have never been able to get it before, but it is included in the pending bill.

Third. I refer to copyright in unpublished works and call attention to the provisions in the bill on page 8, line 22, and page 9, line 16. Under the present statute, books and most other kinds of literary works cannot be copyrighted until they are published. The bill provides for copyright in all the writings of an author, regardless of publication. This gives to authors a large measure of protection and large tactical advantages in dealing with those who purchase their works. Some of the courts have already recognized that, and the bill before us makes it specific and definite. The same thing applies to public delivery and recitation.

There is another thing for which the authors have contended. At the present time there is a provision that the copyright term shall be for 28 years. Under certain conditions that can be renewed for another 28 years, but many times it is found that the authors have been negligent, that they have slept on their rights, so to speak, and neglected to make the proper application. Therefore the pending bill, which is something of which most of the authors are very much in favor, instead of providing for two 28-year periods provides for one 56-year period.

The bill gives the author of a work in a copyrighted periodical or other composite work all the rights he would have if his contribution were separately copyrighted in his own name, something which the authors have desired.

The bill provides similarly with reference to registration, and the present law with respect to notice of copyright is liberalized in this respect.

Notwithstanding the general prohibition against importation of copies of books by American authors copyrighted in the United States, the bill allows the authors thereof to bring in for their own use five copies of foreign editions. This is merely a little convenience, something the authors ask for.

The bill recognizes that employees are authors of the works they produce for hire; employers are merely assignees. The bill gives the authors a greater authority to handle their own works. Of course, anything that is done within the scope of their employment belongs to the employer, but the mere fact that they are employees, if the work is not done within the scope of their employment, would not prevent it from belonging to the author himself.

I refer now to page 1, lines 1 to 11. The present law provides that "any person entitled thereto" shall have the exclusive right to copy. The bill specifies that it is authors who have copyright—a recognition which the authors were deeply concerned to obtain.

In other words, it is pointed out in the bill that everything goes back to the author, and the bill makes specific some of the things which were somewhat doubtful in the past.

Mr. President, it does seem to me that the authors who are opposing the bill are taking a rather short-sighted view, because, in a large measure, the bill does for authors what they have tried to have done for them over the course of a great many years.

I cited yesterday, but some of the Senators now present were not here then, that if it were not for the elimination of the $250 minimum statutory damage provision, which is cut out in the pending bill, I feel that the bill would have gone through on the Unanimous Consent Calendar, but the American Society of Composers, Authors, and Publishers, which is being prosecuted by the Federal Government for violation of the Sherman antitrust law at the present time, has made such effective use of that provision and has gone around and held up the little people around the country.

I have a letter from a man who had a little place of amusement up in northern Wisconsin, open only during a season of 3 months. He tells me the representatives of this society came around to his place, having heard one day copyrighted music come over the radio, and the first thing he knew they said, "You are subject to a penalty of $250, statutory damages, the minimum damages, but it will be much cheaper to get a license." So they let him start out with a license of $15, then they got it up to $25, then whooped it up to $35, and there is no limit to where they could go. They have used that as a means for having snoopers and spies going around and reporting violations, getting a proportion of the $250, which is the minimum a court may assess, or they have used it as a club to make little concerns take out licenses at their own figure.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. DUFFY. I yield.

Mr. O'MAHONEY. Did I understand the Senator to say that the courts have no discretion, but must assess a penalty of $250 in the event of a technical violation of the law?

Mr. DUFFY. That is a correct statement. I read a statement to that effect by Judge Patrick D. Stone, the United States district judge of the western district of Wisconsin.

Mr. O'MAHONEY. So the law places in the hands of the association to which the Senator from Wisconsin referred a club with which to beat the others over the head.

Mr. DUFFY. They certainly have used it; and the practice has been carried on for some years, and has caused great resentment in many parts of the country. What happens is

as follows: We will say that an author belongs to this organization. He assigns his copyright to the organization, and the organization sends out its "investigators", as they are called; and what occurs is much like what occurred during the old prohibition days. The system followed by the investigators is something like this: They say, "We have the goods on you. You are subject to a penalty of $250 for each violation. That is the minimum. You had better take out a license, no matter whether your place of business is going to be open one day or not."

One case, concerning which I received a letter, had to do with a barn where a barn dance was given. I do not know whether they had more than one dance in that barn in a year. In that case it was a question of taking out a license or being haled into the Federal court and being subject to a minimum penalty of $250.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. DUFFY. I yield.

Mr. RUSSELL. The Senator from Wisconsin is eminently correct in his statement. I have had any number of similar letters from persons residing in the mountain districts of Georgia. Those persons during the summer months take in boarders who come up from the southern section of the State. The organization to which the Senator refers sent agents through those mountain districts and caused those persons no end of trouble. They are persons of very moderate means, and the organization put them to very great expense and caused them a great deal of annoyance. For that reason I strongly support the bill offered by the Senator from Wisconsin.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. DUFFY. I yield.

Mr. BARKLEY. I wish to ask the Senator from Georgia what connection the operation of a boarding house has with the copyright law. I do not get the connection.

Mr. RUSSELL. The persons who operate boarding houses get programs over the radio. Some of the copyrighted songs are played upon the radio program, and a small dance will be given, and perhaps four or five people will dance for a short while in the dining room of the boarding house.

Mr. BARKLEY. Dancing to the music which comes over the radio?

Mr. RUSSELL. Yes.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DUFFY. I yield.

Mr. CONNALLY. Confirming what the Senator from Wisconsin said, I know of a specific instance which occurred in my State. A woman ran a small hotel. She had a phonograph, and she played music on this phonograph for the entertainment of her regular boarders. She was haled into the Federal court and had to pay $250, and there was no way in which she could avoid the payment of the $250 in the Federal court simply because she played on her phonograph a piece of music which someone had copyrighted.

Mr. DUFFY. This question went to the Supreme Court of the United States; and in the decision of the Court, found in Two Hundred and Eighty-third United States Reports, the Supreme Court of the United States, while saying that there probably should be some exception, and making mention of radio broadcasts, says, on page 199:

> It may be that proper control over broadcasting programs would automatically secure to the copyright owner sufficient protection from unauthorized public performances by use of a radio receiving set, and that this might justify legislation denying relief against those who in using the receiving set innocently invade the copyright, but the existing statute makes no such exception.

Representatives of the organization in question may come before committees of Congress and piously proclaim that it is not their custom, and that they do not issue instructions that such things should be done; but when snoopers are sent out who get a percentage of the $250 minimum damages, of course they are not going to be so scrupulous about whom they pick up and hale into court.

Mr. CONNALLY. The way they get around it is this: They say that if the program or the music is used for the private use of the boarding-house keeper, it is all right; but because she let her boarders, who are customers at her boarding house, hear the music, therefore she violated the copyright law.

Mr. WAGNER. Mr. President, will the Senator yield in order to permit me to read from the other part of the opinion which he has just read in Two Hundred and Ninety-fourth United States Reports?

Mr. DUFFY. Yes.

Mr. WAGNER. In all these cases there may be some individual instances where a hardship might have been worked, or advantage taken of a protective statute; but the Court said:

> The phraseology of the section was adopted to avoid the strictness of construction incident to a law imposing penalties and to give the owner of a copyright some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits. In this respect the old law was unsatisfactory.

Said the Court:

> In many cases the plaintiffs, though proving infringement, were able to recover only nominal damages, in spite of the fact that preparation and trial of the case imposed substantial expense and inconvenience.

Then the Court said:

> The ineffectiveness of the remedy encouraged willful and deliberate infringement.

That is what prompted the Congress in 1909 to impose this minimum. Otherwise, the writer had no protection at all against infringement.

Mr. DUFFY. I will say that in this bill, while the $250 minimum is done away with, the mandate is given to the courts that such damage shall be assessed not from $250 to $5,000, as it is now, but we have raised it to $20,000; so if there is a deliberate infringement, such damages shall be assessed as will prevent infringement and as will be just and equitable in view of the circumstances of the case.

Mr. WAGNER. Mr. President, the Senator is a lawyer, and he knows the difficulty encountered by a little song writer who may have written a hit, who is unable because of financial conditions to hire the kind of a lawyer who will present a case properly, and he also knows how difficult it is to prove damages in case of infringement.

Mr. DUFFY. But they do not have to in those cases. The damages are statutory damages. The plaintiffs do not have to make use of the usual method of proof. If they can prove specific damages, they can get unlimited damages under the provisions of the bill.

Mr. WAGNER. But the Supreme Court points out that it is difficult to prove statutory damages; and, therefore, if this particular limitation is taken off, in my judgment it will simply remove a protection which the small writers, most of them earning less than $2,500 a year, have under the law today; and it will give those who are interested in this proposed legislation the right to infringe without any danger of ever being called upon to pay damages.

Mr. DUFFY. Mr. President, in the first place, the chances are about 99 out of 100 that the little composer of whom the Senator speaks, who has written a hit, already belongs to A. S. C. A. P. That organization has practically all of the copyrighted music which amounts to anything in this country. Testimony which was given in the case in New York shows the percentage of music writers who belong to this organization. I do not have it in mind at the moment, but I know it is a very large percentage. So this organization has complete control. The organization has gotten so large and has such complete control that when it says to a little dance-hall owner, "Pay $15 or $25 or $100"—and a dance may be given only once in a year in that barn—it is a racket.

Mr. WAGNER. I am going to read in a moment the names of the composers and authors of this country whom the Senator has designated as "racketeers." They are the most eminent authors and composers in the country today. They are the men whom the Senator time after time in this body has designated as mere "racketeers."

Mr. DUFFY. I will say that their organization is.

Mr. WAGNER. Let me say to the Senator that the record shows that about 90 percent of the song writers and authors in this country earn $2,500 or less per year. That is the class in which I am interested—not the large broadcasting companies or the large moving-picture industry.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. DUFFY. I yield.

Mr. AUSTIN. I wish to ask the Senator from Wisconsin to state his interpretation of the following language on page 16, line 18, of the bill:

To pay in lieu of the proved damages and profits provided for in the foregoing paragraph—

Does the Senator state that that may be so construed that the statutory damages may be sued for and recovered without first proving actual damages?

Mr. DUFFY. I think all that is necessary—and it has been so held by the courts under the present law, where the limit is from $250 to $5,000—is to show that the plaintiff is the owner of the copyright, and that there has been a copyright infringement without permission, and then it is up to the court to place the penalty anywhere from $250 to $5,000. If the damages are proved damages, the sky is the limit. If a million dollars' damages can be proved, the plaintiffs are entitled to a million dollars' damages.

Mr. AUSTIN. Is not the purpose of this section entirely different—namely, preventive in its nature rather than remedial—and is it not necessary to interpret section 3 on page 16 as meaning that first the plaintiff must establish actual damages before he gets into the class which is entitled to this discretion of the court with respect to statutory damages? If it does not mean that, it seems to me it is extremely ambiguous as written, and it should be corrected.

Mr. DUFFY. The wording is very similar to the present law, except that the minimum of $250 is eliminated; the maximum of $5,000 is raised to $20,000, and the court is directed to award such damages as will prevent infringements, and such as may be fair and just and equitable in accordance with the circumstances of the case.

Mr. AUSTIN. As I read that section, it might be construed so that preventive action by the court follows only if and when actual damages have been established. That is one difficulty. That statement read by the Senator from New York [Mr. WAGNER] out of the opinion rendered by Mr. Justice Roberts in *Douglas* v. *Cunningham* ((1935), 294 U. S. 207) concluding, "the ineffectiveness of the remedy encouraged willful and deliberate infringement", probably would apply to this section.

Mr. DUFFY. Mr. President, in a general way I have explained the bill. There may be some points which I have not heard raised which should be brought up, but I think at this time I shall yield the floor, and then endeavor, as best I may, to reply to any questions which may be raised with reference to the provisions of the bill.

The bill in many features is similar to existing law; in many respects there has been no change in the existing law, and other provisions of the bill have been incorporated merely in the nature of an enabling act in view of the treaty that is now upon the Executive Calendar.

I wish again to recall to the minds of Senators who are now present but who were not here last evening when the bill was discussed that the way that the bill originated was that, after a subcommittee of the Committee on Foreign Relations had held hearings, had discovered there was such a great conflict of interest in matters pertaining to copyrights, and had reported to the full Committee on Foreign Relations, that committee then suggested, under the leadership of the Department of State, that an informal interdepartmental committee be formed. That was done, as I pointed out last evening. The members of the committee were entirely disinterested. They represented 3 departments of the Government—2 from the Copyright Office and 2 from the Department of State, who were concerned, of course, with the treaty aspects of the case, and 1 from the Department of Commerce. They held 25 or 26 conferences with all the various persons who desired to be heard, and they reconciled, to a very considerable degree, the conflicting interests. I think they did a very fine piece of work, but, of course, the bill is a compromise. We can never enact a new copyright law which, in my opinion, is going to be pleasing to everybody. There are inherent conflicts of interest. But it seems to me that the authors will benefit very greatly; that the welfare of the users is also taken into consideration, and that, as a general thing, it is a good bill, just as Mr. Solberg, who for 33 years has been Commissioner of Copyrights, expressed it in a communication which I had printed in the RECORD a few days ago.

So, with this statement, I yield the floor at this time.

PARTICIPATION OF OFFICEHOLDERS IN PARTY CONVENTIONS

Mr. STEIWER. Mr. President, I am going to ask the Senate to turn aside for a short time from the pending business to enable me to make a brief presentation of another matter, which I think should be discussed at this time. I refer to Senate bill 509, the title of which is—

To prevent the use of Federal official patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends.

The bill is very short, and I, therefore, ask unanimous consent that the clerk read the body of the bill at this time.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

That no person holding an appointive office of trust or profit under the Government of the United States shall be officer, delegate, or alternate of any political convention, having for its aim the nomination or election of any candidate, avowed or unavowed, for President or Vice President of the United States.

SEC. 2. Violations of section 1 hereof shall be punishable by fine of not more than $1,000 and by loss of the official position of such person committing such violation.

Mr. STEIWER. Mr. President, at an appropriate time, I hope, an opportunity will be afforded for the consideration of this bill. At this moment my only purpose is to present some arguments in its behalf and to inform the Senate exactly concerning its purposes.

The bill does not seek to direct the organization of national political conventions. It probably is not within the competence of the Congress to make any direction of that kind. I think, in the view of most students of our Government, it is presumed that Congress lacks jurisdiction over the nomination of candidates for President and Vice President, although it is everywhere understood and agreed that the Federal Government does have jurisdiction over the election.

If it be true that Congress lacks jurisdiction of the nominating machinery, it must also be conceded that the States are likewise without such jurisdiction, and that there is no effective control over Presidential nominating conventions, either in the Federal Government or in the States. In other words, these very important elements of our political economy are in a sort of "no man's land", in which there is no control save the conscience and judgment of those who make up the conventions and of those in the party organizations who have undertaken to direct, and, in most instances, have directed, the procedure under which the nominating conventions are held.

If time permitted, I should like the opportunity to make arguments against this general situation. To me it is inconceivable that a great nation would permit so important a matter as the selection of nominees for President and Vice President to be left without lawful regulation of some kind. I am one of those who believe in the principle of a Presidential primary, and I have pending at this time before the Committee on the Judiciary of the Senate a joint resolution proposing an amendment to the Constitution looking to such a procedure. Apparently there is no hope for the favorable consideration of the resolution at this time, and I make no effort in the premises save to bring to the attention of the Senate, Senate bill 509.

It will be perceived by those who examine the bill that it merely relates to Federal officeholders. I have said it is not an attempt to direct the organization of the conventions. The effect and incidence of the bill are not upon the conven-

tions except in an indirect way. The effect of the bill is upon the employees of the Federal Government, and the only thing that is attempted to be regulated by the bill is the relation of such employees to the national conventions.

This is a subject much like that of the Civil Service so far as the broad principle is concerned, and I have assumed, and believe, that the Federal Congress has the same right to make directions in this respect as it has to provide a system of civil service, and to establish rules and regulations which prevent Federal civil-service employees from participation in so-called "partisan politics."

Mr. President, in order to emphasize again some part of the reason why the appointees of our Government ought not to be permitted to take part in nominating conventions, I desire to call attention briefly to some of the abuses of the past. Senators will realize that in a brief compass it will not be possible for me to state the full history of the misuse of political patronage and the misuse of Federal political appointees in the national nominating conventions for the offices of President and Vice President. Therefore I shall deal only with two or three of the instances which are very familiar to Members of this body.

The existing convention systems contain many faults which Senate bill 509 cannot reach. These faults, however, aggravate the evils which flow from the presence of Federal appointees in the conventions. It is everywhere known that the national conventions under ordinary conditions may not reflect the wishes of the voters who, in the fall elections, will be called upon to support the nominees selected by the conventions.

In the Republican National Convention in 1908 there were 980 delegates. This means that 491 constituted the necessary majority for nomination. The Southern States, which that year gave the Republican nominee no votes, were represented in the convention by 338 delegates. Any candidate having this block of 338 votes could attain the nomination by securing 153 votes from other sections of the country. Any other candidate not supported by the southern delegates would have to secure 491 votes.

The situation may be further illustrated by conditions in the recent national conventions. In 1928 the Republican National Convention contained 1,089 delegates. Five hundred and forty-five were necessary for nomination. The Southern States had 177 delegates in that convention. In 1932 the number of delegates in the convention was 1,152. Thus 577 votes were necessary for nomination. In 1932 the Southern States provided the Republican Party with no electoral votes, but they were represented in the convention by 234 delegates, so that the candidate having this block of votes needed but 343 additional to secure the nomination.

I found with interest that the Honorable Jonathan Bourne, formerly a Member of this body, a predecessor of the present junior Senator from Oregon, at one time made this startling statement, and I refer to the remarks he made in the Senate on February 27, 1911:

> It is a well-recognized fact that nominations by national conventions are the exclusive work of politicians, which the electorate of the whole United States is permitted only to witness in gaping expectancy and to ratify at the polls in the succeeding November. As unrepresentative as this feature of the national convention is, its flagrancy pales into insignificance in the presence of that other abuse against partisan conscience and outrage upon the representative system, which is wrought by the Republican politician in hopelessly Democratic States and by the Democratic politician in hopelessly Republican States in dominating the national conventions with the presence of these unrepresentative delegations that represent neither party, people, nor principle.

The situation is made worse by the political character of the delegates who so often represent the States which normally contribute nothing toward the election of the nominee. Where the majority of the delegates are Federal appointees and the unit rule is resorted to there is only one result, and that is that the political influence which made the appointments controls the delegations. In the Republican conventions the delegations from the solid South more often than not are appointees of the Federal Government. They are the henchmen of the faction in power. In the Democratic convention Democratic postmasters, marshals, and United States attorneys may be found from States which rarely ever support the Democratic nominee in the fall elections. I desire that the RECORD should show at this point a number of quotations from those who know the history of the national conventions in this country. First, I call attention to a statement made by Mr. Shouse, June 18, 1932. I am not sure that this statement is entirely correct, but it expresses the viewpoint of a well-informed critic. As I recall, I once took occasion to read this statement, together with others, to the Senate, but it is brief, and I quote it again:

> Considering that over 400 of the 1,154 delegates were Federal officeholders, neither the candidate nor the platform could very well have been expected to show much deviation from the President's ideas.

This statement was made June 18, 1932, and evidently referred to the Republican convention of that year.

Mark Sullivan, in referring to the 1912 Republican convention, was impressed by the number of Federal officeholders. From his book Our Times, volume IV, I quote:

> With Roosevelt's announcement of his candidacy the comparatively few who had been temperately interested in direct primaries as a cause were now joined by the very many who were ardently interested in Roosevelt as a hero, who desired him to have the Republican nomination, who knew that the conventions would be controlled by standpatters and officeholders, and who saw in the Presidential primary Roosevelt's only chance.

To add another quotation, let me invite attention to a passage from William Roscoe Thayer's Biography of Roosevelt, wherein at page 356 I find the following:

> During the weeks Roosevelt had been deliberating over "throwing his hat into the ring" his opponents had been busily gathering delegates. According to the unholy custom which gave to the Republicans in Southern States a quota of delegates proportioned to the population, and not to the number of Republican voters, a large southern contingent was pledged to Mr. Taft very early. Most of the few southern Republicans were either Federal officeholders or Negroes; the former naturally supported the administration on which their livelihood depended, the latter, whose votes were not counted, also supported the President, from whom alone they might expect favors. The former slave States elected 216 delegates, nearly all of whom went to President Taft.

It ought not to be necessary, in discussing a subject of this kind, to review trite concepts or refer to truisms respecting the inherent rights of our people. I assume it will be conceded everywhere that political power rightfully resides in the people who make up the citizenship of the Republic. I assume it will be conceded also that this power should be exercised without hindrance, and without obstruction, either in the convention or without the convention. In our form of government there is no justification for thwarting the will of the people in the selection of candidates for the Presidency through political manipulation of the nominating convention or by any other means.

The political boss is never less desirable than in a convention which has for its aim the nomination of candidates for President and Vice President. If the party system is to endure, the convention must reflect the will of those who constitute the membership of the political party. Justification may well be asserted for the further statement that our form of government will be jeopardized and the life of the Nation shortened if the purpose of the people is defeated too often by politicians and by political influences within the party nominating convention.

National conventions are held in plain view of the public. Speeches are transmitted by radio to the far corners of the Nation. Platforms are written into permanent records. There is little chance in such a convention to pervert the people's will save by the one recognized abuse which would be ended by the passage of the bill which I now discuss.

Neither high purpose on the part of the people nor publicity of the proceedings of the convention can make a free man out of a subservient political appointee. He is always a menace and sometimes the destroyer of the worthy purposes of the convention. He attends the convention to do his master's bidding. This opportunity should be denied him, and under the bill (S. 509) which I am now discussing, the opportunity would be denied to him because he would be excluded from participation in the proceedings of the convention.

I desire to call attention briefly to the history of the bill to which I now refer, which has been before the Congress since the last session.

The RECORD discloses that the bill was first introduced June 10, 1933. At that time it was referred to the Committee on the Judiciary of the Senate and, with certain amendments, was reported favorably by that committee on March 26, 1934. As amended the bill passed the Senate May 10, 1934. It was favorably reported to the House of Representatives by the Committee on the Judiciary of that body and took its place on the House calendar. Its consideration met with objection, and it died at the close of the second session of the Seventy-third Congress.

The pending bill, S. 509, was introduced January 7, 1935. It is identical with the former bill as it passed the Senate. This bill was referred again to the Committee on the Judiciary on March 12 of this year and was favorably reported to the Senate. Since that date the bill has been carried on the calendar as Order No. 314. Upon call of the calendar for unobjected bills this bill has met objection. In order to fix the responsibility for the failure of this bill to be passed in the Senate, I have prepared from the CONGRESSIONAL RECORD a tabulation showing the date and page of the RECORD upon the several occasions when the bill has been reached for consideration. The tabulation discloses the history of the bill in both this and the preceding sessions of Congress. It shows the name of the Senator interposing the objection each time. I ask unanimous consent that the tabulation may be published in the RECORD at this point in my remarks.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Without objection, it is so ordered.

The tabulation is as follows:

SEVENTY-THIRD CONGRESS (S. 1884)

Date	Page of RECORD	Name of Senator making objection
Mar. 29, 1934	5740	Robinson, of Arkansas.
Apr. 25, 1934	7259	McKellar.
May 10, 1934	8459	(1).

SEVENTY-FOURTH CONGRESS (S. 509)

Mar. 20, 1935	4671	McKellar.
Apr. 9, 1935	5298	Barkley.
Apr. 15, 1935	5632	King and Gerry.
May 1, 1935	6691	Robinson and McKellar.
May 20, 1935	7797	Robinson.
May 28, 1935	8291	McKellar.
June 24, 1935	9961	Do.
July 29, 1935	11952	Robinson.

[1] Bill amended and passed.

Mr. STEIWER. The information just submitted to the Senate in the tabulation discloses that the former bill, Senate bill 1884, was objected to on two occasions, in one instance by the Senator from Arkansas [Mr. ROBINSON] and in the other instance by the Senator from Tennessee [Mr. MCKELLAR]. Later, as I have indicated, the bill was again called and without objection was passed by the Senate.

The pending bill, Senate bill 509, has been objected to upon eight occasions. The objections were made by the Senator from Tennessee [Mr. MCKELLAR], the Senator from Kentucky [Mr. BARKLEY], the Senator from Rhode Island [Mr. GERRY], and the Senator from Arkansas [Mr. ROBINSON]. Those Senators are all members of the Democratic majority. In varying degrees they are identified with the Democratic leadership in this body. It may be significant that no Republican and no Progressive has ever objected to the consideration of either the pending bill or the bill introduced in the Seventy-third Congress.

In the House of Representatives objection was made by a Democratic Representative in Congress.

I do not at this time draw any inferences based upon the numerous objections made by these majority Senators. It is obvious that they were more favorably disposed toward the bill in 1934 than they are in 1935. I am not prepared to say whether developments in the Democratic Party have been responsible for the changes in viewpoint upon the part of these Democratic Senators, nor is it necessary that I should resort to speculation upon that point.

If it be possible that the Democratic leadership desires the presence of Federal appointees—the postmasters, the United States attorneys, the United States marshals, and others of that sort—in the next Democratic National Convention, it may be able to assign a sound reason for such desire. It is significant that from June 1933 to the present date no one of the distinguished Senators whose names I have mentioned has ever suggested one objection to the bill.

I desire to illustrate something of the attitude of mind which has prompted the several objections.

On May 20 of this year the bill was announced as next in order, but the Democratic leader made objection. I quote the following colloquy from the RECORD—page 7797.

Mr. STEIWER. Mr. President, may I ask who made the objection?
Mr. ROBINSON. I made the objection.
Mr. STEIWER. May I ask the Senator from Arkansas if it is the purpose of the majority to continue——
Mr. ROBINSON. Regular order!
The VICE PRESIDENT. Is there objection?
Mr. ROBINSON. I object.

Mr. President, this colloquy is the most illuminating contribution which has yet been made by any of those who have been objecting to the favorable consideration of this bill.

I make no criticism either of the majority leader or of other Senators who are making objection to the measure. They are proceeding entirely in accordance with their rights as Senators. I feel, however, that it is entirely proper that I call attention to the RECORD, as I have done, and place the responsibility for failure to secure passage of this measure upon those who are in fact responsible.

Justice requires me to add that other Democratic Senators have rendered valuable aid in the prosecution of this legislation toward final enactment. Numbered among the Senators who have supported the bill, and to whom I am glad to pay tribute, are the Senator from Arizona [Mr. ASHURST], the Chairman of the Committee on the Judiciary, and the junior Senator from Kentucky [Mr. LOGAN], who reported the bill to the Senate from the Committee on the Judiciary.

Mr. President, I wish to add a few further brief observations.

Misuse of Federal patronage, and the employment of Federal appointees in controlling national conventions, has been noted in nearly all Republican national conventions. This was especially true in the convention of 1908, but it was true also in the conventions of 1912, 1928, and 1932; and I assume that a scrutiny of the history of the other conventions will disclose that it was true in other conventions as well.

In the years to which I have just referred the Democratic Party was not in power. It controlled but a very small number of Federal appointees, and therefore was relatively free from the abuses against which this bill is directed. It is worth while to point out, however, before this discussion is closed, that in the 1936 conventions the situation will be entirely reversed. The Republican Party is out of power, and no one in the party enjoys any substantial control through political patronage.

The system under which Republican delegates have been selected since 1924, I believe, also militates against the evil which is now under discussion. Under the party rules, a means was sought to subtract from the predominant influence of the Southern States, which participate in the convention, but contribute nothing toward the election of the Republican nominee in the fall election. For this reason it is now provided that each State which, in the last preceding Presidential election, had given a majority of its electoral votes to the Republican nominee, shall be permitted three additional delegates at large. The call for all conventions in recent years has been upon this basis. As a result of this apportionment, the southern delegates in the 1928 convention constituted only 14 percent of the voting strength of the convention. This was a normal situation, because the Coolidge vote in 1924 could well be regarded as a normal Republican vote as of that time.

In 1928 the Republican nominee carried Southern States which had never before been carried by the Republicans, and for this reason the delegate strength in the Southern States in the 1932 convention was above normal.

In the 1932 convention the southern delegates constituted 18 percent of the total strength of the convention.

In the election of 1932 the Republican nominee lost all the Southern States, with the result that the southern delegate strength in the 1936 convention will be abnormally low.

This, I repeat, is a summary of the Republican situation with respect to the 1936 convention.

In contrast to this situation, however, we find that the opportunity for a boss-controlled convention in 1936 will lie with the politicians of the Democratic Party and not the politicians of the Republican Party. In the convention of that party there will exist an inescapable invitation to attempt control through the use of Federal officeholders.

The Democratic Party is in control of the political machinery in nearly all the States of the Union, North as well as South. The Federal Government is entirely in its hands. The predominant importance and political leadership of Mr. Farley, the waning confidence in the President in certain sections of the country, with the left wing of the party in revolt, coupled with the two-thirds requirement which is imposed by the rule in the Democratic convention, all combine to bring about a result which will tempt the use of the Federal appointees. One difficulty is piled upon another, until the employment of the United States marshals and district attorneys and postmasters is surely indicated as a means of controlling the convention by the administration, and bringing about a nomination even in face of the requirements of the two-thirds rule.

Additional scandals in Republican conventions will be deferred until the day when the Republicans again control the appointees; and then that great party will again be besmirched, in my judgment, by political manipulations, thwarting the will of the people, just as it has been in the past; and history will again write that unregulated political conventions controlled even in part by patronage and power of appointment are a major scandal in the political life of this Republic.

A remedy lies with Congress; and that remedy will be available if the majority leaders can be induced to withdraw their objections to the bill to prevent the use of Federal official patronage, and to prohibit the Federal officeholders from misusing positions of public trust for private and partisan ends. At this moment a member of the minority can contribute nothing toward this reform except to appeal to the Democratic leadership. If our appeal shall be successful, this bill may be and should be enacted in this session of the Congress. If our appeal shall fall upon deaf ears, there will remain to us the opportunity to appeal to the voters of the country after the evils of patronage manipulation shall again have been exhibited to the country in the Presidential nominating conventions of the year 1936.

REVISION OF COPYRIGHT ACT

The Senate resumed the consideration of the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG], which will be stated.

The CHIEF CLERK. On page 4, line 6, it is proposed to strike out "subsection" where it appears the second time and insert "subsections."

On page 4, after line 9, to insert:

(g) That the author of any artistic model or design intended to be applied to or embodied in any manufactured product, except products intended to be applied to or embodied in motors, motor cars, motor-car accessories, and products employed in the design and manufacture of motors, motor cars, and motor-car accessories, may obtain copyright for such model or design under the provisions of the Copyright Act approved March 4, 1909 (U. S. C., title 17), as amended by this act, and that upon compliance with the requirements of the said act and of this act shall thereby secure the rights and remedies of the said act of 1909, and shall, in addition thereto, after the date on which this act shall go into effect, secure the exclusive right to apply to or embody in any manufactured product, excluding the products hereinbefore excepted, the said copyrighted model or design: *Provided*, That when the said author or his legal representative or assignee shall have caused the said model or design to be applied to or embodied in a manufactured product which shall have been sold or offered for sale, the author or other owner of the copyrighted model or design shall have the right to exclude others from selling or distributing such manufactured products which embody or contain copies of the said copyrighted model or design, or imitations thereof, or the imitation of any characteristic original feature thereof.

On page 4, line 21, to strike out "subsection (f) of section 5 of such act is" and to insert "subsections (f) and (g) of section 5 of such act are."

On page 4, after line 23, to insert:

(g) Works of art; models or designs for works of art, and artistic models or designs intended to be applied to or embodied in manufactured products.

On page 9, line 12, after "work", to insert:

Or of five copies of a photograph or other identifying representation thereof, if it be an artistic model or design intended to be applied to or embodied in any manufactured product.

On page 9, line 19, after "published", to insert:

And by inserting at the end of that sentence: "*Provided*, That in the case of an artistic model or design intended to be applied to or embodied in any manufactured product, there shall be deposited promptly after such manufacture has taken place, five copies of photographs or other identifying representatives of said manufactured product together with an application for the registration of a claim of copyright containing a statement of the date upon which the said manufactured product was sold or offered for sale; from which recorded date the term of copyright in the manufactured product shall begin to run and this special protection shall terminate 20 years after said date."

Mr. VANDENBERG. Mr. President, the pending amendments to the bill which is the unfinished business are amendments involving the copyright of artistic designs. The amendments comprise a series, all touching the same subject; and I ask unanimous consent that they may be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. VANDENBERG. Mr. President, in the hope of facilitating the action of the Senate, I should like to suggest that it seems to me debate upon the amendments could well be obviated. They represent legislation involving a principle which has already once passed the House of Representatives, and which once has had, I think, the unanimous approval of the Senate committee. It involves none of the controversies which are imbedded in the rest of the bill. It serves functions with which Senators are familiar, and I think there is no contest on the floor with respect to it. I am wondering if the able Senator from Wisconsin would not be willing to permit these amendments to be attached to the bill, so that they may go to the House and to conference for final consideration.

Mr. DUFFY. Mr. President, in a general way I agree with the theory behind the proposed amendments. I think perhaps it is true that the subject can better be handled in the Copyright Office. My only concern was that the bill should not be bogged down by amendments against which there might be some serious opposition which would then attach to the bill.

If there is more or less agreement on the matter—there does not seem to be much opposition—I do not know that I should care to interpose an objection at this time, because I am more or less in agreement with the theory of the amendments. My only thought was that if controversy were to arise about the matter, I would rather not have the amendments on the bill.

Mr. VANDENBERG. I think there is no controversy in the Senate in view of the new limitations which I have written into the amendments. I wonder if the amendments may not be put to the Senate for a vote.

The PRESIDING OFFICER. The question is on the amendments offered by the Senator from Michigan [Mr. VANDENBERG].

Mr. FLETCHER. Mr. President, let us have a statement of the amendments. Exactly what are they?

Mr. VANDENBERG. They incorporate the copyright privilege for artistic design. This principle was accepted by a measure which passed the House of Representatives 2 or 3 years ago and was unanimously recommended by the Senate committee dealing with the subject. The amendments are unrelated to any of the controversial sections of the pending bill. They simply extend the copyright privilege to artistic design under adequate and ample and just restrictions and restraints.

Mr. President, in connection with my remarks I ask leave to have printed in the RECORD a statement by Thorvald Solberg, Register of Copyrights from 1897 to 1930, in behalf of copyright protection for applied designs. He is the greatest authority in the country, and the statement is a full justification for the action of the Senate.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY THORVALD SOLBERG

Shortly after taking charge of the Copyright Office, in my annual report as Register of Copyrights, I pointed out the grave lack of adequate protection for the creator of artistic designs intended to be applied to or embodied in manufactured products and urged the desirability of providing such protection by amendment of our copyright legislation.

A number of bills were thereafter introduced and various hearings held in the Committees on Patents of the House and Senate, and the matter was thoroughly discussed. One of these bills (71st Cong., 3d sess., H. R. 11852) was passed by the House of Representatives on July 2, 1930, and was reported by Senator Hebert with amendments on January 26 (calendar day, February 14), 1931. No action was secured, however, on the Senate bill before adjournment.

During this lengthy discussion agreement was reached that the present design patent legislation was not adequate, and any examination of the Patent Office Gazette will show that only a small number of designs have been registered thereunder, the procedure being too slow and too expensive. Also, agreement was expressed that the protection should be transferred from the patent law to the copyright law and that registration should be made in the Copyright Office.

One difficulty was due to the fact that the various bills were drafted by patent-law practitioners and were too long and detailed, and the procedure proposed was not assimilated to the much simpler practice found adequate under copyright law.

Meantime, the demand for some practical legislation sufficiently adequate has increasingly been submitted with increasing urgency by designers themselves, by manufacturers, and by the retail dealers in the manufactured products—all declaring their need for protection against the existing grave extent of design piracy.

The introduction of S. 2465, now S. 3047, offers an opportunity to remedy this utterly unsatisfactory situation. This bill has been prepared for consideration in connection with the Copyright Convention of Rome of 1928, which was submitted to the Senate by the President on February 19, 1934, with a request for authority to adhere.

Such adherence is strongly urged by all individual and associated interests devoted to education and the improvement of our international relations. The first purpose of the bill, therefore, is to prepare the way for the approval of that treaty by making our copyright laws accord with our treaty obligations when the latter shall have been ratified.

The convention demands the protection of "works of art applied to industry." But it further declares that such protection as is accorded by the domestic legislation of each country shall suffice. It is, therefore, believed (no doubt correctly) that our Design Patent Act is sufficient to meet the convention requirement. Nevertheless, there is no doubt that copyright design protection was intended; and if it can be secured in the bill, S. 2465, now S. 3047, it will be an added advantage.

It seems feasible by simple additions to S. 3047 to secure to authors of artistic designs:

(1) Copyright under the provisions of the bill, together with the rights and remedies accorded;

(2) The exclusive right to apply their designs to or embody them in any appropriate manufactured product;

(3) That having done so, and having sold the manufactured product, they shall have the right to prohibit any unauthorized reproduction thereof (any piratical copying); and by further declaring:

(a) That such designs are included in the works of an author granted copyright; and

(b) Shall be conditioned upon compliance with the requirements and formalities prescribed in the bill; and

(c) That the protection shall be for a special term of 20 years.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Michigan [Mr. VANDENBERG].

The amendments were agreed to.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The bill is before the Senate and open to amendment.

Mr. WAGNER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Pittman
Ashurst	Copeland	La Follette	Radcliffe
Austin	Costigan	Lewis	Reynolds
Bachman	Dickinson	Logan	Robinson
Bankhead	Dieterich	Lonergan	Russell
Barbour	Donahey	McAdoo	Schall
Barkley	Duffy	McCarran	Schwellenbach
Black	Fletcher	McGill	Sheppard
Bone	Frazier	McKellar	Shipstead
Borah	George	McNary	Steiwer
Brown	Gerry	Maloney	Thomas, Okla.
Bulkley	Gibson	Metcalf	Townsend
Bulow	Glass	Minton	Trammell
Burke	Gore	Moore	Vandenberg
Byrd	Guffey	Murphy	Van Nuys
Byrnes	Hale	Murray	Wagner
Capper	Harrison	Neely	Walsh
Caraway	Hatch	Norbeck	Wheeler
Carey	Hayden	Norris	White
Chavez	Holt	O'Mahoney	
Clark	Johnson	Overton	

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, there is a quorum present.

Mr. LEWIS. Mr. President, at this point I reannounce the absence of certain Senators as announced by me this morning on a previous roll call.

POLICIES OF THE ADMINISTRATION—NO LAW DECLARING GOVERNMENT POLICY DECLARED UNCONSTITUTIONAL—ONLY METHOD OF ENFORCEMENT VOIDED—PRESIDENT ROOSEVELT SUSTAINED BY HISTORY

Mr. President, I now take the floor, as I wish to address the Senate for some moments upon a matter which I regard important, and in its history necessary to truth in government.

We have heard upon this floor the intimation from time to time that the governmental measures of the present administration have been declared unconstitutional. It is heralded over the country from very high and reputable sources that every measure presented by the administration as a matter of policy has been declared invalid by the courts.

I regret that I do not see on the floor our eminent comrade, the Senator from Delaware [Mr. HASTINGS]. I should like the presence of "Hamlet" HASTINGS, for I cannot see how the play can go on at this particular moment in his absence. But, pending his arrival, I desire to call attention to the assertions I make in answer to the charges which have been uttered by eminent Senators on the opposite side of the Chamber, particularly those flashed forth by the leading orator of ancient Republican texts, the able Senator from Delaware.

Sir, I arise to assert that no act of legislation of this administration defining a policy of government for the relief of the country has ever been declared unconstitutional in its policy or principle. I have observed that in my absence a distinguished Senator called attention to a speech I had made on the floor wherein, in the past, I alluded to what I had said were the erroneous charges made against these measures, and the discouraging effect they had upon the hopes of the mankind of America; also of the injustice in refusing to withdraw them before the country, when the courts had vindicated the policies.

Mr. President, I now assert and repeat that the only decisions which have been made by the Supreme Court invalidating any legislation of the administration were those which distinguished the method of its execution. As to this, the ruling denounced the manner of penalty as punishing the violation of code regulation. In no wise were the decisions an assault upon the policy of the measures or declarations that any of the acts were unconstitutional in their object. To the contrary, the declaration of the Court affirms their constitutional extent in all the purposes intended.

The decision in the N. R. A. case, of which we have heard so much, has been wholly misunderstood, and wholly misrepresented through that misunderstanding. I pause for the

moment to read now, in support of my view, a statement made at Portland, Oreg., by Dean Charles Edward Clark, the head of the law department at Yale. I read from the New York Herald Tribune of today, saying:

A belief the Supreme Court N. R. A. decision was limited largely to the distribution of chickens in Brooklyn was expressed here today by Charles Edward Clark, dean of the Yale University Law School.

Said Professor Clark:

"The chances are that after the decision has been studied more students of our Constitution will find that it isn't nearly as far-reaching as it appeared at first", Dean Clark said in an interview here.

"And I hazard a guess", continued the dean, who has written many books on legal subjects, "that the court in quite a good many cases that grow out of the present A. A. A. provisions will uphold the law, such as the regulations in regard to milk and others that provide for the regulation of different farm products."

The article in the Herald Tribune continues:

Dean Clark said he saw no reason to become alarmed about the issues being raised about the Constitution, and surmised that most discussions were more "for political purposes than anything else."

Mr. President, I ask for the moment attention to the ruling of the Court in the Schechter case, and invite the attention of the Senate to what seems to have been so thoroughly overlooked in the intimation from very high sources in Congress and in the press that the policy of the legislation had been deprecated by the Court and held unconstitutional. Says the Supreme Court, discussing the policy:

Rather, the purpose is clearly disclosed to authorize new and controlling prohibitions through codes of laws which would embrace what the formulators would propose and what the President would approve, or prescribe, as wise and beneficent measures for the government of trades and industries in order to bring about their rehabilitation, correction, and development according to the general declaration of policy in section 1.

Codes of laws of this sort are styled "codes of fair competition."

Then says Chief Justice Hughes in rendering the opinion:

We find no real controversy upon this point and we must determine the validity of the code in question in this aspect. As the Government candidly says in its brief: "The words 'policy of this title' clearly refer to the 'policy' which Congress declared in the section entitled 'Declaration of policy.' Section 1. All of the policies there set forth point toward a single goal—the rehabilitation of industry and the industrial recovery, which unquestionably was the major policy of Congress in adopting the National Industrial Recovery Act." And that this is the controlling purpose of the code now before us appears both from its repeated declarations to that effect and from the scope of its requirements.

One other observation from the Court:

But under section 3f penalties are confined to violations of a code provision "in any transaction in or affecting interstate or foreign commerce." This aspect of the case presents the question whether the particular provisions of the Live Poultry Code, which the defendants were convicted for violating and for having conspired to violate, were within the regulating powers of Congress.

It is so clear as to need no further comment, that what the Court found was that the method of enforcing the act and applying the penalty for violation was vesting a power in the Executive, and to that extent the laws were insufficient and lacking power in their execution and in prescribing the penalty for the violation. But there is no expression which can justify anyone's saying that the Supreme Court of the United States declared the policy and the theory of the act unconstitutional.

Mr. President, I now refer to two other cases. Our able friends from time to time have condemned certain legislation which has been adopted. For instance, my able brother Senator from Delaware [Mr. HASTINGS] alluded to the decision respecting the Railroad Pension Act. My brother the Senator from Kentucky [Mr. BARKLEY], who sits here, will recall with me his own activity in the House of Representatives as a leading member of one of the committees where the question of the pension of these railroad men arose and existed both in debate and action under the Coolidge administration. The law in the case referred to was not one declared by this administration nor presented by or recommended by the President. The President gave the benefit of the doubt to the law, as we will see in a moment he was under constitutional obligation to do.

Second, sir, the further intimation was made by our able friend with respect to the third act, apart from that decided by the Schechter case. I refer, sir, to the decision touching the question of bankruptcy and the relief of the farmer and the small individual, authorizing that relief through bankruptcy, known as the "Frazier-Lemke bill." Let this be understood, that the President had at no time recommended the measure. It had at no time been fostered as an administration measure; and to intimate such, or to assert such, is so unfair as to be deliberately unjust when repeated. It was the measure which passed both Houses of Congress because of the sentiment of the legislators, and, passing to the President, received his signature, giving the benefit of the doubt to the law.

Mr. President, I now invite attention to something serious. I invite you, sir, to note that it is true that certain acts have been held invalid—for instance, that the Frazier-Lemke Act practically undid certain contracts, and to that extent violated the Constitution, in that it abrogated the contracts; and, in the case of the Railroad Pension Act, that it was equivalent to taking the property of roads which were not interstate and making payments to one who had previously been paid his salary, the payments being regarded as two payments.

While that is true, let me digress, and for the RECORD I am specific. What is there in this record that is any exception to the records of the past? I call attention to four acts declared invalid. Three, we see, of importance, charged against us. I invite attention to the fact that under President Harding seven of the actions of the Congress which received the signature of the President were declared to be unconstitutional and invalid by the Supreme Court. I bring the Senate the cases. They will go into the RECORD. I now put them in and they follow my speech in print. I only describe them here by designation that the Senate may afterward read them.

Then came President Coolidge and, strange and interesting to add, under his administration exactly the same number of acts were declared to be invalid and unconstitutional, seven acts passed by the Congress existing at the time, carrying his signature.

Then, in addition to this, let it be remembered that President Coolidge vetoed the bill then much in demand, known as the "McNary-Haugen agricultural bill." It had been passed by both Houses and was vetoed by the President on the ground that it was unconstitutional, and it is history that the eminent officer of that administration, now Chief Justice of the United States, was the particular source of influence guiding that veto.

We also remember that then followed the administration of President Hoover. We remember the fact that President Coolidge had seven acts carrying his signature declared invalid, and President Harding also had seven. Under President Hoover three specific administration acts carrying the policies of the Government were declared by the United States Supreme Court to be unconstitutional.

Mr. President, I ask unanimous consent that the record of the acts vetoed during the administrations of President Harding, President Coolidge, President Hoover, and President Roosevelt be printed in the RECORD at the conclusion of my speech.

The PRESIDING OFFICER (Mr. MURRAY in the chair). Without objection, it is so ordered.

(The table appears as exhibit A at the conclusion of Mr. LEWIS' speech.)

Mr. LEWIS. In addition to that record, where is the lawyer in this honorable body who can justify the R. F. C. under the Constitution, under the theory of construction such as has been given the relation of State and Nation? The law was passed to give relief because of the emergencies of the country. We gave it our approval. It has been administered, and under President Hoover it was justified in his patriotic emotions as something called for by an overcrushing emergency. And shall it be forgotten, and shall there be expressed such tenderness for the Constitution on the part of the eminent Senators who are advocates of the

administrations of the past, that President Hoover found it agreeable from his point of view, because of the necessities and the conditions existing in the land, to issue a moratorium, by himself as the President, as Chief Executive, without any authority by reason of any act of Congress, or by any law in the land, by which he exempted the foreign debtors from paying their debts or the interest on their debts, and sought to vindicate his action by separate telegrams sent to the Senators throughout the country to obtain from each of them some individual assent, while Congress was in recess. Let it be understood that the then distinguished President felt he was doing that which he thought to be for the welfare of the Nation and that it was called for by reason of the pending exigencies of the hour.

But, sir, are there any of the advocates of former administrations who can claim that was constitutional? Yet of all this we hear nothing. The maintenance of silence on the part of our honorable critics is to be noted.

Here we invite comparison to the number of acts vetoed in the three previous administrations with what has resulted in the present administration. In that connection one must remember the numbers of legislative acts which have been passed by this administration, the great stress of the hour, the unusual burden of the day; the resounding call for action, the deadening effect from the depression upon the Republic; the immediate demand for haste, the cry for refuge, and then contemplate the small number of the extraordinary acts of legislation which have even received criticism, much less, sir, condemnation.

One can easily make the comparison of what has been done under the present administration with what was done in previous administrations in calm orderliness, when those administrations were moving regularly, when there was nothing to ruffle mankind, and measures were enacted which were the product of the calm reflection and judgment of an undisturbed American Government.

Mr. President, that brings us to a contemplation which it is difficult to understand. We ask what is the meaning of these gentlemen who find it agreeable to hold up every act on the part of this administration as invalid and who, while they perform the scriptural feat of plucking the mote from the eye of another, refuse to see the beam in their own eyes. I ask these gentlemen, What is the meaning of their activities?—and I turn here to bring to public attention a very serious, and, as I see it, most slanderous performance.

Certain Senators and other members of the Government and partisan editors have been busy throughout the land condemning the President of the United States and holding him up, advertising through a press that must act quickly and print whatever seems to be appropriate, that, forsooth, because the President of the United States wrote a letter to a Member of the House of Representatives in which he said that his, the President's judgment was that if the Member was in doubt touching the constitutionality or unconstitutionality in mere debate of a certain measure, referring, it is said, to a bill known by us as "the Guffey coal bill", he, the President, it is charged, advised the legislator to lay down the compunctions of doubt and to give the benefit of the doubt to the bill and pass it so that it might go to the courts and the doubt be resolved. As to this, the President is held up as having advised the violation of the Constitution, and committed an act unparalleled in the precedents of law and spirit of legislation.

Mr. President, I bring to the attention of the Senate the fact that the President of the United States in the message referred to quoted the Supreme Court of the United States. I ask attention to the observation of Mr. Justice Cardoza, of the Supreme Court of the United States, in his special opinion in the case of Concordia Insurance Co. against the State of Illinois. I read the exact language from page 558, in Two Hundred and Ninety-second United States Reports:

> The burden is on the appellant, who would strike the statute down, and not on the State, which invokes the presumption of validity.

Then says Mr. Justice Cardoza, quoting the decision in *Weaver* v. *Palmer Bros. Co.* (270 U. S.) and Detroit Bridge Co. in Two Hundred and Eighty-seventh United States Reports, announcing the doctrine of the Supreme Court of the United States:

> As underlying questions of fact may condition the constitutionality of legislation of this character, the presumption of constitutionality must prevail in the absence of some factual foundation of record for overthrowing the statute.

Did the President of the United States say anything else? Is not this what he did say? What a time have we come to that the President of the United States is to be condemned at one moment by certain private interests—masters of those who are their spokesmen—on the ground that he does not yield proper respect to the Supreme Court of the United States, and then is visited with opprobrium because he adopts the exact language and exact words of the Court, embodying them in a letter which he sends as a message of suggestion to a legislator with legislation in his hands, with doubt in his mind as to what course to take because the question of constitutionality is mooted.

It is interesting, indeed, sir, to reflect that with these conditions about us eminent gentlemen around us find it agreeable to condemn and damn everywhere and at any time anything that partakes of a policy on the part of the present administration. I would not take the time to reply were it not that I feel that the RECORD should contain that which is the history and the fact, that it may, therefore, be read in conjunction with contrary assertions made by eminent and able Senators, which, however well meant, express what I feel have been slanderous of the object of the administration and misrepresentations of its results.

Now, Mr. President, I come to the controlling feature. What is the meaning, sir, of this cry of "the Constitution"? Where do these eminent gentlemen get this cry "defend the Constitution"? When did they become the masters of the Constitution and its guardians and protectors? They say the President lost his temper and exerted his zeal to a degree disclosing a ruffled nature when an adverse opinion of the Supreme Court recently came forth. Oh, what an unparalleled sin it was for an overburdened, overborne man, carrying the destinies of a government under conditions which have had no parallel in their agonizing affliction upon mankind, that he should have suffered when he saw one of the great remedies in which he had trusted as a measure of relief stricken down by a technicality.

Yet how different when the decision was rendered by the Supreme Court of the United States upholding the moratorium law of the State of Minnesota. Then how the masters who held the mortgages upon the poor and were tightening the cords around their throats until they were draining the blood through the very pores, while remaining in their counting houses in the financial marts over the land, damned the Court for its lack of wisdom and lack of justice, and held up the decision as working toward socialism, as we remember their exact words. Then, sir, when the Supreme Court of the United States declined to give a number of speculating public financial thieves the right to sell the gold of their country for profit and pass it into the hands of enemies to be used against their own Nation, how then the money-manipulating masters condemned the Court for its 5-to-4 decision. How they uttered maledictions against it, and proclaimed the infamy of the result, the destruction as the final outcome, as they viewed it, of the "rights of man." The liberty destroyed, money robbed from them! Oh, it was all right on the part of these to condemn the Court because they could not use the Court as a means by which they could rob their Nation. But yet when it comes to a mere feeling on the part of the President in expressing some sympathy for his fellow man he is to be held up as a criminal, not having the poise that belongs to his great office while it was being desiccated and decimated by technicalities which previously the very same Court had denied in every instance of equal facts before it.

It is interesting, indeed, sir, and I beg you will endure me. This cry, "Oh, the Constitution!" is not new. This attempt to make it an issue has no novelty. I beseech you to recall, sir, that when there is no issue of morality, when

there can be none of virtue, when there can be none presented upon the result of achievements on behalf of mankind, a certain set of gentlemen of our land ever take refuge under the cry that they are the protectors and defenders of the Constitution; and that whatever is done adverse to their privileges enjoyed, is done as a violation of some executive power, and therefore to be impeached, or certainly in its result should be overthrown as unconstitutional.

I invite you, sir, to consider the fact that on May 13, 1846, when James K. Polk was compelled to issue his declaration to Congress for action with respect to the protection of American rights in Mexico, numerous opponents of America living in the United States—and we still have them today who under one cry or another are against their country; who are Democrats when it serves them by that name and Republicans when it serves them by that name, but at all times against their country when to be such serves their private profit and personal advantage—these unloosened the volleys of their assault on the President. So let us pause and read what was uttered then against President James K. Polk. We find the published statement which says:

> Upon the recommendation of President James K. Polk, the Congress had just declared the existence of a state of war with Mexico and made an appropriation for prosecution of the war. In criticizing that action the editor of the Intelligencer declared it to be "additional evidence of the feebleness of the Constitution of the United States, which has already become a dead letter whenever it comes in conflict with Executive power or a party purpose in Congress."

How familiar that must sound to Senators. That came forth in 1846 against the then President of the United States.

Mr. President, it is recorded that old Sam Johnson sat at his boarding-house table where soup was served which he did not seem to relish, and he is said to have asked, "What kind of soup is this?" The reply was, "It is oxtail soup"; to which he responded, "Going very far back for a little soup." [Laughter.]

How far back these eminent gentlemen go for the issue. How ancient, sir; how trite it is. So we may well say, sir, as we do to these gentlemen, in the language which Shakespeare puts in the mouth of Bassanio when, referring to Gratiano, he says:

> Gratiano speaks an infinite deal of nothing, more than any man in all Venice. His reasons are as 2 grains of wheat hid in 2 bushels of chaff—you shall seek all day ere you find them, and when you have them they are not worth the search.

Mr. President, I have called attention to these few facts that we might have them on record and that we might pause to realize the injustice being done the country in the misrepresentation of the administration and the slander of the President; but, above all else, sir, the attempt to weaken the confidence of the country in their Chief Executive at a time such as this.

Mr. President, if these criticisms were well founded, if they were really sincerely well meant, we could in some degree ameliorate them, even though we might not wish to forgive them. But at a time when all around us there is evidence that nations are losing confidence in themselves, in the governing spirit, and in the power of control; when, in some instances, riot is following, anarchy is pursuing, murderous designs are clearly in evidence; when war is being pronounced and demolition hovers over mankind in different forms of threats; shall the United States be content that eminent leaders shall invite their countrymen to distrust their own Nation and to hold in contempt the Commander in Chief of their Army and the President of their civil forces by misrepresenting him, or shall we conduct the people in such a way that they may hold up the arms of the high official who has been chosen by popular vote in whom the trust of mankind is really, sir, the safety and the salvation of this Republic, that it may not follow the steps of those who are rapidly leading to their own dissolution?

I have assumed, sir, to take advantage of this discussion, of these moments, and possibly to intrude upon them, and I thank the Senator from Wisconsin [Mr. DUFFY] for allowing me to present these views during the course of the debate on the pending bill; but I felt, sir, that, as we were to take a recess, from today until Monday, these records, which I produce here as records, should go into the CONGRESSIONAL RECORD that there may be beheld and appreciated the injustice to the administration, the libel to the Government, and that mankind may see at least that there are those in the legislative halls of the Government of the United States who will present the records to resuscitate and revive in the hearts of our people confidence in those who are struggling day by day and suffering through the night and enduring every form of calumny and abuse in order that there may be full revival and complete prosperity for our people with glory and honor to the Nation.

EXHIBIT A.—*Supreme Court decisions holding laws unconstitutional*

PRESIDENT HARDING

No.	Date of decision	Case	Citation	Page in analysis
47	May 2, 1921	*Newberry* v. *U. S.*	256 U. S. 232	77
48	Apr. 17, 1922	*U. S.* v. *Moreland*	258 U. S. 433	79
49	May 15, 1922	*Bailey* v. *Drexel Furniture Co.*	259 U. S. 20	98
50	do	*Hill* v. *Wallace*	259 U. S. 44	102
51	Apr. 9, 1923	*Keller* v. *P. E. Power Co.*	261 U. S. 428	80
52	do	*Adkins et al.* v. *Childrens Hospital, Adkins et al.* v. *Lyons.*	261 U. S. 325	90
53	Apr. 23, 1923	*Spalding & Bros.* v. *Edwards*	262 U. S. 66	86

PRESIDENT COOLIDGE

54	Feb. 25, 1924	*Washington* v. *Dawson & Co., Industrial Accident Commission of California* v. *Rolph et al.*	264 U. S. 219	107
55	June 1, 1925	*Miles* v. *Graham*	268 U. S. 501	94
56	Jan. 11, 1926	*Truxler* v. *Crooks*	269 U. S. 475	103
57	Oct. 25, 1926	*Myers* v. *U. S.*	272 U. S. 52	48
58	May 31, 1927	*Nichols* v. *Coolidge*	274 U. S. 531	96
59	Apr. 9, 1928	*Untermyer* v. *Anderson*	276 U. S. 440	108
60	June 4, 1928	*Nat. Life Insurance Co.* v. *U. S.*	277 U. S. 508	105

PRESIDENT HOOVER

61	May 25, 1931	*Indian Motocycle Co.* v. *U. S.*	283 U. S. 570	110
62	Mar. 21, 1932	*Heiner* v. *Donnan*	285 U. S. 312	112
63	Apr. 11, 1932	*Burnet* v. *Coronado Oil & Gas Co.*	285 U. S. 393	85

PRESIDENT ROOSEVELT

64	Feb. 3, 1934	*Booth* v. *U. S.*	291 U. S. 339	119
65	June 4, 1934	*Lynch* v. *U. S.*	292 U. S. 571	113
66	Jan. 7, 1935	*Panama Refining Co. et al.* v. *Ryan et al.*	293 U. S. 388	117
67	May 6, 1935	*R. R. Retirement Board* v. *The Alton R. R. Co. et al.* (No. 566, October term, 1934).		121
68	May 27, 1935	*Schechter Poultry Corporation et al.* v. *U. S.* (Nos. 854, 864, October term, 1934).		115
69	do	*Louisville Joint Stock Land Bank* v. *Radford* (No. 717, October term, 1934).		123

Mr. TRAMMELL. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out section 11, on page 10, lines 3 to 15, inclusive, and to insert in lieu thereof the following:

> SEC. 11. The proviso of section 15 of such act, as amended, is hereby amended, to read as follows: "*Provided*, That all copies of any copyright material which shall be distributed in the United States on book, pamphlet, map, or sheet form shall be printed from type set within the limits of the United States, either by hand or by the aid of any kind of typesetting machine, and/or from plates made within the limits of the United States; or, if the text be produced by lithographic, mimeographic, photogravure, or photoengraving, or any kindred process or any other process of reproduction now or hereafter devised, then by a process wholly performed within the limits of the United States; and the printing or other reproduction of the text, and the binding of the said book or pamphlet, shall be performed within the limits of the United States. Said requirements shall extend also to any copyright illustrations, maps, or charts within any book or pamphlet, or in sheet form. Said requirements shall not apply to works in raised characters for the use of the blind."

Mr. TRAMMELL. Mr. President, I offer the amendment for the purpose of endeavoring to preserve to the American workmen the earnings which may come to them from the printing in English of books which are distributed in this country. A similar provision is found in the existing law,

as I understand, but the bill now before us attempts to remove that restriction.

Mr. DUFFY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. TRAMMELL. I yield.

Mr. DUFFY. I wish to correct the statement and call the attention of the Senator to the fact that the amendment goes much further back than the present law. The present law only makes requirement as to works printed in the English language. The Senator's amendment would go back to the law as it was before 1909, when it was liberalized. The amendment would require the same thing as to all works printed in any language. Is that correct?

Mr. TRAMMELL. The amendment restricts its provision to anything printed in the English language. I have revised the amendment to make it apply only to anything "printed in the English language."

It is my understanding that a number of the larger book publishing concerns of America have branches not only in our own country, but abroad, in London, and in other places. I am informed that it is their practice to take the writings of an American author and have the printing done abroad because they can have the work executed more economically abroad, and then bring them back for distribution in the United States.

Mr. DUFFY. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. DUFFY. I do not like to interrupt the Senator, but according to the terms of the bill now under consideration that would not be possible.

Mr. TRAMMELL. I have been unable to find such a provision in the bill.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Vermont?

Mr. TRAMMELL. I yield.

Mr. AUSTIN. I ask the Senator from Florida in what respect his proposal differs from that of section 15 of the present act, "An act to amend and consolidate the acts respecting copyright, approved March 4, 1909", as it now reads. As I listened to the reading of the amendment it seemed to me to be very much like section 15 of the present law. Will the Senator explain the difference between the present law and his amendment?

Mr. TRAMMELL. Mr. President, it is my understanding that in substance the amendment would continue the present law affecting the distribution in this country of publications which are printed in English, whether of American authorship or foreign authorship.

Mr. AUSTIN. Does the Senator understand that the pending bill, in section 11, page 10, changes section 15 of existing law in any other way than to add to it the proviso set forth in lines 3 to 15, on page 10 of the pending bill?

Mr. TRAMMELL. That is the only feature of the present law which it is proposed to change. The effort seems to be, according to my understanding of the bill, to change the present law and liberalize it so that the printing may be done in foreign countries instead of requiring it to be done in America.

Mr. AUSTIN. Does the Senator intend by his amendment in effect to strike out the proviso set forth on page 10 of the bill, lines 3 to 15?

Mr. TRAMMELL. That would be the effect of it. It is proposed that the proviso there set forth shall be stricken out and then to insert in substance the provisions of the existing law. Subdivision 5 of section 11 provides that "works in any language, by foreign authors, first published in a foreign country party to the convention for the protection of literary and artistic works" may be published in this country and distributed, if printed in English, even when printed in foreign countries. I take it the committee was seeking to permit that character of literature to be brought into this country without requiring that it be printed in a publishing house or book concern of this country.

It also provides, as I understand, by eliminating the restrictions which we have heretofore had, that the text of an American author may be taken by a publishing house which has a branch located in London, for instance, and the printing done there, and then brought back into this country. American citizens would thus be deprived of the work involved in the preparation and publication. Naturally a great deal of it would go to the foreign branch of, for instance, Macmillan Co., because they can have the work done cheaper there. The printers, the engravers, and the bookbinders work more cheaply over there than in the United States, so that the American institution with a branch office in a foreign country, dealing with editions of an American author, would have the publications printed abroad because they could then undersell American publishers. It is that which we are seeking to prevent.

Mr. DUFFY. Mr. President, I will say to the Senator that the same thing could be done now, but no copyright would be obtainable if such books were brought back to this country; and under the bill before the Senate exactly the same thing would obtain. Books published in that manner could not be brought back to this country and have any copyright on them.

Mr. TRAMMELL. I should like to know the provision of the bill which places an inhibition against a practice of that kind, because the bill seeks to change the old law, and, I think, to liberalize it in that respect.

Mr. DUFFY. I should say that where authors live in any of the countries that belong to the Union, it is intended that they should have that right in this country in accordance with the treaty, but that is because those countries give our authors the same right. We have had many protests at the State Department from Great Britain and other English-speaking countries saying, "We are giving your American authors certain rights. You are putting certain restrictions in the same respect upon English authors. We wish to be on the same basis. We desire to have you extend to our authors the same privileges that we extend to your authors."

It was only because of that treaty provision that the provision to which the Senator refers is in the bill.

Mr. TRAMMELL. I am, of course, very much in favor of giving reasonable protection to American authors and publishers, and I am also in favor of a spirit of cooperation with foreign authors; but while I have had an opportunity to glance over this bill only very hastily, it seems to me the trend of the measure is to try to deal more leniently and helpfully with the foreign situation than with the American situation. That is my impression; and certainly if we do not protect our publishers in regard to having the work on the different editions of the writings of American authors executed here at home, we are going to turn over that benefit to foreign publishers. This amendment seeks to avoid that.

As to the trend of the policy of this bill, under the present law copyrights heretofore have been granted for 28 years only, and the holder of the copyright has had 1 year within which to file an application for an extension. This bill automatically extends the copyright for a total period of 56 years, regardless of the fact that no application is made. I did not hear the Senator from Wisconsin explain why that is done, and that privilege goes to foreign authors just as it does to American authors.

Mr. DUFFY. Mr. President, I will say to the Senator from Florida that I did explain the provision. Perhaps the Senator was out of the Chamber at the time.

Mr. TRAMMELL. I may have been.

Mr. DUFFY. That is one of the provisions for which the authors have been asking, which the Authors' League requested. I cited 8 or 10 different things in the bill which are beneficial to the authors of this country, and that is one of them.

The explanation is simply this: The authors have a copyright for 28 years. As a matter of right, when they apply for it, they may secure an extension of 28 years. Sometimes, in case of death of the author, because members of the

family do not know about the renewal privilege they lose valuable rights. Therefore it was thought that instead of having a 28-year copyright, with a renewable period of 28 years, it was fair to acquiesce in the request of the authors and have the copyright for one term of 56 years.

Mr. TRAMMELL. In other words, it is proposed automatically to revive claims which the authors themselves have neglected to renew under the old law. They had a period of 1 year in which to do it.

As I understand the policy of the Constitution with regard to copyrights and patents, there were two objects in view. One was to encourage the author and the inventor; but not only did our Constitution and laws contemplate encouragement and helpfulness to the author and the inventor but they also contemplated that the public interest should be considered. Our first law on the subject provided only a 28-year period on the theory that the public should have some protection and some rights after the expiration of a 28-year period.

It was provided, however, that if an extension should be applied for within 1 year it would be granted. Under the policy of this bill, the law itself revives all copyrights, all interests, in the hands of whomsoever they may be, and further subjects the public to whatever royalties or charges may be made against the public on account of the monopoly which exists under a copyright. That, of course, extends to foreign authors just as it does to American authors.

The main point I have in mind, however, is trying to protect American labor in regard to printing, engraving, and bookbinding; and that is why I have offered the amendment.

Personally, I am not enamored of the policy which seems to enthuse some persons at the present time of making all kinds of concessions to foreigners in regard to reciprocity in different respects. I have not yet heard of any reciprocity in regard to tariffs that provides any protection or any advantage for the American people. I do not know of any.

My own State is more or less interested in the question of importations from Cuba. A reciprocal trade agreement was made with Cuba. I do not know of any benefits whatever that can come to the American producer from the agreement made with Cuba, but I know of some detriment that has resulted from it. Some persons seem to think the thing to do is to encourage the agricultural producers in Cuba instead of encouraging the same class in America. Likewise, in all the other reciprocal trade agreements I have heard of, in my opinion America has received absolutely no benefits, and we have surrendered benefits to the foreign country with which we were dealing in ways that are already proving detrimental to American labor and to American farmers.

This will continue to be the story so long as these reciprocal treaties shall be made under the policy under which they are now being made—a policy which seems to take it for granted that every time we make some concessions to our foreign neighbors we get the better of the deal, and that the way to make conditions better for American labor and the American farmer is to enable our competitors to bring more products into this country.

I would rather assist the farmers and the laborers and the workmen of this country directly than to take some circuitous route and seek to help them indirectly by liberalizing our tariff so as to permit the importation of more products from foreign countries, hoping by so doing to better the condition of our people in America.

I mention this subject in connection with the pending bill because it is rather analogous to the situation now presented, under which, according to my opinion, there is an effort to help foreign interests instead of helping American interests.

I have respect and appreciation for foreign nations. I desire to have every courtesy extended to them at all times. I desire peaceful and friendly relations with them; but I do not think such a policy necessitates any sacrifice of the interests of the American people. The interests of the American people should at all times be conserved, courteously, but firmly and courageously.

Mr. DUFFY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. TRAMMELL. I do.

Mr. DUFFY. I was wondering if the Senator had considered substituting for his amendment section 26 of the Vestal bill, which passed the House and was unanimously reported from the Senate committee. At that time it had the support of labor and the Authors' League; and I think that section might more nearly come within the limitations imposed by the treaty.

I desire as much as the Senator from Florida does to have every possible protection afforded to American workmen, but I do not wish to have in this bill something which will be directly opposite to the provisions of the treaty. Besides that, as I tried to point out yesterday, if we should bring about reprisals, such as have been threatened by Great Britain and the other English-speaking countries, against our authors who sell books and periodicals and other products of their brain in such countries because we are not giving as many advantages to them as they are giving to us, of course the American workman would be much worse off, since we export to those countries a good deal more than we import from them.

I simply wished to suggest the thought that there might be a possibility of the substitution of section 26 of the Vestal bill, to which I have referred.

Mr. TRAMMELL. Mr. President, I have some statistics from which I find that there is not so very much difference between the exports and the imports. I do not, of course, question the sincerity of the Senator from Wisconsin; but, as I see it, in order to try to achieve something in behalf of American labor, he desires to travel the circuitous route and to hazard the uncertainty of what may happen. Therefore he proposes legislation which is intended, of course, to assist both parties in interest, but I am afraid it will not achieve what he desires.

Unless the Senate wishes to remain in session, I will yield the floor at this time, and allow my amendment to be pending.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Albert M. Cristy, of Hawaii, to be second judge, first circuit, Territory of Hawaii. (Reappointment.)

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. MURRAY in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

LEGISLATIVE SESSION

Mr. ROBINSON. I move that the Senate return to legislative session.

The motion was agreed to; and the Senate resumed legislative session.

DEATH OF HON. FREDERICK HUNTINGTON GILLETT

The PRESIDING OFFICER laid before the Senate the resolutions (H. Res. 317) of the House of Representatives

adopted on the occasion of the death of Hon. Frederick Huntington Gillett, which were read, as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
July 31, 1935.

Resolved, That the House has learned with profound sorrow of the death of Frederick Huntington Gillett, a Member of the House for 16 consecutive terms, its Speaker of the Sixty-sixth, Sixty-seventh, and Sixty-eighth Congresses, and thereafter a Senator from the State of Massachusetts for one term.

Resolved, That in the death of Hon. Frederick Huntington Gillett the United States and the Commonwealth of Massachusetts have lost a valued and eminent public servant and citizen.

Resolved, That the House of Representatives, of which he was a distinguished Member and leader, unite in honoring his sterling character, the ability, probity, and patriotic motives which illustrated his public career; and the grace, dignity, and fairness which marked his intercourse with his colleagues in Congress and with his fellow citizens.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect this House do now adjourn.

Mr. WALSH. Mr. President, I submit a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will read the resolution.

The Chief Clerk read the resolution (S. Res. 177), as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. Frederick Huntington Gillett, a Senator from the State of Massachusetts for 1 term, a Member of the House of Representatives for 16 consecutive terms, and its Speaker of the Sixty-sixth, Sixty-seventh, and Sixty-eighth Congresses.

Resolved, That by the death of Hon. Frederick Huntington Gillett the United States and the Commonwealth of Massachusetts have lost a valued public servant and eminent citizen.

Resolved, That the Senate, of which he was a distinguished Member, takes pride in his sterling character; the ability, probity, and patriotic devotion with which he served his country and his State; the attributes of calm dignity and courage which marked his public career; and the scholarly attainments which characterized his life.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Mr. WALSH. Mr. President, the resolution, of necessity brief, inadequately sets forth the public service and achievements of Mr. Gillett, for 6 years Speaker of the House of Representatives, and formerly a Member of this body. It would take more time than is available at present fully and fittingly to pay proper tribute to the long and extraordinarily high-minded public service rendered by Mr. Gillett. On some other occasion I may take occasion to express the sentiments which I and other Members of the Senate entertained toward Mr. Gillett.

I move that the resolution just read be agreed to.

The resolution was considered by unanimous consent and unanimously agreed to.

Mr. WALSH. Mr. President, as a further mark of respect to our former associate and the ex-Speaker of the House of Representatives, Frederick H. Gillett, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 2 o'clock and 40 minutes p. m.) the Senate took a recess until Monday, August 5, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 1 (legislative day of Monday, July 29), 1935

POSTMASTERS

CONNECTICUT

Louis P. Despelteau, North Grosvenor Dale.

MISSOURI

Rowena M. Abney, Blackwater.
James E. Thomson, Craig.
Orville L. Davis, Keytesville.
Robert Irving Caldwell, Lutesville.
William H. Nanney, Marble Hill.
J. Boulton Settle, New Franklin.
Albert O. Allen, New Madrid.

TEXAS

Edgar W. Burkett, Andrews.
Troy L. Ikard, Archer City.
Richard W. Taylor, Asherton.
William F. Robinson, Bowie.
Roy Leonard Doak, Cleburne.
Raymond C. Clemer, Clyde.
Sue De Ford, Gordon.
Willis H. Roberson, Grand Saline.
Tom B. O'Bryan, Henrietta.
Harry G. Hubert, Junction.
William R. Seale, Karnes City.
Ralph W. Ford, Linden.
Lucian Everett Wilhite, Lueders.
John L. Box, Lyford.
Charles C. Canuteson, Moody.
Mary N. Winder, Morton.
Floyd Lee Haymes, Munday.
Crecy Longmire, Newgulf.
Jesse B. Coffey, Richland Springs.
Mary S. Henry, Rocksprings.
William R. Baker, Strawn.
Andy A. Baker, Tolar.
Emmett R. Cunningham, Van.
Harvey O. Jones, Winters.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 1, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

God of wisdom, God of love, inspire us to lay to our hearts the pure teachings, searching appeals, and heavenly promises of the Holy Bible. They shall be a shield and a breastplate in sanctifying and improving the common relations and duties of life; they shall be a bulwark against falsehood, suspicion, and unjust criticism. The blessed Father of us all, descend from the celestial universe and pour into our souls those glorious truths, influences, and hopes that shall crown us with fadeless wreaths. Help us to follow the royal road, and keep us face to face with the splendor and mystery of a godly life. Holy Spirit, breathe in every aspiration of our breasts. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

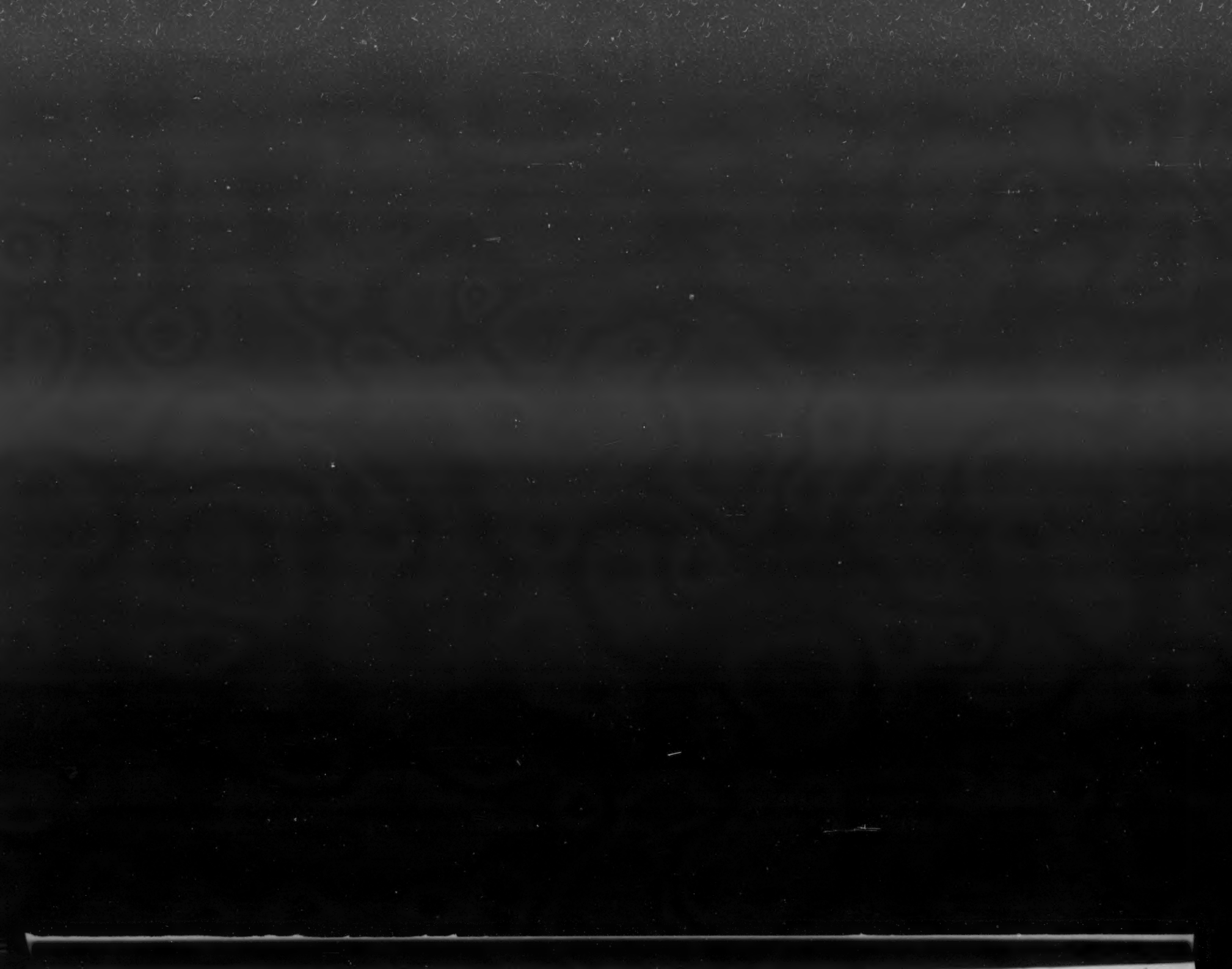
S. 1843. An act to authorize the award of a decoration for distinguished service to George J. Frank, formerly a bugler, Company K, Thirtieth Regiment United States Infantry, in the World War; and

S. 3311. An act to amend an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437; U. S. C., title 30, secs. 185, 221, 223, 226), as amended.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3019. An act to amend sections 1, 3, and 15 of "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes", approved June 28, 1934 (48 Stat. 1269).

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:



S. 2259. An act to amend sections 966 and 971 of chapter 22 of the act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, and for other purposes.

The message also announced that the Senate had adopted the following concurrent resolution:

Senate Concurrent Resolution 22

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives in signing the enrolled bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes, be, and the same is hereby, rescinded.

The message also announced that the Senate requests the House to return to the Senate the bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes.

PUBLIC UTILITIES ACT, 1935

Mr. RAYBURN. Mr. Speaker, I offer a privileged resolution.

The Clerk read as follows:

Resolved, That the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill of the Senate, S. 2796, be, and they are hereby, instructed to agree to the provisions of section 11 of the Senate bill.

Mr. CROSS of Texas. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair will count. [After counting.] One hundred and seventy-six Members are present, not a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 149]

Bacon	Dunn, Miss.	Kniffin	Rudd
Bankhead	Eicher	Lamneck	Russell
Bell	Engel	Lee, Okla.	Sanders, La.
Brooks	Ferguson	Lehlbach	Schuetz
Brown, Mich.	Fernandez	Lucas	Shannon
Buckley, N. Y.	Gassaway	McGroarty	Sisson
Bulwinkle	Goodwin	McMillan	Spence
Burnham	Gray, Ind.	McSwain	Stack
Carter	Greenway	Montague	Stubbs
Cary	Halleck	Moritz	Sullivan
Chapman	Harter	Norton	Sweeney
Claiborne	Healey	O'Connell	Taber
Cochran	Hennings	O'Leary	Tobey
Costello	Higgins, Conn.	Oliver	Underwood
Culkin	Jacobsen	Parks	Welch
Daly	Johnson, W. Va.	Perkins	Whelchel
Dempsey	Kennedy, Md.	Peyser	Wilcox
Dietrich	Kerr	Richards	Wilson, Pa.
Dockweiler	Kimball	Rogers, N. H.	

The SPEAKER. Three hundred and fifty-four Members have answered to their names, a quorum.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

The SPEAKER. The Chair recognizes the gentleman from Texas [Mr. RAYBURN].

Mr. O'CONNOR. Mr. Speaker, I desire to make a point of order. I will reserve it if the gentleman desires to be heard first.

Mr. RAYBURN. Proceed.

Mr. O'CONNOR. Mr. Speaker, I do not make a point of order so much in opposition to what the motion would accomplish as to attempt to——

Mr. RANKIN. Let us have the point of order first and the argument later.

The SPEAKER. The gentleman is in the process of stating his point of order.

Mr. O'CONNOR. The point of order, briefly, is against the motion being privileged under rule XXVIII.

The SPEAKER. The Chair will hear the gentleman.

Mr. O'CONNOR. Mr. Speaker, rule XXVIII was adopted in the Seventy-second Congress, on December 8, 1931. Its author was the gentleman from Georgia, Mr. Crisp, one of the greatest parliamentarians any legislative body ever had. He had proposed it in the previous Congress in which the Republicans were in the majority, but it had been voted down. In the Seventy-second Congress, when the Democrats came into the majority, the gentleman from Georgia, Mr. Crisp, proposed it again, and it was adopted, although the Republican minority had refused to approve it in their conference.

The situation before this rule was adopted was this, that when a conference was agreed to, a motion to instruct the conferees was possible. That situation was not changed by reason of this rule.

Twenty days ago when this House agreed to the conference asked for by the Senate a motion was then in order to instruct the conferees as to the "death sentence." Some of us felt sure that motion would be made by some of the ardent supporters of the Senate bill, so a record vote might have been had on this clear-cut issue. That opportunity for a clear-cut record vote had been continually pointed out in the discussion on the rule brought in for the consideration of the utilities bill. Strangely, however, advantage was not taken of this opportunity to get a record vote. Friends of the "death sentence" on the floor must have been aware of the opportunity. Some of them openly stated they were content to let the bill go to conference, although they must have known they could have had a record vote at that time. Then why was there all the previous claim about being denied an opportunity for a vote?

Rule XXVIII provides, in part, as follows:

After House conferees on any bill or resolution in conference between the House and Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees, or to instruct said House conferees.

The motion of the gentleman from Texas is made under the latter clause, "to instruct said House conferees."

The reason for rule XXVIII was pointed out in the debate in the House when that rule was under consideration on December 8, 1931. The grounds are embraced in the statement of the gentleman from Georgia, Mr. Crisp, in discussing this proposed rule. He made the following statement:

I propose another very vital fundamental change to insure the majority control which the Republican conference did not act upon, to wit, a rule making it possible to deal with recalcitrant conferees and make them subject to and amenable to this House, that rule being that when conferees shall have been appointed for 20 days and shall not have made a report, it shall be a privileged motion to move to discharge them and to appoint new conferees and to instruct.

That is the basis of the rule. In the prior Congress, on a veterans' hospital bill, and some other bills, the Republican conferees had refused to report.

The minority had no opportunity or no right under the rules there in force to compel a report, and, as stated in debate on December 8, 1931, this rule XXVIII was adopted to give the minority a chance to force the majority to act on legislation.

Is it true that conferees must be "recalcitrant", that they must be guilty of some wrong or neglect before rule XXVIII is applicable? Further discussing that, Mr. Crisp said:

You all recall how in Congresses past the conferees defied the House on the Norris "lame duck" resolution, how they defied it on Muscle Shoals, and how they defied it during the last hours of the last session on the bill for the veterans' hospital. Under the old rules if nine-tenths of the Members of the House desired to instruct conferees, they are impotent as babies to do so unless the Speaker would recognize them to move to suspend the rules, or the Committee on Rules would bring in a resolution authorizing the House to deal with them. Is that democratic, or is it consistent with the American form of government? No. Under the rule proposed today you have them absolutely within the control and authority of this House.

Now, as to that part of the rule which permits the discharge of conferees after failing to report for 20 days, there may be no need for proving recalcitrancy, but when the

opportunity to instruct was before the House 20 days ago can you now ask to instruct the House conferees unless they have been recalcitrant?

The gentleman from Missouri [Mr. CANNON], another great parliamentarian, recognized today as the outstanding active parliamentarian, had this to say:

The need of some practical method of discharging committees refusing to report meritorious legislation has been the storm center about which parliamentary battles have been waged in practically every adoption of the rules for the last two decades.

In the pending resolution we have the solution of the problem. Here at last is a workable rule. Here is a provision under which recalcitrant committees, whether standing committees or committees of conference, may be discharged, and the House afforded an opportunity for the discussion of measures it desires to consider. It is a provision which conforms to every requirement of the ideal rule. It permits the majority to legislate when it desires to legislate. And it safeguards the rights of the minority. These two qualifications constitute the highest test to which a rule may be subjected. The resolution merits the support of Members on both sides of the aisle. It removes the last obstacle to the complete democratization of the rules of the House.

Mr. Speaker, I have a parliamentary purpose in reviewing the background of this rule; I now believe it has been proven inadequate to meet the purpose intended, because in the first place the rule should have provided that when the conferees refused to submit a "conference report", as the distinguished Speaker held yesterday it did mean, the rule then applied; but if the rule does apply only to "recalcitrant" conferees, can another motion be made to instruct the conferees, when they could have been instructed in the first instance?

As pointed out many times in the debate on the rule for the consideration of the utility bill, when the conferees do come back with a report another opportunity for a record vote will be given on this issue; but, Mr. Speaker, in between the time that vote should have been taken, 20 days ago, and today, without any allegation against the conferees that they have been recalcitrant, I submit the question to the Speaker for the sole purpose of having it ruled upon, some precedent in the matter may be established.

Mr. RANKIN. Mr. Speaker——

The SPEAKER. The Chair is ready to rule.

Mr. RANKIN. Mr. Speaker, I just want to say that the House is governed by the rule, and not by the argument presented by Mr. Crisp.

The rule is plain; it gives to the House the benefit of this motion in addition to the privileges that it already had with reference to instructing conferees. I therefore submit the point of order of the gentleman from New York [Mr. O'CONNOR] is not well taken.

The SPEAKER. The gentleman from Texas [Mr. RAYBURN] has presented a motion to instruct the conferees on the part of the House at the conference on the disagreeing votes of the two Houses on Senate bill 2796 to agree to the provisions of section 11 of the Senate bill. He does so under the provisions of rule XXVIII, which has been referred to and read several times to the House in the past 2 or 3 days, and with which all Members are familiar.

The gentleman from New York makes the point of order that the motion is not a privileged motion.

The Chair has had occasion in the past several days to give considerable thought and study to this rule. The Chair has heretofore stated that in the opinion of the Chair the whole object and purpose of the rule was to enable the House to preserve some control over conferees after they had been appointed. Up until the time clause 1½ (a) of rule XXVIII was adopted the House had no authority over conferees after their appointment. Under the rules and practices preceding the adoption of this rule it was necessary for the House to instruct the conferees before they were appointed or the House lost entire control unless the conferees made a report either of disagreement or agreement.

The Chair has heretofore stated that in the opinion of the Chair the House in adopting the rule and providing that 20 days should elapse before a motion of this kind was in order intended to give what it considered at that time full opportunity to the conferees to come to such agreement. Under the present situation, with reference to the conferees on this particular bill, the Chair finds that the conferees were appointed more than 20 days ago.

As stated, the gentleman from Texas is offering this motion under the provisions of this rule. The Chair does not think it is a question of recalcitrancy on the part of the conferees or that that is necessary to make this motion in order, because the Chair repeats that in his opinion the moving purpose of the House in adopting the rule was to maintain control by the House over its conferees upon any bill which had been committed to them.

The gentleman from New York [Mr. O'CONNOR] has referred to remarks made in debate during the consideration of this rule. Of course, such remarks are persuasive—certainly, in the event the rule is ambiguous or subject to any doubt as to what is really meant; but, after all, remarks made in the discussion of the rule cannot be used to controvert the plain language of the rule and the plain intent of the rule when it is clearly expressed.

The Chair desires to read this rule again:

After House conferees on any bill or resolution in conference between the House and Senate shall have been appointed for 20 calendar days and shall have failed to make a report—

All of which is true in this instance—

it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees, or to instruct said House conferees.

The Chair does not think there is any ambiguity in the language employed in this rule. It provides for two motions, one of which is to discharge and appoint new conferees, and the other to instruct the conferees already appointed.

The gentleman from Texas has made the latter motion. The Chair thinks it is clearly authorized under the plain language of the rule and therefore overrules the point of order.

FIRST REAL TEST

Mr. RAYBURN. Mr. Speaker, this is the first opportunity that has been presented to the House to meet squarely the proposition of whether or not the House of Representatives desires to allow holding companies to live practically unrestricted or to set a policy that those that are unnecessary and inimical to the public interest shall die. [Applause.]

This motion might as well come today as later, because there is no question but what the House now or later will be called upon to pass upon this question. This is one of my purposes. The first purpose, of course, is to test the sentiment of this House. I think each and every Member of the House owes it to himself, whether he be for the so-called "death sentence" or against it, to be allowed to register his vote on a roll. [Applause.]

So much has been said, such a whispering campaign has been carried on, unequaled, in my opinion, by anything that has met any legislative proposal in the last half century, it has not only gone to this bill but it has gone to its main sponsors.

Mr. COOPER of Ohio. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield to my colleague for one question.

Mr. COOPER of Ohio. Does the gentleman from Texas contend that section 11 of the House bill permits holding companies to go unrestricted?

Mr. RAYBURN. No.

Mr. COOPER of Ohio. The question, the gentleman stated, was whether or not we were going to let holding companies go unrestricted.

"DEATH SENTENCE" A COINED PHRASE

Mr. RAYBURN. Everybody knows that the House section is not a very strong one as to the elimination of holding companies, and, furthermore, let me say that one of the cute, one of the smart tricks that the utilities companies did was to coin the phrase "death sentence." [Applause.] It was part and parcel of their campaign of threat and coercion. Anyone who reads section 11 of the Senate bill that I move to instruct the conferees on the part of the House to accept knows that under conditions laid down in that section holding companies may live. I do not think, however, there is a man in the

sound of my voice who would be willing to say that all the holding companies that now exist should continue to exist. [Applause.] The revelations in the Senate with reference to some of the actions of these people would demonstrate to every man, I believe, who loves justice and fair play and who stands for the preservation of the best that is in our social, our economic, and political life that of these companies many of them must die if the Republic is to live. [Applause.]

We want authority lodged somewhere so that in the future these holding companies that have so harassed and have so bilked the American public shall not live after this session of Congress. [Applause.]

Mr. Speaker, in my time, speaking of the whispering campaign, I desire to have read a thing put out by the press association in this city this morning with reference to the testimony taken before the Senate.

The SPEAKER. Without objection, the Clerk will read.

There was no objection.

The Clerk read as follows:

AUGUST 1, 1935.

The Washington City News Service, a subsidiary of the United Press Associations, sends out the following report of the testimony of E. P. Cramer, as taken today by the Lobby Investigating Committee, of which Senator BLACK is chairman:

"E. P. Cramer, of Plainfield, N. J., advertising man, admitted to Senate lobby investigators this morning he suggested to the Electric Bond & Share Co. early this year that a 'whispering campaign' be initiated to 'create a popular suspicion' that '"new dealers", and especially the "New Dealer in Chief" are either incompetent or insane.'

"'That's one of the things I suggested,' Cramer testified, explaining that he wanted to institute a 'sound, educational campaign' against the campaign.

"Chairman BLACK asked:

"'Did you have any basis for attempting to create an impression in the minds of the people of this country that their President was insane?'

"'None whatever,' Cramer replied.

"Cramer's suggestions were made in a letter to C. E. Groesbeck, chairman of the board of the Bond & Share Co., on March 28 of this year.

"He testified he wanted the 'whispering campaign' to be 'analogous to the campaign against Mr. Hoover.'

"'Have you ever seen the President?' BLACK shouted.

"'No,' Cramer said.

"'Had you ever seen anyone who saw him?'

"'No.'

"'Did you think such a thing was true?'

"'I think there was something wrong,' Cramer replied.

"'What?' BLACK asked.

"'Well, there's so much confusion down here", Cramer said.

"'You knew it was false, didn't you?'

"'I don't know.'

"The 'whispering campaign' suggestion was 'number 3' in the list sent to Groesbeck.

"It read:

"'"A whispering campaign" designed to create popular suspicion that the "new dealers" and especially the "New Dealer in Chief" are either incompetent or insane, discrediting them in the same way that Michaelson so successfully discredited Hoover.'

"Cramer said he now believed the suggestion was 'unsound' and should not have been included.

"'I wrote that letter back in March,' he said 'and I don't think the "whispering campaign" began until about a month ago.'

"BLACK submitted newspaper and magazine articles appearing in June which said the President had been asked in a press conference to quiet reports that he was in poor health.

"Cramer testified he made the suggestion and numerous others, including one for a 'congressional investigation of the "brain trusters" as stockholders in the company.'

"Committeemen said there was no evidence that Groesbeck or his subordinates approved it.

"Cramer refused to appear before the committee on a telegraphic request and a subpena was served on him at 1:10 a. m. this morning, investigators told newsmen."

Mr. RAYBURN. Mr. Speaker, I submit that without any further comment. We find ourselves in this situation. The House conferees were appointed, and the Senate conferees were appointed. Then this situation came up immediately as to whether or not a man who is not an employee of the House or the Senate but who had served the Senate as a draftsman should sit at the conference.

Three Members of the House voted not to proceed unless he was excluded.

We adjourned subject to the call of Senator WHEELER, who knows that if the Senate maintains its position and the House maintains its position there is no use of any further meetings.

Why I offer this motion today is it is the first opportunity that I have had to offer it, because it is on the twentieth day, and if the House of Representatives will adopt this motion the jam will be broken, and we will have a bill within a few weeks. [Applause.]

The utility companies themselves, the better type of them—and there are good types of them—fine men in the business; these men want this jam broken and legislation passed. They want the legislation now and not have this a political question in the next session of Congress and in the next campaign. It is only just and right to them that this jam should be broken.

If the House agrees to this resolution, we will have a bill; and if it does not, we will in all probability not have a bill.

This is the difference and the vital difference between the Senate and the House in section 11. The Securities and Exchange Commission, which is going to administer this law, says that the Senate section 11 is much preferable from an administrative standpoint than the House section 11. I think that myself. The question I put to you—and I am going to reserve some time so that I can close this argument if I desire—is whether or not a workable dissolution of unnecessary holding companies shall be brought about, whether we shall settle this vital question now or let it swing into the next Congress and into the next political campaign of 1936. I call upon you today, those of you who want legislation, and many do, to vote up this motion, and we will have legislation. [Applause.]

I reserve the remainder of my time.

Mr. COOPER of Ohio. Mr. Speaker, will the gentleman yield to me for 5 minutes?

Mr. RAYBURN. I yield to the gentleman for 5 minutes, but I want it understood that I yield for debate only and not for amendment.

Mr. COOPER of Ohio. Mr. Speaker, in the first place, the conferees have never had an opportunity to consider the differences between the two Houses on section 11. I want to make that clear. The gentleman from Texas [Mr. RAYBURN] a moment ago referred to the investigation going on by a Senate committee. Of course, we all know that the investigation by the Senate has been held as a club over the Members of the House to change their vote. Whom has the Senate investigating committee had before it? They took less than 3 hours investigating the public-utilities organization—and they have not called one of those other companies since. They have, however, for more than 2 weeks investigated the Associated Gas & Electric Co., and I think we might as well be frank here and state facts. It is well known that this company is the black sheep of all the utility companies in this country. The chairman of our committee knows that the public-utility organizations would not allow this company to appear with them before our committee during the hearings on the bill. And this is the organization that the chairman of the committee is holding up as an awful example of the utility industry. He brought in a chart which showed the Associated Gas & Electric Co. Why did he not bring in the chart of some of the other companies?

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. COOPER of Ohio. Why did he not bring in a chart of the Commonwealth & Southern, the Alabama Power Co., and U. G. I., and other utilities? I yield to the gentleman.

Mr. RAYBURN. I brought in a chart of the Electric Bond & Share.

Mr. COOPER of Ohio. I know, but the fact remains that the gentleman brought in only two charts and did not exhibit the charts of other utility companies. Was he afraid to exhibit the charts of the good companies? It is not fair. What has this Senate investigating committee done? It has endeavored to cast suspicion and employ the art of intimidation upon every Member of this House. They have implied that our votes were bought. Oh, they have talked about receiving a telegram from a dead man, and there were

great headlines in the newspapers, it was broadcast from one end of the country to the other, but strange as it may seem, the dead man came to life and wrote to a Member of Congress and said if he would examine his files he would find that he was very much alive and had received a letter from his Congressman. Why not bring in some of the other utility companies? Are they afraid to bring them in for investigation? I am not here to defend public utilities. [Cries of "Oh, no!"] That is all right. In all my experience in Congress, I have never stood up and jeered a man when he was expressing his honest convictions on the floor. Every Member has a right to stand here and express his own views without being jeered. [Applause.]

Mr. CONNERY. Mr. Speaker, will the gentleman yield now?

Mr. COOPER of Ohio. Not now. What is section 11 of the House bill? It gives the Security Exchange Commission the power to say whether holding companies shall exist or not and whether their existence is in the public interest. That is what it does. The gentleman from Texas made a statement that the question we face today is as to whether or not these utilities shall continue unrestricted. I made the statement on the floor of the House when considering the bill, and I stand by it now, that there have been some practices and abuses carried on by utility holding companies in our country that are indefensible and which cannot be justified in our economic life, and that we ought to wipe them out as quickly as we can. But, Mr. Speaker, regulation does not mean destruction. [Applause.]

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. RAYBURN. Mr. Speaker, I yield 15 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Speaker, I feel the utmost indignation at the despicable insinuation against our President carried in the matter which the gentleman had read at the desk.

But why did the gentleman from Texas have that statement read at this time? It has no relation to the merits of this controversy. Is it the purpose of the gentleman from Texas to still further inflame public sentiment? Is it his purpose to further intimidate those who honestly disagree with him here on this floor? [Applause.]

The gentleman from Texas [Mr. RAYBURN] is wrong in his statement on the difference between section 11 of the House bill and section 11 of the Senate bill which he is seeking to have adopted in lieu of it. The difference is between orderly execution of a criminal and mob murder. The distinction is between a trial in court and a lynching bee. The gentleman from Texas [Mr. RAYBURN] champions the lynching bee.

Section 11 of the House bill provides for the elimination of all holding companies which the Securities Commission shall find to be operating to the detriment of the public interest or of the interest of investors or consumers, and provides for orderly, legal methods after a hearing and an opportunity to present evidence. But the measure which the gentleman champions would destroy without trial, would condemn unheard all good, bad, and indifferent without waiting for the verdict of a jury.

Section 11 of the Senate bill is unconstitutional. It will not stand up in the courts. I say that deliberately, after having given the legal question careful consideration. It is unworkable as a matter of fact. From an economic standpoint it will do incalculable damage. It will thrust thousands of men now holding jobs into the street among the unemployed. It will take away the bread from the families of men who are now earning it honestly.

I challenge any honest and intelligent man to read section 11 of the Senate bill and then to say that he approves it and that he believes it to be fair and workable. It is an impossible measure, almost insane, and yet the gentleman from Texas [Mr. RAYBURN] invites the House now to accept it without understanding it, without hearing any debate upon it, and without any assurances whatever. Such an action would brand the House as incompetent and its decisions as farcical.

The gentleman from Texas [Mr. RAYBURN] moves that we surrender to the Senate on section 11. I am not surprised that the gentleman should move to surrender. He has been moving to surrender from the very inception of this legislation. He surrendered to Mr. Cohen when the latter handed him the bill, and he introduced it in the House.

He fought for the bill in the subcommittee, and every change that was made in it was a matter of compromise. I sat by the side of my friend from Texas, Mr. RAYBURN. I wanted to agree with him. I told him time and time again that I wanted for us to get a bill that both he and I could support so that we might go through on this bill together. He wrote section 11. That is to say, it was written under his supervision. He brought it before the subcommittee. There, thinking it had his approval, we adopted it. [Applause.] Yet the first opportunity the gentleman had on this floor he moved to surrender section 11 for the Senate section 11. He quit me cold. He abandoned his new-born child and walked away with this Senate jade. [Laughter and applause.]

Then, at last, after nearly 2 weeks, the gentleman from Texas permitted the House conferees to meet with the Senate conferees. There the gentleman from Texas moved to surrender to Mr. Cohen again. He wanted the advice of Mr. Cohen and his help in conference.

Now he comes again today, the first opportunity he has had, and again leads this movement for surrender. I like to follow the gentleman. I am glad to get behind his flag, but I do not like the idea that, having trained and marshaled me, he should give up his flag without firing a single shot. [Applause.]

The gentleman from Texas hitherto established with me great confidence in him as a fighting man. Now he has so changed from the former gallant fighting man that he has come to be just the best little surrenderer that ever was seen. [Laughter and applause.]

The gentleman from Texas wants to surrender. All right. Nothing has happened to change his mind. He has always wanted to surrender. But what about the balance of us? What about the honest men who think that the public welfare requires that these utilities ought to have a trial? What about the honest men who feel that the best interests of this country depend upon some other course than taking up a meat ax and knocking the electrical industry in the head like killing hogs?

Why should we surrender? Is it because the gentleman from Texas has grown weak of heart? Is it because some of us have been misrepresented by scurrilous and lying newspapers? Is it because there has come to some of us letters from uninformed, suspicious, and prejudiced constituents who have no comprehension of the situation but who, nevertheless, took leave to vilify us?

Should we surrender because during the time when the conference was being delayed, a committee was busy at work raising a cloud of suspicion against Members of the House and against all utilities and everybody else that they could besmirch? Is that a reason why we should surrender?

Is it because of the base and damnable insinuations that we who support the House bill are playing the game of the utilities? Is it because we who are trying to sustain the House bill have been subjected to that kind of cowardly and lying insinuation? Should we surrender because of that? I say "No"; no surrender to these vile influences which seek to intimidate but have no bearing upon the merits of the legislation.

The House conferees have the right to hold a conference under fair and just conditions, free from the domination of Mr. Cohen, and to thereat reach, if possible, with the representatives of the Senate, a fair and just decision upon the provisions of this bill. That right the gentleman from Texas [Mr. RAYBURN] would take away from us. He would take it away by his policy of surrender. Surrender without firing a

gun. Surrender without a single reason. Surrender because this cloud of suspicion and character assassination has been raised.

Talk about "whispering campaigns". Who has suffered more from it than I and other Members of my way of thinking?

In my efforts to pass this bill, I am the people's attorney. I represent the prosecution in the case of the people against the utility holding companies. I am determined to bring the guilty among them to the bar of justice. The practices of some of them have been such as to require their condemnation, but I demand that it be done in a lawful and orderly way. That is the object that I seek to accomplish. I will have no part in any program of wholesale lynching and condemnation without trial. [Applause, Members rising.]

Mr. RAYBURN. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Speaker, it seems to me that there is just one issue before this House: Shall we write passion and prejudice into law? Shall we bring Judge Lynch to sit in the House of Representatives?

The fundamental issue is lynch law against Anglo-Saxon jurisprudence. The one condemns without a hearing. The other says that no one shall be denied his day in court, his right to plead his cause. The one is judgment without trial. The other is judgment only after trial. The one would blindly harm the innocent in order to wreak vengeance on the guilty. The other would punish the guilty but protect the innocent. The question, on the one hand, is whether Congress, in complete ignorance of the merits of the particular case, shall by legislative fiat destroy legitimate property interests. On the other hand, the question is whether the property rights of the greatest corporation or the poorest widow in America shall be determined by a fair-minded commission only after a fair hearing of all the facts in the particular case, followed by a calm and unimpassioned judgment.

The one is the meat ax. The other is the scales of impartial justice. For me there is only one choice. When it can be said that in the Congress of the United States there is a denial of that ancient principle, "For justice, all place a temple, and all seasons, summer", then I am ready to leave Congress rather than be a traitor to those things for which our fathers died.

I am surprised that the distinguished chairman of our committee, who agreed to go along with the House bill in the subcommittee and the full committee, has now changed his position without any new evidence going to the merits of the case. We knew all about the Associated Gas & Electric Co. in our hearings, both from the Splawn Report, the Federal Trade Commission Report, and from Burroughs, their vice president, who appeared before our committee. We learned all about those secret profits then, Mr. Speaker; and the gentleman from North Carolina [Mr. BULWINKLE], the gentleman from Alabama [Mr. HUDDLESTON], and myself took Mr. Burroughs to pieces and tore him apart. He left our committee a thoroughly discredited man.

If anybody thinks I am defending Mr. Burroughs or the Associated Gas & Electric Co., let him read the hearings before our committee. I brought out the profits of Hopson and his sisters just as fully as the Senate committee.

What has since happened that was not known to the chairman of our committee at the conclusion of our hearings? Not a thing except that on the sounding board of the Nation the Black committee has repeated everything we knew at that time.

When they say, Mr. Speaker, that this involves simply a question with reference to the treatment of holding companies I want to make the point plain once more that the Senate bill puts every operating company in the Nation under the shadow of the death sentence and the House bill does not. That is the real distinction. The Senate bill provides that after January 1, 1938, the Commission may require each registered holding company and each subsidiary company—which means the operating companies—to be reorganized or dissolved whenever the Commission finds that the corporate structure or continued existence of any such company, holding or operating company, unduly complicates the structure or unfairly or inequitably distributes voting power among the holders of its securities.

This means that under the Senate bill the Commission can rewrite the contract expressed in the stock certificates and in the bonds of every operating company in the Nation. As I said in the debate on June 28—see page 10366 of the RECORD:

> It has been said that the death sentence will not affect operating companies. This is not the fact. The death sentence affects them both directly and indirectly. As I have just stated, every operating company in the United States, if a subsidiary of a holding company, under the bill may be compulsorily reorganized or dissolved if the Commission in its sole discretion finds that such operating company unduly complicates the holding-company system of which it is a part or is detrimental to the functioning of a single integrated system, or has what the Commission considers an unfair distribution of its voting power. If the Commission thinks that the preferred stock of the operating company should be given the power to vote, the company may be reorganized. If the Commission thinks that the operating company's bond or debenture holders should be given the power to vote, such company may be reorganized or dissolved. Voting power enjoyed by common stock may be taken away from such stockholders and given to preferred-stock holders or bondholders.
>
> Despite the fact that preferred stock and bonds were purchased without the power to vote and in strict accordance with the charter of the company and the fundamental law of the State of its creation, this section would take from common-stock holders at the whim of the Commission the property right enjoyed and, I think, protected by the fifth amendment to the Constitution. The Commission, therefore, may rewrite the stock and bond contracts of the operating company security holders.
>
> Dissolved or reorganized, not knowing where the voting power in operating companies is finally to rest, how can any operating company in the United States secure money for its extensions, its improvements, the purchase of heavy machinery, in which the great amount of our unemployment exists, and the reabsorption of millions now on the dole? In the next few years, what man will buy common stocks of operating companies, not knowing whether the contract under which he buys and invests his savings will be worth a tinker's darn 3 or 5 years from now? What man will buy operating company common stocks, or even continue to hold the common stocks he already possesses, with this uncertainty whether he will have a voice in the election of the managers and directors of the business in which his investment is made? If any bill could be written which would more completely hamstring and retard the development and growth of the operating companies of this Nation than the present bill, it is altogether beyond my imagination.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, I know the conditions that exist in my district. I know that every family in my big district is paying extortionate prices for electricity. I know that when they do not pay the bills their electricity is cut off; they do not get it any more.

I know that every family in my district is paying extortionate prices for their gas, and in the wintertime when they do not pay their bill their gas is cut off.

I know every family in my district is paying two and a half times what the people in San Antonio and Waco are paying for their ice. They pay 50 cents per hundred when it sells in Waco and San Antonio for 20 cents per hundred, and when they do not pay it they do not get the ice.

Our able and distinguished chairman of this committee in charge of this bill has just found out that by our people paying these extortionate prices there are Mr. Hopsons who each get a $2,000,000 rake-off from the money that these families pay to put in their pockets in addition to unearned $50,000 salaries per year.

The only kind of surrender Chairman RAYBURN is making is a surrender of the Edward C. Hopsons to the people of America. [Applause.]

Who is this chairman, SAM RAYBURN, of Texas? He was speaker, a distinguished speaker, of the great house of representatives in the legislature of my native State. He had the confidence of every Texan when he was speaker of that house. He had not only their confidence but he had their affection when he was speaker of that house of representatives.

They sent him from Texas to the Congress of the United States, and he has been here for many years rendering hon-

est, faithful service to the people of the United States. He still has the confidence of the people of Texas; he still has their affection, and I do not like the insinuations and innuendo thrown against him on this floor. He has the confidence of the President and of this House of Representatives [applause], and he is doing what he thinks is right in upholding the President's wishes against the influence of the biggest lobby in the whole world.

Why, I can remember when Samuel Insull was operating down there in my State with his tentacles thrown around the watersheds of Texas and when he tried to gobble up the watershed of west Texas on the Colorado River. Why, he wanted every cowman who wanted to build a dam across a little branch on his ranch to come to Austin and get an order first; and when he applied to Mr. Norris at Austin, he found out that the watersheds of Texas were all claimed by Samuel Insull. That was before Samuel Insull became a fugitive in Greece. We broke up that combine in Texas. I have been fighting it for 25 years in Texas.

This is no time to surrender to the Edward C. Hopsons. I would rather surrender to the interests of the people of the country, may I say to my good friend the gentleman from Alabama, than to surrender to the Hopsons, who now will not dare to appear before an investigating committee of Congress and who are slinking away and hiding from a proper investigation.

Mr. Speaker, I am going to vote with the President and SAM RAYBURN for all the people of the United States. [Applause.]

Mr. RAYBURN. Mr. Speaker, frankly, if I had known my colleague from Texas was going to devote his time to delivering an encomium on me I would not have yielded to him; but I must for a moment pay a little attention to the gentleman from Indiana [Mr. PETTENGILL].

Mr. Speaker, I always know where I stand and how I am going to vote. [Applause.] The gentleman from Indiana claims that I agreed to go along in the subcommittee with the bill and in the full committee.

Mr. PETTENGILL. Is that not right?

Mr. RAYBURN. I am going to state the facts. I do not state anything but facts.

When we got to the full committee, members who had served on the subcommittee walked out on the bill; and the gentleman from Indiana, after all of the hearings, had not yet made up his mind and voted "present" on the motion. Now, I am going to state the whole record. Then the gentleman changed his vote and voted to report the bill.

Mr. PETTENGILL. The gentleman wants to be fair to me?

Mr. RAYBURN. Yes.

Mr. PETTENGILL. I want to be fair to the gentleman. Does not the gentleman recall that in the subcommittee I stated I wanted to reserve my vote on the constitutional questions of the bill?

Mr. RAYBURN. Yes. I was simply telling how the gentleman voted.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. RAYBURN. I am not going to yield to the gentleman from Alabama.

Now, my friend, the gentleman from Alabama [Mr. HUDDLESTON] talks a lot, and sometimes to hear him talk and to hear us quarrel in committee one would wonder if we would sit together. Frankly, I have a deep affection for the gentleman from Alabama and I know he has for me. But when the gentleman from Alabama talks about me surrendering, I do not surrender when I act like I want to act. [Applause.] I do not change my position.

The gentleman says I went over to the Senate committee and surrendered to Mr. Cohen. I would have thought, and I still think, that it was a reflection on me if I had worked with a man for 3 months on a bill and I walked over to the Senate conference and some Senator made the motion to exclude that man. They talk about the dignity of the House. I believe that would have been a definite attack upon the dignity of the House. The Senate conferees stated we could bring in anybody we pleased. They asked us to bring in their draftsman and nobody challenged his integrity and nobody challenged his capacity. Then to say that I shall dictate or vote to dictate to the Senate whom they shall bring in there I am not going to do. That is no surrender. [Applause.]

Mr. Speaker, I have stood for elimination of the holding companies from the beginning. The gentleman from Alabama says that section 11 of the House bill was written under my supervision. Well, I am chairman of the committee and I cannot help that; but after the gentleman from Alabama, the gentleman from Indiana, and other members of the subcommittee laid out a policy, even though I did not agree with it, I asked the Drafting Service to draw it. That is all the supervision I had over the matter.

The conference has broken up in the Senate. May I say that the gentleman from Ohio, the gentleman from Alabama, and I in 1933 sat in conference with Mr. Cohen? They sat in conference on the stock-exchange bill of 1934 with that gentleman. He was taken there by the House committee, and they never raised their voice at that time. Why, if that was proper in 1933, was it not proper in 1934, and why is it not proper in 1935?

Mr. HUDDLESTON. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Alabama.

Mr. HUDDLESTON. Does not the gentleman think that enough of a thing is enough? [Laughter and applause.]

Mr. RAYBURN. The gentleman from Alabama in his speech the other day and today has tried to lead the House to believe there is a great fundamental principle involved in who sits as a clerk in committee or who serves as a legislative draftsman. The Senate of the United States had no draftsman except this man. We had our draftsman, and we took him over there. Nobody questioned it. An impasse came about. I want to break it. If we can adopt section 11, we have broken a jam. We will be on the high road to the adoption of a bill which everybody seems to want, but the action of a great many people prevents. I do not want to prevent it; I want to vote for it, and I want to act as I talked. That is what I am doing today. I have not surrendered one iota from the time this bill was introduced until this moment. [Applause.]

Mr. Speaker, aspersions have been cast upon the people who wrote this bill. The statement is made that this bill was handed to me. This bill was handed to me after our committee had made a 3-year investigation of holding companies and found them bad. This bill was handed to me after many conferences with the President of the United States, with Dr. Splawn, with the Federal Trade Commission, with the Attorney General's Office, and with the Securities Commission. The men who handed this bill around to Senator WHEELER and myself wrote what they were told to write after these conferences. [Applause.]

HOLDING COMPANIES MOB CONSUMERS

One more thing and then I am through. I said a while ago that this wonderful phrase "death sentence" was coined by the utilities in order to becloud the issue. Now our friends the gentleman from Alabama and the gentleman from Indiana have coined the phrase, "lynch the utilities." Theirs is not a death sentence with the ordinary electrocution, but going out in the night, taking them from their homes and their abiding places, and not according to law, but in defiance of law and decency, taking them out to lynch them.

I do not believe in mob law. I do not believe in lynch law. I do not believe in people acting outside of the law. I do not believe in corporations acting outside of law and outside of decency. These people are not controlled. They must be dissolved, and allow the honest, fair-operating utilities of this country to operate without the domination of people thousands of miles away who know nothing about the business, nothing about the sentiment of the people, nothing about anything except the money they can milk and bleed out of these people. [Applause.]

Talk about employment! When you take from the operating companies of this country the money in the millions

Mr. McSwain with Mr. Culkin.
Mr. O'Leary with Mr. Welch.
Mr. Bankhead with Mr. Claiborne.
Mr. Montague with Mr. Lamneck.
Mr. Richards with Mr. Spence.
Mr. Kennedy of Maryland with Mr. Gassaway.
Mr. Sanders of Texas with Mr. Russell.
Mr. Harter with Mr. Rogers of New Hampshire.
Mr. Parks with Mr. Dietrich.
Mr. McMillan with Mr. Buckley.
Mr. Wheichel with Mr. Chapman.
Mr. Bulwinkle with Mr. McGroarty.
Mr. Cary with Mr. Dockweiler.
Mr. Underwood with Mr. Brown of Michigan.
Mr. Dempsey with Mr. O'Connell.

Mr. NICHOLS. Mr. Speaker, my colleague, Mr. FERGUSON, is unavoidably absent on business in Oklahoma. If he were here, he would vote "no."

Mr. CONNERY. Mr. Speaker, my colleague, Mr. HEALEY, is unavoidably absent. If present, he would vote "aye."

Mr. DUNN of Pennsylvania. Mr. Speaker, my colleague, Mr. MORITZ, is unavoidably absent; and if present would vote "aye."

Mr. DORSEY. Mr. Speaker, my colleague, Mr. STACK, and Mr. DALY are unavoidably absent. If they were present, they would vote "aye."

Mr. ARNOLD. Mr. Speaker, my colleague, Mr. LUCAS, is unavoidably absent. If he were present, he would vote "no."

Mr. MARTIN of Massachusetts. Mr. Speaker, the gentleman from Indiana, Mr. HALLECK, is unavoidably absent. If present, he would vote "no."

Mr. TRUAX. Mr. Speaker, my colleague, Mr. SWEENEY, is unavoidably absent; and if present he would vote "aye."

Mr. SABATH. Mr. Speaker, the gentleman from Mississippi, Mr. MCGEHEE, is unavoidably absent. If present, he would vote "no."

Mr. HART. Mr. Speaker, the lady from New Jersey, Mrs. NORTON, is unavoidably absent. If present, she would vote "no."

Mr. O'BRIEN. Mr. Speaker, my colleague, Mr. SCHUETZ, is unavoidably absent. If present, he would vote "no."

The result of the vote was announced as above recorded.

Mr. HUDDLESTON. Mr. Speaker, I offer the following motion.

The Clerk read as follows:

Motion to instruct conferees by Mr. HUDDLESTON: Moved that managers on the part of the House appointed upon request of the Senate for a conference upon the disagreeing votes of the House and the Senate on the amendment adopted by the House to S. 2796 be, and they are hereby, instructed as follows:

That it is the will of the House that its managers insist upon a conference being held under just and fair conditions, such as will insure careful, calm, and deliberate consideration and will tend to promote an agreement by the conference, and that in the performance of their duties as such managers it is and shall remain the right and privilege of the managers on the part of the House, if in their judgment it is desirable in promoting the aforesaid ends, that such conference be held without the presence thereat of any person not a manager upon the part of either House or Senate.

Mr. BLANTON. Mr. Speaker, I make the point of order that the resolution is out of order; that any resolution that would impugn the motives of the Senate conferees as being unfair is out of order.

The rule already provides for a free and fair conference. It is not in order for the House to pass a resolution that would in any way interfere with the Senate managers who are in control of the Senate itself. The House controls its House managers and the Senate controls its Senate managers. Neither body has any control over the other, and the resolution that would seek to interfere with the Senate managers is out of order.

Mr. RANKIN. Mr. Speaker, I make the further point of order that the House is authorized to instruct conferees only on the matters in disagreement between the two bodies, and this is an attempt to go beyond that and regulate the conduct of the conferees on the part of the Senate. For that reason it is not in order and not privileged.

Mr. MICHENER. Mr. Speaker, the conferees are but the creatures of the House. Their duties, their obligations, are limited only by the rules and instructions of the House. There is no question but that the House can instruct the conferees in any manner not prohibited by the rules of the House. The instruction provided for in this resolution is as to procedure entirely. There is nothing in the rules affecting procedure, excepting that it shall be a fair and open conference. It is highly in order for the House to amplify and to give such specific instructions to the conferees as to their conduct as the House in its wisdom shall determine. I cannot see for the life of me how it could be said that this particular resolution in any way reflects upon the integrity of the Senate. There is nothing referring to the Senate. There is nothing in the resolution referring to any conduct of the Senate. It is quite clear, it seems to me, there is nothing in the resolution subject to the point of order.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. Yes.

Mr. KELLER. Does the gentleman believe that the House has a right to say to the Senate whom they shall bring into a conference?

Mr. MICHENER. The answer to that is that the House has not anything to do with the Senate, but the House has to do with its participation in a conference. It may specify the type of conference its conferees may indulge in.

Mr. KELLER. Has a precedent of that kind ever been established?

Mr. MICHENER. I submit that this is an important ruling. There are no precedents. This is comparatively a new rule, and was enacted to make sure that the House retained control over its conferees. The rule should be construed liberally in favor of the power of the House.

The SPEAKER. The Chair is ready to rule. The gentleman from Alabama [Mr. HUDDLESTON] has offered a motion to instruct the conferees on the part of the House at the conference on the bill S. 2796, which has been read at the desk. To that motion the gentleman from Texas [Mr. BLANTON] and the gentleman from Mississippi [Mr. RANKIN] raised points of order. The question as to whether the conferees shall be instructed in the manner proposed is a matter which must appeal to each individual Member of the House. The conferees are the agents of the House, and under this rule, as the Chair construes it, they are subject to its authority after 20 days have elapsed, so far as the matter of instruction or a motion to discharge and appoint new conferees are concerned. There is nothing in this motion, as the Chair reads it, which refers to the Senate conferees. Of course, this House has nothing to do with the Senate conferees, and this motion does not seek to interfere with their method or with what they do. It simply applies to the agents of the House, those who have been appointed managers on the part of the House to represent the House in the deliberations in the conference on the bill S. 2796. The Chair calls the attention of the House to the fact that the motion is drawn so as to provide that in the performance of their duties as managers—

It is and shall remain the right and privilege of the managers on the part of the House, if in their judgment it is desirable in promoting the aforesaid ends, that such conference be held without the presence thereat of any person not a manager on the part of either House or Senate.

The Chair is not called upon, and it is not within the province of the Chair to pass upon the question of whether a motion of this kind should be adopted at this time. The Chair does hold that this House has a right to dictate to its own managers their method of procedure in the conference, which is to be subsequently held. The Chair, therefore, overrules the point of order.

Mr. HUDDLESTON. Mr. Speaker, my purpose is to say just a very few words on the subject of this motion. What I want to say is in reply to what was said by the gentleman from Texas [Mr. RAYBURN] on this subject in his speech a few moments ago, and also what he may now choose to say. Therefore, for the purpose of debate only, I yield to the gentleman from Texas [Mr. RAYBURN] 5 minutes if he desires that much time.

Mr. RAYBURN. Mr. Speaker, I have expressed myself fully twice in the House in the last 10 days on this matter. I have no desire to detain the House longer. Of course, I am opposed to the resolution.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

of dollars that the holding companies syphon out of them for practically no service, you are fixing it so they do not have money to pay dividends.

They do not have an income sufficient to reduce their rates. They do not have an income sufficient to bring about betterments and improvements in order to extend their business throughout this land.

PROTECT SMALL COMPANIES FROM GIANTS

I want to take these giants off the little operating companies. I want the management, the control, and the fixing of the policies in my State moved from New York to Texas. [Applause.] When one holding company that lies over the operating companies in my State in 1 year milks from them $11,000,000 and performs a service that costs them less than half that amount, when they make a clear profit of 103 percent, or nearly $6,000,000, I know that money should go to one of three places. It should go to the investor in the operating company, whom they fooled into writing to you; it should go to the consumers in reduced rates; or it should go to extending power and the benefits of it to other people, and not go to New York to people who have performed no service. [Applause.]

FRIEND OF CLEAN AND HONEST BUSINESS

I am not an enemy of business—clean business. I state now that what I am trying to do in this holding-company thing is what I hope we did in the Security Act and in the Stock Exchange Act. I told the president of the New York Stock Exchange at my office during the consideration of that bill: "I am not an enemy of your business. I think the sale of stocks and bonds is as honorable a business as a man can be engaged in. What I want to do is to take the desperadoes out of your field who have been disgracing what otherwise would have been a clean and honest business in the minds of the people." What I want to do here is to take from this field the desperadoes in the utility business who in the past by their action and by their deeds have brought the whole utility business into disrepute. I know there is a great deal of it that is in disrepute. It should not be held in disrepute, but I want to take the Insulls and the Hopsons and the Dohertys out of this business who are controlling this giant business, so it will stand before the American people as it deserves to stand—clean, honest, with the people having full faith and confidence in it. [Applause.]

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Texas.

Mr. RAYBURN and Mr. SNELL demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 155, nays 209, not voting 65, as follows:

[Roll No. 150]

YEAS—155

Amlie	Cummings	Gregory	Marcantonio
Arnold	Dear	Hamlin	Martin, Colo.
Ayers	Deen	Hildebrandt	Massingale
Barden	Dickstein	Hill, Ala.	Maverick
Beiter	Dies	Hill, Knute	Mead
Biermann	Dingell	Hill, Samuel B.	Miller
Binderup	Disney	Hobbs	Mitchell, Tenn.
Blanton	Dorsey	Hook	Monaghan
Boehne	Doughton	Hull	Moran
Boileau	Doxey	Johnson, Okla.	Murdock
Buchanan	Driscoll	Johnson, Tex.	Nelson
Buckler, Minn.	Driver	Jones	O'Day
Burdick	Dunn, Pa.	Keller	O'Malley
Caldwell	Eckert	Kennedy, N. Y.	Owen
Cannon, Mo.	Ellenbogen	Kocialkowski	Patman
Cartwright	Flannagan	Kramer	Patterson
Castellow	Fletcher	Kvale	Pearson
Chandler	Ford, Calif.	Lambertson	Peterson, Fla.
Citron	Ford, Miss.	Larrabee	Pfeifer
Colden	Fulmer	Lea, Calif.	Pierce
Colmer	Gearhart	Lemke	Quinn
Connery	Gehrmann	Lesinski	Rabaut
Cooley	Gilchrist	Lewis, Md.	Ramsay
Cooper, Tenn.	Gildea	Luckey	Rankin
Cox	Gillette	Lundeen	Rayburn
Cravens	Gingery	McClellan	Romjue
Crosby	Goldsborough	McFarlane	Ryan
Cross, Tex.	Gray, Ind.	McGrath	Sabath
Crosser, Ohio	Green	McReynolds	Sadowski
Crowe	Greenwood	Mahon	Sandlin
Sauthoff	South	Truax	White
Schneider	Starnes	Turner	Whittington
Schulte	Steagall	Utterback	Williams
Scott	Sumners, Tex.	Vinson, Ky.	Withrow
Scrugham	Taylor, Colo.	Wallgren	Wood
Sears	Taylor, S. C.	Warren	Young
Sirovich	Terry	Wearin	Zimmerman
Smith, Wash.	Thomason	Werner	Zioncheck
Snyder	Tonry	West	

NAYS—209

Adair	Dondero	Kahn	Randolph
Allen	Doutrich	Kee	Ransley
Andresen	Drewry	Kelly	Reece
Andrew, Mass.	Duffey, Ohio	Kenney	Reed, Ill.
Andrews, N. Y.	Duffy, N. Y.	Kerr	Reed, N. Y.
Arends	Duncan	Kinzer	Reilly
Ashbrook	Eagle	Kleberg	Rich
Bacharach	Eaton	Kloeb	Richardson
Bacon	Edmiston	Knutson	Robertson
Beam	Ekwall	Kopplemann	Robinson, Utah
Berlin	Engel	Lambeth	Robsion, Ky.
Blackney	Englebright	Lanham	Rogers, Mass.
Bland	Evans	Lehlbach	Rogers, Okla.
Bloom	Faddis	Lewis, Colo.	Schaefer
Boland	Farley	Lloyd	Secrest
Bolton	Fenerty	Lord	Seger
Boylan	Fiesinger	Ludlow	Shanley
Brennan	Fish	McAndrews	Short
Brewster	Fitzpatrick	McCormack	Smith, Conn.
Brooks	Focht	McGehee	Smith, Va.
Brown, Ga.	Frey	McLaughlin	Smith, W. Va.
Brunner	Fuller	McLean	Snell
Buck	Gambrill	McLeod	Somers, N. Y.
Buckbee	Gasque	Maas	Stefan
Burch	Gavagan	Maloney	Stewart
Cannon, Wis.	Gifford	Mansfield	Sutphin
Carlson	Granfield	Mapes	Taber
Carmichael	Gray, Pa.	Marshall	Tarver
Carpenter	Greenway	Martin, Mass.	Taylor, Tenn.
Casey	Greever	Mason	Thom
Cavicchia	Griswold	May	Thomas
Celler	Guyer	Meeks	Thompson
Christianson	Gwynne	Merritt, Conn.	Thurston
Church	Haines	Merritt, N. Y.	Tinkham
Clark, Idaho	Hancock, N. Y.	Michener	Tolan
Clark, N. C.	Hancock, N. C.	Millard	Treadway
Coffee	Harlan	Mitchell, Ill.	Turpin
Cole, Md.	Hart	Montet	Umstead
Cole, N. Y.	Hartley	Mott	Vinson, Ga.
Collins	Hennings	Nichols	Wadsworth
Cooper, Ohio	Hess	O'Brien	Walter
Corning	Higgins, Mass.	O'Connor	Weaver
Costello	Hoeppel	O'Neal	Wigglesworth
Crawford	Hoffman	Palmisano	Wilcox
Crowther	Hollister	Parsons	Wilson, La.
Cullen	Holmes	Patton	Wolcott
Darden	Hope	Peterson, Ga.	Wolfenden
Darrow	Houston	Pettengill	Wolverton
Delaney	Huddleston	Pittenger	Woodruff
DeRouen	Imhoff	Plumley	Woodrum
Dirksen	Jenckes, Ind.	Polk	
Ditter	Jenkins, Ohio	Powers	
Dobbins	Johnson, W. Va.	Ramspeck	

NOT VOTING—65

Bankhead	Eicher	McKeough	Sanders, Tex.
Bell	Ferguson	McMillan	Schuetz
Brown, Mich.	Fernandez	McSwain	Shannon
Buckley, N. Y.	Gassaway	Montague	Sisson
Bulwinkle	Goodwin	Moritz	Spence
Burnham	Halleck	Norton	Stack
Carter	Harter	O'Connell	Stubbs
Cary	Healey	O'Leary	Sullivan
Chapman	Higgins, Conn.	Oliver	Sweeney
Claiborne	Jacobsen	Parks	Tobey
Cochran	Kennedy, Md.	Perkins	Underwood
Culkin	Kimball	Peyser	Welch
Daly	Kniffin	Richards	Whelchel
Dempsey	Lamneck	Rogers, N. H.	Wilson, Pa.
Dietrich	Lee, Okla.	Rudd	
Dockweiler	Lucas	Russell	
Dunn, Miss.	McGroarty	Sanders, La.	

So the motion to instruct the conferees was rejected.

The following pairs were announced:

On this vote:

Mr. Stubbs (for) with Mr. Fernandez (against).
Mr. Jacobsen (for) with Mr. Bell (against).
Mr. Sisson (for) with Mr. Halleck (against).
Mr. Lee of Oklahoma (for) with Mr. Wilson of Pennsylvania (against).
Mr. Sullivan (for) with Mr. Perkins (against).
Mr. Moritz (for) with Mr. Tobey (against).
Mr. Kniffin (for) with Mr. Goodwin (against).
Mr. Sanders of Louisiana (for) with Mr. Rudd (against).
Mr. Stack (for) with Mr. Higgins of Connecticut (against).
Mr. Eicher (for) with Mr. Lucas (against).
Mr. Healey (for) with Mr. Burnham (against).
Mr. Sweeney (for) with Mr. Dunn of Mississippi (against).

Until further notice:

Mr. Cochran with Mr. Carter.
Mr. Oliver with Mr. Kimball.

Mr. RANKIN. Will not the passage of this resolution simply kill the bill in conference?

Mr. RAYBURN. I have said so much to my friend from Alabama [Mr. HUDDLESTON] that I am afraid it might bring about more irritation than we have at the present if I should answer the gentleman's question.

Mr. HUDDLESTON. Mr. Speaker, to the contrary, instead of outsiders being helpful to the conference, it is only through the exclusion of partisans from the outside who have no responsibility either to a constituency or officially that there can be any hope of an agreement in the conference.

So long as our deliberations are interfered with, so long as outsiders who are unfair and partisan are permitted to intrude themselves into our deliberations, and to coach those who happen to agree with their peculiar views and to interfere with the fairness and freedom of the conference, there is no chance for an agreement.

With the elimination of such persons, so that the House managers and the Senate managers may be able to meet each other face to face without any thought that there is someone present who will carry to others on the outside news of what may transpire, there should be a good chance of an agreement. When the time comes, if it should, that we can meet in that close and confidential relation which should obtain in a conference, then I believe there is a chance for an agreement.

Mr. Speaker, I will not say that the argument that Mr. Cohen is merely a Senate aide or that he is merely a draftsman is not sincere. I would not reflect in any way on my friend from Texas, Mr. RAYBURN, but I will say this much to him, that if he has succeeded in getting himself into the frame of mind that he can look on Mr. Cohen in the capacity in which he pictures him before the House, then there is something wrong with his eyesight, if he is not altogether blind. [Applause and laughter.]

Who is Mr. Benjamin Cohen? Mr. Cohen was general counsel for the power policy committee. Mr. Cohen investigated the situation and collected the facts on which this bill was drawn. Mr. Cohen and Mr. Corcoran collaborated in writing this bill. Dr. Splawn did not have anything more to do with drawing it than did the gentleman from Texas [Mr. RAYBURN]. [Laughter.] Those two "brain trusters", those envoys extraordinary, those ambassadors and plenipotentiaries [laughter], this firm of "Cohen & Corcoran", late of New York, now operating in Washington, telling Congress what to do, pointing out to Members of Congress what their functions and their duties are, they drew this bill.

Mr. Cohen, a full partner in that firm, lives, I am told, in the same house with Mr. Corcoran, who was charged upon this floor with using corrupt influence upon a Member of this House, and whose own statement before the committee shows that he was guilty of the most culpable conduct in connection with that matter. [Applause.] Mr. Corcoran, ambassador to Passamaquoddy! [Laughter.] He was one of those who joined in drafting and pushing this bill.

And this pair wrote the bill. They have cooperated in wet-nursing it. They brought it to the House. They handed it to the gentleman from Texas [Mr. RAYBURN]. They wet-nursed it throughout the hearings before the committee. They were in the next room. The gentleman from Texas wanted Mr. Cohen to come in with the subcommittee that was considering the bill. When Mr. Cohen got through with us, he went over to the Senate, and what he did over there parliamentary practice forbids that I should refer to. [Applause and laughter.]

This is the same Mr. Cohen who had private meetings with a certain group of Members of the House, who laid the plans whereby they were going to push his bill through Congress. Now, in that situation, with all this cloud that has been raised about this bill, how can anybody have the temerity to argue that such a man should sit in our confidential deliberations and coach and take part therein as though he were a manager himself?

Bear in mind that the Senate conferees claim the right, in bold and open terms, to bring with them into the conference anybody that they may choose, anybody that they may pick. They can bring anybody in there they want to, so they claim, no matter how offensive he may be to us. But we also have some rights.

Let me pause here, Mr. Speaker, to say that I have nothing personal against Mr. Cohen. I have nothing personal against Mr. Corcoran. Personally they are to me fine gentlemen; but, as propagandists, as men to take unto my bosom and to tell me what kind of laws I should pass for the people of the United States, I reject them with indignation. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution offered by the gentleman from Alabama [Mr. HUDDLESTON].

Mr. JOHNSON of Texas. Mr. Speaker, may we have the resolution read again?

The SPEAKER. Without objection, the Clerk will again report the resolution.

There was no objection.

The Clerk again reported the resolution.

The SPEAKER. The question is on the resolution offered by the gentleman from Alabama [Mr. HUDDLESTON].

Mr. RANKIN. Mr. Speaker, I ask for the yeas and nays on the passage of the resolution.

The yeas and nays were ordered.

The question was taken; and there were—yeas 183, nays 172, not voting 74, as follows:

[Roll No. 151]

YEAS—183

Allen	Dirksen	Huddleston	Polk
Andresen	Ditter	Jenckes, Ind.	Powers
Andrew, Mass.	Dondero	Jenkins, Ohio	Ramspeck
Andrews, N. Y.	Doutrich	Johnson, Tex.	Randolph
Arends	Duffy, N. Y.	Johnson, W. Va.	Ransley
Ashbrook	Eaton	Kahn	Reece
Bacharach	Edmiston	Kee	Reed, Ill.
Bacon	Ekwall	Kelly	Reed, N. Y.
Beam	Engel	Kennedy, N. Y.	Rich
Berlin	Englebright	Kinzer	Richardson
Blackney	Evans	Kloeb	Robertson
Boland	Faddis	Knutson	Robsion, Ky.
Bolton	Farley	Kramer	Rogers, Mass.
Boylan	Fenerty	Lambertson	Rogers, Okla.
Brennan	Fiesinger	Lanham	Schaefer
Brewster	Fish	Lea, Calif.	Seger
Brooks	Fitzpatrick	Lehlbach	Shanley
Brown, Ga.	Focht	Lemke	Short
Buchanan	Frey	Lewis, Colo.	Smith, Conn.
Buck	Fuller	Lloyd	Smith, Va.
Buckbee	Gambrill	Lord	Smith, W. Va.
Cannon, Wis.	Gasque	McAndrews	Snell
Carlson	Gavagan	McCormack	Somers, N. Y.
Carmichael	Gearhart	McGehee	Stefan
Carpenter	Gifford	McLean	Stewart
Casey	Gilchrist	McLeod	Sutphin
Castellow	Goldsborough	Mapes	Taber
Cavicchia	Granfield	Marshall	Tarver
Celler	Gray, Pa.	Martin, Mass.	Taylor, S. C.
Christianson	Greenway	May	Taylor, Tenn.
Church	Greever	Merritt, Conn.	Thomas
Clark, Idaho	Griswold	Merritt, N. Y.	Thompson
Coffee	Guyer	Michener	Thurston
Cole, Md.	Gwynne	Millard	Tinkham
Cole, N. Y.	Haines	Mott	Tolan
Collins	Hancock, N. Y.	Nichols	Treadway
Cooper, Ohio	Hartley	O'Brien	Turpin
Corning	Hennings	O'Connor	Vinson, Ga.
Crawford	Hess	O'Neal	Wadsworth
Crowther	Higgins, Mass.	Palmisano	Walter
Cullen	Hoeppel	Parsons	Whittington
Darden	Hoffman	Patton	Wigglesworth
Darrow	Hollister	Peterson, Ga.	Wolcott
Deen	Holmes	Pettengill	Wolfenden
Delaney	Hope	Pittenger	Woodruff
Dies	Houston	Plumley	

NAYS—172

Adair	Cannon, Mo.	Crosser, Ohio	Duncan
Amlie	Cartwright	Crowe	Dunn, Pa.
Arnold	Chandler	Cummings	Eagle
Ayers	Citron	Dear	Eckert
Barden	Clark, N. C.	Dickstein	Ellenbogen
Beiter	Colden	Dingell	Flannagan
Biermann	Colmer	Disney	Fletcher
Binderup	Connery	Dobbins	Ford, Calif.
Bland	Cooley	Dorsey	Ford, Miss.
Blanton	Cooper, Tenn.	Doughton	Fulmer
Boehne	Costello	Doxey	Gehrmann
Boileau	Cox	Drewry	Gildea
Buckler, Minn.	Cravens	Driscoll	Gillette
Burdick	Crosby	Driver	Gingery
Caldwell	Cross, Tex.	Duffey, Ohio	Gray, Ind.

Green	Lundeen	Patterson	Starnes
Greenwood	McClellan	Pearson	Sumners, Tex.
Gregory	McFarlane	Peterson, Fla.	Taylor, Colo.
Hamlin	McGrath	Pfeifer	Terry
Harlan	McLaughlin	Pierce	Thom
Hart	McReynolds	Rabaut	Thomason
Hildebrandt	Mahon	Ramsay	Tonry
Hill, Ala.	Maloney	Rankin	Truax
Hill, Knute	Mansfield	Rayburn	Turner
Hill, Samuel B	Marcantonio	Reilly	Umstead
Hobbs	Martin, Colo.	Robinson, Utah	Utterback
Hook	Mason	Romjue	Vinson, Ky.
Hull	Massingale	Ryan	Wallgren
Imhoff	Maverick	Sabath	Warren
Johnson, Okla.	Mead	Sadowski	Wearin
Jones	Meeks	Sanders, Tex.	Weaver
Keller	Miller	Sandlin	Werner
Kenney	Mitchell, Ill.	Sauthoff	West
Kerr	Mitchell, Tenn.	Schneider	White
Kleberg	Monaghan	Schulte	Wilcox
Kocialkowski	Montet	Scott	Williams
Kvale	Moran	Scrugham	Wilson, La.
Lambeth	Murdock	Sears	Withrow
Larrabee	Nelson	Secrest	Wood
Lesinski	O'Day	Sirovich	Woodrum
Lewis, Md.	O'Malley	Smith, Wash.	Young
Luckey	Owen	Snyder	Zimmerman
Ludlow	Patman	South	Zioncheck

NOT VOTING—74

Bankhead	Dockweiler	Lucas	Russell
Bell	Dunn, Miss.	McGroarty	Sanders, La.
Bloom	Eicher	McKeough	Schuetz
Brown, Mich.	Ferguson	McMillan	Shannon
Brunner	Fernandez	McSwain	Sisson
Buckley, N. Y.	Gassaway	Maas	Spence
Bulwinkle	Goodwin	Montague	Stack
Burch	Halleck	Moritz	Steagall
Burnham	Hancock, N. C.	Norton	Stubbs
Carter	Harter	O'Connell	Sullivan
Cary	Healey	O'Leary	Sweeney
Chapman	Higgins, Conn	Oliver	Tobey
Claiborne	Jacobsen	Parks	Underwood
Cochran	Kennedy, Md.	Perkins	Welch
Culkin	Kimball	Peyser	Whelchel
Daly	Kniffin	Quinn	Wilson, Pa.
Dempsey	Kopplemann	Richards	Wolverton
DeRouen	Lamneck	Rogers, N. H.	
Dietrich	Lee, Okla.	Rudd	

So the resolution was passed.

The Clerk announced the following additional pairs:

Until further notice:

Mr. Sisson with Mr. Halleck.
Mr. Lee of Oklahoma with Mr. Wilson of Pennsylvania.
Mr. Sullivan with Mr. Perkins.
Mr. Moritz with Mr. Tobey.
Mr. Kniffin with Mr. Goodwin.
Mr. Stack with Mr. Higgins of Connecticut.
Mr. Healey with Mr. Burnham.
Mr. Stubbs with Mr. Fernandes.
Mr. Jacobsen with Mr. Bell.
Mr. Sanders of Louisiana with Mr. Rudd.
Mr. Eicher with Mr. Lucas.
Mr. Sweeney with Mr. Dunn of Mississippi.
Mr. Cochran with Mr. Carter.
Mr. Oliver with Mr. Kimball.
Mr. McSwain with Mr. Culkin.
Mr. O'Leary with Mr. Welch.
Mr. Bankhead with Mr. Claiborne.
Mr. Montague with Mr. Lamneck.
Mr. Richards with Mr. Spence.
Mr. Kennedy of Maryland with Mr. Gassaway.
Mr. Harter with Mr. Rogers of New Hampshire.
Mr. Parks with Mr. Dietrich.
Mr. McMillan with Mr. Buckley.
Mr. Whelchel with Mr. Chapman.
Mr. Bulwinkle with Mr. McGroarty.
Mr. Cary with Mr. Dockweiler.
Mr. Underwood with Mr. Brown of Michigan.
Mr. Dempsey with Mr. O'Connell.
Mr. Bloom with Mr. Maas.
Mr. Quinn with Mr. Wolverton.
Mr. DeRouen with Mr. Brunner.
Mr. Russell with Mr. Steagall.
Mr. Burch with Mr. Daly.
Mr. Hancock of North Carolina with Mr. McKeough.
Mr. Kopplemann with Mr. Ferguson.
Mrs. Norton with Mr. Peyser.

Mr. LANHAM and Mr. JOHNSON of Texas changed their votes from "nay" to "yea."

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. HEALEY, is unavoidably absent. If he were present, he would vote "nay."

Mr. TRUAX. Mr. Speaker, my colleague the gentleman from Ohio, Mr. SWEENEY, is unavoidably absent. Were he present, he would vote "nay."

The result of the vote was announced as above recorded.

On motion of Mr. HUDDLESTON, a motion to reconsider the vote whereby the bill was passed was laid on the table.

THE HOLDING-COMPANY MONOPOLY OF GAS AND ELECTRICITY

Mr. GRAY of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXCLUDING GOVERNMENT ATTORNEYS

Mr. GRAY of Indiana. Mr. Speaker, this motion to instruct the conferees, having under consideration the disagreeing votes of the House and Senate, to exclude attorneys from their sessions and deny them of legal advice is a utility maneuver to take advantage in framing compromise legislation. It is an old resort of lobbyists, on failure to stop a bill in committee, or to defeat a measure on merits, to offer and suggest amendments filling the bill with jokers to make its provisions unconstitutional.

The congressional committee appointed to investigate utility-lobbying activities pending the consideration of the utility bill brought out by frank admission that the utility companies have maintained in Washington since January many high-paid lawyers and law firms. It was either shown or admitted that these lawyers included firms paid from $25,000 to $300,000 as fees for advising, contacting lobby agents and friendly members of committees.

And yet when members of the committees and of the conference committee, not lawyers, called for legal advice to meet legal advice, the holding companies have raised the hue and cry against lawyers giving advice to committees and are forcing a rule through the House denying committee members such advice.

The members of the conference committee have a right and are entitled to the same lawyers' counsel and advice as the holding companies are using at a cost of many hundreds of thousands of dollars, but which the committees are securing from the common salary paid lawyers who are in the general employ of the Government. This order to prevent the conference committee from taking advice from Government lawyers, leaving the committee members without legal advice, will leave members misled and confused and at the mercy of the utility lawyers' lobby.

LOOKING AHEAD FOR ADVANTAGE

Even before the close of the Great World War the manipulating financiers and bankers, closely scrutinizing economic and industrial progress and looking ahead with keen foresight, saw a great utility empire opening in the development and use of electricity for light, heat, power, and other sources.

They saw in the developments of electricity a power and service coming into use as vital and necessary and as universal as light, air, and water. And in its production and control they saw the means to take and exact from the people millions upon millions in gains and profits. They realized the opportunity to organize and build an economic empire over the people from which a greater tax could be levied and taken than ever collected by both State and National Governments, and a greater toll and tribute exacted than ever taken by the marauding kings of old in their campaigns of conquest and subjugation.

They foresaw a network of electric lines going into every home in the land for light, heat, power, and domestic uses; going into every factory, mill, and workshop, supplanting steam and all other forms of power; going into every street, alley, and highway to light and dispel the shadows of the nighttime.

From a monoply and control of electric energy for all these purposes, they saw a great swollen stream of money flowing from the pockets of 120 millions of people, all converging into their coffers, the like of which had never been rivaled in all history of wealth and riches. They foresaw from this industrial vantage ground the control of electricity in all its uses, a power rivaling and challenging the combined author-

ity of states and nations and under which to dictate and control political liberty and economic freedom and to take and exact from the people.

ORGANIZED HOLDING COMPANIES

Preliminary to entering upon a concerted plan to monopolize and gain control of the production and distribution of electricity, the public-utility interests, now on the defensive, first organized holding corporations to buy up the stock and acquire control of the operating companies producing electricity. And under a policy to acquire and control all power and facilities for the production and distribution of electricity a complete network of holding companies was organized and spread over all then-existing operating companies and all means, power, and facilities were seized upon, guarded, and held.

SUPERCOMPANY OVER ALL CORPORATIONS

Following this preliminary organization, the holding utility corporations organized over the operating companies were all merged into one system, the National Electric Light Association, assuming to apportion capital and divide the territory served out among the different holding companies. But the real object and purpose of which was to fortify and make secure their then-complete grasp and strangle hold upon the production and distribution of electricity which they had acquired and were acquiring and to safeguard against any challenge of their monopoly of this vital service.

No aggregation of men ever set out upon a bolder and more daring adventure; no ruthless king or invading monarch ever more deliberately planned for the subjugation of an unsuspecting people than did these public-utility magnates plan to monopolize control and hold the generation, distribution, and uses of electricity.

The many means of generating electricity were fast coming, its control must be gained and secured in advance. And the public-utility magnates entered upon a country-wide campaign, not only creating special secret agencies of their own but conspiring for the control of other and existing agencies, in which they employed every form of publicity, as they have admitted, except sky writing.

CREATING PUBLIC OPINION

They undertook to forestall free expression and to create perverted public opinion, to mold the plastic minds of children, to discourage all forms of independent ownership, as well as public-utility ownership, in favor of centralized private ownership, all of which by quantity, extent, and cost has been declared to be the greatest peace-time propaganda campaign ever conducted by private, selfish interests for monopoly, profit, and gain.

Every step in this great publicity program to gain control and monopolize electricity has been carefully planned and secretly directed, including buying editorial space in newspapers, including corrupting teachers and college professors, including changing the text of school books to secretly mold the plastic minds of the youth, and including debauching the unsuspecting clergy (Federal Trade Commission Report, 71–A, p. 3).

COSTS CHARGED UP TO CONSUMERS

The Federal Trade Commission report shows that the vast sums paid to finance newspapers and for prepared articles and editorials, paid for special services of teachers and educators and to the clergy and religious leaders with other publicity expenditures amounting into millions, was charged up as operating expenses and added to the cost and collected from the consumers of gas and electricity. In other words, this report shows that these vast sums laid out and expended in propaganda with a lavish hand were taken from the pockets of the people, for their own subjugation, for extortion, and to exact and take tribute in the form of excessive charge for gas and electric service (Federal Trade Commission Report, 71–A, pp. ——).

The charge of these vast expenditures was not only found and determined by the Federal Trade Commission from the evidence but it was repeatedly admitted by the utility-company officials and representatives. To this vast expenditure of money must be added a further sum increasing the cost of electricity. This further sum to be added is the tribute levied by the holding companies upon the operating and distributing companies actually performing the service for the people which the operating companies were and are compelled to collect from the consumers.

MOLDING PUBLIC OPINION THROUGH THE NEWSPAPERS

First, under a secret plan and system, to mold public opinion in their favor. Newspaper editors were contacted, placed on salary and substantial pay, in the form of articles paid for, and editorials to be printed, as written by local editors.

Many means were resorted to to gain control of the newspapers, thereby to mold the minds of the people. This was called "goodwill advertising." Articles were written by the utilities and made to bear the names or signatures of prominent people of the community and of others long since deceased. But greater and more effective than this, editorials were shrewdly prepared, extolling the merits of private utilities, and published in the editorial columns of local newspapers in the country, as written and as expressing the views of the local managers and editors to whom the people looked for information and advice.

In the State of Indiana alone, in 1921, the articles amounted to 10,000 column-inches. In 1922 these increased to 19,000 column-inches, in 1923 to 26,000, and in 1925 to 40,000 column-inches. This does not include the editorials or articles published on the editorial pages, written by the holding-company experts, but appearing as coming from the local editors (Federal Trade Commission report, 71–A, pp. 61 to 77, inclusive, and multiplied references cited from utility lobby hearings under Senate Resolution 83).

CONTROLLING SCHOOLS, COLLEGES, AND UNIVERSITIES

Next the secret program included schools, colleges, and universities; and professors and high educators were touched with the deft hands of shrewd and crafty utility-company agents, and, assuming a philanthropic role, were made to do their bidding. Schoolbooks were changed in the course of study to mold the plastic minds of the youth from the primary to the post-graduate courses.

The Federal summary report, 71–A, shows that the utility program to gain control of the electric service was not only carried to the primary schools to mold the plastic minds of children but, in their own language admitted, was made to extend "from the cradle to the grave" (Federal Trade Report 71–A, p.p. 139, 140, 141, exhibit 2978, Commission hearings, Senate print, pts. 5 and 6, pp. 317 and 351; also pt. 4, p. 25).

Under the public-utility program of "selling the idea to the professors", teachers who were receiving small salaries were given a raise in salaries for special educational work, and high-grade college professors were placed upon the utility pay roll (Federal Trade Report 71–A, pp. 143–149 and 154, 155, 157, hearings, pt. 7, pp. 130–316).

CHANGING SCHOOLBOOKS

But this conspiracy to monopolize electricity went further than the secret pay rolls of primary teachers, college professors, and educators. It included changing the schoolbooks and revising and censoring textbooks in the course of preparation by authors, and made to reflect the utility point of view (Federal Trade Report 71–A, pp. 144–146 and 187–189 and 193, and pt. 2, Commission hearings, pp. 357 and 395).

After the schools, teachers, and professors, the churches and the clergy were touched. Ministers who were critical of corporations were "cured of their mental bias" by seeing they were better paid. "The importance of reaching the ministers" was emphasized as necessary and imperative (Federal Report 71–A, p. 254, and testimony and exhibits cited).

DEFENDING IN THE NAME OF OTHERS

The holding companies appearing here are making no defense in their own names. They are assuming to rise above interest of self. In their concern for others they are forgetting self. They are assuming to forget the high salaries and the millions collected in dividends forced from the operating companies.

They are pleading only the cause of the small stockholders, the cause of the widows and orphans, the cause of churches, schools, and benevolent orders, the buyers of their watered and diluted stocks, induced under a policy program to create sympathy-appealing investors. And the pity of it all, the tragedy of it all, and the humiliation of it all is that these great utility-holding corporations are organizing these small stockholders to whom they have deliberately sold stock to use and hold as hostages and behind whom to make their defense.

This is a subterfuge as old as history. Every man who has enslaved another man has enslaved him under the claim and plea that it was to better the condition of the enslaved. Every marauding despotic king, conquering and subjugating a defenseless people, has conquered them under the claim that it was for the benefit of the conquered. Every burden and imposition heaped upon men has been under the claim and pretext that it was for the benefit of the burdened.

PLEADING STATE RIGHTS

But now the holding companies, assuming a great respect for State rights, ask to be left to State and local control. But when the States have sought control, they have pleaded an interstate business and character. They have refused to submit to State control. They have evaded, ignored, and defied State control. Now they are not only offering to submit but they are pleading for State regulation. But the State public-service commissions have been trying for the last 25 years to regulate public-utility operations, but their efforts have proved a failure and of no avail. These companies have refused to submit to State regulations; they have evaded State regulations. They have denied State regulations. They have defied State regulations, and they have claimed immunity from all regulations.

There are some evil operations which from their very nature cannot be suppressed by regulation. Murder cannot be regulated, robbery cannot be regulated, arson cannot be regulated, kidnaping cannot be regulated, and monopoly of vital necessaries cannot be suppressed by regulation. The remedy must be abolition. The experience of the last 25 years with public-utility holding companies, performing no necessary service and existing for one and the only purpose of manipulating and controlling other corporations, shows that these evils cannot be remedied by regulation either by the States or Federal Government.

THE SO-CALLED "DEATH SENTENCE"

It is a remarkable and very extraordinary coincidence that it was coming at the same time the newspapers from coast to coast and from the Lakes on the North to the Gulf on the South began a great hue and cry, all using the exact identical words or phrase, without variation, "the death sentence." And then at the same identical time in concert with this newspaper-propaganda campaign, many thousands or millions of small stockholders widely separated and from every part of the country began writing letters to their Congressmen, all following the exact phrase of the newspapers and all alike protesting against "the death sentence."

This most mysterious and remarkable coincidence of the use of the phrase "the death sentence" and at the same time by thousands of newspapers and coming from the millions of small stockholders shows a centrally organized campaign prompting the newspaper articles and editorials and the letters from the small stockholders.

The so-called "death sentence" is a shrewd and crafty slogan phrase, sent out and broadcast by the utility holding companies to make it appear to the people that some great wrong and injustice was being inflicted upon them. The bill provides that holding companies are to be given as long as 7 years to appear before the utility commission and show that they are performing some necessary and useful service for the money they are taking from the people, from consumers and from stockholders.

But these holding companies say this requirement, giving 7 years' time in which to show that they are performing some necessary or useful service to the people using electricity and gas, is unreasonable and impossible and would mean a "death sentence" to them.

This measure does not eliminate or take away a single, necessary, or useful utility company, whether holding or operating company. It does not retire or take away a single laboring man, clerk, or officer necessary or required to carry on efficient service nor retire a single dollar of investment nor reduce the corporations actually engaged. This measure does require them to get off the backs of the operating company or stop drawing upon or taking from the operating and producing companies its earnings and income from the people.

If the holding companies can show in 7 years' time that it is performing any necessary service in producing or distributing gas or electricity or any necessary or useful purpose to the people in exchange for the money that it is taking from the earnings of the operating companies paid in by the people using the service, they will not be disturbed.

A criminal law of a State prohibiting the crime of murder, the taking of human life, and providing for electrocution for violation of the law would mean a death sentence only to the criminals and murderers. It would mean only a death sentence to the men committing murder, and any citizen protesting an objection to the law as a death sentence upon them would be admitting that they were guilty of the crime of taking life.

And a utility company objecting to the provisions of this bill providing that a company must show it is performing some service or duty in producing or distributing electricity on the grounds that it is a "death sentence" is an advance admission of guilt as charged. Upon what just principle could a utility corporation explain the right to take earnings and income from the people and the consumers or dividends from the stockholders without performing some service to the consuming public?

THE ARMY OF EMPLOYEES

But even greater and more far-reaching and of more positive force and effect, more than the secret publication of editorials prepared by utility-propaganda writers withholding and concealing their source and publishing as written by the local editors, all to mislead and pervert public opinion through the press; more than the crafty control and direction of unsuspecting teachers and college professors through endowments and salary contributions; more than the secret change of school books to pervert and mold the plastic mind of the confiding youths of the land and selling their ideas to educators; more than leading the unsuspecting clergy, taking advantage of their meager salaries, leading them unconsciously to preach the doctrine of private-utility control of gas, water, and electric service to the members of their congregations; more than all these was the organization of the half million workers of the public-utility corporations, as an imperative requirement of their employment, into an army to make sale of small lots of nonvoting shares of stock to be scattered through legislative and congressional districts for the spread of favorable utility information (Federal Trade Report 71–A, pp. 31, 32, and 149).

THE CUSTOMER STOCKHOLDERS

This was an organized defense plan and known as "customer ownership and investment", built up under a special sales campaign to place a few shares of nonvoting stock in the hands of unsuspecting electricity consumers first, in the hands of the more influential and through their influence to the people generally.

The policy of this sale of nonvoting stock was to create a financial or self interest in a great number of persons to whom an appeal could be made for the support of utility corporations on the grounds of having "a common interest", and thereby to harness them in their defense.

This strategy of creating an army of small nonvoting stockholders was carried out and directed by a "customer ownership committee", under Emery E. Wilson, chairman of the National Electric Light Association, the corporation organized over all utility companies. This chairman of the "customer ownership committee", explaining this plan on March 9, 1925, to the Academy of Political Science, or, more properly speaking, the strategy of politics, said:

At last (we have) found the material to make impregnable the wall around private (utility) business (Federal Trade Report 71–A, pp. 11 and on).

Danger from losing control of this vast army of small scattered stockholders was shrewdly safeguarded against by selling them only nonvoting stock, making them, in fact, voiceless investors and leaving them helpless and at the mercy of Wall Street gamblers and manipulating financiers.

It will flash before the mind of every man acquainted with or having knowledge of these utility-stock manipulators that had these shares been of special, preferred value as the utility employees were made to represent, the stock would have been gobbled up by the managers and not a single share sold to customers.

The number of these specially created stockholders remains indefinite, undisclosed, but estimated as from two to three million individual men and women and spread through legislative and congressional districts to constitute a balance of political power and a voting strength at the polls capable of electing friendly candidates or of defeating unfriendly Member of Congress and legislatures (Federal Trade Commission Report 71–A, pp. 31 and 32).

Phillip H. Gadsden, chairman of the committee of utility executives, called before the lobby committee to answer for directing the expenditure of $5,000,000 in lobby funds during the consideration of the utility bill, has admitted that 2,000,000 of these stockholders were scattered through congressional districts. Later, speaking to newspapermen, as a challenge to and defying Congress, Mr. Gadsden declared that there were 5,000,000 stockholders; that each stockholder would control 2 or more votes, giving the utilities 10,000,000 voting strength, an irresistible balance of power to sway the election in every congressional district.

It was this avalanche of letters and telegrams carrying a mail-order demand that terrorized and stampeded Members of Congress to desert lifelong association and principle and drove them to vote for the utilities.

So real and actual was this manufactured demand made to appear before Members of Congress that Members of the House, whose conception of duty and highest aim and ambition is to abide the will of their constituents, were frustrated and terrorized. And, resolving all doubts in favor of what they then believed was a bona fide expression of popular will in their district, voted—many reluctantly—to sustain the holding companies. And, having once taken a position, may now be slow to change their votes, as showing a wavering position.

THE SHOWER OF TELEGRAMS

Great and impressive as was this army of made-to-order holding-company stockholders, it was made to appear even greater by telegrams showered upon Congressmen during the consideration of the holding-company bill, signed by names taken from telephone directories, assuming to come from people favoring holding companies, but unauthorized and without the knowledge of the signers. The hearings of the Senate lobby committee show that the holding company agents in one district of the State of Pennsylvania spent over $8,000 sending out unauthorized telegrams assuming to come from anxious constituents, all protesting against the elimination of unnecessary holding companies.

Thus, thousands were added to the army of made-to-order stockholders by an even greater make-believe army, brought and paraded before Members of Congress, shaking and trembling in their political boots, a strategy as resourceful and effective as Benedict Arnold's military maneuver of marching his army around a hill and presenting an unending column before the enemy.

This recruited army of unsuspecting stockholders has long been kept and held mobilized in formative line and in readiness to march on notice under and carrying the colors in defense of the public-utility corporations and under the command and leadership of utility lawyers and legislative lobbyists.

Under this unconsciously drilled and trained army these recruited "customer stockholders", instilled with the spirit of their own interest, the people, the electric-consuming public, have been encompassed and held as helpless as the plebians and slaves of Rome were held in subjection and from revolt by the Roman legion soldiers.

THE ARMY OF MADE-TO-ORDER STOCKHOLDERS

With this army of made-to-order stockholders, kept and held mobilized and ready as a balance of power at the polls, in every legislative and Congressional district, it was only necessary to recount and parade them before the members for the legislature, or the Members of Congress in Washington, to reflect a made-to-order public opinion and to bring Members of the legislature of Congress to a stern realization of the voting strength of constituents favoring utility-holding companies during the consideration of the holding-company bill and the balance of power they must reckon with back home. (See House of Representatives lobby hearings.)

A REMARKABLE COINCIDENCE

It is a most remarkable coincidence that these great holding companies, with their high-paid officials drawing and taking billions of dollars as salaries from their enforced earnings and income, forgot or overlooked the billions and their own special interests in making defense of holding companies and thought only of the welfare of the little voiceless stockholders they had created in advance by requiring their employees to sell so much stock in every congressional district. It is a remarkable coincidence that these great public-utility officials thought of or were concerned only with these little voteless shareholders and the widows and orphans to whom they had traded their voteless stock for their good money and savings.

This is all the more significant when we read from the hearings of the Federal Trade Commission report showing that these same utility-holding companies were paying newspaper editors over $28,000,000 annually for prepared articles and editorials to be carried as their own editorials; and further showing the sale of public-utility stock to millions of unsuspecting individual investors and deliberately scattered throughout the country through and in whose name to make their appeal and behind whom to shield themselves to make their defense.

THE DOLLINGS AND INSULL STOCKHOLDERS

The small individual stockholders, who have given up their good money, may wake up some morning only to find their treasured stock as worthless as the Dollings stock, or as worthless as the Insull stock, which swept away the life savings of millions of honest people.

The small individual investors are making a colossal mistake in allowing themselves to be led to oppose those who are trying to save them from the salary grabbers and manipulators, feeding upon the earnings and incomes and the property behind their stock.

The one and only hope of the small stockholders is to allow the operating distributing companies—the companies producing light, power, and heat—to keep and hold their earnings and incomes to pay dividends to the stockholders and to keep the company property intact, necessary to maintain the value of their shares.

THE ONLY HOPE OF THESE SMALL-STOCK HOLDERS

The only hope for the small-stock holder is to protect the operating companies from the high salaries and tributes exacted by the so-called "holding companies."

Under this system of overhead holding companies, organized upon the backs of operating companies, instead of making charges for electricity to pay the costs and one reasonable profit are reaching down and compelling the operating companies to levy and assess profits for many companies.

The Associated Gas & Electric Co. owns 300 operating utility companies. This Associated Gas & Electric Co. is owned by the Associated Securities Co., the Associated Securities Co. is owned by the Associated Gas Properties, and the Associated Gas Properties is owned by Howard C. Hopson and family.

When before the House lobby committee Howard C. Hopson was asked how much were his profits a year from this private utility ownership, he objected to the question asked

him, saying, "This was prying into his private business affairs."

These private utility-holding companies, through artifice, trick, and concealment are taking more tribute from the people than ever was taken by monarchs and kings in conquest and subjugation in war.

A COLOSSAL AND GIGANTIC FRAUD

The private utility-holding corporation system, organized to monopolize electricity and exact tribute from the people and to take and exact millions from them without performing any service to consumers, is the most colossal and gigantic fraud perpetrated upon men of all time in history.

First. The people of Patchogue, a city of New York of about 5,000 people, is supplied by electricity by the Patchogue Electric Co. of New York, and is very properly collecting costs and is taking profits from the people of this city for performing this service.

Second. The Patchogue Electric Co. of New York is owned by the New York Electric & Gas Corporation, incorporated in New York, and this is also collecting profits from the people of this city in addition to the profits collected by the company performing the service.

Third. The New York Electric & Gas Co. is in turn owned by the New York Electric Co., incorporated in Delaware, and at the same time this company is also collecting additional profits from the people of the city of Patchogue, N. Y.

Fourth. The New York Electric Co. is owned by the Mohawk Valley Co., a corporation of Delaware, and this company is also collecting additional profits from the people of the city of Patchogue.

Fifth. The Mohawk Valley Co. of Delaware is owned by the Mohawk Valley Co. of New York, and this company is also collecting additional profits from the city of Patchogue.

Sixth. The Mohawk Valley Co. of New York is owned by the Rochester Central Power Corporation, incorporated in Delaware, and this company is also taking additional profits from the people of the city of Patchogue.

Seventh. The Rochester Central Power Corporation of Delaware is owned by the Associated Gas & Electric Co. of New York, and this company is also collecting additional profits from the people of the city of Patchogue.

Eighth. The Associated Gas & Electric Co. of New York is owned by another corporation known as the "Associated Securities Corporation of the State of Delaware", and this company is also collecting additional profits from the city of Patchogue.

Ninth. The Associated Securities Corporation of Delaware is owned by the Associated Gas & Electric Corporation, incorporated in Massachusetts, and this company is also taking profits from the city of Patchogue.

Tenth. The Associated Electric & Gas Corporation of Massachusetts is owned by Hopson & Mange (a utility-holding firm), and this firm is also taking profits from the city of Patchogue.

Under this bill as passed by the Senate, if these corporations, pyramiding upon the company, Patchogue Electric Co., the company actually performing the service, or either or any of them, can show that they are performing a necessary and useful service in providing electricity to the people of Patchogue, they will be given 7 years' time in which to make the showing to the Securities Commission. If they can show in 7 years' time that they are performing some necessary and useful service in furnishing electricity to the people of that city, they will be allowed to continue their charges.

But if they fail to make such showing in 7 years, where, when, and how they are performing such necessary and useful service, they will not be allowed to continue their charges upon the people of that city for electricity to pay dividends to those overhead companies and the salaries of their high officials, sometimes amounting to $300,000 per year.

NATIONAL LEGISLATIVE PROGRAM OF DISABLED AMERICAN VETERANS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting the legislative program of the national convention of the Disabled Veterans of the World War.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following national legislative program adopted by the New Haven convention, Disabled American Veterans, July 19, 1935:

1. That unmarried veterans in institutions whose reductions in compensation while hospitalized result in jeopardizing property owned by the veterans should receive full compensation or any part of it necessary to protect the investments.

2. That there be an extension of time so that the widow of a war-time disabled veteran shall be eligible for allowances if married subsequent to the present date of 1931.

3. That in cases of veterans who performed full military duty during service they shall not be denied any benefits to which they are otherwise entitled through the injection of alleged misconduct.

4. That provisions governing guardianships shall provide for the maximum protection against loss of funds of the mentally disabled veterans at a minimum cost to the ward.

5. That there be a modification of the present stringent regulations governing the administration of the Retirement Act.

6. That there be provided 90 days from receipt by the veteran of notice of disallowance of an insurance claim to enter suit, regardless of any statute of limitations.

7. That there be established in the Veterans' Administration a permanent medical corps.

8. That the percentage requirement of the Rankin bill for widows and orphans' allowances for dependents of compensable men, regardless of the immediate cause of death, be eliminated, and that the presumptive cases be included in the benefits of this act.

9. That there be an increase in the allowance to widows and orphans, including stepchildren, of veterans who die from service-connected disabilities, and that dependent parents be included, and that payment of death compensation or pension shall date from the time of death.

10. That the Disabled American Veterans continue its policy of urging sites for hospitals according to the density of the military population rather than locating the institutions according to congressional district, State, county, or city lines.

11. That the policy be continued of improving and extending existing hospitals rather than establishing new institutions except in extraordinary cases where the density of the military population justifies new projects.

12. That the Disabled American Veterans, independently and in cooperation with other patriotic organizations, aggressively combat all forms of subversive movements calculated to destroy the American form of government.

13. That the Disabled American Veterans, while supporting all worthy movements for better international understandings, continue to advocate proper military and naval preparedness.

14. That the World War veterans' committee, as a whole or in subcommittees, visit facilities during the next year to observe and report on conditions, administration, and construction, thereby establishing a closer contact between the disabled and Congress and at the same time take corrective action where any remedies are deemed necessary.

15. That in addition to a permanent and total non-service-connected disability pension a service-connected condition shall receive compensation independently of any non-service-connected payment.

16. That misrepresentation of minority shall not operate as a bar to benefits of any World War veteran.

17. That in the case of veterans winning insurance suits the cost should be met by the Government for both the plaintiff and the defendant.

18. That reenlistment between April 6, 1917, and July 2, 1921, when Congress declared the period of the emergency ended, be held as World War service.

19. Having in mind that the national constitution of the Disabled American Veterans of the World War provides that this organization shall concentrate its legislative activities on matters specifically beneficial to the service-connected disabled veterans of the World War, nevertheless we, as a national veteran organization pledged to cooperation with other recognized veteran organizations, and also feeling that this policy is beneficial to the service-connected disabled veterans of the World War, make a declaration that the D. A. V. of W. W. does, as a national policy, favor the immediate payment of the adjusted-service certificate in cash without deduction of interest from October 1, 1931.

THOMAS KIRBY,
National Legislative Chairman.

BUS AND TRUCK TRANSPORTATION

Mr. O'CONNOR. Mr. Speaker, I demand the unfinished business.

The SPEAKER. The unfinished business is the motion to recommit the bill S. 1629, an act to amend the Interstate Commerce Act, as amended, by providing for the regulation

of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes.

Mr. WADSWORTH. Mr. Speaker, I ask for the yeas and nays.

Mr. RANKIN. Mr. Speaker, may we have the motion reported? Many of us did not hear it yesterday.

The SPEAKER. The motion was reported on yesterday.

Mr. RANKIN. Mr. Speaker, I withdraw the request.

The SPEAKER. The gentleman from New York asks for the yeas and nays.

The yeas and nays were refused.

Mr. McFARLANE. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state the point of order.

Mr. McFARLANE. It was my understanding when we adjourned yesterday that there would be an automatic roll call on the motion today, so we could get a record vote.

The SPEAKER. There could not be an automatic roll call, for the point of no quorum was withdrawn.

The noes have it; the motion to recommit is rejected.

Mr. MAPES. Mr. Speaker, a parliamentary inquiry. I am opposed to the motion of the gentleman from New York to recommit.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. MAPES. But I had the same feeling that the gentleman from Texas has indicated, that the understanding last night was we were to have a roll call on the motion to recommit today.

My parliamentary inquiry is, Does the vote of yesterday hold over after the point of no quorum was made?

Mr. BLANTON. The presumption is, Mr. Speaker, that we have a quorum.

The SPEAKER. The Chair, in order to remove any doubt about the matter, will again put the question on the motion to recommit.

The question was taken; and on a division (demanded by Mr. WADSWORTH) there were—ayes 38, noes 168.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. TRUAX) there were—ayes 193, noes 18.

Mr. TRUAX. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-five Members are present, a quorum.

So the bill was passed.

On motion of Mr. RAYBURN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENSION OF REMARKS—TRUCK REGULATION BILL

Mr. MICHENER. Mr. Speaker, today we shall vote on S. 1629, regulating trucks, and so forth. This is not new legislation, but has been before Congress in one form or another for several years. Indeed, practically every State in the Union, including my own State of Michigan, has long since realized the necessity of regulating transportation by trucks on our highways. The State has authority, should and does control insofar as intrastate operation is concerned. If it is necessary, or even advisable, to regulate the use of trucks on the highways in the States, it, therefore, is necessary, or at least advisable, to regulate these same trucks when engaged in interstate commerce and when going from one State to the other. There is no logic or reason in regulating this method of transportation solely within the State and leaving interstate truck transportation without any control whatever. Under our Constitution the States cannot control purely interstate transportation. Therefore, it is necessary that Congress act if there is to be any control or regulation.

This bill, like all other proposed legislation, is not perfect. But careful scrutiny will convince any fair-minded person not only that its purpose is correct but that it will be of much benefit. Personally, I cannot see where it will be of detriment to any group or class. The bill has been amended in numerous particulars. The farmer is especially cared for. And the bill on which we will vote today, in my judgment, fully protects farm trucking.

I have had many requests for this legislation, and only two, I think, opposed to the legislation. The independent small trucker has apparently had a feeling that this legislation might interfere with his operation. I feel sure that it will to some extent limit indiscriminate interstate operations of independent individual truckers. This is bound to come, and the sooner it comes the less damage it will do to the independent trucker who has equipped himself for wildcat trucking anywhere and everywhere. In fact, the independent trucker, the truck companies, and the railroads would all be better off if similar legislation had been enacted several years ago. The trouble is that legislators too often neglect to close the gate until the horse is stolen. Conditions sometime exist which are inimical to the public welfare, and steps must eventually be taken to put a stop to the practice. If this step is neglected unreasonably, unnecessary injury and inconvenience are caused when the proper legislation is enacted.

A large part of our shipping today is done by trucks on the highways, and every reason obtaining for the regulation of water or rail transportation obtains insofar as highway truck transportation is concerned.

It is true that this legislation is enthusiastically supported by railroad management, by railroad employees, and by all those connected or interested in the success of the railroads. Of course, this is primarily a selfish motive. Yet we all realize that the country cannot exist without the railroads, and that the railroads must have fair and equitable treatment if they are permitted to continue. I am opposed to Government ownership of railroads, and there is nothing that will do more to bring about Government ownership of railroads than to permit some other class of transportation to take away all business from the railroads.

The railroads are not going to be eliminated, but the Government is going to be compelled to take over the railroads unless the railroads can be operated profitably. The trucking interests are better off to have a privately owned competitor in the railroads than they are to have the Government, with the Federal Treasury back of it, as a competitor. The railroads are necessary. And, by the same token, the truck is necessary. Each has its field, and each can and should survive and render a valuable service for a valuable consideration.

These are days of competition. Progress is on the way, and ill-advised action or legislation might be very injurious. This legislation has been thoroughly considered. The country is fully advised as to what is contemplated. It is true that much discretion is placed in the hands of the Interstate Commerce Commission. And it is just as true that the claim has been made that that body is railroad minded and will consequently discriminate against the truck. Throughout this debate stress has been placed on this feature of the legislation. I feel sure that the Interstate Commerce Commission will take note and be guided accordingly.

In conclusion, let me say that I shall vote for this bill, because I believe a majority of the people of my district, as well as the country, who are familiar with this legislation favor it. They favor it, not because it is advocated by any group or bloc but because it is necessary, forward-looking regulation of that part of our transportation system which is not now regulated, and which can only be regulated through Federal action. Let us not interfere with the rights of the State, but let us perform our constitutional function and assist the States in enforcing the regulations made by the several State commissions. The safety of the traveling public demands this action. Justice to the several methods of transportation requires equality of treatment.

POTATO ACT OF 1935

Mr. GILCHRIST. Mr. Speaker, I ask unanimous consent that the minority members of the Committee on Agriculture may have until Saturday night to file minority views on the bill, H. R. 8819, the Potato Act of 1935.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BOLAND. Mr. Speaker, I am requested by the gentleman from Kentucky, Mr. CHAPMAN, to say that he has returned to Kentucky, and that if he were present he would have voted "aye" on the motor-bus bill just passed.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had adopted the following resolution:

Senate Resolution 177

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. Frederick Huntington Gillett, a Senator from the State of Massachusetts for 1 term, a Member of the House of Representatives for 16 consecutive terms, and its Speaker of the Sixty-sixth, Sixty-seventh, and Sixty-eighth Congresses.

Resolved, That by the death of Hon. Frederick Huntington Gillett the United States and the Commonwealth of Massachusetts has lost a valued public servant and eminent citizen.

Resolved, That the Senate, of which he was a distinguished Member, takes pride in his sterling character, the ability, probity, and patriotic devotion with which he served his country and his State; the attributes of calm dignity and courage which marked his public career and the scholarly attainments which characterized his life.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased former Senator, Representative, and Speaker of the House the Senate do now take a recess until 12 o'clock meridian, on Monday next.

THE TAX BILL

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 315.

The Clerk read as follows:

House Resolution 315

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8974, a bill to provide revenue, equalize taxation, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read by sections for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, this is a rule for the consideration of the tax bill. It is an open rule, permitting amendments to be offered by any Member, and provides for 6 hours' general debate.

On page 1, line 4, there is an error in the number of the bill. The last digit appears as a zero instead of a four. I ask unanimous consent that the correction may be made accordingly.

The SPEAKER. Without objection, the correction may be made.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY], and now yield 2 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to address the House out of order.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GOLDSBOROUGH. Mr. Speaker, on Monday last I spoke on the omnibus banking bill. I understand that some Members of the other body feel that certain of my remarks reflected upon them. Of course, I was discussing issues and not personalities. In view of the understanding which certain Members on the other side have, I desire to say that I intended no reflection on the steadfast patriotism, the absolute integrity, and the high purpose of any Member of the United States Senate. On the actual issues involved, in the statement I made on Monday, I adhere absolutely to what I then said. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 20 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, so far as the rule that has been reported by the House Rules Committee is concerned, I have no special argument. It is probably as good a rule as could be expected under the circumstances. Therefore, I shall confine my remarks to the bill itself.

Mr. Speaker, in my judgment, there is no justification for this bill. No sound argument can be advanced why it should have been seriously considered by the Ways and Means Committee, or why it should have been favorably reported and recommended for passage.

If there is need for additional revenues, this bill does not supply the need.

If there is an emergency in fiscal affairs of the Government other than that which has existed for the last year and a half, due to the program of reckless expenditure of this administration, this bill does not meet that emergency.

If there is any social injustice to be corrected, this bill falls as far short of that purpose as it does of providing revenues for balancing the Budget.

It is not a revenue bill. It is not an emergency bill. It is not a bill to provide for correction of alleged inequalities of wealth. It does not fall in any of these categories—"neither fish, nor flesh, nor good red herring."

It cannot be denied that there is need for increased Federal revenues. During the first two complete fiscal years of the Roosevelt administration, ending June 29 last, the deficit of over seven and a half billion dollars was accumulated, and our interest-bearing public debt was increased to over $31,000,000,000—$5,000,000,000 greater than it was at the close of the World War. There is no indication of any alteration of this program of incredible waste of public funds. The daily Treasury statements issued during this month show we are spending at the rate of over $26,000,000 a day, and increasing our deficit at the rate of approximately $17,000,000 a day.

What is the inevitable result of such a program? Let President Roosevelt answer. In his opening campaign address of 1932, delivered from the executive offices in the statehouse, Albany, N. Y., on the evening of July 30, he stated the Democratic national platform's declaration in favor of public economy and a reduction in Federal expenditures of 25 percent was "a promise binding on the party and its candidate", and upon that subject he said:

> Revenues must cover expenditures. Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuation of that habit means the poorhouse.

For over 2 years the Federal Government, under the Roosevelt administration, has been spending more than twice as much as it took in. There are no signs of any change in the policy. It has become a habit and, according to the President's own statement, that means the poorhouse.

He repeated this warning in his speech at Pittsburgh, Pa., October 19, in which he said that if a nation—

> Like a spendthrift, throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruptcy.

He repeated the warning in his first special message to Congress, March 10, 1933, stating that a failure to balance the Budget and continuation to pile up deficits would undoubtedly impair the credit of the United States, jeopardize the safety of bank deposits, "the security of insurance policies, the activity of industrial enterprises, the value of our agricultural products, and the availability of employment."

It was in that message that he stated that—

> Too often in recent history liberal governments have been wrecked on the rocks of loose fiscal policies. We must avoid this



danger. * * * We must move with a direct and resolute purpose now. Members of Congress and I are pledged to immediate economy. * * * Such economies which can be made will, it is true, affect some of our citizens, but the failure to make them will affect all of our citizens. The very stability of our Government itself is concerned; and when that is concerned, the benefits of some must be subordinated to the needs of all.

There is not a straight-thinking Democrat, or any citizen, for that matter, regardless of his politics, who has the welfare of his country at heart, dare contradict a single sentence of those utterances of Franklin D. Roosevelt 2 years ago. They were true then. They are true now. They are fundamental in the field of political economy and orderly government. That the Roosevelt administration, with the cooperation of both branches of this Congress, has violated repeatedly and continuously the principles enunciated by him during his campaign for the Presidency and in his first message to Congress does not detract from the soundness and truthfulness of the statements he made upon those occasions.

The United States Government, and with it the American people, are on the road to bankruptcy unless in the immediate future there is a complete reversal of the policies of this administration—first, radical reduction in Federal expenditures; and, second, an increase in the Federal taxes based upon a bill, not like the one presented today for our consideration, but upon a bill which is the result of careful deliberation and seasoned judgment, designed not to punish men of wealth, enterprises which are solvent, corporations which are making a profit, and generally serve the interests of socialism, but a bill designed to produce revenue. That such a bill can be drawn is proved by the fact that in years past such bills have been drawn, considered by Congress, and enacted into law.

That the present bill is not a revenue measure is evidenced by the simple fact that if it should produce the $275,000,000 which its proponents estimate it will produce it would, at the current rate of Federal expenditures, provide enough funds to run the Government 10 days, and at the current rate of accumulating deficits it would meet the deficits for 16 days.

In his special message of June 19 proposing a special tax measure, of which this is the result, President Roosevelt stated:

I strongly urge that the proceeds of this tax should be specifically segregated and applied, as they accrue, to the reduction of the national debt. By so doing we shall progressively lighten the tax burden of the average taxpayer and, incidentally, assist in our approach to a balanced Budget.

It is impossible to take such a statement seriously. According to the United States Treasury statement at the close of business June 29 last, the fixed charges upon our public debt have been increased under this administration in the amount of $277,000,000. That sum represents the two items of sinking fund and interest charges. Therefore, to speak about the proceeds of this bill, which, accepting the estimates of those proponents of the bill, will be less than the increased annual fixed charges on our public debt, being set aside to reduce the public debt is to indulge in the height of inconsistences and foolishness. And to state that it will lessen the tax burden of the average taxpayer and assist in balancing our Budget is to insult the intelligence of the people of this country.

There is this to be said in behalf of the Ways and Means Committee: Evidently it itself did not take the President's recommendation seriously. There is no provision in this bill specifically segregating the anticipated proceeds and designating they should be applied to the sinking fund. It is just as well for the reputation of the Democratic members of the Ways and Means Committee that they did not join the President in this absurd proposal.

The money raised by this measure will go into the common pool of funds that will be drawn upon to continue the grotesque and futile experiments of this administration. True, this will be contrary to the pledge of the Secretary of the Treasury, Mr. Morgenthau, who, in his testimony before the Ways and Means Committee, said:

It would be perilous to regard any part of these new revenues as available for any type of expenditure or as justifying any increase over our carefully budgeted plans for Federal outlay.

Yet the course which Secretary Morgenthau said would be perilous is exactly the course which is going to be pursued. The new revenues provided by this measure will be available, not only for new types of expenditure—if there are any left after 2 years of constant exploration upon the part of the administration for new types of expenditure—but they will be available for the present types of foolish expenditures—from moving farmers to Alaska, where they cannot farm; miners to subsistence homesteads, where they do not know how to farm; planting shelter belts in arid countries where trees will not grow; taking the enumeration of the zoological gardens in New York City; to financing rhythmic dancing and "boondoggling" in various parts of the country.

This is not a revenue measure. No measure which provides only enough money to run the Federal Government 10 days, which provides only enough money to pay off one thirty-third of the existing deficit, which fails to provide enough money to meet the increased fixed charges on the public debt, can be dignified by calling it a revenue measure.

It is a political measure. It is a gesture of fellowship to what Theodore Roosevelt termed the "lunatic fringe." It is a peace offering to the soak-the-rich and share-the-wealth groups of American voters, largely recruited from the ranks of the Democratic Party, and following individuals who were called into political prominence and given political stature by the present administration.

Keeping well within the parliamentary rule which forbids the mention by me of Members of the other body of Congress, I may state that the individual who today stands as the prophet and apostle of the share-the-wealth philosophy owes his prominence to James A. Farley, chairman of the Democratic National Committee, and his army of lieutenants who managed the candidacy of Franklin D. Roosevelt on the floor of the Democratic National Convention in 1932. It was the deal made at that convention, in order to obtain the support of the Louisiana delegation headed by the present apostle of the share-the-wealth program, that seated him and his delegation and brought him into view as a national figure.

The other present-day leaders of schools of economic and financial heresy—such as Townsend, Sinclair, Father Coughlin, and others—were brought into national prominence first by the present administration because it courted their support and the support of their followers. All of these individuals are the products and by-products of the new deal.

And it was the fear that the new deal was going to lose their support in the next campaign that inspired the President's message of June 19 demanding that this Congress pass a tax measure that would soak the rich and start this country on the road to socialism.

This is not a charge trumped up in the ranks of the Republican minority. The most influential and widely read Democratic newspaper in the United States—the New York Times—said, in commenting upon the President's message:

It is impossible not to perceive the trail of politics over the President's message on taxation. * * * It is not unfair to infer that he hopes to cut into the political forces behind Huey Long and Dr. Townsend by his own proposal.

Scores of editorials from Democratic newspapers expressing like sentiments could be quoted. However, one does not need to rely upon newspaper editorial comment to arrive at a just appraisal of the President's message. He stated in that message he wanted taxes increased "because of the very sound policy of encouraging a wider distribution of wealth."

That theme ran through his entire message. In other words, the proposal was to draft a tax measure not for the purpose primarily of producing revenue but for the purpose primarily of destroying wealth. It is punitive, not creative. Again let me quote, not from any reactionary Republican but from an individual who has stood closer to the present Chief Executive and been higher in the councils of this administration than almost any other living man. I refer

to Gen. Hugh S. Johnson. In commenting upon this bill in a public statement made at French Lick, Ind., under date of June 24, and syndicated to a large chain of newspapers, General Johnson said:

It is just ape-like destructiveness to enact a law which goes around kicking over the country's industrial institutions every time the builders of one of them dies. It is like the suttee of an Indian prince, where all his wives and personal property have to be cremated with his corpse, or like the funeral of a Viking, when they burned his ships and treasure with his body. Very interesting, but not very intelligent.

Also, of course, the time will not be distant when there will be no great estates or income left to tax. The plan promptly eats itself up.

Furthermore, its effect will be more and more to put the business of the country into the hands of great impersonal corporations. Thus alone can there be continuity of business operation.

Of course, the taxing miracle can go too far. The power to tax is the power to destroy. After Government has taxed all earnings and the source of all earnings to destruction, there will be nothing left for it to tax except itself. The standing wonder to me is that the "brain trusters" have not proposed that bright gem of genius long ago. Give the boys a reasonable time.

It would be difficult to give a better description of the motive back of this bill. It is embarking the Nation upon a campaign of terrorism against business. Whether or not that was the studied and deliberate purpose of the bill, its inevitable effect will be to retard recovery and thereby operate to the political advantage of the administration in the next campaign by enabling it to go before the country charging that its failure, after 4 years, to bring about recovery has been due to the opposition offered by organized wealth and the hostile decisions of the United States Supreme Court.

There can be no doubt that this marks the official opening of the 1936 Presidential campaign, in which the deliberate strategy of the present administration will be to whip up public passions during a continuation of the present unrest, anxiety, and discontent. That is an easy method of campaigning. History of other nations and other people shows that institutions created by intelligent public opinion can be destroyed overnight by inflamed passions of the mob. Denouncing those who have money as public enemies is the favorite argument of the demagogue in his appeal to the unfortunate, the ignorant, and the malevolent. History since the World War shows that the curse of Europe has been just such demagogic leaders, making just such demagogic appeals for the purpose of overthrowing orderly governments and establishing themselves in the capacity of dictators.

They succeeded in their purpose. Individuals in this country with like purposes can succeed by following the same tactics. With 10,000,000 individuals out of employment, with other millions living on the ragged edge, with uncertainty and fear brooding over the entire country, it would be comparatively easy for an administration, with hundreds of thousands on its pay rolls, millions accepting relief out of its hands, and a $5,000,000,000 fund manipulated for the purpose of influencing opinion and corrupting the electorate to perpetuate itself in power, provided an artful appeal to class prejudice were made and a promise were given to take from those who have and distribute it among those who have not. That would be the logical sequence of the pending tax bill.

In his special message of June 19, submitting his tax proposal as a punishment of the individuals who have been thrifty and accumulating, and of the private enterprises which have been well managed and profitable, President Roosevelt quoted from Theodore Roosevelt:

I wish to quote from Theodore Roosevelt. He was an exponent and practitioner of the square deal—which was and is the very opposite of the new deal. He would not and did not stoop to the low arts of the demagogue. He refused to play up to either rich or poor. He did not seek to win favor with the rich by flattery or with the poor by assuming a patronizing attitude. He refused to fawn upon organized wealth or to cringe before organized radicalism.

In his first annual message to Congress December 3, 1901, he gave voice to the dominating principle of his entire public career in the following words:

The fundamental rule in our national life—the rule which underlies all others—is that, on the whole and in the long run, we shall go up or down together.

Through all of his public utterances and writings there ran this thread of appeal in behalf of a square deal to all individuals, to all classes, and to all sections. Ever uppermost in his public actions was the determination not to attempt to pull anyone up by attempting to pull someone else down. He realized the all-important fact that in a democracy this cannot be done unless you jeopardize free institutions. In an address at Butte, Mont., May 27, 1903, he said:

We need to keep ever in mind that he is the worst enemy of this country who would strive to separate its people along lines of section against section and of class against class.

Again let me quote Theodore Roosevelt—this time from a special message to Congress April 7, 1908, in which he said:

Every far-sighted patriot should protest, first of all, against the growth in this country of that evil thing which is called "class consciousness." The demagogues, the sinister or foolish socialistic visionary, who strives to arouse this feeling of class consciousness in our working people does a foul and evil thing. He is no true American; he is no self-respecting citizen of this Republic; he forfeits his right to stand with manly self-reliance on a footing of entire equality with other citizens.

Now, let me quote from another great American citizen, who, like Theodore Roosevelt, was a citizen of my State, and who, like Theodore Roosevelt, lived a life of public service in the New York General Assembly and crowned that public service with years of able direction of State affairs in the office of Governor. I refer to Alfred E. Smith. At a Jefferson Day dinner held in Washington, in April 1932, which, incidentally, was the last Jefferson Day banquet which has been held here because of the fact the present so-called "Democratic administration" has so far abandoned and repudiated the principles of Thomas Jefferson that it would be regarded as a sacrilege and a travesty for its leaders to engage in any exercises which paid homage and respect to the memory of that great American.

At that banquet Alfred E. Smith said:

This is no time for demagogues. At a time like this, when millions of men, women, and children are starving, there is always the temptation to some men to stir up class prejudice, to stir up the bitterness of the rich against the poor and of the poor against the rich. I protest against the endeavor to delude the poor people of this country to their ruin, by trying to make them believe they can get work before the people who would ordinarily employ them are also restored to conditions of normal prosperity. The factory worker cannot get his job back until conditions enable the factory owner to open up again, and to promise the great masses of working people that they can secure renewed employment by class legislation is treachery to those working people, to the principles of the Democratic Party, and to the United States itself.

That indictment, as well as those uttered by Theodore Roosevelt, rests against the present measure and against the present administration, which proposed the measure.

The menace in this bill is not its rates. In themselves they are not confiscatory. An additional $275,000,000 is not a back-breaking burden for our industries, commercial enterprises, and individuals to carry, even in this present period of depression. Before the debts and deficits being piled up by this administration are paid, many times the aggregate amount of this proposed measure will be annually collected from industry, business, and individuals.

The threat in this bill, and the menace which is frightening business, is that it opens the door to pure socialism, to outright confiscation of wealth by the state, to be used for whatever purposes those who sit in the seats of the mighty may determine.

It is a misnomer to speak of this bill, even in its present modest form, as being a proposal for the distribution of wealth. You cannot distribute wealth in the sense President Roosevelt would have the country understand it by methods of taxation. All the money collected under this measure will go into the Federal Treasury. It will reach no individual who now is poor, except through the medium and the form of a Federal dole. It will add not one penny to the individual wealth of any living person, however poor or needy. Such a system is state socialism.

No one can deny that is what the new deal really is. No one can deny that is what this administration is attempt-

ing to bring about—a supercentral government, wiping out State rights, individual initiative and independence, and personal liberties. It is well on its way. Under the plea that it desires to extend aid to the needy, it is as rapidly as possible forcing millions of our hitherto independent citizens into the ranks of wards of the Government. The unemployed, if they find work, must find it through Government agencies and at the hands of bureaucratic officials, subject to rules which they promulgate. Private industry and commerce are being hampered at every step in order to prevent them from furnishing employment. If the individual be a farmer, he must till his land and harvest his crops according to bureaucratic rules and regulations. If he does not, he cannot borrow money or obtain credit from any of the Government-owned or Government-controlled agencies—no matter how sterling a character he may have, how industrious he may be, or how good collateral he may offer. To procure a Federal loan, either directly or through such Government agencies as Commodity Credit Corporations, or the Farm Credit Administration—not to mention banks controlled by the Government—is to sign on the dotted line to agree to abide by all regulations and administrative orders either now in effect or which hereafter may be promulgated.

The same is true regarding the business man and the manufacturer. The obtaining of credit is no more an act of an upright, independent, industrious, thrifty individual but the act of a political subject, who must subscribe to the political theories of the party in power if he would obtain the credit which is necessary for him to conduct his enterprise.

Now comes the latest proposal: that all who become, through unfortunate circumstances, objects of charity, must obtain such assistance as they need through Government-controlled agencies. Everybody is to be made dependent upon the central government, and the money used by that government to subsidize these millions is to be taken by the method of confiscation. That is not distribution of wealth; that is destruction of wealth. That is not making the poor richer but is keeping them poor and making them wholly dependent upon the whims of a political regime at Washington.

This bill opens the door to the path that leads straight to such a socialistic condition. It will not build up the Nation; it will destroy it. It will not finance our Government; it will wind it up in bankruptcy. After this wealth has been confiscated, the new-deal debts will remain, and the new-deal deficits will continue to accumulate. The inevitable end—and it is not far away if this proposal is adopted as a policy of our Government—will be that no man will seek to create any more wealth because he knows it will be taken from him, and the result of his industry will be merely the same as that of any other hired man of the new-deal Treasury.

This bill is wholly unjustifiable and indefensible. The only excuse for its being considered and recommended for passage is that orders came from the White House that it must be done. Democratic Members of this body have publicly complained at being characterized as "rubber stamps", but nothing so justifies that characterization as the action of the Democratic majority of this body in agreeing to accept this bill and force its passage.

It is uneconomic. It is un-American. It is based on appeal to class hatred and prejudice, the encouragement of which is a menace to America and its free institutions. It is the first piece of legislation ever seriously considered by this body that would legalize the confiscation of wealth simply because one man has more of it than his neighbor.

It may be instrumental in helping the present administration in the next Presidential campaign, but it will be infinitely more instrumental in destroying all hopes of economic recovery and of fastening upon this Nation and its people a new form of government which will destroy our material prosperity; kill all human incentive to work in order to acquire and accumulate a competence; wipe out the profit system, which is the mainspring of human endeavor and national progress; and, finally, destroy individual freedom of action in this country by making every citizen a ward of the Federal Government. This bill marks the beginning of ruthless application of the political axiom that "power to tax is also power to destroy." [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 7 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I am absolutely certain that this is legislation in the right direction. It is not confiscation of anything, as claimed by the gentleman from New York. It merely tends to tax those who can best afford it to relieve a portion of the expenses of the Government. It only intends to increase to some extent those whose incomes or profits are above $50,000.

The Republican leaders, day in and day out, demand that we should balance the Budget. They know that in these times, due to the conditions they brought about, it is absolutely impossible to do so. Nevertheless, this is an effort in that direction. I know if President Roosevelt and the Democratic Party will continue in power—as they will for the next 6 years—long before that we will be able to balance the Budget to the entire satisfaction of even the Republicans.

Mr. KENNEY. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. KENNEY. If we were to get in another billion dollars a year whether or not the gentleman thinks that would not balance the Budget?

Mr. SABATH. Yes; I think it would. I want to say right here that we have done much better than the Republicans are willing to concede or admit.

The gentleman from New York charges and claims that the deficit is $7,000,000,000, but he does not say that the deficit of the Hoover administration was three and one-half billion.

Now, in connection with those charges, I say that economy has been practiced by the administration; that the general expenses of the Government have been reduced by nearly 25 percent; that additional appropriations were made due to the Republican policies, due to the fact that the people were starving, and that 16,000,000 people were out of employment when Mr. Roosevelt was inaugurated. At the time President Roosevelt was inaugurated not only 16,000,000 people were out of work but there were millions and millions of persons who were seeking aid and support to prevent starvation.

Municipalities and States could not aid them. Private capital had refused to assist the starving people. Mr. Hoover and the Republican Party also refused. It became necessary for the Democratic Party and for a Democratic President to expend money for the purpose of aiding municipalities and States, and finally the Government itself was pledged to cooperate with them, to make possible the elimination of starvation on the part of millions of American citizens.

Now, as to conditions: The gentleman from New York stated that business is suffering. If the gentleman would refer to the financial pages of the newspapers, he would find, and be obliged to admit, that business is improving. Even the stock exchange shows 2,000,000 shares sold yesterday and the day before.

We are aiding business, we are cooperating with business, we are doing everything possible to make the wheels of commerce turn around and bring about better conditions, more employment, shorter hours, and better wages. That is the policy of President Roosevelt, and no wonder that the Republicans and some of the reactionary Democrats are finding fault with Mr. Roosevelt's policy, because of this humanitarian point of view which he is endeavoring to instill in the hearts of the American people, and which is his policy. I say to my Republican friends, if they would be honest with their constituents and with the Government, they would stand with President Roosevelt and his policy and help us reestablish that confidence, and reestablish good times, which we enjoyed under the last Democratic administration, under Woodrow Wilson; but unfortunately, for political reasons, they permit themselves to be swayed, thinking that they have a chance and will eventually have an opportunity to get back again into power. The people of America will not forget what they did to America. They have confidence in

President Roosevelt and the Democratic Party, and they will stand back of his policies. [Applause.]

Mr. Speaker, while I have the opportunity, I desire to more thoroughly explain, with my respects to some of the reactionary Democrats who evidently have been impressed with the propaganda disseminated by the so-called "American Liberty League", who represent none other than the vested interests, the praiseworthy efforts and remarkable accomplishments of the President and his administration.

Mr. Speaker, it is not only to be regretted but to be condemned that the American Liberty League, the Chamber of Commerce of the United States, the Republican leaders, most of the investment and commercial bankers, and financial leaders are endeavoring, through unfair and devious means, to deprive President Roosevelt and his administration of the credit to which they are entitled for the far-reaching, constructive, and courageous program he and his administration have carried through with such signal, wide-spread benefit.

The American Liberty League and the so-called "industrial institutes", all of which are nothing more nor less than industrial lobbyists and high-power propagandists, attack all progressive legislation because it would wrest from them the special and unwarranted privileges and advantages they long enjoyed under Republican administrations.

Officers of the Chamber of Commerce of the United States and the State chambers of commerce, under the leadership of Silas Strawn and Meredith, the large and all-powerful bankers, high railroad officials—in fact, nearly all the industrial and business corporation leaders—have willfully and deliberately and destructively reduced employment or failed to justifiably increase the number of employees notwithstanding that their businesses have increased from 50 percent to 500 percent. This organized conspiracy could positively be proved in any court. It would be interesting, indeed, if an investigation could be made to show the millions that have been expended in this shameful and destructive movement to discredit President Roosevelt by assailing, with obvious sophistry, the new deal that the President reared to effect hope and justice for the vast majority of Americans who had too long been denied a just recognition of personal rights in the great and avaricious struggle to enthrone property rights.

I have observed in a recent press notice that an organization on the part of the capitalist is being formed under the leadership of Mr. Charles H. Sabine, Jr., who is described as "a rich New York broker of the millionaire class", to defeat the new inheritance, gift, and income taxes by advocating a Federal sales tax to relieve the wealthy of burdens of taxation and place it all upon the shoulders of the masses, who can least afford it, who receive the least from the Government, who created the wealth, and who through their toil and energy built our Nation.

In the many investigations conducted in the last 3 years it has been unmistakingly proved that Wall Street, under the leadership of J. P. Morgan, by their 386 directors, controls the stock exchange, investment banks, insurance corporations—in short, the entire financial structure of our country. They control the railroads and exercise a tremendous influence in shipping, communication systems, power, gas, steel, mining, and packing. They control the mail-order houses and the chain stores of America to the detriment of the small wholesalers and the small merchants. Their main objective, regardless of conditions, is to increase their already large wealth by increasing their profits and reducing, evading taxes by acquiring tax-exempt securities, and by drawing huge and unconscionable salaries and bonuses.

In a casual investigation I find that the income of the officers of these corporations range from $50,000 to $500,000 a year each from salaries and bonuses. They all live in splendor and luxury, and all of them oppose every measure that would make it possible for the wage earners to acquire enough for the sheer necessities of life.

Through press statements, interviews, and in every other conceivable manner the powerful vested interests are endeavoring with all the ingenuity at their command to divert the attention of the American people from these Democratic accomplishments and are raising new issues, such as the supersanctity of the Constitution, State rights, and other unfounded allegations, only hoping to create prejudice against the President and regain for themselves a position from which they may resume plundering of everybody. These made-for-cash statements appearing on the front pages of many newspapers actually contradict the true financial and commercial reports in the financial pages of the same newspapers.

In the last few days, under the pretense of making patriotic addresses, former President Hoover, Republican House leaders, and several other candidates, including Messrs. SNELL and FISH, of New York, seeking that empty honor of the Republican nomination for the Presidency, have undertaken to add their mite to minimizing the accomplishments of the President.

CONDITIONS ON MARCH 4, 1933

Now, what are the real issues these men are endeavoring to conceal? They are trying to prevent the American people from remembering the uncontrovertible facts and truths of the President's accomplishments. On March 4, 1933, when Franklin D. Roosevelt took the oath of office as President of the United States, and in his heart eager with rejoicing power to meet all impending demands, 98 percent of the American people were in bewildering despair. Nearly every bank in American was insolvent, and it became necessary to temporarily close all banks to protect not only the millions of worthy depositors but to conserve the financial structure of the whole Nation.

Also, practically every life- and fire-insurance company, and every surety company was insolvent, due to the fact that its assets consisted of bonds, mortgages, and securities that were worth only a few cents on the dollar. Eighty percent of our factories and shops were closed; business was at a standstill; more than 16,000,000 willing workers were idle, and those still employed were working only part time. These wage earners were reduced almost to a state of compulsory servitude because in many instances they were obliged to work for a dollar a day, while many hundreds of thousands of our women were compelled to work 10 and 12 hours a day for three or four dollars a week.

The farmers were receiving the insignificant sums of 27 cents a bushel for wheat, 9 cents a bushel for corn, about 6 cents a pound for cotton; cattle and hogs were bringing as little as 2 cents a pound, and other agricultural products were selling at comparable figures, or less than one-half of the cost of their production.

Millions of our people were in despair and dire want. States, counties, and cities were wholly unable to feed and care for their unemployed out of their own funds. Who will not say that a personal need becomes a public matter when a willing man is unable to meet it for himself?

The small home owners and the farmers of the Nation were daily losing their homes and farms, and these conditions had continued to grow more serious daily from 1930 throughout 1931, 1932, and up to the moment Mr. Roosevelt took the oath of office. Such were the sorrowful conditions that Mr. Hoover and the Republican Party bequeathed to President Roosevelt and the Democratic Congress. I defy anybody to try to controvert the correctness of these statements.

Weeks before Mr. Roosevelt was inaugurated the press of the Nation and his present-day assailants pleaded and urged that he call, on March 4, 1933, an immediate extraordinary session of the Congress to arrest the fast-approaching national upheaval and catastrophe. There was a well-bottomed feeling abroad the land that we were on the verge of revolution.

A REVIEW

After quoting from a sound newspaper article to show the humanitarianism and magnanimity of our great President, let us review briefly the accomplishments of President Roosevelt and his administration in the little more than 2 years he had been in office. The newspaper article says:

Reporters asked President Roosevelt, "What is the social objective of your administration?" and he answered, "What any honest government of any country would do; to try to increase the security and happiness of a large number of people in all occupations of life and in all parts of the country; to give them more of the good things of life; to give them a greater distribution, not only of wealth in the narrow terms but of wealth in the wider terms; to give them places to go in the summertime—recreation; to give them assurance that they are not going to starve in their old age; to give honest business a chance to go ahead and make a reasonable profit; and to give everyone a chance to earn a living.

First. Let us see whether the legislation enacted and advocated tends to substantiate this lofty pronouncement. When President Hoover and his administration were appealed to in 1932 to aid the distressed and the starving of the drought areas, especially in the State of Arkansas, the President at first inflexibly refused to allow any portion of an appropriation for relief in those areas to be used to feed human beings, holding that the money was to be used for the feeding of livestock only. We all remember the bitter fight in the Senate that caused Mr. Hoover to change his ruling. That was the governmental philosophy of Herbert Hoover and the Republican leaders, all of whom would have us forget how successfully Mr. Roosevelt handled such a condition. In direct contrast to that ruthless and inhuman doctrine, we have the fulfilled promise of a real humanitarian, President Roosevelt, that no person in the United States should starve.

Second. High among the great and permanent accomplishments of our President is his saving depositors in hundreds of tottering banks, to which I have already referred. Had those banks gone down and their thousands and thousands of depositors lost their all, God only knows what the consequences would have been; but it can easily be visualized that our entire financial, commercial, and business structures would have collapsed with them.

Third. An intangible, but a very important, accomplishment of President Roosevelt is his restoring the confidence of the American people in their Government. When he came into office they had largely lost that confidence. President Hoover, while doing nothing and promising much, in a position so superlatively baffling to one of his unusual philosophy, had so long been telling them that prosperity was "Hoovering" just around the corner, in an atmosphere of doubt, evasion, and procrastination, that they lost confidence in their Chief Executive. Truly, the election of Mr. Roosevelt, coming as it did from his transcendent success as Governor of the great State of New York, with his sterling qualities and splendid achievements, was a godsend to America. Mr. Roosevelt immediately began to lead us out of the slough of despondency and toward the era of better days.

Fourth. The people immediately believed in him, as they do now, and they trusted him from the very hour he assumed his great office, as they trust him now. He does not confine his activities to verbal formalities and windy opposition, but crystallizes his activities in the broad and penetrating field of useful and necessary practice. He is the object of an uncommon endowment of nature; and he has with lionlike courage exhibited that endowment by wellnigh perfect sagacity, indomitable tenacity, and untiring energy.

Fifth. With a sound, bold, and courageous spirit the President launched, after more than 15 years' dillydallying by the Republican administration, one of the greatest governmental industrial projects that the world has ever known—the Tennessee Valley Authority. This project will generate enormous quantities of electrical energy at low rates, reclaim thousands and thousands of acres of barren lands, and provide new employment for thousands and thousands of willing workers. This enterprise has already effected a marked reduction in power and light rates in many parts of the country.

Sixth. The Civilian Conservation Corps was created and provided employment, which continues, for more than 600,000 young men.

Seventh. The enactment of the national industrial recovery legislation, regardless of its ultimate fate, was a monumental contribution to the return of prosperity and an improved social status. Its aid to business and labor alike, abolition of child labor, creation of employment, higher wages, shorter working hours, and the elimination of cutthroat competition were of themselves sufficient to justify this act. Very many of these benefits are sure to abide.

Eighth. The Gold Reserve Act and the Silver Purchase Act were passed. Their benefits are too obvious to need emphasis.

Ninth. The Nation's avenues of communication—the radio, the telephone, and the telegraph—were placed under Federal control and regulation.

Tenth. The Home Owners' Loan Corporation's capital was increased to $3,000,000,000. The Housing Act provided a billion dollars for the benefit of the small-home owners, so that they might repair, modernize, and rehabilitate their homesteads.

Eleventh. The creation of the Federal Deposit Insurance Corporation in June 1933, guaranteeing bank deposits up to $5,000 each, is a boon and has engendered confidence after bank deposits had descended to a new low.

The Nation-wide scope of this Corporation is evidenced by the fact that more than 14,000 of the Nation's 15,000 licensed commercial banks have been admitted to the fund. Insured commercial banks control more than 98 percent of the Nation's commercial banking resources, and during the year 1934 the number of fund members increased by more than a thousand.

The aggregate deposits of insured banks are in excess of $40,000,000,000, of which more than $17,000,000,000 are protected by insurance. Ninety-eight percent of all depositors, however, have accounts of less than $5,000, and are, therefore, fully insured. The aggregate amount of deposits of the 49,000,000 individual depositors who are fully protected is between $13,000,000,000 and $14,000,000,000. The remaining $3,000,000,000 to $4,000,000,000 represented the first $5,000 in the larger accounts.

It will be noted that only 43 percent of the total deposits in insured commercial banks are insured by the fund. However, 70 percent of all banks have total deposits of less than $750,000, and for these banks the insurance protection of the Corporation covers over 80 percent of their total deposit liability. The Federal Deposit Insurance Corporation thus has a very real and tangible interest and responsibility in practically all of the licensed commercial banks in the country, and in the great majority of cases this interest is equal to or greater than 80 percent of the total deposit liability.

The total expenses of the Corporation for the period from its inception on September 11, 1933, to June 30, 1935, were $7,246,000. This figure includes operating expenses of $5,678,000 and insurance losses of $1,568,000. During the same period the total interest income from investments was $11,331,000, which leaves a net income, over and above all losses and operating expenses, of $4,085,000.

The cost of deposit insurance to the banks in the temporary fund and in the fund for mutuals has, therefore, been nil. It will be possible to make the refund to the banks in the fund as of June 30, 1935, in the full amount of $41,460,000. This will constitute a 100-percent refund of the assessments paid by those banks which were insured on the above-mentioned date. According to a proposed amendment to the law, banks remaining insured shall receive credit for these funds against future assessments to be paid the Corporation under the permanent plan.

The urgent necessity of examining all State nonmember banks which had applied for admission into the fund within the limited period between September 11, 1933, and January 11, 1934, resulted in an abnormally high level of operating expenses during the first few months of the Corporation's existence. Since that period, however, operating expenses have been greatly curtailed, and it is estimated that the operating expenses of the Corporation for the next 12 months will not exceed $2,500,000. The largest element of operating expenses is salaries paid. In December 1933 there was a maximum of 2,622 employees; in June of 1934 there were 954; and on June 30, 1935, the number had been reduced to 742.

The average daily expenses, based on total operating expenses for the 22 months from the date of inception to June 30, 1935, were $8,800. The present daily average is only $6,500, and the average daily interest income is in excess of $23,000.

During the entire period of the Corporation's existence through June 30, 1935, only 19 insured banks, with deposits of approximately $3,339,000, were placed in liquidation. After deducting secured and preferred deposits and deposits subject to offset, the net insured deposits in these 19 banks, for which the Corporation was liable, amounted to $2,764,000. In each instance a disbursement in excess of 75 percent of the total insured deposits was made within 10 days of the closing of the bank. Uninsured and unsecured deposits in these failed banks were $204,400. Over 93 percent of the deposits in the 19 banks, other than deposits which were fully secured, preferred, or subject to offset, were fully protected by insurance. It is estimated that the Corporation will recover 46 percent of the net insured deposits in these banks, or over $1,271,000.

In the period between 1921 and 1930, this country witnessed the closing of 7,066 banks with total deposits of $2,478,800,000. When it is realized that through these years the Nation enjoyed a relatively high level of business activity, the full significance of the small number of failures since the inception of the Federal Deposit Insurance Corporation becomes apparent.

Twelfth. Amendments to the Reconstruction Finance Corporation Act, providing for direct loans to industry, giving the small manufacturer and merchant an opportunity to procure financial aid which banks had refused. It also applied to insurance companies, the result of which had a direct effect upon the welfare of millions of our citizens having insurance policies.

Thirteenth. The Agricultural Adjustment Act was created to the immeasurable benefit of agriculture throughout the whole Nation.

Fourteenth. The enactment of the stock exchange and securities legislation in order to prevent a repetition of the nefarious gambling practices responsible for the 1929 crash.

Fifteenth. The providing of $4,800,000,000 for the purposes of making loans and grants to States and their subdivisions, and for Federal public works to take three and one-half millions of citizens off the relief rolls and provide employment for them.

Sixteenth. Another index of the mind of our President is his establishment of the National Youths' Administration. The youths' group normally represent enthusiasm, determination, vision, and power. Here are found those highly trained, prepared people, with daring, courage, and untiring industry. Here, in the group between 18 and 24 years of age, is laid the foundation of home and success. With opportunity removed, vision is lost, courage slips, enthusiasm turns to cynicism, power to waste, homes are broken; doubt, disgust, fear, and "do not care" are mixed and mingled, until life becomes an impossible tangle. This condition is rapidly and successfully being changed.

Seventeenth. The National Labor Relations Board: The purpose being to bring about better and more friendly relations between employer and employee, and otherwise aid the cause of the American wage earner.

IN THE MAKING

Franklin D. Roosevelt is the first and only President of the United States who ever has insisted upon feeding the hungry and furnishing clothing and shelter to the needy. More than 20,000,000 men, women, and children, in distress through no fault of their own, have benefited by his courageous human act. Never again shall willing people starve in America, nor shall there be an army of forgotten men. This, because the President has recommended and is insisting upon, with every prospect of early and complete success, the Congress framing permanent legislation that will guarantee three basic requisites of life for all, namely, security of the home, security of the worker in his job, and assurance of a livelihood of a proper standard, which are the first dues of every willing man and woman in America.

President Roosevelt will go down in history as the first President of the United States to make a serious and effective attempt to humanize industry and the Government. I believe this feature alone of his administration places him in that select company assured perpetuity of fame.

The President is insisting upon a public utility control bill with teeth, one that will effectually outlaw the indefensible system of holding companies by which so many hundreds of thousands of innocent and trusting investors, including even the estates of widows and orphans, have been mulcted of their life savings.

All who are not blinded by political prejudice or personal selfishness must conceive that the accomplishments of President Roosevelt are far beyond the expectations and the fondest dreams of all. The history will record his great achievements—that within the short space of time of 30 months he has rehabilitated and reconstructed our industries; made safe our banking institutions; has fed and clothed millions of the unemployed and made possible the reemployment, directly and indirectly, of over 9,000,000 of our people; has reduced the hours of labor; has saved home owners from losing their homes and the farmers from losing their farms; has increased by 200 to 300 percent prices of agricultural commodities; has brought about order and respect for the laws of the land; has reestablished confidence; and by his wise financial and monetary legislation notwithstanding tremendous advances made by the Government to most of the bankrupt cities, counties, and States, has accumulated over $9,000,000,000 in gold and nearly a billion dollars in silver in our Treasury; has reduced the interest of Government, State, and municipal obligations from 5, 6, and 8 percent to as low as 2½ percent on long-term indebtedness and as low as one-fourth of 1 percent on short-term notes.

All this was effected in the face of deliberate and shameful efforts of some of our cold and calculating financiers and industrialists who themselves had been saved from bankruptcy by the President's accomplishments, but who now in the dawning of a new era attempt to undermine and disparage his marvelous achievements.

What justification can be offered unless they wish again to selfishly regain their former sinister position and aggrandize themselves at the expense of the masses?

Our carping critics charge that the President has failed to balance the Budget. May I ask which of the large industries have balanced their budgets during 1930, 1931, and 1932? It cannot be denied that the President has reduced the ordinary expenditures of the Government. Such deficit as exists is occasioned by reason of extraordinary expenditures incident to the recovery program, including the providing of employment and the necessary feeding of the unemployed, and it is, comparatively speaking, far below the Hoover deficit of 1932.

Although the national debt has increased, it should be realized that such increase was occasioned by extraordinary expenditures made necessary by the recovery program to provide loans to agriculture, industry, banks, insurance companies, building and loan associations, States, and their subdivisions. These loans by the Government bear an interest rate of about 4.5 percent, compared to the cost of money to the Government of approximately 2 to 3 percent, which obviously indicates the high credit the Government enjoys under a Democratic administration.

Bank deposits have increased 40 percent; values of stocks and other securities have increased between thirty and forty billions of dollars. Business and manufacturers who suffered heavy losses again show profits, and most of them are paying dividends.

I recall to mind the manner in which these same special interests, who for months have and are now spending millions to defeat legislation which President Roosevelt has been and is now advocating, violently opposed the creation of the Federal Reserve bank, the Federal Deposit Guaranty Act, the Federal Trade Commission, and the Securities and Exchange Act under the pretense that these agencies would be destructive of the best interests of the Nation and will be unconstitutional. But the contrary has been proven, in that they have undeniably been of immeasurable help to the coun-

try, and I confidently predict that time will clearly demonstrate that every piece of legislation sponsored by President Roosevelt will prove a boon to all, regardless of social or business status. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I did not intend to speak on the rule, and I would not dare to discuss the details of the bill. I leave that with the distinguished members of the Ways and Means Committee. Nor do I intend to reply seriatim to the speech of the distinguished minority leader, the gentleman from New York [Mr. SNELL]. I wish he had shown it to me a few hours in advance so that I could read it.

Mr. SNELL. I will next time.

Mr. O'CONNOR. It is a significant fact, and must be so to this House, and I am sure will be to the country, that when this rule to consider the tax bill is called up no member of the Rules Committee takes the floor, no member of the Ways and Means Committee takes the floor; no one takes the floor save the leader of the Republican Party, who speaks for 30 Republican minutes and 2 Democratic minutes and utters what is intended to be another opening gun for the next campaign. So many of these popguns have been fired during this session we have had a continuous Fourth of July display.

The distinguished leader admitted it is a wide-open rule and he had no complaint. While the distinguished minority leader was so complimenting our Democratic side for its fairness, I was thinking of what would have happened if the Republicans were in the majority and they had brought in a tax bill. Would they leave it open for amendments to be offered by the minority? Never. They would not have even brought it under a rule; they would have brought it in under a suspension of the rules, that it might not be smeared by any foreign hand.

Is that the issue on which they are going to the country in 1936—that the Democratic Party is proposing a tax bill increasing the taxes on individuals receiving in excess of $50,000 or more? Are they going to the country on the issue that we may be increasing the taxes of corporations if and when they earn the income? Are they going to the country on the issue that we are increasing the taxes on inheritances which come to people through no effort or right of their own? Are they going to the country on the issue that we are trying to impose some taxes on gifts made for the sole purpose of evading taxes? If so, we welcome the issue, and we will gladly meet them on that issue in the election next year. [Applause on the Democratic side.]

It always amuses me that the Republican spokesmen keep continually quoting the Democratic platform. It has recently come in for encomiums by all. It is a wonderful platform, the Republicans say, and it should be strictly complied with. I wonder, Mr. Speaker, whatever has happened to that Republican platform of 1932? As I recall it, they had one. Was it lost out there in those "grass roots"? We never hear anything more about it. I think it ought to be resurrected, and, of course, you cannot resurrect the living, because I am sure somewhere in that platform which had so much effect in the election of 1932 there must have been some planks which instructed the representatives of that party that they should do something for the benefit of the country. I am sure in that Republican platform there was no plank mandating the Republican Party in the House of Representatives to continually vote against all measures to put people to work, to feed them and clothe them, and to improve their condition in life. I am sure that platform never contained such planks as a guide to the conduct which the minority in this House has displayed all during this session.

Mr. WADSWORTH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. If the gentleman is going to solve the mystery of the whereabouts of that platform now probably lost in the "grass roots."

Mr. WADSWORTH. I am trying to solve another mystery, and perhaps I can get a little help. The gentleman has said something about the resurrection of the Republican platform. Would the gentleman be willing to resurrect the Democratic platform?

Mr. O'CONNOR. Oh, I believe the Democratic platform is in rule and full force and effect and has been lived up to by the Democrats in this House. The Republicans talk about balancing the Budget. They are not talking about the ordinary current expenses of the Government. They want to put the huge expenditures of war into the current Budget. We have been all over that so many times there is no need to reiterate. The American people understand that we have in truth and fact balanced and reduced our current Budget, and they are not going to be hoodwinked from any rostrum about balancing the entire Budget, instead of taking care of our distressed people. They are not going to be impressed by the fact that we have increased our national debt, when at the same time we have put millions of people to work, whom the Republicans caused to be out of work.

Then we hear a lot about socialism. Our millions of people went out of work while the Republican Party was in power, and the only answer the Republicans give is to talk about socialism of one brand or another. The leader today talked about pure socialism, whatever that is, and everything we do is socialistic. It is some form of socialism, pure or impure. Let me tell the distinguished gentleman from New York right now, my good friend, a candidate for President, that the people of this country from 1929 to 1933 suffered such distress and privation under Republicanism that, if a solution of their troubles did mean socialism, they would welcome it rather than ever go back to Republicanism. [Applause on the Democratic side.]

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. TREADWAY) there were—ayes 85, noes 25.

Mr. TREADWAY. Mr. Speaker, I challenge the vote on the ground that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and twenty-three Members are present; not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 261, nays 78, not voting 90, as follows:

[Roll No. 152]

YEAS—261

Adair	Cooley	Fuller	Kelly
Amlie	Cooper, Tenn.	Fulmer	Kennedy, N. Y.
Andresen	Corning	Gambrill	Kenney
Arnold	Costello	Gavagan	Kerr
Ashbrook	Cox	Gehrmann	Kleberg
Ayers	Cravens	Gilchrist	Kloeb
Barden	Crosby	Gildea	Kocialkowski
Beam	Cross, Tex.	Gillette	Kramer
Beiter	Crosser, Ohio	Goldsborough	Kvale
Berlin	Crowe	Granfield	Lambertson
Biermann	Cullen	Gray, Ind.	Lambeth
Binderup	Deen	Gray, Pa.	Lanham
Bland	Delaney	Green	Larrabee
Blanton	Dickstein	Greenway	Lea, Calif.
Bloom	Dies	Greenwood	Lemke
Boehne	Dingell	Greever	Lewis, Colo.
Boileau	Disney	Gregory	Lewis, Md.
Boland	Dobbins	Griswold	Lloyd
Boylan	Dorsey	Gwynne	Luckey
Brennan	Doughton	Haines	Lundeen
Brown, Ga.	Doxey	Hancock, N. C.	McAndrews
Brunner	Drewry	Harlan	McClellan
Buchanan	Driscoll	Hart	McCormack
Buck	Driver	Hennings	McFarlane
Buckler, Minn.	Duffey, Ohio	Higgins, Mass.	McGehee
Burch	Duffy, N. Y.	Hildebrandt	McGrath
Caldwell	Duncan	Hill, Ala.	McLaughlin
Cannon, Mo.	Dunn, Pa.	Hill, Knute	McReynolds
Cannon, Wis.	Eagle	Hill, Samuel B.	Mahon
Carmichael	Eckert	Hobbs	Maloney
Carpenter	Edmiston	Hook	Mansfield
Casey	Ellenbogen	Houston	Marcantonio
Castellow	Evans	Huddleston	Martin, Colo.
Celler	Faddis	Hull	Mason
Citron	Farley	Imhoff	Massingale
Clark, Idaho	Fiesinger	Jenckes, Ind.	Maverick
Clark, N. C.	Fitzpatrick	Johnson, Okla.	May
Coffee	Flannagan	Johnson, Tex.	Mead
Colden	Fletcher	Johnson, W. Va.	Meeks
Cole, Md.	Ford, Calif.	Jones	Merritt, N. Y.
Colmer	Ford, Miss.	Kee	Miller
Connery	Frey	Keller	Mitchell, Tenn.

Monaghan	Polk	Sears	Turner
Montet	Rabaut	Secrest	Umstead
Moran	Ramsay	Shanley	Utterback
Mott	Ramspeck	Sirovich	Vinson, Ga.
Murdock	Randolph	Smith, Conn.	Vinson, Ky.
Nelson	Rankin	Smith, Va.	Wallgren
Nichols	Rayburn	Smith, Wash.	Walter
O'Brien	Reilly	Smith, W. Va.	Warren
O'Connor	Richardson	Snyder	Wearin
O'Day	Robertson	Somers, N. Y.	Weaver
O'Malley	Robinson, Utah	South	Werner
O'Neal	Rogers, Okla.	Starnes	Whittington
Owen	Romjue	Stefan	Wilcox
Palmisano	Ryan	Sumners, Tex.	Williams
Parsons	Sabath	Sutphin	Wilson, La.
Patman	Sadowski	Tarver	Withrow
Patterson	Sanders, Tex.	Taylor, Colo.	Wood
Patton	Sandlin	Taylor, S. C.	Woodrum
Pearson	Sauthoff	Terry	Young
Peterson, Fla.	Schaefer	Thomason	Zimmerman
Peterson, Ga.	Schneider	Thompson	Zioncheck
Pettengill	Schulte	Tolan	
Pfeifer	Scott	Tonry	
Pierce	Scrugham	Truax	

NAYS—78

Allen	Dondero	Jenkins, Ohio	Robsion, Ky.
Andrew, Mass.	Doutrich	Kahn	Rogers, Mass.
Andrews, N. Y.	Eaton	Kinzer	Seger
Arends	Ekwall	Knutson	Short
Bacharach	Engel	Lehlbach	Snell
Bacon	Englebright	Lord	Stewart
Blackney	Fenerty	McLean	Taber
Bolton	Fish	McLeod	Taylor, Tenn.
Brewster	Focht	Maas	Thomas
Buckbee	Gearhart	Mapes	Thurston
Carlson	Gifford	Marshall	Tinkham
Cavicchia	Guyer	Martin, Mass.	Treadway
Christianson	Hancock, N. Y.	Michener	Turpin
Church	Hartley	Millard	Wadsworth
Cole, N. Y.	Hess	Pittenger	Wigglesworth
Collins	Hoeppel	Powers	Wolcott
Crawford	Hoffman	Ransley	Wolfenden
Darrow	Hollister	Reece	Woodruff
Dirksen	Holmes	Reed, Ill.	
Ditter	Hope	Reed, N. Y.	

NOT VOTING—90

Bankhead	DeRouen	Lesinski	Rudd
Bell	Dietrich	Lucas	Russell
Brooks	Dockweiler	Ludlow	Sanders, La.
Brown, Mich.	Dunn, Miss.	McGroarty	Schuetz
Buckley, N. Y.	Eicher	McKeough	Shannon
Bulwinkle	Ferguson	McMillan	Sisson
Burdick	Fernandez	McSwain	Spence
Burnham	Gasque	Merritt, Conn.	Stack
Carter	Gassaway	Mitchell, Ill.	Steagall
Cartwright	Gingery	Montague	Stubbs
Cary	Goodwin	Moritz	Sullivan
Chandler	Halleck	Norton	Sweeney
Chapman	Hamlin	O'Connell	Thom
Claiborne	Harter	O'Leary	Tobey
Cochran	Healey	Oliver	Underwood
Cooper, Ohio	Higgins, Conn.	Parks	Welch
Crowther	Jacobsen	Perkins	West
Culkin	Kennedy, Md.	Peyser	Whelchel
Cummings	Kimball	Plumley	White
Daly	Kniffin	Quinn	Wilson, Pa.
Darden	Kopplemann	Rich	Wolverton
Dear	Lamneck	Richards	
Dempsey	Lee, Okla.	Rogers, N. H.	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Sullivan (for) with Mr. Toby (against).
Mr. Whelchel (for) with Mr. Higgins of Connecticut (against).
Mr. Cary (for) with Mr. Wilson of Pennsylvania (against).
Mr. Sisson (for) with Mr. Perkins (against).
Mr. Rudd (for) with Mr. Goodwin (against).
Mr. Jacobsen (for) with Mr. Halleck (against).
Mr. McKeough (for) with Mr. Crowder (against).
Mr. Richards (for) with Mr. Cooper of Ohio (against).
Mr. Bell (for) with Mr. Merritt of Connecticut (against).
Mr. Stubbs (for) with Mr. Rich (against).
Mr. Lee of Oklahoma (for) with Mr. Plumley (against).

General pairs:

Mr. Cochran with Mr. Carter.
Mr. McSwain with Mr. Culkin.
Mr. Oliver with Mr. Kimball.
Mr. Kniffin with Mr. Burnham.
Mr. McMillan with Mr. Welch.
Mr. Ludlow with Mr. Burdick.
Mr. Chapman with Mr. Wolverton.
Mr. Bankhead with Mr. Daly.
Mr. Bulwinkle with Mr. Quinn.
Mr. Eicher with Mr. Hamlin.
Mr. Cartwright with Mr. Lamneck.
Mr. Thom with Mr. Buckley of New York.
Mr. Stack with Mr. West.
Mr. Gingery with Mr. Harter.
Mr. Schuetz with Mr. White.
Mr. Kennedy of Maryland with Mr. Underwood.
Mr. Healey with Mr. Steagall.
Mr. Gasque with Mr. Sweeney.
Mr. Ferguson with Mr. Russell.
Mr. Spence with Mr. Gassaway.
Mr. Sanders of Louisiana with Mr. Dunn of Mississippi.
Mr. Fernandez with Mr. Rogers of New Hampshire.
Mr. Darden with Mr. Claiborne.
Mr. Parks with Mr. Cummings.
Mr. Dempsey with Mr. Lucas.
Mr. Dietrich with Mr. Dockweiler.
Mr. DeRouen with Mr. Chandler.
Mr. Brooks with Mr. Brown of Michigan.
Mr. Kopplemann with Mr. McGroarty.
Mr. Lesinski with Mr. Montague.
Mr. Dear with Mr. Moritz.
Mrs. Norton with Mr. O'Leary.
Mr. O'Connell with Mr. Peyser.

Mr. CONNERY. Mr. Speaker, my colleagues, Mr. RUSSELL and Mr. HEALEY, are both unavoidably absent. If present, they would have voted "aye."

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

AIR MAIL SERVICE

Mr. DOBBINS, from the Committee on the Post Office and Post Roads, submitted a conference report (Rept. No. 1701) on the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the Air Mail Service, for printing in the RECORD.

THE REVENUE BILL OF 1935

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8974, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. COOPER of Tennessee. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

Mr. TREADWAY. Mr. Chairman, I object.

Mr. CULLEN. Will the gentleman reserve his objection for a moment?

Mr. TREADWAY. Certainly. I will reserve the objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. TREADWAY. Mr. Chairman, I object. I demand the reading of the bill.

The Clerk proceeded to read the bill.

Mr. ELLENBOGEN (interrupting the reading of the bill). Mr. Chairman, there are 98 pages in this bill. A copy is in the hands of every Member. I do not believe that any Member will want to waste the time of the Committee to read the entire bill.

Mr. TREADWAY. Mr. Chairman, the regular order.

Mr. ELLENBOGEN. I move, Mr. Chairman——

Mr. BLANTON. We will read the bill and make them like it.

Mr. TREADWAY. Mr. Chairman, the regular order.

Mr. ELLENBOGEN. Mr. Chairman, I move that the further reading of the bill be dispensed with.

Mr. O'MALLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. Does the time consumed add to the expense of this session of Congress?

Mr. TREADWAY. Mr. Chairman, the regular order.

The CHAIRMAN. That is not a parliamentary inquiry.

The Clerk will read.

(The Clerk resumed the reading of the bill.)

Mr. BLANTON (interrupting the reading of the bill). Mr. Chairman——

Mr. TREADWAY. Mr. Chairman, regular order.

Mr. BLANTON. I want to ask the Chairman a parliamentary inquiry, which is entirely discretionary with the Chair.

Mr. TREADWAY. Well, Mr. Chairman, the gentleman cannot tell us where to get off without addressing the Chair. I demand the regular order.

Mr. BLANTON. I did address the Chair, by saying "Mr. Chairman." Will the Chair permit me to propound a parliamentary inquiry?

Mr. TREADWAY. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The Chair will not do anything until the Committee is in order. For what purpose does the gentleman from Texas rise?

Mr. BLANTON. Would the Chair permit me to propound a parliamentary inquiry?

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. If this 98-page bill is required to be read into the RECORD, will it be necessary for the Public Printer tonight in the Government Printing Office to print the entire 98-page bill in the RECORD?

Mr. TREADWAY. Mr. Chairman, the gentleman's inquiry is not a parliamentary inquiry.

The CHAIRMAN. The Chair thinks that is a parliamentary inquiry. If the bill is read at this point, of course, it is printed in the RECORD.

Mr. BLANTON. The entire 98-page bill will have to be printed in the RECORD?

The CHAIRMAN. That is correct.

Mr. BLANTON. And if it is not read it would not be printed in the RECORD?

The CHAIRMAN. That is correct.

Mr. BLANTON. And if it is read, this 98-page bill will cost $50 per RECORD page.

Mr. TREADWAY. It would not cost half as much as the gentleman's political speeches.

Mr. BLANTON. If the gentleman from Massachusetts ever made one political speech half as good, it would be worth the money.

Mr. TREADWAY. We could very well economize, Mr. Chairman, if the gentleman from Texas did not make so many political speeches to get printed free and distribute them in his district.

Mr. BLANTON. The speeches I distribute are not printed free. I pay the regular cost price for reprinting every one I distribute. They might read them to advantage up in Massachusetts.

Mr. TREADWAY. Mr. Chairman, the regular order.

Mr. ANDREWS of New York. Mr. Chairman, I move that the Committee do now rise.

Mr. TREADWAY. I demand the regular order, Mr. Chairman.

The question was taken; and on a division (demanded by Mr. ANDREWS of New York) there were—ayes 27, noes 75.

So the motion was rejected.

The Clerk resumed the reading of the bill.

Mr. O'MALLEY (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with.

Mr. TREADWAY. Mr. Chairman, I object.

The Clerk resumed the reading of the bill.

Mr. TREADWAY (interrupting the reading of the bill). Mr. Chairman, I demand the regular reading of the bill. I think the reading clerk has skipped certain pages.

Mr. BLANTON. Mr. Chairman, we have two of the best reading clerks in the United States.

Mr. HOFFMAN. Mr. Chairman, I demand the regular order and no spouting of the "Texas oil well."

Mr. BLANTON. We have two good scientific reading clerks, and we are going to make use of them. One is a Republican, and the other is a Democrat.

Mr. TREADWAY. They make a good pair, and nobody is complaining of their reading. Mr. Chairman, I would like to know where the Clerk is now reading and whether the reading has been continuous.

The CHAIRMAN. The Chair will state that the reading has been continuous. The Clerk so informs the Chair.

Mr. BLANTON. And it will be continuous for the next hour.

The Clerk resumed the reading of the bill.

Mr. BOILEAU (interrupting the reading of the bill). Mr. Chairman, I desire to propound a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. First of all, I ask unanimous consent that further reading of the bill be dispensed with.

Mr. TREADWAY. Mr. Chairman, I am very sorry to be obliged to object to the request of my friend.

Mr. BOILEAU. I have not had an opportunity to state my full request.

Mr. TREADWAY. The gentleman has stated enough so that I know I am going to object, Mr. Chairman.

Mr. BLANTON. We have plenty of money! Money to be spent uselessly reading a 98-page bill, which, if read, must be printed in the RECORD! Let us spend it! We have plenty of money!

Mr. TREADWAY. And plenty of time.

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with and that the Committee do now rise.

Mr. TREADWAY. Mr. Chairman, I regret extremely to be obliged to object.

The Clerk resumed the reading of the bill.

Mr. TAYLOR of Colorado (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, with the understanding that when the House adjourns tonight it will adjourn to meet at 10 o'clock tomorrow.

Mr. TREADWAY. Mr. Chairman, reserving the right to object, is it thoroughly understood and agreed that we are to rise and that no more business will be transacted today if we agree to meet at 10 o'clock tomorrow?

Mr. TAYLOR of Colorado. I am making this request with that hope; yes, sir.

Mr. TREADWAY. I am in favor of the request.

Mr. BLANTON. To save the expense of printing this 98-page bill in the RECORD, which will cost $50 per RECORD page, will not the gentleman couple with his request the further request that that part of the bill which has been read thus far be not printed, because printing it would be worthless?

Mr. TREADWAY. I am perfectly willing, in view of the tremendous expenditure the Government has been put to in printing speeches of the gentleman from Texas——

Mr. BLANTON. And those of the gentleman from Massachusetts.

Mr. TREADWAY. No; nothing like that.

Mr. BLANTON. And speeches of his that were of no account at all.

Mr. DOUGHTON. Mr. Chairman, I would like to ask the majority leader if that is agreeable to the Speaker.

Mr. TAYLOR of Colorado. Yes; I think so. The Speaker is here and can speak for himself.

Mr. BOILEAU. Mr. Chairman, reserving the right to object, we have no right in the Committee of the Whole, as I understand it, to agree to meet tomorrow at 10 o'clock. I would like to ask the majority leader whether or not it is the intention to stay in session Saturday as well as tomorrow?

Mr. TAYLOR of Colorado. We hope to. We want to finish this bill this week, if possible.

Mr. MICHENER. Mr. Chairman, reserving the right to object, is the gentleman going to attempt to hold the House here until this bill is passed on Saturday?

Mr. TAYLOR of Colorado. I will say to the gentleman from Michigan that I cannot say definitely what will happen on Saturday. I am trying to harmonize matters, yet get the House out of the situation we are in at present, and get started on the consideration of the bill.

Mr. MICHENER. The gentleman has been here long enough to know, and I have been here long enough to know that the gentleman knows whether or not he is going to attempt to pass this bill on Saturday. The gentleman knows. Now, is that his purpose or is that not his purpose?

Mr. TAYLOR of Colorado. I will say frankly that my purpose is to get just as far as we possibly can with the consideration of the bill this week. I certainly have no disposition

to inflict any hardship on the House, even if I had the power to do so, which I have not.

Mr. MICHENER. How late does the gentleman contemplate holding us here on Saturday if we cannot pass it before Monday?

Mr. TAYLOR of Colorado. I cannot agree this far in advance upon the hour of adjournment Saturday. That matter will be in the hands of the House at that time.

Mr. GREENWOOD. Nobody can tell how much debate there will be.

Mr. WOODRUFF. Mr. Chairman, reserving the right to object, I would like to ask the gentleman from Colorado if the Members could not reasonably expect that should it become apparent at an early hour on Saturday that the bill could not be passed that day, that the House will adjourn at an early hour?

Mr. TAYLOR of Colorado. I feel that I ought not to hypothecate the House that way this far in advance.

Mr. WOODRUFF. I asked the gentleman if we could not reasonably expect that such procedure would follow.

Mr. TAYLOR of Colorado. I think that procedure would be reasonable. But I feel that the gentleman should be willing to permit us to cross that bridge when we come to it.

I have not consulted the Speaker or any of the Members excepting as to the request that I am now making on this matter now pending. I am trying to get the House out of this jam and save the Government the enormous expense of printing all of this bill in the CONGRESSIONAL RECORD and expedite the consideration of this bill by meeting at 10 o'clock tomorrow morning.

Mr. WOODRUFF. May I suggest that in case it is decided to finish the bill on Saturday, if we reach the point of ordering the previous question, we put the roll call over until Monday? I may say that the reason I am interested in this matter is not because of my own personal inclinations but because of the fact one of my Democratic colleagues and friend from Michigan is now in that State, and it is not convenient for him to return before Monday. I am trying to protect the interests of my colleague.

Mr. TAYLOR of Colorado. We cannot regulate the proceedings of the House for the convenience of one Member.

Mr. WOODRUFF. I understand that.

Mr. TAYLOR of Colorado. We want to go ahead with this bill just as fast as we can, and yet be reasonable about it. I am sure if there is no filibuster or deliberate waste of time, no one can complain about the action of the House.

Mr. WOODRUFF. I have known the gentleman from Colorado for a great many years. He has my high regard and affection. We both know that by voting on this bill Saturday we are not contributing anything whatsoever to the final conclusion of the deliberations of Congress on this bill, because the Senate committee has the bill under consideration at this time, and we cannot by finishing it on Saturday contribute 1 minute's time to the early conclusion of the bill.

Mr. FULLER. If we pass this bill immediately it will expedite adjournment. It is generally understood—and there is practically a gentlemen's agreement—that the minute we pass this measure over here the Senate will take it up, and they hope to get it on the floor of the Senate for consideration inside of a week. Monday next is set aside for consideration of bills on the Consent Calendar. Tuesday will be devoted to the consideration of bills on the Private Calendar. There are many Members of the House on both sides of the aisle who are mighty anxious to have those things come up for consideration before we adjourn. There is no reason why we should ask the majority leader to agree to hold this matter over for some one man to come back here. We have many Democrats who are away from here who would like to vote on this matter, but they ought to stay here.

Mr. WOODRUFF. The gentleman is in error when he says the Senate will take this matter up as soon as it passes the House. The Senate has already taken it up. The Finance Committee of the Senate is now holding hearings on this bill, and they could not do anything more if we passed the bill tonight.

Mr. BLANTON. Will the gentleman yield?

Mr. WOODRUFF. I yield to the gentleman from Texas.

Mr. BLANTON. The Senate adjourned this afternoon not to meet again until Monday because, presumably, they have not this bill before them. [Laughter.] On Monday they will take it up.

Mr. WOODRUFF. I am sorry that the gentleman from Texas, who is usually so accurate and so well informed, has said something on the floor of the House that has caused smiles and laughter from Members of the House.

Mr. BLANTON. Did they not adjourn until Monday?

Mr. WOODRUFF. Yes; perhaps they did, but what of it? What difference does that make?

The regular order was demanded.

Mr. TAYLOR of Colorado. May I ask the gentleman if we cannot agree to settle that matter next Saturday afternoon when we reach it?

Mr. WOODRUFF. This is the time to settle it. I do not propose to object, however.

Mr. BYRNS. May I say to the gentleman from Michigan that there never has been a time when we have reached the point where a vote was to be taken on a measure that it has not gone over on the request of the Members interested. This was done yesterday and the vote was taken today upon the motor-vehicle bill. The gentleman knows very well, if we reach the situation Saturday night where only a roll call or two or three roll calls on Monday are necessary, there will not be a Member of the House who will object to the votes going over until that time. Of course, I do not think anyone can make any agreement to do this or that in advance. The matter will take care of itself when the time comes. The wishes of other Members must be considered as well.

Mr. WOODRUFF. With the assurance from what the gentleman has said that what has happened in the past will happen Saturday if the eventuality arises, I shall not say anything more.

Mr. BLANTON. Mr. Chairman, it is understood that the request of the gentleman from Colorado is that this bill be considered as read and not printed in the RECORD?

Mr. TAYLOR of Colorado. Yes, sir; that is my request.

Mr. TREADWAY. As far as it has been read.

Mr. BLANTON. The request was "that the further reading of the bill be dispensed with", and that means that we will be over the first reading of it. Had we not had that understanding, we would not have gained anything.

The regular order was demanded.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committe rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes, had come to no resolution thereon.

TEXAS CENTENNIAL EXPOSITION

Mr. JOHNSON of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (S. J. Res. 167) to amend the public resolution approved June 28, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes", and consider the same.

The Clerk read the title of the joint resolution.

There being no objection, the Clerk read the Senate joint resolution, as follows:

Resolved, etc., That the last sentence of section 3 of Public Resolution No. 37 of the Seventy-fourth Congress, approved June 28, 1935, is hereby amended to read as follows: "The salary and expenses of the commissioner general and such staff as he may require shall be paid out of the funds authorized to be appropriated by this joint resolution for a period of time covering the

duration of the exposition and not to exceed a 6 months' period following the closing thereof, and for such period prior to the opening of the exposition as the commission shall determine."

The Senate joint resolution was agreed to.

MAYME HUGHES

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3090) for the relief of Mayme Hughes, with a Senate amendment, and concur in the Senate amendment.

There being no objection, the Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$2,500" and insert in lieu thereof "$1,448.24."

The Senate amendment was concurred in.

THE PRINCIPLES OF THEODORE ROOSEVELT AND PRESENT PROBLEMS

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to extend my remarks by including a speech by one of the Communications Commissioners, the Honorable George Henry Payne.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYLAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I submit the following address of Hon. George Henry Payne, at Mineola, N. Y., July 24, 1935:

It is not unusual for people to refer to their own age or the period in which they are living as a remarkable one. What really is remarkable to them is that they, at the present, are living, whereas so many more worthy people of the past are dead.

But by calm consideration of the present era and an analysis of the past we are able to get scientifically and philosophically some view on our own time.

We do know that considering the men engaged, the men slaughtered and wounded, the resources available, and the wealth expended, the Great War was the most remarkable in history.

We know that in 1918 it involved 93 percent of the world's population. The countries known as "neutral" had a population of 130,000,000, while the countries involved in the war had a population of 1,700,000,000.

"Revaluations and restatements of economics, politics, and government became necessary as the result of that war in practically all fields of endeavor."

We may therefore assume that the period following such a great war, one charged with the readjustments of so many lives, is an unusual period; and perhaps we are not fooling ourselves when we say that today we are living in a most unusual age.

The solution of many of the problems of our day is going to depend on the clarity of thought, the calmness of judgment, and the dispassionate temper of mind that men bring to the task.

In a political crisis, such as that through which we are now passing, passion too frequently takes the place of logic. Even where logic and cold analysis are present, it is not often that men can argue different positions on a given subject with just as much cogency as if there were only one possible solution.

"There is hardly a proverb that has not figured for ages past in every language; and there is hardly one of them all that is not flatly contradicted by some other proverb.

"That the goal of political endeavor is a state in which there will be no rich and no poor. That the division of mankind into rich and poor is a divine institution, or a law of nature as inevitable as gravitation.

"That all wealth should belong to the state. That the state is a muddler that cannot create wealth, and a spendthrift that cannot save it; so that, if all wealth were taken by the state there would soon be a universal impoverishment.

"That religion is the buckler of the poor. That religion is one of the chief weapons of the oppressor.

"That minorities must go to the wall. That only minorities are fit to rule.

"That family life and friendship are the foundations of human society. That family life and friendship are odious ties that prevent a man from realizing his highest nature in the service of humanity." (F. S. Oliver, The Endless Adventure.)

We have an example of it today—as biting an example as any that Oliver catalogs.

Most of the people of our day who are in favor of strict formalism and are opposed to amending or changing the Constitution are the same people who only a few months ago were active in the very foreground of the movement to repeal an amendment to the Constitution.

Many of those who are absolutely opposed to viewing the work of the fathers with anything but breathless reverence are those who would have us disregard the teachings of the fathers when it comes to the matter of international entanglements; and the strict reverence with which Washington, as one of the fathers, is now referred to when it comes to the Constitution only causes us to recall the ridicule with which Washington's statement about foreign entanglements was treated a few years ago when the League of Nations and the World Court were subjects of bitter controversy.

So even in a political matter it is well to realize that logic does not dominate.

The Republican Party faces a severe test, for there is unquestionably a determined effort on the part of some of its leaders to make it the party of the extreme right and the embodiment of principles that many believe are no longer acceptable to the great masses of American citizens.

The Republican Party today faces the gravest crisis in its history, graver, I believe, than even that which confronted it in 1912 when the split between the progressive and the reactionary forces led to its defeat in 1912 and in 1916. The battle then between the two schools of thought led to the demonstration of the fact in the election of 1912 that the progressive element was stronger than the conservative element, for the conservative Republican Party polled only 3,483,000 votes, whereas the Progressive Party under Roosevelt polled 4,126,000 votes.

That might seem to have been the severest crisis that the party had ever faced, but today the issues are more sharply drawn. Today they are of even wider significance than they were then, and with the bitterness that the difference has engendered, our period represents more nearly the crisis that preceded the election of Lincoln with many of the issues of today similar to those that confronted the first great Republican President.

Today the party is torn asunder after a most humiliating defeat, and the leaders who were supposed to have gone down in that defeat—one in which the party carried only five States when it was a united party—are insisting on pursuing the same course that led to this defeat, and are ignoring all the lessons of that disaster by proclaiming their belief that the party must rid itself of any vestiges of progressivism and go back to the principles that were vigorously fought and repudiated both by Abraham Lincoln and by Theodore Roosevelt.

It is my belief that it is only under the leadership of men who are believers in these principles that the party can ever achieve victory. And I believe, on the other hand, that if it goes to the people as the champion of property rights, as opposed to human rights, as the defender of utility and holding companies, it is doomed to defeat not only in 1936 but, following the precedent of the 1912 period, it will be doomed to defeat even 4 years after that.

To understand the problem that confronts the party today we should remember that the party came into existence as the defender of human rights as against property rights. There were many collateral and secondary issues, but fundamentally back of the origin of the party was the belief that a human being could not be treated as a chattel, whereas the opponents of the party were in varying degrees proponents of the idea that a man's property was sacred and that no government or laws could take his property from him and that no State laws could be passed that would disregard his property rights, even when that property was a human being.

The Civil War settled that question as it related to the slave.

Following the Civil War there was a great economic and industrial development throughout the country, in which, for the most part, the East furnished the finances and the West furnished the men, the material, the land, the minds, etc.

Slowly there grew up in the West the domination of capital that led to unjust laws and to the disregard of human rights. There arose a great demand for social legislation, as it was called, legislation that would protect the worker and the farmer in the West, and the laborers in the big cities began organizing in order that their voices might be heard and have influence in the halls of legislation. At times the prosperity of the country was so great that little heed was paid to this growing protest, but at other times there were strikes and riots which stirred men and women far removed from the scenes of trouble to wondering whether conditions were all as proper and just as they were depicted by the great leaders of the business world. The country to a large extent, especially in the East, was very proud of its captains of industry, as J. P. Morgan called them when he brought them all together at a function in New York given in honor of Prince Henry of Prussia. But the West was insistent that wealth was not bearing its proper share of the burdens. The West was insistent that the great industries of the country exercised too much control over the lawmaking bodies of the country.

I remember distinctly an editorial appearing in the very conservative New York Evening Post of 35 years ago, approximately, in which it satirized a matter of the United States Senate. According to this editorial, as I recall it, it pictured a session of the Senate and described how the Senator from the New York Central Railroad moved to amend a tariff bill, whereupon the Senator from the Pennsylvania Railroad seconded his motion. The discussion was interrupted by the Senator from the Whisky Trust, who denounced the Senator from the New York, New Haven & Hartford Railroad at the insistence of the Senator of the Maine Central Railroad, the Senators from the other various mammoth industries taking part in the discussion. Peace was only restored in the Senate when the Senator from the Beef Trust, abetted by the Senator from the beet sugar industry, moved to adjourn.

This satire, mind you, did not appear in a western radical paper, but in the conservative New York Evening Post, dominated, if not headed, at that time by the great conservative, E. L. Godkin. Out of the West came a demand that the United States Senators be no longer purely representatives of large industries, but should represent the people, and an amendment was put into the Constitution, amendment no. 17, requiring the election of United States Senators by popular vote.

The conservative element proclaimed the degeneration of the country and the wrecking of the Constitution, and all the things

that we hear today about the sanctity of the Constitution were uttered then with even more vehemence.

Then came the proposal of the income tax, and Congress passed a law levying a very mild income tax, but the Supreme Court declared it unconstitutional. From one end of the land to the other, I fear, there were things said about the Supreme Court that were not entirely polite, and the result was that there began a movement to amend the Constitution to permit the income tax, and that movement was successful.

In 1901 Theodore Roosevelt became President of the United State and the movement that had been slowly growing for 20 years found a leader—strangely enough, a man from one of the most conservative families and the most conservative city, a graduate of the most conservative college, but touched with the spirit of progressivism, and while moving slowly toward progressive principles, had always shown an interest in human rights.

Recently I received a circular letter from Mr. Alfred P. Sloan, Jr., president of the General Motors Corporation.

Strange at it may seem, for a progressive Republican, I am a very small stockholder in this corporation.

Mr. Sloan attacks a proposal now before Congress for a graduated corporation income tax, on the ground that it is an effort to destroy big business and secondarily to effect "a broader distribution of wealth."

"So far as I can recall", says Mr. Sloan, "this is the first Federal attempt that has been made to discriminate against 'business bigness', as such, through the medium of taxation or, in fact, in any other way."

These are Mr. Sloan's conclusions, and are not based on knowledge of either the economic or the political history of the country in the past 50 years.

It was Theodore Roosevelt who was first accused of attacking big business, and every time that a reform was proposed during his administration and thereafter the same arguments were used, the same deductions were made, as are now being made by Mr. Sloan.

As Theodore Roosevelt said so frequently, it was not the bigness of business that was its crime. It was its misuse of funds, its methods, its arrogance, and its selfishness.

It was Otto H. Kahn who said to me, at a time when General Motors was being pushed up to an impossible valuation, that the methods employed to do this were counter to sound economics and sound finance.

"There is this enormous corporation boosting its stock up to a valuation of three hundred," said Mr. Kahn, "when it doesn't represent a dollar of investment."

I think Mr. Sloan should attend to his business as head of this large corporation, and not try to use his position to influence politically such stockholders as may be led to believe that his knowledge is commensurate with his position.

For years there had been developing, as an offshoot of the philosophy of laissez faire, a theory that the great corporations and combinations and those in charge of them were of a superior character and virtue and that the unfortunate ones who did not make large fortunes were those who should be governed and be grateful to the great corporations and industrialists for giving them as good a government as they had.

It was in the great coal strike within the memory of some of us, that George F. Baer, president of the Philadelphia & Reading Railroad & Coal Co., astonished the country by his statement that God in His wisdom had turned over this great wealth to these corporation leaders because they were the men best fitted to direct public policy and influence government.

Labor movements were denounced, and even Prof. William G. Sumner, in his essay called "The Forgotten Man", declared that "the weak who constantly arouse the pity of humanitarians and philanthropists are the shiftless, the imprudent, the negligent, the impractical, and the inefficient, or they are the idle, the intemperate, the extravagant, and the vicious."

To meet this situation President Theodore Roosevelt says in his autobiography (Theodore Roosevelt, An Autobiography):

"I declined to adopt the view that what was imperatively necessary for the Nation could not be done by the President unless he could find some specific authorization to do it. My belief was that it was not only his right but his duty to do anything that the needs of the Nation demanded unless such action was forbidden by the Constitution or by the laws. Under this interpretation of executive power I did and caused to be done many things not previously done by the President and the heads of the departments. I did not usurp power, but I did greatly broaden the use of executive power. In other words, I acted for the public welfare; I acted for the common well-being of all our people, whenever and in whatever manner was necessary, unless prevented by direct constitutional or legislative prohibition. I did not care a rap for the mere form and show of power; I cared immensely for the use that could be made of the substance."

When an endeavor is made to make the Republican Party an ultra-conservative party or a party of the right, we have a right to point out that this is contrary to the principles of Abraham Lincoln, the founder of the party; of Theodore Roosevelt, next to Lincoln, the greatest of Republican Presidents, and that in 1912 Mr. Taft himself was elected as pledged to carry out the policy of Theodore Roosevelt. In the Republican Campaign Textbook of 1908 there was printed an article by Grover Cleveland, reprinted from the New York Times, in which he stated, in endorsing Mr. Taft's candidacy, that "the corporate interests of the country, though convinced that illegal combinations, illegal repression of competition, and illegal exploitation of the public are things which the public intends to make no longer possible, have no fear of the outcome, knowing that honesty, whether compulsory or voluntary, never caused a panic or a decline in genuine values."

LEGAL ASPECTS OF THE GUFFEY-SNYDER BITUMINOUS COAL BILL

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Guffey-Snyder coal bill and to include therein some legal interpretations.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SNYDER. Mr. Speaker, the problems of the bituminous mining industry are approached from two angles; first, that its relation to the general welfare in the service it renders and the need of conserving these irreplaceable natural resources require that it be regulated as an industry affected with a national public interest; and second, that the regulations of the bill relate to matters that directly affect the interstate commerce of bituminous coal. On either theory the taxing feature can be sustained.

UNDER THE SCHECHTER POULTRY CASE

That part of the recent decision of the Supreme Court in the Schechter poultry case relating to the delegation of powers in the formation and imposition of codes cannot reasonably be said to affect the validity of this bill. Provisions of the bill calling for a legislative code prescribed by Congress itself can be fairly regarded as anticipating this decision. The bill deals with a single industry, sets out the regulation that shall govern it, and creates a commission for the administration of this legislative code.

That part of the decision that deals with the power of Congress to regulate transactions in interstate commerce, or directly affecting interstate commerce, points out that each exercise of congressional power must be determined on the facts of each case. This subject will be dealt with later, but at this point attention is called to certain statements of the Court:

Defendants do not sell poultry in interstate commerce.

But the code provisions, as here applied, do not concern the transportation of the poultry from other States to New York, or the transactions of the commission men or others to whom it is consigned, or the sales made by such consignees to defendants. * * * Neither the slaughtering nor the sales by defendants were transactions in interstate commerce. * * *

The poultry had come to a permanent rest within the State. It was not held, or sold by defendants in relation to any further transactions in interstate commerce and was not destined for transportation to other States. * * *

In determining how far the Federal Government may go in controlling intrastate transactions, upon ground that they "affect" interstate commerce, there is a necessary and well-established distinction between direct and indirect effects. The precise line can be drawn only as individual cases arise. But the distinction is clear in principle. * * *

It matters not that the injury may be due to the conduct of those engaged in intrastate operations. Thus Congress may protect the safety of those employed in interstate transportation "no matter what may be the source of the dangers which threaten it" (*Southern Railway Co.* v. *United States*, 222 U. S. 20, 27). We said in *Second Employers' Liability Cases* (223 U. S. 1, 51) that it is the "effect upon interstate commerce", not "the source of the injury", which is "the criterion of congressional power." We have held that, in dealing with common carriers engaged in both interstate and intrastate commerce, the dominant authority of Congress necessarily embraces the right to control their intrastate operations in all matters having such a close and substantial relation to interstate traffic that the control is essential or appropriate to secure the freedom of that traffic from interference or unjust discrimination and to promote the efficiency of the interstate service (*the Shreveport Case* (234 U. S. 342, 351, 352); *Wisconsin Railroad Commission* v. *Chicago, Burlington & Quincy R. R. Co.* (257 U. S. 563, 588)). And combinations and conspiracies to restrain interstate commerce, or to monopolize any part of it are none the less within the reach of the Antitrust Act because the conspirators seek to attain their end by means of intrastate activities (*Coronado Coal Co.* v. *United Mine Workers*, 268 U. S. 295, 310; *Bedford Co.* v. *Stonecutters Association*, 274 U. S. 37, 46).

TAXATION AND REGULATION

Undoubtedly the power of Congress to levy such taxes is full and complete and cannot be thwarted because the tax also results in regulation. In numerous decisions the Court has upheld the tax where it was obviously used as the legal sanction for regulation. This is directly held in the case of *McCray* v. *United States* (195 U. S. 27), where a tax was

levied on oleomargarine manufactured and sold (without regard to interstate commerce) at one-fourth cent per pound if the oleomargarine was white, and 10 cents per pound if it were colored so as to resemble butter. The narcotic cases are upon the same theory (*United States* v. *Doremus*, 249 U. S. 86). The phosphorus match law, long in force, is said by Willoughby (Constitutional Law, vol. 2, 674) to be "a measure of hygiene and has reference to an industry over which Congress had no direct legislative power." In the McCray case the Court said:

> The judiciary is without authority to avoid an act of Congress lawfully exerting the taxing power, even in a case where to the judicial mind it seems that Congress had, in putting such power in motion, abused its lawful authority by levying a tax which was unwise or oppressive, or the result of the enforcement of which might be to indirectly affect subjects not within the powers delegated to Congress, nor can the judiciary inquire into the motive or purposes of Congress in adopting a statute levying an excise tax within its constitutional power.

Assuming that the tax must be one having some general public purpose in view and not merely a bald regulation of a matter primarily within the control of State, the authorities seem uniform that the tax will be sustained.

While the general welfare clause in the preamble of the Constitution is held to be the source of any substantive grant of congressional power, it can become the motive for the exercise of any of the expressed powers. And in the clause of the Constitution authorizing taxes it is textually associated with the purpose of promoting the general welfare. The bill in question is so manifestly one designed to promote the general welfare that the Child Labor Tax case can have no reasonable application to it.

The earliest resort to the taxing power was in the second act adopted by Congress in 1789, providing for customs duties. Whatever political theory may be held with regard to this form of taxation, the legal view is that it can be levied not merely to provide revenue but to promote the growth of industry and employment of labor (*Hampton* v. *United States*, 276 U. S. 394).

The cotton and tobacco acts regulate production by allocation through discriminatory taxes.

The drawback on the tax by those complying with prescribed regulations is a device of taxation used in the first customs act and found in the present customs act. The merchant marine drawback, or discount, is not different in nature from the drawback provided in the bill.

The drawback or difference in the taxes paid by producers operating under the code provided in the bill, and those refusing to be bound by the same, can form no basis for legal objection. Any method of regulation by taxes involves a discrimination. This was true in the Oleomargarine case. In the Head Money case (*Edye* v. *Robertson*, 112 U. S. 580) the Court said of the constitutional requirement of uniformity:

> The uniformity here prescribed has reference to the various localities in which the tax is intended to operate.

Credits on taxes allowed for certain situations are familiar. The credit device to promote a public policy underlies the proposed unemployment insurance plan. It operates under the Federal Inheritance Tax Act, which was sustained in *Florida* v. *Mellon* (273 U. S. 12). The power of taxation, unless constitutionally restrained, of any government carries the power of exemption, both being subject to the rule of public purpose.

That the bituminous coal-mining industry is affected with a national public interest and can be so declared and regulated by Congress seems obvious. In *Nebbia* v. *New York* (291 U. S. 502) the Court, speaking of a State statute regulating milk prices, said:

> The statement that one has dedicated his property to a public use is, therefore, only another way of saying that if one embarks in a business which public interest demands shall be regulated, he must know that regulation may ensue. * * * The phrase, "affected with a public interest", can, in the nature of things, mean no more than that all industry, for adequate reasons, is subject to control for the public good. * * * If the law-making body, within its sphere of government, concluded that the conditions or practices in an industry make unrestrained competition an adequate safeguard of the public interest, produce waste harmful to the public, threaten ultimately to cut off the supply of a commodity needed by the public, or portend the destruction of the industry itself, appropriate statutes passed in an honest effort to correct the threatened consequences may not be set aside because the regulations adopted fix prices reasonably deemed by the legislature to be fair to those engaged in the industry or to the consuming public.

That certain industries, though privately conducted, may become affected with a national public interest seems inescapable. In *Board of Trade* v. *Olsen* (262 U. S. 1) the act of Congress had declared operations on grain exchanges—which the Supreme Court had previously held to be matters of local or State regulation—were impressed with a national public interest, and the Supreme Court respected this declaration. It is plain that the decision in the Nebbia case by implication recognizes that there may be a national public interest in a business, trade, or industry.

UNDER THE INTERSTATE COMMERCE CLAUSE

The power of Congress over interstate commerce is complete and supreme. While the State has the reserved power to regulate commerce or business within the State, yet, if the exercise of the Federal power, to be effective, requires control of transactions intrastate in nature, that control can be exercised by Congress, otherwise the supreme power of Congress would be lost. As early as *Gibbon* v. *Ogden* (9 Wheat. 197, p. 203), speaking of this reach of congressional power as affecting health laws, inspection laws, quarantine laws, and the like, primarily under the jurisdiction of the State, the Court said by Chief Justice Marshall:

> They (such laws) are upon the subject before it became an article of foreign commerce, or of commerce between the States and prepared it for that purpose. * * *
>
> No direct general power over these objects is given to Congress; and consequently that remain subject to State legislation. If the legislative power of the Union can reach them, it must be for national purposes. * * * It is obvious that the Government of the Union in the exercise of its expressed power, that, for example, of regulating commerce with foreign nations and among the States, may use means that may also be employed by a State in the exercise of its acknowledged power; that, for example, of regulating commerce within the State.

In the *Minnesota Rate case* (230 U. S. 398) and in the Shreveport case, *Houston & Texas Ry.* v. *United States*, (234 U. S. 342) it was held that authority over interstate commerce might draw in its train the regulation of intrastate commerce. Also, *Teamsters Union* v. *United States* (291 U. S. 293). This rule is not confined to domestic commerce, but extends to all domestic or intrastate "transactions." Under the Schechter decision the only question is, Do such transactions directly affect interstate commerce in coal?

In *Hill* v. *Wallace* (259 U. S. 44) the Supreme Court held the Futures Trading Act to be unconstitutional as an attempt to regulate membership in and dealing on grain exchanges on the declared ground that these were not transactions in interstate commerce and were subject only to regulations by the State. Thereafter the Grain Futures Act was passed by Congress, in which it declared that all such transactions were affected with a national public interest, and if unregulated would tend to obstruct and burden interstate commerce. In the Hill case the Court had said:

> It follows that sales for future delivery on the board of trade are not, in and of themselves, interstate commerce. They cannot come within the regulatory power of Congress as such, unless they are regarded by Congress, from the evidence before it, as directly interfering with interstate commerce so as to be an obstruction or burden thereon.

In the later *Olsen case* (262 U. S. 1) the Court said:

> By reason and authority, therefore, in determining the validity of this act we are prevented from questioning the conclusion of Congress that manipulation of the market for futures on the Chicago Board of Trade may, and from time to time does, directly burden and obstruct commerce between the States in grain, and that it recurs and is a constantly possible danger. For this reason Congress has the power to provide the appropriate means adopted in this act by which this abuse may be restrained and avoided.

In the Olson case the Supreme Court said "the question of prices dominates trade between the States." In the *Appalachian Coal case* (283 U. S. 344) the Court recognized that the disorder of the bituminous industry was due to disordered prices and trade practices and, as against the anti-

trust laws, permitted a combination which the lower court had held illegal. The philosophy of the decision is that a healthy commerce involves a healthy industry.

No approach to the ills of this industry can be made that does not require consideration of two factors: First, the excess mining facilities with its overhanging surplus; and, second, that the labor cost of production is 65 percent of its production cost—with its inescapable bearing on prices and trade practices. The first is the case of the reckless competition which for years, as the Court said in the Appalachian case, has made the soft-coal market "a purchasers' market." The second factor above noted has resulted in shameless wage cutting to secure contracts.

In the second *Employees Liability cases* (223 U. S. 1, p. 47) the Court said of the commerce clause:

> To regulate, in the sense intended, is to foster, protect, control, and restrain with appropriate regard for the welfare of those who are immediately concerned and of the public at large.

In the case of *Stafford* v. *Wallace* (258 U. S. 495) the constitutionality of the Packers and Stockyards Act was involved. It provided Federal regulation of business done in the stockyards by commission men and dealers. Congress declared in the act that the business sought to be regulated is one affected by a public interest, and that it so directly affected interstate commerce as to make its regulation necessary for the protection of such commerce. The Supreme Court said:

> It was for Congress to decide, from its general information and from such special evidence as was brought before it, the nature of the evils actually presented or threatened, and to take such steps by legislation within its power as it deem proper to remedy them.
>
> The reasonable fear by Congress that such acts, usually lawful, and affecting only intrastate commerce, when considered alone, will probably and more or less constantly be used in conspiracies against interstate commerce, or constitute a direct and undue burden on it, expressed in this remedial legislation, serve the same purpose as the intent charged in the Swift indictment to bring acts of a similar character into the current of interstate commerce for Federal restraint. Whatever amounts to more or less constant practice and threatens to obstruct or unduly to burden the freedom of interstate commerce, is within the regulatory power of Congress under the commerce clause, and it is primarily for Congress to consider and decide the fact of the danger and meet it. This Court will certainly not substitute its judgment for that of Congress in such matter unless the relation of the subject to interstate commerce and its effect upon it are clearly nonexistent.

The impact of the unregulated domestic production both on the problem of conservation and of a healthful interstate commerce is obvious. This is also true of the reaction of unfair and disparate wages on fair competition in the interstate markets and of labor disputes on the flow of coal in interstate commerce. These labor disputes, though they did not interfere with the actual shipment of coal or its sales in other States, have been often the subject of injunctions and other suits under the Federal antitrust laws. And this judicial recognition of the direct and immediate relation between these industrial disputes and the interstate commerce in coal affords an additional premise for the labor provisions of the bill.

POWER OF CONGRESS EXERCISED OVER LABOR AT COAL MINES

In 1890 Congress enacted the Sherman Antitrust Laws under its authority with respect to interstate commerce. Under this act miners have been enjoined by Federal district courts in all the large coal fields east of the Mississippi—not for interfering with shipment or sales but for combining through strikes to interfere with production—that is, mining as such.

Finally, the case of *Red Jacket Coal Co. et al.* v. *United Mine Workers* (18 Fed. (2d) 840) came before the United States Circuit Court of Appeals for the Fourth Circuit. In that case the miners' union had issued a call inviting the miners of West Virginia to join the strike prevailing in the union fields. Certain coal companies of West Virginia secured a permanent injunction in the district court against organizing activities of the union in pursuance of the strike. Jurisdiction was wholly based on the act of Congress referred to.

The circuit court of appeals considered the opinions holding that mining in itself was not interstate commerce, and then decided as follows:

> Interference with the production of these mines as contemplated by defendants would necessarily interfere with the interstate commerce in coal to a substantial degree. Moreover, it is perfectly clear that the purpose of defendants in interfering with production was to stop the shipment in interstate commerce. It was only as the coal entered into interstate commerce that it became a factor in the price and affected defendants in their negotiations with the union operators. And, in time of strike, it was only as it moved in interstate commerce that it relieved the coal scarcity and interfered with the strike.

The Supreme Court declined to review this decision on certiorari, and it became the authority for a general resort to the Federal district courts by operators seeking to enjoin strikes and protect their established labor relations with employees. In *Pittsburgh Terminal Coal Co.* v. *United Mine Workers of America* (22 Fed. (2d) 557) the Court said:

> In the case of the *International Organization, United Mine Workers* v. *Red Jacket Coal Co.* (18 Fed. (2) 839), the Circuit Court of Appeals of the Fourth Circuit, having before them facts similar to the facts recited in the bill of complaint in this case, held that the United States courts clearly had jurisdiction to restrain the interference of the United Mine Workers with the operation of coal mines, and held further that the interference with the production of the mines in question, as contemplated by the United Mine Workers, would necessarily interfere with interstate commerce in coal to a substantial degree.

Now, the philosophy underlying these decisions is that Congress had by a law, as the courts interpreted its reach, denounced certain conduct or practices as directly affecting to interstate commerce, though these practices in a general sense related only to the processes of mining and in a specific sense only to the labor relations involved in production.

Our point here is that if Congress has, under the interstate-commerce clause, created a jurisdiction in the Federal courts to intervene between the miners' union and coal operators in the familiar economic struggle which has wages and conditions of employment as its admitted motivation, Congress may not be denied the right to further legislate upon the subject.

Can it be said that Congress has exhausted its power in the act which the courts say had brought the activities of the miners' union within their jurisdiction? If Congress may legislate at all with reference to the labor struggle at the mines because of the impact that struggle has on commerce, it must have power to deal with the conditions which make that struggle inevitable. The suppression of organization, the denial of collective bargaining, the enforcement of "yellow dog" contracts, the demand of miners for checkweighmen, the arbitrary hours, and the constant paring of wages to keep up with the cutthroat competition, all these practices, on the one hand, and the recurring strikes, upon the other, were the stigmata of a distempered commerce.

In the Red Jacket case alone 316 companies secured an injunction that insulated 40,000 miners from contact with the union. Similar labor injunctions have been issued in other fields, and all on the premise that a power exerted by Congress in the antitrust acts covered labor relations at the mines, since, while the miners thought a stoppage of production may result in better wages and working conditions, it also resulted in the restraint of commerce.

The ills of this industry came before the Supreme Court in *Appalachian Coal* v. *United States* (288 U. S. 344), decided shortly before the enactment of the National Industrial Recovery Act. A group of operators shipping a large tonnage to the principal markets of the country had adopted a scheme for agreed prices and trade practices, which the lower court enjoined under the Sherman Act. This judgment was reversed by the Supreme Court, which said:

> It is, therefore, necessary in this instance to consider the economic conditions peculiar to the coal industry, the practices which have obtained, the nature of defendants' plan, the reason which led to its adoption, and the probable consequences of carrying out that plan in relation to market prices and other matters affecting the public interest in interstate commerce in bituminous coal.
>
> In a graphic summary of the economic situation, the Court found that "numerous producing companies have gone into bankruptcy or into the hands of receivers, many mines have been shut

down, the number of days of operation per week have been curtailed, wages to labor have been substantially lessened, and the States in which coal-producing companies are located have found it increasingly difficult to collect taxes."

When industry is grievously hurt, when producing concerns fail, when unemployment mounts and communities dependent upon profitable business are prostrated, the wells of commerce go dry.

The Supreme Court was considering conditions that reached back of transportation into the mining industry itself. The Court said:

The industry was in distress. It suffered from overexpansion and from a relative decline through the use of substitute fuels. It was afflicted with injurious practices within itself—practices which demanded correction.

HOUR OF MEETING TOMORROW

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MITCHELL of Illinois, for 3 legislative days, on account of important business.

To Mr. McSWAIN (at the request of Mr. HILL of Alabama), indefinitely, on account of illness.

To Mr. LESINSKI, until Tuesday morning, on account of sickness.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table, and, under the rule, referred as follows:

S. 1421. An act to amend subsection (a) of section 313 of the Tariff Act of 1930; to the Committee on Ways and Means.

S. 1843. An act to authorize the award of a decoration for distinguished service to George J. Frank, formerly a bugler, Company K, Thirtieth Regiment United States Infantry, in the World War; to the Committee on Military Affairs.

S. 2044. An act for the refund of income and profits taxes erroneously collected; to the Committee on Claims.

S. 2166. An act for the relief of Ludwig Larson; to the Committee on Claims.

S. 2323. An act for the relief of Ida C. Buckson, executrix of E. C. Buckson, deceased; to the Committee on Claims.

S. 2578. An act authorizing distribution of funds to the credit of the Wyandotte Indians, Oklahoma; to the Committee on Indian Affairs.

S. 2618. An act for the relief of James M. Montgomery; to the Committee on Claims.

S. 2691. An act for the relief of E. E. Sullivan; to the Committee on Claims.

S. 2719. An act for the relief of Capt. Guy L. Hartman; to the Committee on Claims.

S. 2977. An act authorizing the George Washington Memorial Bridge Public Corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Potomac River at or near Dalgren, Va.; to the Committee on Interstate and Foreign Commerce.

S. 3016. An act for the relief of E. Sullivan; to the Committee on Military Affairs.

S. 3020. An act for the relief of A. E. Taplin; to the Committee on Claims.

S. 3045. An act providing for payment to the State of Wisconsin for its swamp lands within all Indian reservations in that State; to the Committee on Indian Affairs.

S. 3086. An act to provide for the striking of medals, in lieu of coins, for commemorative purposes; to the Committee on Coinage, Weights, and Measures.

S. 3107. An act to exempt publicly owned interstate highway bridges from State, municipal, and local taxation; to the Committee on Interstate and Foreign Commerce.

S. 3164. An act authorizing the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, to construct, maintain, and operate a toll bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Interstate and Foreign Commerce.

S. 3186. An act for the relief of Edward H. Karg; to the Committee on Claims.

S. 3244. An act relating to the Oregon-Washington Bridge Board of Trustees; to the Committee on Interstate and Foreign Commerce.

S. 3245. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 3277. An act authorizing a preliminary examination of the Nehalem River and tributaries, in Clatsop, Columbia, and Washington Counties, Oreg., with a view to the controlling of floods; to the Committee on Flood Control.

S. 3279. An act authorizing the city of Natchez and the county of Adams, State of Mississippi, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Natchez, State of Mississippi; to the Committee on Interstate and Foreign Commerce.

S. 3290. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Ouachita River at or near Monroe, La.", approved January 26, 1925; to the Committee on Interstate and Foreign Commerce.

S. 3291. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Red River at or near Alexandria, La.", approved January 15, 1931; to the Committee on Interstate and Foreign Commerce.

S. 3293. An act providing old-age pensions for Indians of the United States; to the Committee on Indian Affairs.

S. 3303. An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings; to the Committee on Labor.

S. 3311. An act to amend an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437; U. S. C., title 30, secs. 185, 221, 223, 226), as amended; to the Committee on Public Lands.

S. 3329. An act to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the Fort Knox Military Reservation, Ky., for the construction thereon of certain public buildings, and for other purposes; to the Committee on Military Affairs.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker.

H. R. 6995. An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2259. An act to amend sections 966 and 971 of chapter 22 of the act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 670. An act conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates;

H. R. 1540. An act for the relief of Lester I. Conrad;

H. R. 1541. An act for the relief of Evelyn Jotter;

H. R. 1951. An act for the relief of John J. O'Connor;

H. R. 2122. An act for the relief of William Seader;

H. R. 2421. An act for the relief of John R. Allgood;

H. R. 2449. An act for the relief of Floyd L. Walter;
H. R. 2480. An act for the relief of Charles Davis;
H. R. 2487. An act for the relief of Bernard McShane;
H. R. 2611. An act for the relief of John E. Fondahl;
H. R. 2679. An act for the relief of Ladislav Cizek;
H. R. 3167. An act for the relief of Louis Alfano;
H. R. 3506. An act for the relief of George Raptis;
H. R. 3626. An act for the relief of John Evans;
H. R. 4029. An act for the relief of Thomas Enchoff;
H. R. 4290. An act for the relief of Harriet V. Schindler;
H. R. 4718. An act for the relief of Yamato Sesoko;
H. R. 4812. An act for the relief of Mrs. Carlysle Von Thomas, Sr.;
H. R. 4814. An act for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps;
H. R. 4815. An act for the relief of Jasper Daleo;
H. R. 4820. An act for the relief of Lawrence S. Copeland;
H. R. 4822. An act for the relief of Thomas F. Olsen;
H. R. 4824. An act for the relief of Capt. George W. Steele, Jr., United States Navy;
H. R. 4833. An act for the relief of Ciriaco Hernandez and others;
H. R. 4853. An act for the relief of Charles H. Holtzman, former collector of customs, Baltimore, Md.; George D. Hubbard, former collector of customs, Seattle, Wash.; and William L. Thibadeau, former customs agent;
H. R. 4901. An act to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions;
H. R. 4974. An act for the relief of Rabbi Isaac Levine;
H. R. 5041. An act authorizing and directing the Secretary of the Treasury to reimburse Lela C. Brady and Ira P. Brady for the losses sustained by them by reason of the negligence of an employee of the Civilian Conservation Corps;
H. R. 5229. An act directing the Secretary of the Interior to investigate, hear, and determine claims of the individual members of the Stockbridge and Munsee Tribe of Indians of the State of Wisconsin;
H. R. 5230. An act to confer jurisdiction upon the Court of Claims to hear claims of the Stockbridge and Munsee Tribe of Indians;
H. R. 6673. An act providing for an annual appropriation to meet the share of the United States toward the expenses of the International Technical Committee on Aerial Legal Experts and for participation in the meetings of the International Technical Committee of Aerial Legal Experts and the commissions established by that committee;
H. R. 6703. An act for the relief of Joanna Forsyth;
H. R. 6995. An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes;
H. R. 7575. An act to legalize a bridge across Black River on United States Highway No. 60 in the town of Poplar Bluff, Butler County, Mo.;
H. R. 7591. An act granting the consent of Congress to the cities of Donora and Monessen, Pa., to construct, maintain, and operate a bridge across the Monongahela River between the two cities;
H. R. 7620. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;
H. R. 7809. An act to extend the times for commencing and completing the construction of certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N. Dak.;
H. R. 7882. An act to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000, and to authorize said city to accept grants of money to aid it in financing any public works;
H. R. 8209. An act temporarily to exempt refunding bonds of the Government of Puerto Rico from the limitation of public indebtedness under the organic act;
H. R. 8270. An act to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes;
H. J. Res. 258. Joint resolution to provide for certain State allotments under the Cotton Control Act; and
H. J. Res. 335. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 17 minutes p. m.) the House adjourned, under its previous order, until tomorrow, Friday, August 2, 1935, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

438. Under clause 2 of rule XXIV, a letter from the Vice Chairman of the Federal Power Commission, transmitting three copies of the domestic and residential electric-energy rates in the State of New York on January 1, 1935, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 4672. A bill to provide for the purchase or construction of buildings for post-office stations, branches, and garages, and for other purposes; with amendment (Rept. No. 1698). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 8991. A bill to authorize the Administrator of Veterans' Affairs to exchange certain property rights now vested in the United States at Veterans' Administration facility, Perry Point, Md., for certain property and rights of the Pennsylvania Railroad Co. in that vicinity; without amendment (Rept. No. 1699). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 3812. A bill to convey certain lands and buildings to the city of Reno, Nev.; with amendment (Rept. No. 1700). Referred to the Committee of the Whole House on the state of the Union.

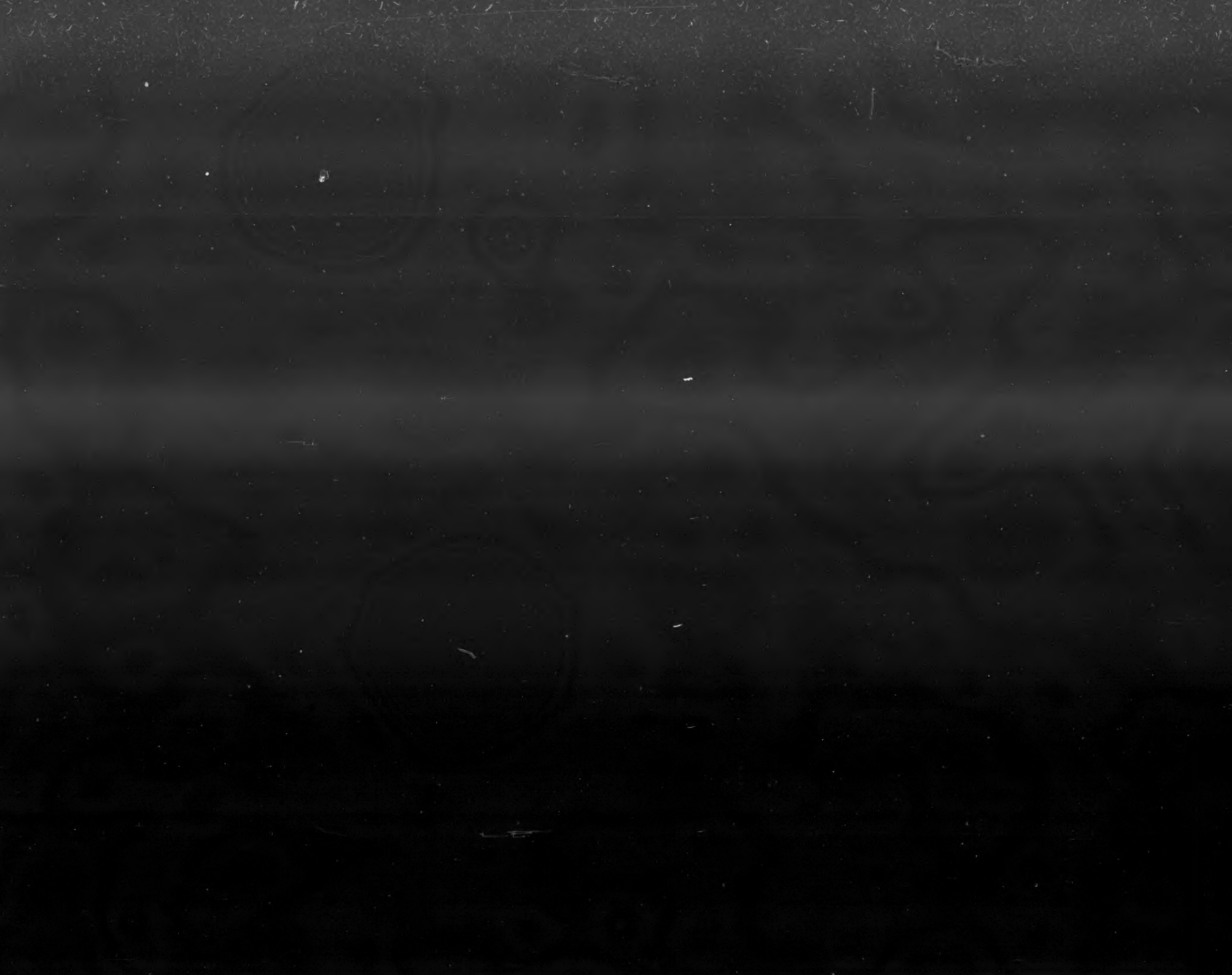
Mr. KELLER: Committee on the Library. H. R. 4989. A bill for erection of monument to Gen. Marquis de Lafayette; without amendment (Rept. No. 1702). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. House Joint Resolution 307. Joint resolution authorizing the erection of a memorial to the early settlers whose land grants embrace the site of the Federal City; without amendment (Rept. No. 1703). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of New Hampshire: Committee on Military Affairs. S. 1495. An act authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case, and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his separation; without amendment (Rept. No. 1697). Referred to the Committee of the Whole House.



CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on the Judiciary was discharged from the consideration of the bill (H. R. 669) for the relief of Clarence Herbert Peltier, and the same was referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. STEFAN: A bill (H. R. 9017) authorizing the county board of supervisors of Knox County, Nebr., its successors and assigns, to construct, maintain, and operate a bridge across the Missouri River at or near Niobrara, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTE HILL: A bill (H. R. 9018) providing old-age pensions for Indians of the United States; to the Committee on Indian Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 9019) for the relief of Louis George Kovacs; to the Committee on Naval Affairs.

By Mr. DOCKWEILER: A bill (H. R. 9020) for the relief of Anna Volker; to the Committee on Claims.

By Mr. GRISWOLD: A bill (H. R. 9021) granting a pension to Charles E. Gulledge; to the Committee on Pensions.

By Mr. LUDLOW: A bill (H. R. 9022) for the relief of Thomas Bemis, Sr.; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H. R. 9023) for the relief of Anna Muetzel; to the Committee on Claims.

By Mr. REED of New York: A bill (H. R. 9024) granting an increase of pension to Estella D. Smith; to the Committee on Invalid Pensions.

By Mr. WEST: A bill (H. R. 9025) for the relief of Mahlon Gerhard Frost; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9245. By the SPEAKER: Petition of the National Council of the Junior Order United American Mechanics, regarding immigration and naturalization; to the Committee on Immigration and Naturalization.

9246. By Mr. SHANLEY: Petition of the American Jewish Congress, New York City; to the Committee on Foreign Affairs.

9247. By Mr. THOMASON: Petition of residents of Hudspeth County, Tex., endorsing House bill 3263, to amend section LV of the act to regulate commerce; to the Committee on Interstate and Foreign Commerce.

9248. By Mr. KENNEY: Resolution of the United Commercial Fishermen's Associations of New Jersey, endorsing House bill 8055, which would provide a sum approximating $75,000 a year for the sea-food and fresh-water fishery products market; to the Committee on Merchant Marine and Fisheries.

9249. By Mr. FISH: Petition of 48 citizens of Baltimore, Md., on behalf of House Joint Resolution 300, authorizing the payment of the veterans' adjusted-service certificates out of the Public Works funds; to the Committee on Ways and Means.

9250. Also, petition of 60 citizens of the State of New York, on behalf of House Joint Resolution 300, authorizing the payment of the veterans' adjusted-service certificates out of the Public Works funds; to the Committee on Ways and Means.

9251. Also, petition of 32 patients of the United States veterans' hospital, Whipple, Ariz., on behalf of House Joint Resolution 300, authorizing the payment of the veterans' adjusted-service certificates out of the Public Works funds; to the Committee on Ways and Means.

9252. By Mr. KENNEY: Resolution of Court Jan Zizka, No. 79, Foresters of America, of Union City, N. J., favoring Edward A. Kenney lottery bill, the proceeds of which to be applied to governmental expenses; to the Committee on Ways and Means.

9253. By Mr. FISH: Petition of 101 patients of the United States veterans' hospital, Dwight, Ill., on behalf of House Joint Resolution 300, authorizing the payment of the veterans' adjusted-service certificates out of the public-works funds; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

FRIDAY, AUGUST 2, 1935

The House met at 10 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, our Father, we wait in Thy presence, conscious of our infirmities. Help us to see what the higher life is and embrace unselfishness and benevolence. Teach us, blessed Lord, that the essentially heroic nature is shown in generosity, devotion, and magnanimity. We pray Thee to lift us to the upper range of life where we may experience the foregleams and foretastes of the soul's last ideal. We earnestly beseech Thee to purge the virus out of those lands which are inhumanly hostile to universal brotherhood, where the people lie helpless in the gulf of despair. O bend to their rescue and restore their torn and bleeding hopes. Graciously be with the Congress; may it have faith that shall not fail, virtue that shall abound with all patience, self-denial, and self-government. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. MONAGHAN. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be permitted to sit during the session this morning. I make that request by direction of the chairman.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. HEALEY. Mr. Speaker, I ask leave to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HEALEY. Mr. Speaker, due to illness in my family it was necessary for me to return to Massachusetts for a few days. Consequently I was unavoidably absent yesterday. I wish to announce that had I been here I would have voted "aye" on roll call no. 150, which was taken on the resolution of the gentleman from Texas [Mr. RAYBURN] to instruct the House conferees to agree to section 11 of the Senate bill, and "no" on roll call no. 151, taken on the resolution of the gentleman from Alabama [Mr. HUDDLESTON]. In so doing I would be consistent with my firm conviction and former votes on this legislation.

Mr. BOEHNE. Mr. Speaker, I make the point that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed, the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 153]

Bankhead	Cavicchia	Dear	Ferguson
Beam	Celler	Dickstein	Fernandez
Bell	Chapman	Dietrich	Ford, Calif.
Brennan	Claiborne	Dockweiler	Frey
Brewster	Clark, N. C.	Doutrich	Fulmer, S. C.
Brooks	Cochran	Doxey	Gambrill
Brown, Mich.	Connery	Drewry	Gasque
Buckley, N. Y.	Corning	Driver	Gassaway
Bulwinkle	Costello	Duffey, Ohio	Goldsborough
Burdick	Cox	Dunn, Miss.	Goodwin
Burnham	Crosser, Ohio	Eckert	Greenway
Carter	Crowther	Eicher	Greenwood
Cary	Culkin	Faddis	Gregory

Halleck	Lesinski	O'Connell	Schuetz
Harlan	Lloyd	Oliver	Sisson
Harter	Lord	O'Malley	Smith, Va.
Hartley	Lucas	Parks	Spence
Hennings	McClellan	Perkins	Stack
Higgins, Conn.	McGehee	Peterson, Fla.	Stefan
Hill, Ala.	McGrath	Peterson, Ga.	Stubbs
Hobbs	McGroarty	Peyser	Sullivan
Hollister	McKeough	Quinn	Sweeney
Jacobsen	McMillan	Rayburn	Thompson
Johnson, W. Va.	McSwain	Reed, N. Y.	Tobey
Kee	May	Richards	Tolan
Kennedy, Md.	Meeks	Rogers, N. H.	Underwood
Kleberg	Merritt, Conn.	Rogers, Okla.	Vinson, Ky.
Kniffin	Millard	Rudd	Welch
Lambertson	Mitchell, Ill.	Russell	Werner
Lamneck	Montague	Sadowski	Whelchel
Larrabee	Montet	Sanders, La.	Wilson, Pa.
Lehlbach	Norton	Sandlin	Withrow

The SPEAKER. Three hundred and one Members have answered to their names, a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

LINDBERGH THE SCIENTIST

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article written by Mr. Lawrence on Colonel Lindbergh, the Scientist.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, on the 24th of June we took occasion to comment on the elder Lindbergh, Congressman Charles A., often called "C. A." Lindbergh. You will find this speech in the CONGRESSIONAL RECORD, Seventy-fourth Congress, first session. I commented on the remarkable careers of the three Lindberghs—mighty men of America, all courageous, all pioneers, undaunted leaders. Disaster and death meant nothing to them when once they determined to go forward. Colonel Lindbergh, world-famed air hero, is a many-sided man of genius. He follows in the footsteps of his forebears who succeeded in every field they entered—not easily, but after painful preparation and deep study—patient and careful until they knew their ground—and then nothing could stop them.

We are happy and delighted to know that our colonel has proved his metal in the field of science. Those who know the story of the three Lindberghs are not surprised.

I came upon the following article by William Laurence, in the magazine Today, for August 3, 1935, pages 5 and 20. I quote in part:

On a day in May 1927, Lindbergh burst into history by flashing across the Atlantic in a nonstop solo flight from New York to Paris. On a day in June 1935, Lindbergh landed again in the Book of History.

This time he brought to fruition a dream of science which seasoned scientists, even the greatest among them, regarded as a mere remote possibility. The tyro-scientist had succeeded where experts had dared not even try. He had designed an artificial heart and lung in which whole organs, human as well as animal, can be kept alive indefinitely after the individual's death, not only for observation and study but for use as little chemical factories, where precious substances, veritable "elixirs of life", can be manufactured in practically unlimited quantities for use by those men, women, and children whose own bodies, for some reason or another, fail to supply them.

When the world read the news of this latest Lindbergh achievement, it blinked its eyes. Could it be the same Charles A. Lindbergh? Sure enough, the very same Lindbergh. But this suggested an even greater mystery—how could such a thing be possible?

The world had inklings of another Lindbergh before, but not so spectacular a one. He discovered four important ancient Maya cities in the unexplored area of the Yucatan Peninsula in Mexico. Well, he was charting new air routes and he must have come upon them by accident. And who cares about ancient Maya cities anyway? The Carnegie Institution announced that Colonel and Mrs. Lindbergh had discovered a series of Pueblo dwellings high on the sides of giant cliffs, tucked away in such a manner that they could not be seen from the ground. So what? Newspapers also reported that on his air trips he carefully tabulated weather conditions and geographical features of little-known regions.

Had Lindbergh not been "shy, unpredictable, and unaccountable", probably the world would have treated his early contributions to archeology, meteorology, and geography with greater respect. It would have known that other flyers before him, including some explorers who had traversed the same route, had failed to discover these same Maya cities and Pueblo ruins. It would have known that the man the cynical called a "glorified mechanic", showed a remarkable acquaintance with meteorology and geography, worthy of experts in these fields.

And so 3 years passed, till one day Lindbergh, the unpredictable and unaccountable, appeared before the world for the first time in the long white linen coat of the biologist.

On that day in April 1932 there appeared in Science, official high-brow publication of the American Association for the Advancement of Science, a small article which described a new type of centrifuge for cleansing red-blood cells from the blood plasma. It was accompanied by an illustration of the apparatus. The contrivance had been designed at the Rockefeller Institute for Medical Research, the scientific "walled city" on the East River with an atmosphere as secluded as that of a rural monastery.

There was nothing unusual about the report and there was certainly nothing in it to warrant the slightest attention by newspaper science reporters or editors. The only oddity was that it was signed "C. A. Lindbergh." A newcomer to the institute, no doubt. A recent graduate working on a fellowship.

Again Lindbergh had fooled the reporters. There was not one of them who did not take it for granted that the similarity of names was no more than a mere coincidence. As a measure of precaution they inquired by telephone at the Rockefeller Institute, but the information that came forth was vague indeed. It was not until several days had elapsed that they learned the truth.

He had been working in the secluded center for about 2 years without arousing the slightest attention. While this is, indeed, a tribute to the aloofness and exclusiveness of the Rockefeller Institute, it is at the same time an illustration of Lindbergh's genius for escaping from the mob.

The article in Science was entitled "A Method for Washing Corpuscles in Suspension", and it told how to separate a mixture of liquids having different densities by the application of the principles of centrifugal force—a principle Lindbergh had learned in his youth on his father's dairy farm from his experience with cream separators and Babcock milk testers. This much can be guessed. But how he came to be interested in biology and medicine is part of the Lindbergh mystery still to be unraveled.

Two facts throw some light on the enigma. In 1928 he flew a supply of pneumonia serum from New York to Quebec in an effort to save the life of his fellow aviator and friend, Floyd Bennett, who piloted Admiral Byrd over the North Pole. The serum came from the Rockefeller Institute. Apparently the incident was the flyer's first contact with that institution.

He did not join the research staff of the institute until the summer of 1930. That was the summer when his first son was born, an event which brought him in close contact with Rockefeller Hospital physicians.

In 1908 the Nobel prize winner, Dr. Alexis Carrel, one of the leading lights in the Rockefeller Institute, had made a study of the transplantation of organs and their blood vessels and developed techniques for handling the arteries, washing the organs free from blood without injuring the living cells, and preventing the formation of blood clots. Then, under the direction of Dr. Carrel, antiseptic procedures were developed during the war at the Rockefeller Institute in Compiegne that permit complete protection of tissues from bacteria in the course of surgical operations.

Back in 1912 Dr. Carrel developed a technique for keeping isolated tissues alive indefinitely in glass jars. There is the famous fragment of the heart of an embryo chick which has so far enjoyed a measure of immortality for 23 years, and is the only living matter now existing that is assured of life until the end of life on earth, provided it is properly cared for.

But there was no apparatus capable of playing the role of heart and lungs and of keeping free from infection indefinitely an entire organ, with its multiple differentiated tissues. And so for many years a search was made at the Rockefeller laboratories for the proper apparatus.

Lindbergh arrived just at the time when H. Rosenberger, of the Rockefeller staff, had constructed an ingenious magnetic pump. That was in the spring of 1930. Though ingenious, this apparatus was very complicated, and it was at best only a crude approximation of the robot heart and lung.

The problem was to construct an apparatus that would cause artificial blood to circulate without the use of pumps, joints, or moving parts. Within a year Lindbergh had done it. His was a much simpler apparatus than Rosenberger's, and it served for the first time to maintain an artificial circulation through a segment of artery for a month without infection. It was an achievement of which any scientist would be proud and was at once announced by the Rockefeller Institute in May 1931, but the communication appeared unsigned. Last month Lindbergh was revealed as the author through a footnote referring to the 1931 article.

During the following 4 years, 3 of which were freighted with tragedy as great as could befall any mortal, he continued to work at the institute. He built many kinds of apparatus based on various principles, until finally, in June 1935 he had succeeded.

It will be remembered that during this 4-year period he had made his epic 28,000-mile flight from the Arctic to the Tropics, in which he blazed a sky trail to Europe via Greenland. This flight properly fits into this chronicle, for it revealed Lindbergh in still another scientific role—that of bacteriologist.

Before he started on his round-Atlantic flight, inquisitive reporters noticed a strange gadget on his seaplane. Inquiries brought forth the joking reply that it was a sky hook. It turned out more than a year later that the sky hook was an improved spore catcher he had invented himself to ascertain for the Department of Agriculture how much and what type of vegetable life exists over

the North Atlantic. With his sky hook he managed to trap hundreds of specimens, some well known but many that are still to be identified. His catch represents the farthest north collection of such forms of plant life.

It is doubtful, despite the wide publicity it attained, that the average person has grasped the full significance of the Lindbergh Life Chamber. It opens up a score of possibilities that challenge the imagination. It promises to make possible means for placing the vital processes of life into a veritable goldfish bowl, where all their intricate, mysterious workings, until now unfathomable, can be minutely observed for the first time under the watchful eye of trained scientists and under all sorts of normal as well as abnormal conditions. New avenues of approach, rich in potentialities, have been opened for the study of the baffling diseases that attack men. For the first time it becomes possible to watch human vital organs grow, function, degenerate, and die, and studies can now be made, under controlled conditions, on how to stimulate this growth and proper functioning and how to arrest and counteract the processes of decay and degeneration.

One thing is certain, the public will gradually be forced to form an entirely new mental picture of the legend that is Lindbergh. The portrait of the courageous, slightly reckless aviator, whose daring was not unmixed with a good deal of luck, and who otherwise was just a well-mannered, somewhat taciturn young man, must give way to a much more complex portrait of a highly enigmatic personality.

REVENUE BILL OF 1935

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8974, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. Mr. Chairman, I do not want to ask for an extension of time, but shall try to cover briefly the provisions of this bill, and should like, therefore, to proceed without interruption until I have done that. Then I shall be very glad to yield for questions.

I ask unanimous consent that I may include in my remarks certain schedules of rates in the bill now under discussion.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SAMUEL B. HILL. Mr. Chairman, the Ways and Means Committee has literally worked day and night to bring this tax bill to the House. It has been rumored, and gentlemen no doubt have heard the rumor, that a bill of this kind could be written in a few hours. If one were to simply write the tax schedules and had knowledge in advance as to what schedules he would write, that statement could be made true; but if gentlemen will examine this bill containing 98 pages, most of it pertaining to the administrative features of the revenue to be provided, and most of it highly technical, necessarily so, I think all will agree with the Committee on Ways and Means that a bill of this magnitude cannot be written within less time than we have taken to write it. The Ways and Means Committee has always endeavored to merit the confidence of this House. We have tried to bring back to you the proposed legislation that has been assigned to that committee for study and recommendations in such form that we can militantly advocate it and militantly defend it against assault. That is true in this case. We ask your cooperation in the consideration of this bill and in its passage by this House.

Complaint has been made by our friends on the Republican side of the committee that we proceeded to the consideration of this measure in the hearings without having a bill written as a basis for such hearings. I call attention to the fact that tax bills and tariff bills are not written before the hearings. They are written after hearings. They are not written until the Committee on Ways and Means have held hearings and have considered the rates in the proposed legislation and until it has had executive sessions, and has agreed on those rates. That is the prevailing practice, whether under Republican control or Democratic control of the House. That is a necessary practice. Complaint has also been made that we held farcical hearings, and that we had nothing on which to base hearings, with no notice to those who were to appear as to what was to be considered by the committee.

I call attention to the fact that the chairman of this committee announced in the press that the hearings would be based upon the President's message and would be confined largely within the confines of the recommendations of that message. That was a definite agenda, if you so desire to call it, as a basis for these hearings. Hearings were called, public notice was given, and ample opportunity afforded to everyone who wanted to appear. Every witness who asked to appear was accorded the privilege of appearing. We concluded the hearings in 1 week's time. We sat constantly in order to do that, and then we devoted the balance of the time, up to this date, in considering what we should write into this bill.

Our friends on the Republican side complain in their minority report that we did not call them into the conference leading up to the writing of the bill. That is a correct statement. The responsibility was ours. We knew from the very beginning that they were opposed to the legislation. We knew that the bill that was written would have to be written by the Democratic members of the committee, and we did the job. We accepted the responsibility, just as they accepted the responsibility in 1921, under a Republican administration and under a Republican Congress. In 1921 the Republican members of the Ways and Means Committee excluded the Democratic members of that committee and wrote the tax bill. When they had finished that job, they called the Democratic members in and showed them what they had written, just as we did in this case. Complaint was made at that time by the ranking minority member of the Ways and Means Committee, Mr. Claude Kitchin, about the methods pursued by the Republican members of the committee, just as the Republican members are complaining now about the procedure adopted by the Democrats on the Ways and Means Committee.

I am not stating these things as a matter of defense. I am just reciting them as a matter of history. In 1929 and 1930, when we had a tariff bill, the Republican members of the Ways and Means Committee, then in control of the committee, excluded the Democrats from their councils and wrote the tariff bill. When that bill was written it made a book three-quarters of an inch thick; and they called the full committee, including the Democrats, and submitted this volume, without even reading it, and moved its favorable report and adopted the motion.

That is the procedure that is followed; that is the procedure that they followed and that we have followed in this case.

Now, we have brought in a bill which we can commend to this House, and which we ask you to support. We ask your cooperation in the orderly consideration of the measure. Of course, we know that political issues are going to be drawn. Of course, we know that we are meeting the solid phalanx of our Republican friends against this bill, as we met in the hearings those who are affected by this legislation. Those who are affected as representing large wealth, as representing the larger incomes, as representing the larger corporations, came before our committee, and with one story they said, "We do not object to additional taxes; we know that we will ultimately have to have higher taxes and more revenues, but", they said, "we do not want those taxes imposed until the administration stops expending money under these extraordinary emergencies." But when they were pinned down and were asked just what particular part of those emergency expenditures they would eliminate, they did not make a single suggestion.

I had letters from my district along the same line, signed by individuals. The letters were identical in form, in language, written upon the same typewriter, and came as propaganda sent out against this measure. Now, that is

what you are up against. You are up against the combined forces of the corporate powers of this country, and the reason largely is that we propose to tax corporations beyond what they are now taxed.

"Oh," they said, "we want you to balance the Budget. We want you to balance the Budget." That is what they say in their minority report. "When you balance the Budget we are ready to levy additional taxes."

We heard that balancing the Budget story through the previous administration. I want to call your attention to this fact, that all of this additional indebtedness that is piled upon the country today did not come under the present administration. Even before the present administration came into power, before any extraordinary expenditures were made by the Government to relieve distress, we had accumulated a deficit of $5,000,000,000 under the previous administration. If you will subtract that $5,000,000,000 under that administration from the total increased indebtedness, you will find that this administration has not done so bad when it is recognized that it has been forced, for the purpose of saving the country from utter wreck and ruin, to make large emergency expenditures.

The budget for the ordinary expenses of the Government is balanced now, with probably $100,000,000 to spare, but it is impossible to balance all of the expenses of the Government while these extraordinary relief expenditures are being made and are necessary. This talk about balancing the Budget at the present time is simply idle talk. It cannot be done. Nobody wants it done at the present time under present conditions. Even those who advocate it do not want it done if it means the withdrawal of these relief expenditures at this time. Obviously, the country cannot stand additional tax levies sufficient to meet these necessary extraordinary relief expenditures as they are being made. But that is no reason why we should not have a reasonable increase in tax levies and a reasonable increase in revenues.

This bill proposes additional surtaxes upon individual incomes. It proposes additional taxes upon corporations, both a graduated income tax and excess-profits taxes. It proposes an inheritance tax, and, to protect the inheritance tax, a gift tax. Those are the four subjects involved in this bill.

As to the increase in surtaxes on individual incomes, we have dropped down to the $50,000 bracket and graduated the tax from that bracket up to $5,000,000, reaching a maximum surtax of 75 percent over $5,000,000, which, plus the normal tax of 4 percent, makes a total tax at that bracket of 79 percent.

The following schedule, taken from the committee report on the bill, shows the schedule of rates as proposed by this bill, and also the change from the existing law on surtaxes:

CHANGES IN EXISTING LAW

Changes in the Revenue Act of 1934 made by the bill are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

(Sec. 12) (b) RATES OF SURTAX.—There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax as follows:

Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 4 per centum of such excess.

$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 per centum in addition of such excess.

$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 per centum in addition of such excess.

$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 per centum in addition of such excess.

$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 per centum in addition of such excess.

$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 per centum in addition of such excess.

$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 per centum in addition of such excess.

$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 per centum in addition of such excess.

$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 per centum in addition of such excess.

$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 per centum in addition of such excess.

$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 per centum in addition of such excess.

$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 21 per centum in addition of such excess.

$4,640 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 24 per centum in addition of such excess.

$6,080 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 per centum in addition of such excess.

$7,700 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, [30] *31* per centum in addition of such excess.

[$9,500] *$9,560* upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, [33] *35* per centum in addition of such excess.

[$11,480] *$11,660* upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, [36] *39* per centum in addition of such excess.

[$13,640] *$14,000* upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, [39] *43* per centum in addition of such excess.

[$15,980] *$16,580* upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, [42] *47* per centum in addition of such excess.

[$18,500] *$19,400* upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, [45] *51* per centum in addition of such excess.

[$23,000] *$24,500* upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, [50] *55* per centum in addition of such excess.

[$28,000] *$30,000* upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, [52] *58* per centum in addition of such excess.

[$54,000] *$59,000* upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, [53] 60 per centum in addition of such excess.

[$80,500 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $300,000, 54 per centum in addition of such excess.]

$89,000 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $250,000, 62 per centum in addition of such excess.

$120,000 upon surtax net incomes of $250,000; and upon surtax net incomes in excess of $250,000 and not in excess of $300,000, 64 per centum in addition of such excess.

[$134,500] *$152,000* upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, [55] *66* per centum in addition of such excess.

[$189,500] *$218,000* upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, [56] *68* per centum in addition of such excess.

[$245,500] *$286,000* upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, [57] *70* per centum in addition of such excess.

[$388,000] *$461,000* upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, [58] 72 per centum in addition of such excess.

[$533,000 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000, 59 per centum in addition of such excess.]

$641,000 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000 and not in excess of $2,000,000, 73 per centum in addition of such excess.

$1,371,000 upon surtax net incomes of $2,000,000; and upon surtax net incomes in excess of $2,000,000 and not in excess of $5,000,000, 74 per centum in addition of such excess.

$3,591,000 upon surtax net incomes of $5,000,000; and upon surtax net incomes in excess of $5,000,000, 75 per centum in addition of such excess.

Next we come to the corporation tax. The present rate provides a flat rate of 13¾ percent on corporation net incomes. In addition to that there is an excess-profits tax of 5 percent on net profits above 12½ percent. We propose in this bill to graduate the corporation income tax. Instead of having 13¾ percent, as it now is, we provide two brackets. The first bracket provides a tax of 13¼ percent up to and including $15,000 of net income. The second bracket includes all corporate net income over $15,000 and taxes it at 14½ percent.

As I recall it, of all the corporations filing returns for the taxable year 1933 showing a taxable return, more than 92 percent would not pay the additional tax under this pro-

posed schedule and less than 8 percent would pay any increased taxes above the present rate of 13¾ percent. I am talking about the numbers of the corporations. But within that 8 percent, 90 percent of the corporate income is included. So that we make a gain over the revenue under the present rate of $21,000,000 from those corporations and lose $6,000,000 from corporations having lesser income, leaving a net gain by this proposed change in the corporation income tax of $15,000,000 a year.

In addition to that we have provided excess-profits taxes graduated. Up to 8 percent net income of the corporation is not subject to excess-profits tax. From 8 percent to 12 percent profit we propose a tax of 5 percent; from 12 percent to 16 percent profit we propose a tax of 10 percent; from 16 percent to 25 percent profit we propose a tax of 15 percent; and above 25 percent profit we propose a tax of 20 percent. The proposed excess-profits provision is more comprehensively stated, as follows:

The excess-profits tax is based on the ratio of the net income of the corporation to the adjusted declared value of its capital stock as provided for under section 701 of the Revenue Act of 1934. The graduated rates now proposed are as follows:

	Percent
Net incomes not in excess of 8 percent of the adjusted declared value	No tax
Portion of net income in excess of 8 percent and not in excess of 12 percent of the adjusted declared value	5
Portion of net income in excess of 12 percent and not in excess of 16 percent of the adjusted declared value	10
Portion of net income in excess of 16 percent and not in excess of 25 percent of the adjusted declared value	15
Portion of net income in excess of 25 percent of the adjusted declared value	20

Then we have the inheritance tax. We grant an exemption to close relatives of $50,000 on net inheritance before we begin taxing. The surviving spouse, the father, the mother, the grandfather, the grandmother, the child, adopted child, grandchild, brother, or sister, whether of the full or the half-blood, are given an exemption of $50,000 before the inheritance becomes taxable. All others have an exemption of $10,000. The rate starts at 4 percent on taxable inheritances up to $10,000 and is graduated up to 75 percent on inheritances in excess of $10,000,000. The following table sets out the proposed inheritance-tax rates and amounts of tax in the various brackets:

Inheritance tax—rates and amounts

Total net value of inheritance [1]	Rate of tax	Amount of tax [2]
	Percent	
$0 to $10,000	4	$400
$10,000 to $20,000	8	1,200
$20,000 to $30,000	12	2,400
$30,000 to $50,000	16	5,600
$50,000 to $100,000	20	15,600
$100,000 to $150,000	24	27,600
$150,000 to $250,000	28	55,600
$250,000 to $400,000	32	103,600
$400,000 to $700,000	36	211,600
$700,000 to $1,000,000	40	331,600
$1,000,000 to $1,500,000	44	551,600
$1,500,000 to $2,000,000	48	791,600
$2,000,000 to $3,000,000	52	1,311,600
$3,000,000 to $4,000,000	56	1,871,600
$4,000,000 to $5,000,000	60	2,471,600
$5,000,000 to $6,000,000	64	3,111,600
$6,000,000 to $8,000,000	68	4,471,600
$8,000,000 to $10,000,000	72	5,911,600
Over $10,000,000	75	

[1] After deduction of specific exemption.
[2] Computed on upper limit of bracket; for example, inheritance tax on $10,000 is $400.
Specific exemption to spouse and near relatives, $50,000. Specific exemption to all others, $10,000.

To protect the inheritance tax, we propose a gift tax, the exemptions in which are the same as in the inheritance tax, but the tax rates are just three-quarters of the inheritance-tax rates. These are comparable to the rates on gifts to protect the estate-tax provisions of the statute.

The proposed gift-tax brackets, rates, and amounts of tax are as follows:

Gift tax—rates and amounts

Total net gifts from 1 donor to 1 donee [1]	Rate of tax	Amount of tax [2]
	Percent	
$0 to $10,000	3	$300
$10,000 to $20,000	6	900
$20,000 to $30,000	9	1,800
$30,000 to $50,000	12	4,200
$50,000 to $100,000	15	11,700
$100,000 to $150,000	18	20,700
$150,000 to $250,000	21	41,700
$250,000 to 400,000	24	77,700
$400,000 to $700,000	27	158,700
$700,000 to $1,000,000	30	248,700
$1,000,000 to $1,500,000	33	413,700
$1,500,000 to $2,000,000	36	593,700
$2,000,000 to $3,000,000	39	983,700
$3,000,000 to $4,000,000	42	1,403,700
$4,000,000 to $5,000,000	45	1,853,700
$5,000,000 to $6,000,000	48	2,333,700
$6,000,000 to $8,000,000	51	3,353,700
$8,000,000 to $10,000,000	54	4,433,700
Over $10,000,000	57	

[1] After deduction of specific exemption.
[2] Computed on upper limit of bracket; for example, gift tax on $10,000 is $300.
Specific exemption to spouse and near relatives, $50,000. Specific exemption to all other, $10,000.

I have now covered in brief review the four tax subjects in the bill. Estimated revenues are set forth in the committee report as follows:

It is believed that in a full year of operation, under present improving business conditions, the annual additional revenue which will be secured from the enactment of the bill will be as follows:

Source of revenue and estimated additional revenue

Increased surtaxes	$45,000,000
Graduated corporation tax	15,000,000
Excess-profits tax	100,000,000
Inheritance tax	86,000,000
Gift tax	24,000,000
Total	270,000,000

If business improves further, the provisions in this bill may ultimately bring in as much as three hundred and fifty to four hundred and fifty millions of dollars in additional revenue annually.

I want now to talk for a few minutes about the graduated corporation income tax. There was a great deal of opposition to this tax. They said it was not fair; they said it was not based upon ability to pay; they said it had no relationship to the percentage of profits as reflected by the income of the corporation; they made all these arguments; but the thing they overlooked was that we tax individual incomes in the surtax brackets without regard to percentage of profits. We tax according to size of income. We commence at $4,000 above exemptions and graduate the tax on individual incomes up to 59 percent under the present law; and we propose under this bill to carry this graduation on up to 75 percent on incomes above $5,000,000. No one seems to question the soundness of the principle of a graduated surtax on individual incomes. An individual may have $1,000,000 invested in his business. He may get a return of $100,000 as net income. He is taxed in the $100,000 bracket, although it is a 10-percent income. Another individual may have a $50,000 invetsment and get $10,000 income. He will have 20-percent net profit, yet he is taxed in the $10,000 bracket, although he has twice the percentage of profit the individual had who was taxed in the $100,000 bracket. The same principle is brought to bear in this proposed graduated corporation income tax. Although we make but a very slight graduation we recognize the principle and we tax according to size of the income in addition to the excess-profits tax which is based upon the size of the percentage of profits.

Then there is the further consideration which has not been recognized by those opposing the graduated corporation income tax, namely, that the bigger the corporation, the more economic power it has, the greater its advantages as an economic unit, as a business agency, the greater influence it has in controlling competition or stifling competition and

in promoting monopoly, the greater power it has in influencing political action. The greater the corporation, the more advantages it has by reason of that corporate agency. It has economic power that small corporations do not have. The fact is that in this country today we have reached the point where the corporation influences are the most powerful economic and political influences in the Nation. They have financial, economic, and political ability. We propose to tax according to ability to pay, or at least recognize the principle of taxation according to ability to pay by graduating this corporation income tax. Those who oppose it say: "But the corporation is nothing; it is simply trustee for the stockholders." You know and I know that the big corporations of this country in the past decade or so have made a strenuous effort to democratize the stockholdings of their corporations. They have spread the stocks out to little investors; and you know, as I know, that the little investor, the little stockholder, has no voice whatever in the control of the corporation's affairs.

He does not even vote for the directors, or if he votes at all it is by proxy, which perpetuates those in control. He is just as helpless as a lamb in a den of wolves when it comes to control of the corporation or when it comes to saying how much dividend he shall receive. These big corporations do not as a rule distribute large dividends. They see to it that the little stockholders get a very small portion of the income of the corporation. If they had to stand the tax which the President recommended, an addition of 3 percent over the 13.75 percent, how would that affect the little stockholders?

Mr. Chairman, a great deal has been made of this widows and orphans plea and about all of the small people who have investments in these big corporations. The recommendation of the President was to graduate the tax from 10.75 percent up to 16.75 percent. The maximum rate would be 3 percent more than the present rate. It would mean that if the tax was taken out of the dividends to the stockholders for every 100 cents now paid the stockholder would get 97 cents. Out of every $100 the stockholder would get under the present law, under this recommendation he would get $97. It is insignificant when you come to analyze it. The President has recognized the situation as to individual income taxes, and there is no reason why it should not be recognized in the corporation income; therefore, we have put it in this bill.

When the corporations want to stand upon the fact that the corporation is an entity, when it serves their purpose to do that as it does in connection with the reorganization provisions of the revenue laws, they do not say anything about the stockholders; they do not say anything about the corporation's being the trustee for the stockholders. They insist that the corporation is a legal entity—that it is a person, just the same as a natural person, so far as the tax laws are concerned. They insist that the court shall recognize that a corporation is a legal entity; and the courts have recognized it, and they have the advantage in those cases where it is to their advantage to claim that they are an entity and not simply a trustee for the stockholders. They make the argument on one side or the other just as it accords with their interests in the instant case.

Some of us, at least, think that this graduated corporation income tax is as just and is as sound in principle as is the graduated surtax on individual incomes. I challenge anyone to show me or show the House wherein there is a difference in principle between the two kinds of taxes. We do not get much out of that under this bill, because we have made a very slight graduation, but we say that the principle should be recognized, and we have so recognized it in this bill. We get $100,000,000 out of the excess-profits tax.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. SAMUEL B. HILL. Mr. Chairman, I shall yield now for any questions.

Mr. LUNDEEN. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Minnesota.

Mr. LUNDEEN. I wish the gentleman would make a statement in reference to the gift tax. I think that is a subject we are all interested in along with the others.

Mr. SAMUEL B. HILL. The gift tax is to protect the inheritance tax. If you do not have a gift tax, it would be possible, and the logical thing to do, to give the property away to those to whom it would go by inheritance or by testamentary disposition without paying any tax. However, we do not want to discourage gifts in the lifetime of the donor, so we provide a differential in the tax. We let them off with a smaller tax, just three-fourths of the amount of the inheritance tax. There are two reasons for that. One is to encourage gifts during the lifetime of the donor and to get the tax more promptly, because when the gift is made the tax is paid.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from New York.

Mr. FITZPATRICK. Are there any exceptions in the gift-tax provision with reference to, for instance, charitable institutions?

Mr. SAMUEL B. HILL. Yes; the same exceptions that appear in the present law both in connection with the estate tax and the income tax. We shall propose a committee amendment which will take care of gifts of corporations to charitable institutions.

Mr. ANDREW of Massachusetts. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Massachusetts.

Mr. ANDREW of Massachusetts. Will the gentleman elaborate upon the general purposes of this bill?

Mr. SAMUEL B. HILL. The gentleman will not go into that, because he has not the time.

Mr. ANDREW of Massachusetts. Is the main object of the bill to provide revenue, or is it to discourage mass production, or is it to redistribute wealth?

Mr. SAMUEL B. HILL. I decline to go into that matter, because it would take too long to discuss it.

Mr. COLDEN. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from California.

Mr. COLDEN. Does this exempt gifts such as real estate for park and playground purposes?

Mr. SAMUEL B. HILL. Yes; gifts to the Government would come under an exemption.

Mr. COLDEN. And gifts to municipalities and other public organizations?

Mr. SAMUEL B. HILL. I am not so sure. I would have to know just what the particular gift is and what it is for before I could answer the question.

Mr. COLDEN. May I make myself a little clearer? In our town we have a man who has been very generous in giving real estate for park and playground purposes to the municipality for perpetual use for those purposes. Does this revised law affect such a matter?

Mr. SAMUEL B. HILL. I do not believe we have mentioned that. May I ask the gentleman from Tennessee [Mr. COOPER] to answer the question?

Mr. COOPER of Tennessee. What is the question?

Mr. SAMUEL B. HILL. As to whether gifts in the form of real estate for park and playground purposes are exempt.

Mr. COOPER of Tennessee. Oh, yes; they are exempt. If the gentleman will yield further, I should like to answer the question asked by the gentleman from Minnesota [Mr. LUNDEEN]. I am sure that the gentleman from Washington intended to point out also that under existing law, of course, we have a gift tax which is levied on the donor, the person making the gift. In this bill we also impose a tax on the donee, the person receiving the gift, which is a very important phase of the treatment given the gift-tax subject in this bill.

Mr. SAMUEL B. HILL. The estate- and gift-tax provisions under existing law were not touched on by me, because we are not changing them.

Mr. ARNOLD. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Illinois.

Mr. ARNOLD. Under the inheritance-tax provisions of this bill, when does the Federal inheritance tax apply, on the net amount after all estate- and inheritance-tax credits are allowed or before that time?

Mr. SAMUEL B. HILL. Yes; after those deductions are made. The State death duties are deducted, the estate tax is deducted, the funeral and administration expenses are deducted, and claims against the estate are deducted before you get the net inheritance.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. DONDERO. In my State we have a children's fund of some $10,000,000 set up by one of our generous citizens. Would future gifts to this fund be exempt?

Mr. SAMUEL B. HILL. Is it a charitable institution?

Mr. DONDERO. Yes.

Mr. SAMUEL B. HILL. If it is not an institution conducted for profit, it would be exempt.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from California.

Mr. COLDEN. The California inheritance tax applies to the person receiving the gift and is not levied on the inheritance itself. As I understand this revised law, it applies both to the estate, as the previous law, and also to those receiving the inheritance.

Mr. SAMUEL B. HILL. Oh, yes; we have two gift taxes, the estate tax and the inheritance tax.

Mr. PEARSON. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. PEARSON. Is provision made in this bill for corporations receiving credit for gifts made for charitable purposes?

Mr. SAMUEL B. HILL. That will be offered as a committee amendment, I will say to the gentleman.

Mr. McFARLANE and Mr. TRUAX rose.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. McFARLANE. In the President's message of June 19, he makes this statement.

> Provision should, of course, be made to prevent evasion of such graduated tax on corporate incomes through the device of numerous subsidiaries or affiliates, each of which might technically qualify as a small concern even though all were in fact operated as a single organization. The most effective method of preventing such evasions would be a tax on dividends received by corporations. Bona fide investment trusts that submit to public regulation and perform the function of permitting small investors to obtain the benefit of diversification of risk may well be exempted from this tax.

Mr. SAMUEL B. HILL. I cannot have the gentleman read all of that message. Tell me what the gentleman wants to know.

Mr. McFARLANE. Why was it the committee did not include the President's recommendations with respect to a tax on dividends among the various holding companies in order to abolish the useless holding companies?

Mr. SAMUEL B. HILL. The committee gave serious consideration to that problem, but we did not have time to go into it fully, and that is a matter that the committee will give future consideration to.

Mr. McFARLANE. Why not let us consider it now?

Mr. TRUAX. The gentleman has already answered in part the question I am about to propound, and I wonder if the gentleman would care to amplify his statement as to why the President's recommendations were not strictly followed in respect of corporation taxes.

Mr. SAMUEL B. HILL. Because the committee agreed that it did not want to go that far. This is the only reason I can assign.

Mr. TRUAX. The difference is 3 percent, namely, 13¾ percent as against 16¾ percent, as between the President's program and the committee bill.

Mr. SAMUEL B. HILL. Sixteen and three-quarters percent was the President's suggestion.

Mr. TRUAX. There is only a difference of 3 percent.

Mr. SAMUEL B. HILL. There is only 1 percent difference, or a spread of 1 percent. We dropped down from thirteen and three-quarters to thirteen and one-quarter on incomes up to $15,000, and then we go up to 14½ percent on incomes above $15,000.

Mr. TRUAX. Then there is only 1 percent difference between the committee program and the President's recommendation?

Mr. SAMUEL B. HILL. Yes.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. McCORMACK. And the estimated revenue from that spread has been obtained by the imposition of the excess-profits tax?

Mr. SAMUEL B. HILL. That is right.

Mr. ZIONCHECK. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Washington.

Mr. ZIONCHECK. Is there any provision in this bill about the declared adjusted value of corporations to get away from the practice of some corporations putting on a very high value so as to get away from the payment of such taxes?

Mr. SAMUEL B. HILL. We continue in force the present provision as to adjusted declared value. The corporations have had two opportunities to adjust and declare this value, when the excess-profits tax of 5 percent, as it now stands, was first imposed, and then when it was later imposed, and we think that having had two opportunities to adjust and declare the value, there is not any necessity for providing for another adjusted value.

Mr. ZIONCHECK. However, it does give an advantage to the pessimistic corporation as against the optimistic corporation with respect to anticipated profits.

Mr. SAMUEL B. HILL. As to what the declared value should be was controlled by whether it had more taxes as excess-profits or capital-stock tax.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I wish to make only one comment on the able address of my colleague the gentleman from Washington, and that is with respect to his statement that "nobody wants to balance the Budget." The gentleman may be able to speak for the Democrats of the country and for the Democrats of this House, but I am speaking for the Republicans of the House when I say we have tried for some time to produce some method of balancing the Budget, whether it is the extraordinary or the ordinary Budget. The Democratic Party does not seem to want to balance either one. We only recognize one Budget, and we certainly want to balance it, largely by economies, which is very different from the attitude of the Democratic Party.

There is one other matter I wish to refer to before beginning the remarks I expect to make on this measure, and this is a reference to a very interesting hearing that was held on this measure yesterday by the Senate Committee on Finance.

I want to refer to the inquiries that two leading Democratic Senators made of the Secretary of the Treasury in connection with this bill.

Senator BYRD, of Virginia, asked Mr. Morgenthau:

> What is this year's deficit?
>
> Mr. MORGENTHAU. The President's message fixes it at $4,000,000,000.
>
> Senator BYRD. Well, then, this tax program amounts to about 7 percent of the deficit. * * * Why do you not go out and tell the country that this thing is a farce?

Why did he not do it? Then we also find that the Secretary was put on the spot by the chairman of the committee, Senator HARRISON, and the Secretary steadfastly refused to state whether the administration took the responsibility for the recommendations on the major questions involved in the measure.

He would not analyze the bill. Why? Either he was ashamed of it or he could not. That is the reason he did not analyze it. It is as plain as can be. I think he could not. I never heard the gentleman analyze anything before the Ways and Means Committee. He has had a force of experts along with him when we have had hearings, and when a question is asked Mr. Morgenthau he smiles at his assistants and asks them to answer the questions. There is no wonder that he did not analyze the bill.

Then Senator HARRISON asked him if he approved of the changes made in the House bill from the proposals in the President's message, and Secretary Morgenthau said, "I do not think it is up to me to approve or disapprove any legislative measure." The suggestion for a tax measure came from the White House, and, forsooth, the representative of the President declines to comment upon the bill under consideration.

The gentleman from Washington [Mr. HILL] a few moments ago said something about the method pursued by the Republicans in writing a tax bill.

We never had a tax bill before us that the Secretary of the Treasury did not appear and define the attitude of the administration about it. We did not get any such opinion as that coming now from the Democratic Secretary of the Treasury. When this bill was proposed, there was not a bill before us when the Secretary of the Treasury appeared.

Senator HARRISON said yesterday, "You are the first Secretary of the Treasury that has not been willing to state his ideas to the Finance Committee of the Senate."

Could there be a worse indictment of a Secretary of the Treasury than that coming from his own party Chairman of the Senate Finance Committee?

Well, of course, he does not have any views. He cannot state them, for he does not have any. I have not seen any statement yet of his views. He has some experts with him, but the fact is the Secretary of the Treasury has not any views that he can express.

Senator HARRISON asked, "You are unable to give the committee what the administration desires?" and Secretary Morgenthau said, "No."

Here is a significant statement from the Chairman of the Finance Committee, Senator HARRISON.

He said:

If the administration has changed its attitude since the time of the President's message, I am willing to go along; but I do not want to get caught coming and going on this proposition.

The Chairman of the Finance Committee evidently did not want a recurrence of what happened a few weeks previously, when, in connection with the plan to rush the President's proposals through Congress in 5 days, he got caught "coming and going" because he did not keep track of where the administration stood.

I never saw a man back down better than Senator HARRISON did when the nuisance-tax bill was under consideration a few weeks ago, the one which had to go through in 5 days, and to which the President sought to have his recommendations attached. The President found he had to back down, and Senator HARRISON was made the goat. He stood and he took his medicine like a man, and I admire him for it; but he gives fair notice that he is not going to be caught again coming and going. I do not blame him.

That was a very illuminating hearing, a fine hearing, yesterday before the Finance Committee. If this bill has any merit whatsoever, they got a fine lot of information from the representatives of the administration, which proposes the bill.

Aside from these brief comments, I shall now proceed to make a few other comments and remarks.

President Coolidge once said:

No matter what anyone may say about making the rich and the corporations pay the taxes, in the end they come out of the people who toil.

No system has ever been devised under which any person living in this country could escape being affected by the cost of our Government. It is felt in the price of those prime necessities of existence—food, clothing, fuel, and shelter.

High taxes reach everywhere and burden everybody. They bear most heavily on the poor. They diminish industry and commerce. They make agriculture unprofitable. They increase the rates on transportation. They are a charge on every necessity of life.

We cannot finance the country, we cannot improve social conditions through any system of injustice, even if we attempt to inflict it upon the rich. Those who suffer the most harm will be the poor.

Those remarks are as true today as when uttered. In fact, they are permanent truths. If Mr. Coolidge had been a prophet it could be said that he foresaw the present-day situation and the bill we are today considering.

This measure was inaugurated upon the false premise that you can soak the rich. The Democratic members of the Ways and Means Committee have done their best to carry out the instructions—a stronger word might be used—of the President, and the monstrosity that is now before us is the result of that useless effort. The taxation covered by this bill cannot accomplish its purpose of soaking the rich, but, as our former President so wisely said, it will result in additional cost to every householder in the United States. And for what purpose? It certainly cannot be argued that where we are expending $20,000,000 a day in the conduct of the Government under the extravagant and wasteful program of the present administration that additional revenue to the amount of $300,000,000, or 15 days' expenditures, will in any way meet the revenue needs. Nor can it be argued that it will bring about social justice, whatever the White House definition of that phrase may be.

If social justice means encouraging a wider distribution of wealth, certainly this bill is a flat failure, because if the three hundred millions of additional receipts were divided among the entire population it would mean only about $2.25 per capita.

In other words, the measure is an absolute failure in every respect. This is perfectly easy of explanation when one considers the history of the bill.

The President sent up his share-the-wealth tax message on June 19, when Congress was on the verge of adjournment. It came as an utter surprise even to the Democratic leaders, in view of the statement made in his Budget message of last January to the effect that he did not consider it advisable to propose any new or additional taxes for 1936.

When these leaders indicated an unsympathetic attitude toward his proposals, and evidenced an intention to postpone consideration of them until the next session of Congress, at which time they could be given more careful and deliberate consideration, the President on June 24 insisted that they be attached as an amendment to the nuisance-tax extension bill then pending in the Senate, which had to be passed before June 30.

It will be recalled that a storm of public indignation forced the President to abandon his plan to secure the enactment of his proposals in 5 days, without adequate study, and it was then decided to let the Ways and Means Committee prepare a separate bill embodying the proposed legislation.

I again call attention to Senator HARRISON's pert remark, that he was not going to be caught in that box again, coming and going. He gave them fair notice.

The committee began hearings on July 8, without anything before it except the President's message. Although the Secretary of the Treasury was the first witness, he failed to make any suggestions for carrying out the President's proposals. Following the brief hearings, the full committee held one or two preliminary meetings, and then the Democrats excluded the Republicans, and while in constant touch with the White House hastily drafted a makeshift measure to carry out the President's ideas—in form if not in substance.

A tentative draft of the bill first became available to the Republican members on July 29, and by a strictly partisan vote it was ordered reported the next day in a session lasting only a few minutes. It is now proposed to jam it through the House before the overwhelming sentiment against it has a chance to crystallize, and it will undoubtedly be rushed through the other body in the same way.

I commend to our Democratic colleagues the universal comments of the press editorially throughout the country as I have seen them in the last few days. You gentlemen on

the Democratic side had better jam it through just as quickly as you can, because there is evidently a very strong undercurrent of opposition on the part of the American people as expressed through the press to this kind of legislation and this kind of haste.

As distinguished from the hurried manner in which this bill has been considered, I want to call attention to the fact that the quickest any other revenue bill since the World War has been enacted has been 4 months.

This was the time consumed in the enactment of the Revenue Act of 1921, from the day the hearings began until it was signed by the President. The Revenue Act of 1924 took nearly 6 months to pass; the act of 1926 over 4 months; the act of 1928 about 7 months; the act of 1932 nearly 6 months; and the act of 1934 nearly 10 months, including the 6 months consumed by the taxation subcommittee in making its studies on tax avoidance.

When it is considered that at first it was proposed to enact the President's recent proposals into law in 5 days, and when it is further considered that even now they will be rushed to passage in approximately a month's time since the Ways and Means Committee began its hearings, only two conclusions are possible: Either the present bill is ill-conceived, unscientific, and purposeless, or else when the Democrats are in power they possess much greater mental ability to write tax legislation than the Republicans have when they are in power.

The latter view is so ridiculous that it is not worthy of a passing joke, whereas the first statement is so apparent that it needs no proof. However, if any proof is needed, I suggest a perusal of the measure now before the House, which is not even in keeping with the President's message.

In this connection there is another matter which I wish to emphasize. In writing the revenue acts of 1921, 1924, 1926, and 1928 the Republicans always had before them complete statistics regarding the state of the Nation's finances and the revenue needs, furnished officially by the Treasury Department, and this data has been available to the full committee and to the country. Moreover, Republican Secretaries have always come before the committee and made definite recommendations and suggestions, which formed the basis of the hearings and gave the committee something to work from. A Republican Secretary of the Treasury made definite suggestions to the Democratic Ways and Means Committee in connection with the 1932 revenue revision. In the 1934 revision the present Secretary of the Treasury contented himself with a two-page statement in which he said practically nothing, and then turned the hearing over to a college professor, who had been hired temporarily to represent the Department in tax matters.

In appearing before the committee in connection with the President's share-the-wealth proposals, the Secretary read a jumbled and apologetic statement covering one and one-half printed pages, in which he gave the committee no information of any value. He failed to make any definite recommendations or suggestions and merely indicated that the Treasury's primary interest was in the revenue it might raise and expressed the hope that the revenue might be earmarked for debt-reduction purposes. In other words, he threw the whole burden back on the Ways and Means Committee, which was known to be unsympathetic with the President's proposals, but the Democratic Members of which were subject to White House control.

Again referring to the revenue acts of 1921, 1924, 1926, and 1928, I wish to digress for a moment to call attention to the fact that these measures were all passed when the Republicans were in complete control of the Government, and that every one was a tax-reduction bill, rather than a bill imposing new or additional taxes. I might add that in spite of the reductions made, receipts continued to increase, and up to 1930 the national debt was reduced from the post-war peak of twenty-six billions down to sixteen billions, a reduction of ten billions in 10 years.

Contrasted with these tax-reduction bills, the last three revenue acts, including the present measure, have all been bills increasing the tax burden. The act of 1932 was passed when the Democrats had control of the House and the act of 1934 and the proposed act of 1935 while they were and are in complete control of both the legislative and executive branches.

I especially call the attention of the House to the majority report. It is a most remarkable document. It sets forth verbatim the message of the President, but fails to contain one word of commendation or explanation thereof. Evidently the majority members of the committee are so thoroughly convinced of the undesirability of a tax bill at this time that they cannot put a line in their report in defense or support of the President's program.

The report proceeds on the theory that what the President says is not only law but their orders, and it takes up, item by item, his suggestion, and in the main follows them through. No better illustration of abject subserviency was ever shown.

It is interesting to note that the graduated corporation tax met with some degree of opposition by our committee colleagues, but the best they could do was to compromise by including it along with the excess-profits tax.

The report states that the need for the bill appears in the President's message. I defy anyone to read the message and find an explanation of the need. The message neither comments on the huge expenditures of government nor the amount of additional revenue required to meet them. The former conception of the purpose of a tax bill was to secure revenue to meet expenditures. It is obvious that this bill is simply a political gesture, devoid of merit.

When the talking machine first came into use the advertising trade mark was a dog pictured as listening to a loud speaker, and labeled, "His master's voice." The report of the majority is a good illustration of subservient Democrats listening to their master's voice.

The lack of study that has been given to this measure and the failure to secure statistical information from all available sources accounts for the uselessness of the bill. It, of course, will be passed by this House and probably by the other body under the crack of the whip of the White House. I commend to the attention of the House and the country the critical report of the minority members. It is a correct picture of the monstrosity of a tax bill prepared under duress by a subservient committee majority, without interest or sincere support in their own minds for the measure they were unfortunate enough to have to present to Congress and to the country.

I particularly call attention to references therein to the specific items making up the bill, and as arguments against these items are set forth in the report, I ask unanimous consent to extend my remarks by including the views of the minority in connection therewith.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. TREADWAY. The description, "soak the rich", originally applied to this bill, is such a farcical misnomer that the press and the people have rechristened it and it is now known as a "bill to save the face of the President." Personally, I should say it leaves his face severely scarred.

The bill was written behind doors closed to the Republican members of the committee. On Monday morning it was voted out and on Tuesday morning the first draft of the bill, as now before the House, was courteously handed to the minority members. During the day members of the press asked me to comment on the bill. What I said was as follows:

Apparently Congress and its committees are no longer deliberative or representative bodies. The Ways and Means Committee was instructed on June 19 by a message to Congress from the President to write a tax bill. In a month's time the Democratic members of that committee have obeyed the President's dictation, except to the extent that it is not a tax bill that will provide revenue commensurate with the extravagant expenditures of the administration. It is not a social-reform bill, as it does not comply with the slogan, "soak the rich." This, of course, was ridiculous at the beginning and it is more ridiculous now that the bill has been born. The method of procedure is in keeping with the dictatorial edict from the White House. Instead of being a bill of the Ways and Means Committee, it is a bill of a partisan majority, as the minority were handed copies of the bill only this [Tuesday] morning and motion

was immediately made to report it out. This in itself was most presumptuous. Information regarding the preparation of the bill has reached the minority only through the press, and the majority of the committee has changed the figures and rates in each press announcement during the past week. If the Democratic majority in Congress feels that this bill saves the face of the President in the recommendations he made, certainly no Republican need complain. I predict that nothing has been done by Congress under the dictation of the administration that will be more of a boomerang to the Democratic Party than this misnamed tax bill.

I have purposely avoided discussing separate items in the bill because I feel that it should be judged as a whole on the basis of the President's message. The message was a political gesture which has failed in its purpose. It is impossible to build a permanent structure upon a foundation of quicksand. Therefore there can be nothing good come out of a structure devised to carry out the provisions of this message by an unsympathetic committee.

I congratulate my Democratic associates on the committee for their spirit of obedience, but that is all that is worth while about this bill. If this House acted upon its own judgment, the bill would not have been reported in the first place; and, secondly, if reported, it would have been ignominiously defeated by this House. It, however, will be passed and be another milestone in the long line of Democratic failures. [Applause.]

In accordance with permission previously granted, I append to my remarks the minority report upon this bill:

VIEWS OF THE MINORITY

We, the Republican members of the Ways and Means Committee, are opposed to the enactment of this bill.

That it is nothing but a political gesture seems to be universally conceded. That it will fail to raise any appreciable amount of revenue cannot be denied.

If this bill serves no other purpose, it will at least demonstrate to the country that the extravagant and wasteful expenditures of the Democratic administration cannot be met merely by soaking the rich. Although it imposes rates of taxation which border on the point of actual confiscation, its proponents estimate that it will produce only $270,000,000 of revenue. This amount would pay the running expenses of the Government for less than 2 weeks, and it falls $3,305,000,000 short of meeting the deficit for the last fiscal year. Even as a redistribution-of-wealth measure it would provide but $2.25 for each of our 120,000,000 people.

The bill makes it perfectly obvious to the great masses of our people that in the last analysis they, and not the rich, are going to be required to assume the greater portion of the cost of the administration's profligate expenditures. As they become painfully aware of the fact that a part of every dollar the administration spends is eventually going to be collected from them in burdensome and oppressive taxes, we believe they will insist with us that this orgy of expenditure be speedily terminated.

In opposing this bill we are not taking a stand inconsistent with our previously expressed attitude in favor of a balanced Budget, which we still favor, but it should be balanced by reducing expenditures and not wholly by increasing taxes. The administration has no right to increase the tax burden on either rich or poor until it has first adopted a sane spending program.

We have said that this is a political gesture. By that we mean it was intended to catch votes. Only last January, in his Budget message, the President said that he did not "consider it advisable at this time to propose any new or additional taxes for the fiscal year 1936." What caused the President to change his mind between January 7, when he presented the Budget, and June 19, the date of his so-called "share the wealth" tax message?

The Secretary of the Treasury was asked this direct question during his brief but unilluminating appearance before the Ways and Means Committee, but under the protection of the Democratic members he avoided an answer. The fact is that the President's tax message came at a time when the administration's popularity and prestige were rapidly on the decline, and it served to divert public attention from the criticisms which were being leveled at the President and his policies. It doubtless had a secondary purpose of undermining the increasing political strength of the two chief exponents of the share-the-wealth and soak-the-rich philosophy by making a bid for the support of their large army of followers.

It will be recalled that when the President attempted to force the enactment of his tax program within a period of 5 days by having it included as a Senate amendment to the nuisance tax extension bill, a storm of public indignation expressed by the press throughout the country forced him to abandon this scheme and rely upon the Ways and Means Committee to report out a separate bill.

It is generally known that the Democratic members of the committee were not only indifferent but actually hostile to his proposals. That the bill now comes before the House with their approval is further evidence of the fact that the majority are not guided by their convictions but by the orders they receive from the White House.

The Democratic members of the Ways and Means Committee are bound under the unit rule which results in a majority of their members binding the minority. There is no question that the Democratic minority was sufficient in numbers when joined with the Republicans to have rejected important portions of the bill. Representative government ceases to exist under such a system.

The Democratic majority, in order to avoid a direct slap at their own administration with a Presidential election in the offing, have reluctantly tried to pull the President's political chestnuts from the fire. Their effort bears all the earmarks of being a mere face-saving gesture. They will undoubtedly make every effort to justify the bill as a revenue measure, but a casual reading of the President's message clearly indicates that it was not so intended, and it certainly was not so interpreted by the country. The Secretary of the Treasury, in his statement before the committee, indicated that the Treasury's primary interest in the legislation was in the revenue which it might raise, and the majority members tried to infer from this statement that revenue was its primary purpose. The reference in the President's message to the "very sound public policy of encouraging a wider distribution of wealth" and the duty of government to restrict large incomes by very high taxes prevent any such purpose being ascribed.

We cannot criticize too vehemently the procedure by which this bill has been proposed, considered, and is now being rushed to passage. Brief hearings were conducted by the committee with nothing before it but the President's message. As his proposals were rather nebulous, and as no tentative draft or outline of a bill had been prepared, the hearings were more or less of a farce. Unlike his predecessors in office, the Secretary of the Treasury failed to make any definite suggestions for carrying out the President's proposals, or even indicate how much revenue the bill should raise.

At the close of the hearings the chairman definitely stated (see hearings, p. 341) that when the committee met in executive session "the minority will be called in and will know everything that goes on, so far as the preparation of the bill is concerned." Nevertheless, after two or three preliminary meetings, the minority were excluded and the Democrats proceeded to write the bill behind barred doors. We do not doubt the good faith of the chairman in making the foregoing statement, but in view of the political character of this bill, and the fact that there was considerable difference of opinion among the Democratic members as to the expediency of the President's proposals and certain provisions in the bill, they doubtless excluded the minority in order that they might iron out their differences in private, and thereby work the will of a minority of the committee.

The minority members saw a copy of the tentative draft of this bill for the first time yesterday morning. The introduced copy first became available today. Hence, it is not possible for us to make any detailed analysis of the bill. However, we shall make a few general comments.

We concede the equity and fairness of making those with large incomes contribute their fair share of the tax burden, but we do not think it is good business for the Federal Government to increase the progressive rates of the income tax to the point where they are productive of decreased rather than increased revenue. The law of diminishing returns is as immutable as the stars, and there is no way in which the laws passed by Congress can escape its operation.

In this connection it is interesting to note the observations of a former Democratic Secretary of the Treasury, Hon. CARTER GLASS, upon the effect of excessive surtaxes. In his annual report for the fiscal year 1919, Secretary GLASS said:

"The upmost brackets of the surtax have already passed the point of productivity and the only consequence of any further increase would be to drive possessors of these great incomes more and more to place their wealth in the billions of dollars of wholly exempt securities heretofore issued and still being issued by States and municipalities, as well as those heretofore issued by the United States. This process not only destroys a source of revenue to the Federal Government, but tends to withdraw the capital of very rich men from the development of new enterprises and place it at the disposal of State and municipal governments upon terms so easy to them (the cost of exemptions from taxation falling more heavily upon the Federal Government) as to stimulate wasteful and nonproductive expenditure by State and municipal governments."

The following year another Democratic Secretary of the Treasury, Hon. David F. Houston, who succeeded Secretary GLASS to that office, also commented on the adverse effects of the higher surtax brackets, and said:

"It seems idle to speculate in the abstract as to whether or not a progressive income-tax schedule rising to rates in excess of 70 percent is justifiable. We are confronted with a condition, not a theory. The fact is that such rates cannot be successfully collected."

Since, as Secretary Houston has said, excessive surtaxes "cannot be successfully collected", and since their tendency is to drive investments from the channels of trade and industry into tax-exempt securities, the result of their imposition actually will be to decrease, rather than increase, the revenue, and necessitate the imposition of additional burdens on the less well-to-do. Thus, the soak-the-rich proposal of the President will in the end result in unloading an increased tax burden on those of small earnings.

We believe that the fallacy of the theory that exorbitantly high income taxes put the burden of taxation on the rich and relieve the poor has been clearly demonstrated. We commend to the large masses of people to whom this bill is intended to appeal, the wise words of the present occupant of the White House when

he was a candidate for the Presidency, which evidently he has since forgotten. Speaking at Pittsburgh on October 19, 1932, Mr. Roosevelt said:

"Taxes are paid in the sweat of every man who labors because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and, hence, in hordes of the hungry tramping the streets and seeking jobs in vain.

"Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment.

"There is not an unemployed man—there is not a struggling farmer—whose interest in this subject is not direct and vital."

GRADUATED INCOME TAX ON CORPORATIONS

The President in his message suggested that corporations be taxed according to their size, instead of the present flat rate of 13¾ percent. He indicated that the rate for smaller corporations "might well be reduced to 10¾ percent, and the rates graduated upward to a rate of 16¾ percent on net income in the case of the largest corporations."

The obvious purpose of this proposal was not to raise additional revenue, but to break up the large corporations. It was universally criticized on the ground that it failed to look beyond the corporate entity to the millions of stockholders, most of them of small means, who actually make up the larger corporations. It was pointed out at the hearings that this proposal would penalize a small stockholder who might own a few shares of stock in a large corporation, while a wealthy stockholder owning a large share of the stock of a small corporation would be greatly benefited. Moreover, it completely disregards the fact that a large corporation might be taxed heavily on a small rate of return, while a small corporation might be taxed lightly on a large return.

CONTRIBUTIONS TO CHARITY

We deem it a mistake not to have provided an exemption from the corporation income tax on gifts made by corporations to community chests and other charities. It is the announced policy of the administration to throw the burden of caring for unemployables back on the States and local communities. When this occurs there are only two ways they can be provided for. One is by direct taxation on the people of the local communities through taxation of homes, farms, and other real estate; the other is through private charity. If corporations are public spirited enough to make contributions to charities, we believe their contributions for such purposes should be exempt from taxation exactly as is done in the case of individuals.

EXCESS-PROFITS TAX

The bill increases tremendously the present excess-profits tax by lowering the allowable rate of return on the declared value of the corporation's capital stock to 8 percent, and taxing profits in excess of that return at graduated rates ranging from 5 to 25 percent.

The expediency of making so radical a change in the present excess-profits tax, even if a redeclaration of value were allowed, is at least questionable. Businesses have been operating at a loss for many years. The losses which they have suffered in past years are not deductible in computing their taxable income in current years. Hence, it would seem unfair to make them pay so great an excess-profits tax on these earnings at this time in addition to the regular corporation income tax. The time to impose an excess-profits tax is when conditions are prosperous, not when industry is struggling to get on its feet. What the country needs is not more tax on income, but more income to tax.

PROPOSED TAX ON INHERITANCES

In response to the President's demand for a "wider distribution of wealth", there has been included in the bill a proposed new tax on inheritances, to be levied in addition to the present Federal and States taxes on estates and inheritances. The existing death taxes take as much as 60 percent of an estate before distribution, and the pending bill proposes to take up to 75 percent of what is left when distributed to the beneficiaries.

The adverse effect of such a tax in the case of an estate such as that of a certain well-known automobile manufacturer is quite evident. This gentleman has plants in various parts of the country employing thousands of people and indirectly giving employment to thousands of others. His wealth consists almost exclusively of physical properties. Assuming for the sake of argument that their value was $100,000,000, and of course they are worth many times this amount, the present Federal and State death taxes would amount to a little less than $60,000,000. Assuming, further, that an only son were the sole beneficiary of the estate, the $40,000,000 which he would be entitled to receive would be taxed a little less than $30,000,000, leaving a balance of approximately $10,000,000 out of the $100,000,000 estate. How the $90,000,000 tax could be paid without the Federal Government taking over the plants is problematical. This tax policy followed over a period of years would automatically take us into socialism.

Any tax which practically confiscates private capital is fundamentally wrong, unless we are to adopt the communistic system. It is private capital that makes up the national wealth. It is private capital that gives employment to labor. If this capital is to be consumed in paying the running expenses of the Government, then the pending tax measure becomes not a bill to redistribute wealth, but a bill to redistribute poverty.

CONCLUSION

As we have previously indicated, this bill is a political gesture at social reform. It is not a revenue bill.

We regret that the tax issue has been raised at the present session of Congress by means of a bill of this sort. The fact is that the Democratic administration does not have the courage to present a comprehensive tax program, and it has made no step in that direction since it assumed control of the Government in March 1933.

In closing, we wish to emphasize again that this bill is not going to relieve the great masses of the people of the ultimate burden of paying for the administration's extravagant expenditures, including the interest and service charges upon the national debt. The people are already aware of the fact that this administration has spent more money in 2½ years than was spent to run the country in the 124 years from the administration of Washington to that of Woodrow Wilson. They are beginning to wonder where this wild spending will end and who is going to pay the bill.

The necessity of reestablishing confidence in the mind of the American people is apparent, and no more heartening message could be sent to them than that a genuine attempt to balance the Budget was being made by the Congress. This could be done if, in connection with a thorough revision of the tax structure all along the line, this administration would radically reduce its spending program, which threatens the credit of the National Government.

ALLEN T. TREADWAY.
ISAAC BACHARACH.
FRANK CROWTHER.
DANIEL A. REED.
ROY O. WOODRUFF.
THOMAS A. JENKINS.

Mr. DOUGHTON. Mr. Chairman, I ask the gentleman from Massachusetts to yield some of his time now.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, this bill is brought here not as a tax bill, because it does not come within $3,000,000,000 of balancing last year's Budget, and it will not come within four and a half billion dollars of balancing this year's Budget, because the rate of expenditure upon ridiculous projects is so great, and that was what I warned the House of last winter when we had under consideration House Joint Resolution 117, to appropriate $4,880,000,000. We are warned by the administration that it is coming back here for an appropriation for relief purposes of at least $3,000,000,000, and perhaps more, next year, and they tell us now that they cannot tell when they are going to get to the end of the road. As illustrating the total incompetency of the administration, I propose to call attention to the statements of Secretary Morgenthau before the Committee on Appropriations when we had that resolution under consideration. I quote from page 8 of the hearings:

Mr. TABER. Now, Mr. Secretary, let me ask you this question: Is anything contemplated in the nature of a tax to meet this $7,000,000,000?

Secretary MORGENTHAU. The answer to that is "no."

The CHAIRMAN. Perhaps there will be a renewal of taxes now in force.

Mr. TABER. I mean new taxes.

Secretary MORGENTHAU. No new taxes; but the President has asked that the taxes which expire in June and July be extended or renewed.

That was the attitude at that time. To my mind, the House of Representatives and the Senate and the President owe to the people of the United States a responsibility which we are not meeting by this bill. It is true, and it is indisputable, that those who have large incomes must bear a larger share of the expense of government than those who have small incomes, but the production of this bill is proof positive that if you tax the rich for every cent they have, you cannot raise money enough to meet the spending program of this administration, because this spending program is so far out of line with what it ought to be that it is absolutely impossible by that kind of taxes to make any impression on it whatever. This is not an attempt to share the wealth. The wealth which this tax will produce has already been destroyed by the administration by its incompetent method of spending money. The only way we can raise money enough to meet the expenses of the Government is by putting on the taxes where the incomes exist that are not now taxed.

I wonder if the administration has the courage, if this House has the courage, to put on those taxes? I know it is

going to be unpopular, but I am going to offer an amendment at the proper point in the bill where it would be in order to raise the money to meet those expenditures. I will dare you folks to vote for it. I will dare you to meet the responsibility that is on your shoulders, because there is absolutely no possibility of raising the revenue unless you meet your responsibility. There is absolutely no possibility of balancing the Budget for years to come unless you do one thing or the other—either stop your foolish spending of money or raise taxes.

Mr. McCORMACK. Will the gentleman yield?

Mr. TABER. I cannot yield. I do not have time.

Now, you are facing this situation: Three and one-half billion dollars deficit last year, a four-billion-dollar deficit the year before, four and a half to five billion dollars deficit this year, and nothing in sight to indicate that you have any idea of getting anywhere near meeting your responsibilities.

Mr. TREADWAY. Will the gentleman yield?

Mr. TABER. Yes.

Mr. TREADWAY. Did not the gentleman from Washington [Mr. SAMUEL B. HILL], speaking for the Democratic Party, say they did not want to balance the Budget and that nobody wanted to? He said so a few moments ago.

Mr. TABER. Of course, they say that; but I think they ought to be put on record out-and-out to show whether they have courage enough to meet the situation.

Mr. McCORMACK. Will the gentleman yield now?

Mr. TABER. I cannot yield.

A respectable tax which would go down the line and raise as much as we could raise with business conditions as they are probably would not balance the Budget with the profligate expenditures that are going on; but a reasonable tax which raises just as much money as we can raise would balance the Budget, if you folks would have the courage of your convictions to vote against the foolish expenditures of the people's money. Now, I hope this House will meet its responsibilities when the time comes and vote taxes enough so that it will go just as far as it can go.

In this country a man with a dependent wife, with $3,000 of income, pays $20 tax. An Englishman with that same income pays $300 per year. Those all the way up the line from that point on pay much higher taxes than we pay. That is where the income is. It is not a popular proposition, but it is the only proposition that will raise substantial revenue which will come somewhere near balancing the Budget.

Mr. LUNDEEN. Will the gentleman yield?

Mr. TABER. Yes; I yield.

Mr. LUNDEEN. Is the gentleman in favor of the British rates in general?

Mr. TABER. Oh, I think the British rates are probably higher than we should put on in this country. At the same time they are a demonstration of what a nation which has the will to recover and wants to recover can do, because England has recovered when we have gone backward year by year under the foolish expenditure proposition that we have had in this country. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, may I have permission to revise and extend my remarks and insert in the RECORD the amendment that I propose to offer?

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DOUGHTON. Mr. Chairman, I yield myself 30 minutes.

Mr. FULLER. Mr. Chairman, I ask unanimous consent that all Members who speak on this measure in the Committee of the Whole may have the right to revise and extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. MICHENER. Reserving the right to object, will not the gentleman include all Members?

Mr. DOUGHTON. That will have to be done in the House.

Mr. MICHENER. The gentleman is correct.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas [Mr. FULLER]?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, H. R. 8974, entitled "A bill to provide revenue, equalize taxation, and for other purposes", is now before the House in response to the President's message to the Congress on the 19th of June, since which date there has been a systematic and deliberate campaign of misrepresentation carried on by a portion of the press of the country and also by many others who oppose the proposed legislation.

So far as the bill now before the House is concerned, I can say truthfully that the same is the product of the majority members of the Committee on Ways and Means, and they assume full responsibility for the bill in its present form. We do not claim perfection for this bill. We do claim, however, that it has been carefully and thoroughly considered within the scope or terms of the President's message. We did not attempt to write a complete income-tax bill or revise or readjust the entire tax laws of the Government.

Instead of further soaking the poor by a sales tax, or by taxing small incomes, your committee has reported this bill which is designed to raise in a full year's operation approximately $270,000,000 by increased surtaxes, starting with net incomes of $50,000; a graduated corporation tax; an excess-profits tax; and by inheritance and gift taxes, which will ultimately bring in as much as three hundred and fifty to four hundred and fifty millions of dollars annually with continued improving business conditions.

INCREASED SURTAXES

On page 5 of the report you will find a table showing the proposed change in rates and the amount of increase in the tax of those fortunate enough to enjoy an income of more than $50,000 a year. In 1933 there were 7,974 such individuals, of which number 5,927 will only be required to pay from $60 to $2,000 additional tax. It is estimated that an additional $45,000,000 will be received by reason of these increased rates on surtaxes.

GRADUATED CORPORATION TAX

This provision of the bill is estimated to yield an additional $15,000,000, and it carries out a principle of taxation advocated by the President which has never before been used in this country. For this reason your committee recommends only a very moderate graduation. Instead of the present uniform 13¾ percent rate on all corporations, the bill provides for a rate of 13¼ percent on the first $15,000 of the net income and 14¼ percent on the remainder. Under this new graduated corporation rate, more than 92 percent of the corporations of the country will pay less tax than they are now required to pay, and less than 8 percent of the corporations will be required to pay slight additional taxes. This proposal does not violate the principle of levying taxes based on the theory of ability to pay, as those corporations who will be required to pay but slight increase under this moderate graduation of rates in 1932 had over 90 percent of the taxable net income, and those corporations who will pay less had less than 10 percent of the total taxable net income reported by corporations.

EXCESS-PROFITS TAX

This tax was not specifically mentioned by the President in his message, but your committee feels that it is in line with his general policy to tax those with ability to pay. The principle of an excess-profits tax was recommended by President Wilson as one of the basic forms of taxation that should be adopted as a permanent policy of the Federal Government.

It is estimated that we will receive $100,000,000 in revenue from the imposition of this tax under the graduated rates provided, which are as follows:

5 percent on profits in excess of 8 percent and not in excess of 12 percent.

10 percent on profits in excess of 12 percent and not in excess of 16 percent.

15 percent on profits in excess of 16 percent and not in excess of 25 percent.

20 percent on profits in excess of 25 percent.

Profits of 8 percent and under are not taxable.

There are two contentions that I desire to submit to the House for consideration. The first I think will not be questioned or disputed, that the Government needs additional revenue. This point is emphasized, accentuated, and repeated by the minority; and, of course, it is understood and expressed by the majority.

Not only is that true, Mr. Chairman, but in my judgment this bill provides for raising additional revenue from those who are best able to pay without imposing any unjust or unfair burden. It has been and doubtless will be alleged that if we are going to have a tax bill at all we should go all the way along the line and increase all income taxes.

There is much said about balancing the Budget and about this being a soak-the-rich or soak-the-thrifty bill. A distinguished Democratic United States Senator has been quoted this morning by the gentleman from Massachusetts [Mr. TREADWAY]. It is known, also, that this distinguished Senator, able man that he is, has not at all times been in harmony with the purposes and policies of the present administration. That is his privilege.

It is known also that many Members of the minority party are in sympathy with the purposes and policies of this administration and are endorsing it 100 percent. It seems to be against the rules of the House to name in the third person a United States Senator. This was stated yesterday, I believe, by the distinguished gentleman from New York, the minority leader. Be that as it may, however, I shall quote an outstanding, reputable, able Republican United States Senator from Idaho directly upon this legislation; and, speaking to my minority friends, I commend your earnest, your thoughtful, and, if possible, your prayerful consideration of what he has to say. Were he not too good a man, were his ideas, his thoughts, and his purposes not too nearly in harmony with those of the common people of America, he doubtless would be the next Republican nominee for President; but he is too good a man, he too nearly reflects the sentiments of the common people of America, and he stands too consistently, in season and out of season, for justice and equality in legislation ever to receive the Republican nomination for President. You all perhaps know to whom I refer. I read from the New York Times:

> In a statement the Idaho Senator not only reinforced his adhesion to Friday's progressive round-robin urging action on the new levies at this congressional session but defended the program against its severest critics—those who have termed the plan a share-the-wealth or soak-the-rich proposal.

Of course that designation or label is a misnomer, is a flat misrepresentation, and it is thrown in only to prejudice the American people and misstate or misrepresent the facts. Hear what the Senator from Idaho says:

> It is absurd to call the President's tax program a share-the-wealth program. It is, in fact, nothing more than a share-the-burden-of-Government program. It is not only sound economically but is sound in morals to take care of our vast expenditures to a larger degree through heavier taxes. If the taxes are wisely laid, such a program will be more conducive to recovery than the reckless voting of bonds and the increase of the interest burden. * * * Neither can it be said that it is a soak-the-rich program. All winter States have been voting sales taxes which soak the poor.

He goes on then and calls it a timely readjustment. My friends, I repeat, the taxes imposed in this bill will impose no unjust or unbearable or unreasonable burden upon any individual or any corporation.

We are criticized for not balancing the Budget, on the one hand, while on the other hand we are criticized harshly and severely because we are attempting to raise a portion of the taxes necessary to balance the Budget.

Of course, the revenues produced by the proposed measure will not balance the Budget. Any revenue measure introduced at this time that attempted to produce revenues sufficient to balance the Budget would be impossible and self-defeating. The levying of taxes high enough to balance the Budget would throttle national recovery, retard business, and reduce the national income. In these circumstances the committee has adopted the prudent course for the Government to take. Plainly, it is not the prudent course for government to tax to the point of discouraging enterprise. But equally plainly it is not the wise or prudent course for the Government to spend without giving thought to tapping obviously available new sources of revenue which can be tapped without discouraging enterprise.

Oh, but they say $270,000,000 will run the Government only a few days and that this Democratic administration has done nothing substantial in the way of making an effort to balance the Budget. Ah, your memories are too short. For convenience, of course, and for argument's sake, you forget the facts; you forget that in the last Congress under this administration we raised additional taxes by making men who had been evading and avoiding their just share and burden of government pay up. We are collecting from them the sum of $450,000,000 through a tightening up of the revenue laws of the Government so the Mellons, the Morgans, the Mitchells, and the Wiggins, and men of that class who have been dodging their just share of taxation, could no longer do so.

We are entitled to some credit for enacting that law which was an effort toward balancing the Budget. As I said before, there were the Morgans, the Wiggins, and the Mitchells, and others who you on the Republican side had not found out were dodging their just taxation under the loose and lax revenue laws written largely during Republican administrations. Had those laws not been amended by the Democratic Congress it would have cost the Government $450,000,000 annually. They claim we are only picking out a small group of people and increasing their taxes. They say, "Why do you not go all the way down the line?"

Mr. Chairman, I make the positive declaration today that people of small means, those who live from the income derived from the professions and those in the ordinary walks of life are contributing a much larger percentage of their income to the support of this Government than those individuals the taxes of whom we are seeking to increase by this measure.

I challenge anyone to dispute that statement. When we take into consideration the excise taxes, the tobacco tax, the tax on automobiles, the tax on accessories, the tax on gasoline, the tax on many of the necessities of life; when you add to that the various State sales taxes which are imposed in many States of the Union; when you add to that the indirect taxes which come about as a result of tariff duties; and take into consideration the further fact that under the social-security bill additional taxes will be levied, for which most of us voted, even my good friend the gentleman from Massachusetts [Mr. TREADWAY], which tax will be passed on to the great mass of the American people; when you take into consideration all of these taxes which the people in the ordinary walks of life pay, such as the wage earner, the professional man, and the school teacher, those are the ones who are making a larger contribution to the support of the Government and paying a much larger percent of their income into the Treasury of the United States in support of their Government than those upon whom we will lay the increased taxes set forth in this bill.

Mr. Chairman, whenever these excise taxes can be reduced, the sales taxes reduced or repealed, and these other taxes that bear upon the ordinary man, I am willing to go all the way down the line in the lower income brackets. I am willing to increase the tax on small incomes, minimum incomes, and all incomes; but until we can rid ourselves of these burdensome excise taxes, which bear on the everyday necessities as purchased by the man who works for a wage and who has not a sufficient income to support his family adequately, I shall resist the imposition of any higher or further taxes upon that class of the American people.

Our Republican friends harp about balancing the Budget. Why did you not practice what you now preach during the last administration? We came to your assistance then. When the Budget was getting farther and farther out of balance, President Hoover asked for increased taxes, and we came to his assistance. My good friend the gentleman

from Massachusetts [Mr. TREADWAY] said that every tax bill of recent years, if I did not misunderstand him, as enacted by the Republicans provided for a reduction of taxes. Has he forgotten that the tax bill of 1932, enacted under a Republican administration, took away the exemption of $3,000 from small corporations, thereby increasing their tax. That act also reduced personal exemptions of married persons from $3,500 to $2,500 and single persons from $1,500 to $1,000, and also increased the normal tax rate, and in the higher surtax bracket the rate was increased from 20 to 55 percent.

Mr. PARSONS. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. PARSONS. Is it not a fact that if they had maintained the higher rate as existed during the prosperous years in the twenties, the national debt would have been wiped out?

Mr. DOUGHTON. Oh, they were not interested in wiping out the national debt so much as they were interested in shifting additional tax burdens on the masses and reducing the tax of those best able to pay.

Mr. MICHENER. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MICHENER. The gentleman said that the Budget was not balanced during the latter part of the Hoover administration, which is true; but the gentleman did not call attention to the fact that the Budget included all expenses, emergency and otherwise, and that the running Budget was more than that.

Mr. DOUGHTON. What did the last administration do in the way of emergency legislation? I am willing to give them credit for the only thing they did, and that was the creation of the R. F. C. That is the only thing they did. Outside of that I will tell you the only thing they did, and that was not for the ordinary man. It was not for men out of employment. It was not for the wage earner. It was not for the fifteen or twenty million people who were idle, hungry, and destitute. It was for the relief of big corporations and those who were best able to help themselves. All they did for the others was to issue weekly proclamations that prosperity was just around the corner. [Applause.]

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. The Budget for ordinary expenses was not balanced under the previous administration, even in the fiscal years of 1931 and 1932. The hang-over for the fiscal year 1933 was about $3,000,000,000.

Mr. DOUGHTON. I will give the membership the facts. Oh, the truth is distasteful to the gentlemen on that side. For the fiscal year 1931, under the Hoover administration, there was a deficit of $902,716,845. They were then getting payments on the foreign war debts. Your party was receiving from three to four hundred million dollars a year from that source, which was going into the Treasury of the United States to augment the revenues of this country, which we are not getting now. You have forgotten all about that. If we were getting those payments now it would help us greatly in meeting the emergency expenses of the Government.

You gentlemen on that side were never able to balance the Budget. Many of you have forgotten the speech made by the gentleman from Massachusetts [Mr. TREADWAY] when the N. R. A. bill was up for consideration. He stated at that time that the house was burning down.

Economic conditions in this country were shattered and shaken, business was paralyzed, labor was unemployed, the farmers were in bankruptcy, the homes of the people were being sold for taxes, and this was the heritage we received from the Hoover administration when the house was burning down. [Applause.]

Then we come to 1932, and in that year you had a deficit of $3,163,097,507. What? Did your party have a deficit of billions? Yes, indeed; and not a thing was done in the way of extraordinary appropriations to relieve the suffering and distress—not a thing was done for relief or for recovery except your R. F. C.

In 1933, for the first 8 months, the deficit was $2,101,397,580, or a total deficit of $6,157,211,932 for the 3 years, with nothing done for relief or recovery to help those in distress.

Now, where was your zeal then for balancing the Budget? When you could have imposed taxes upon the American people, but you thought it might be resented in the election, and you played politics, as you are doing today.

You chose to cover up all that large deficit and add to the public debt of the country.

Now, you inveigh and harp on a balanced Budget. Until you explain why you did not balance the Budget during those 3 years, in all decency, will you not have enough consideration for yourselves and the record not to say anything more about balancing the Budget? [Applause.]

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes; I yield.

Mr. McCORMACK. And none of that money was being spent to save human beings or to relieve human suffering and distress.

Mr. DOUGHTON. Of course, human beings in distress received no consideration from that party when the interests of Mellon, Morgan, Rockefeller, or Ford, and all that crowd, were involved.

Mr. ANDREW of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. ANDREW of Massachusetts. Do I understand, then, that the main object of this bill is to balance the Budget?

Mr. DOUGHTON. No; just to help balance the Budget. You cannot balance the Budget in times of emergency; but what you think is a bagatelle we think will aid in the great recovery and relief program and make the deficit smaller until times become normal, as they are rapidly doing under the present administration, and in a few years, or in the next year, I have no doubt we will be able to substantially relieve the American people of a large part of this burden. The country is getting more prosperous, and with conditions improving as they are the local authorities will be able to take care of the relief burden and carry it on, and the burden thrown upon the Federal Government will be less and we will be able to balance the Budget, but not at the expense of those who are hungry, naked, and destitute.

Oh, you talk about extravagance and profligate expenditures, but you do not show where a single dollar has been misspent, but you just make a broadside, wholesale charge of extravagance and waste and profligacy without specifying with respect to any of these expenditures and you only do this because you voted for most of these measures and you know that the American people endorse them.

Mr. ANDREW of Massachusetts. I am only asking for information.

Mr. DOUGHTON. I thought the gentleman was well informed.

Mr. ANDREW of Massachusetts. Then, the main object of this bill is to provide revenue and not to redistribute wealth or to interfere with mass production or to reduce the size of business?

Mr. DOUGHTON. This bill will not interfere with mass production in the least, but, on the other hand, will, as the distinguished Republican Senator from Idaho says, be conducive to recovery, which will aid business, both large and small, because a just system of taxation always has a salutary effect.

So far as the redistribution of wealth is concerned, your idol, Theodore Roosevelt, is the man who first seriously advanced that thought in this country; and if Franklin Roosevelt is wrong, he is only following his able predecessor who, many years before the present President Roosevelt came in, and before the other President Roosevelt went to heaven, promulgated this doctrine.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Minnesota.

Mr. KNUTSON. I am sure the House is glad to know there is at least one Roosevelt who is qualified for heaven. [Laughter.]

Mr. DOUGHTON. He had to quit his party before he qualified. He was unwilling to take his chances until he got out of the Republican Party. He had read the Bible. [Laughter and applause.]

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. PARSONS. And the old guard did not want that Roosevelt, who was fit for heaven, to be President at that time.

Mr. DOUGHTON. No; nor any other time. [Laughter.]

Mr. KNUTSON. As my good friend will recall, Mr. Morgenthau, when he was before the committee, stated the emergency was over, or practically so.

Mr. DOUGHTON. In a sense, it is over, contrasted with what it was when we took over the reins of government. [Applause.]

Mr. KNUTSON. But the emergency is still on.

Mr. DOUGHTON. To some extent, yes; and, perhaps, will be for some time.

Mr. KNUTSON. Can the chairman tell us how long this emergency will continue? Will it continue as long as the Federal Treasury is able to stand the burden?

Mr. DOUGHTON. It will continue a very short time under the wise policies of the present administration, as economic conditions are improving daily. [Applause.]

Mr. PARSONS. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. PARSONS. The emergency will end when those on the other side of the aisle stop throwing monkey-wrenches into the machine.

Mr. DOUGHTON. Yes; but they will never cease doing that. [Laughter.]

Mr. CHURCH. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. CHURCH. Are these the policies in the Democratic platform or the policies in this bill?

Mr. DOUGHTON. Both. Now, coming back to the public debt, in 1930 the public debt was $16,185,308,299. On February 28, 1933, when the country was still under the Hoover administration, the Republicans had added to the public debt, and on that day the debt was $20,934,729,209, or an increase of $4,749,420,910.

Now, the public debt has been further increased to $28,700,892,624, or an increase of $7,766,163,415 over that existing at the close of the Hoover administration.

To some this may seem a stupendous increase, but when we take into consideration that we now have $879,000,000 more cash on hand in the Treasury than we had on the 1st of March 1933, and the additional fact that much of the increase represents assets acquired and held by the Government, the net increase is much less than the figures above would indicate.

I now desire to have the Clerk read a copy of a letter from the Treasury Department, which shows a total of $3,332,320,368 assets held by the Government, which will eventually be paid and applied against our debt, as well as additional assets held by organizations which are more or less of a permanent character, in which the proprietary interest of the United States amounts to $1,105,762,060.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

TREASURY DEPARTMENT,
Washington, July 31, 1935.

Hon. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to your telephone request for information as to the Government-owned assets, the proceeds from the liquidation of which may eventually be applied against the public debt, and for information as to the cost to the United States Government of the recent drought.

As to Government-owned assets, I am transmitting herewith a photostat copy of a statement showing the assets and liabilities of governmental corporations and credit agencies of the United States as of June 30, 1935. You will note that the proprietary interest of the United States in group 1, which represents organizations financed wholly from Government funds, was, as of June 30, 1935, $3,322,320,368. This, in my opinion, is the figure which should be used in any statement to indicate the assets acquired by the Government which may eventually be used to reduce the public debt. The proprietary interest of the United States in the second group totals $1,105,762,060, but you will note that the organizations involved are more or less of a permanent character, and they will not, therefore, in all probability be liquidated for some time to come.

It is not possible for the Treasury to furnish you exact figures as to the cost of the recent drought. You will recall that Congress appropriated $525,000,000 for drought-relief purposes. Sixty million dollars of this fund was reappropriated last spring for seed grain loans, part of which was used in the drought area. In addition, the Civilian Conservation Corps was increased by approximately 50,000 persons taken almost entirely from the drought section. All in all, I should say you would be safe in stating that more than $500,000,000 was expended for drought-relief purposes.

Sincerely yours,

D. W. BELL,
Assistant to the Secretary.

Mr. DOUGHTON. There is also another heavy financial burden we have met out of the expenditures that you say has been wasted. It was a national calamity, national in scope, for which nobody is responsible. The Government has spent $500,000,000 to relieve distress brought on by the drought, and you give us no credit for that, but say it is waste and extravagance.

Then there are the $3,000,000,000 in good assets that will be collected, which will reduce the $28,000,000,000 debt.

When given credit for these liquid, solvent assets which we have and for between one and two billion dollars which have gone into permanent improvements, such as increased expenditures for highways, which have given employment to labor and a market for the products of factories, and when you give us credit for these extraordinary expenditures and the amount that we have in the Treasury today of nearly a billion dollars, it will be found that this increased public indebtedness and the lack of balancing the Budget is not so staggering, so stupendous, or so serious as you, for political purposes, would make the American people believe; but you will never get away with it.

The American people know the history of the whole procedure; they know what the conditions of this country were when we came into control of the affairs of this Government; how this country was paralyzed industrially and economically; how the banks were in a state of chaos; and how agriculture was prostrate and farmers' homes were being sold by the hundreds of thousands—yea, by the millions—and they know how industry was prostrate; and the condition of fear and tenor of the public mind all knew that we were on the verge of national disaster, and that 60 days more of Hooverism, ruination, and destruction would have produced a revolution in this country, and you will have to face that before the American people. [Applause on the Democratic side.] You cannot put us on the defensive. We will bring you into judgment before the bar of public opinion in the next campaign for your sins of omission and commission, and we will not let you get away with trying to throw the blame of your sins upon us.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. KNUTSON. In speaking of the expenditures of the preceding administration, the gentleman fails to take into consideration that $2,000,000,000 of the deficit incurred by that administration was given to the Reconstruction Finance Corporation, most of which has already been repaid or will be repaid.

Mr. DOUGHTON. Well, take credit for that, and then you are in the red many billions of dollars.

Mr. KNUTSON. How many? Be more specific.

Mr. DOUGHTON. We can give you credit for that and for everything you are entitled to, and double that 100 percent, and then your record is one to defend upon which you will not dare go before the American people. We do not hear one of you quoting Mr. Hoover or ever quoting the Republican platform.

Mr. KNUTSON. Why? Because Hoover was a Democrat.

Mr. DOUGHTON. God forbid. You will never be able to unload Hoover on the Democrats.

Mr. Chairman, this bill is an honest effort to do something toward raising additional revenue to meet part of the extraordinary expenses of this Government. You cannot balance the Budget at a time like this without imposing unreasonable tax burdens on the American people, and if we are spending so much more money than we should, why do you not point out and specify the waste and extravagance? To use the words of the President, the proposed Revenue Act of 1935 is based on "the broad principle that if a government is to be prudent, its taxes must produce ample revenues without discouraging enterprise; and if it is to be just, it must distribute the burden of taxes equitably."

During the last few years the Government has wisely, and I think I may say prudently, undertaken extraordinary expenditures to help those in distress and thereby make possible recovery without revolution. Nearly all these extraordinary expenditures have been voted with the approval of both sides of this House. Now that signs of genuine recovery are becoming evident, there has been a tendency from some sources and for political purposes to complain of extravagance and waste. Particularly there has been a tendency on the part of certain business interests who were themselves the first to receive the helping hand of government to complain because the helping hand of government has been extended to those less fortunate than themselves. The great expenditures made by government to stabilize our banking and financial structures and to refinance whole categories of debts have, of course, been a benefit to all classes of our population, but they have been of particular and incalculable benefit to the managing and creditor classes of the country, who are most inclined to complain of relief expenditures for the needy.

The proposals contained in this bill are assailed as confiscatory by one set of extremists and assailed as trifling by another. Such contradictory attacks convince me of the moderation of our proposals. Every effort to make wealth bear its fair share in a Democratic society has been met, both in this country and in England, with the cry of confiscation.

The American people can be trusted not to commit an injustice; nor has history yet recorded an instance in which governments have been destroyed by attempts of the many to lay undue burdens of taxation on the few. The teachings of history have all been in the other direction.

In conclusion, let me say that while we are finding it necessary to increase taxes, we would not be justified in so doing unless we begin to reduce our heavy national expenditures to the lowest point consistent with adequate governmental service. We can, and we must, as the emergency passes exercise the most rigid economy. We must lighten the burdens of government in fact and in reality, and I pledge my utmost efforts and cooperation in that direction and to that end. [Applause.]

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, our distinguished chairman, the good gentleman from North Carolina [Mr. DOUGHTON] has made one of his characteristically earnest speeches. He has told us, the Republicans, that he is going to see to it that we are on the defensive, and we are not going to be able to put him on the defensive in the next campaign. I felt sorry for the gentleman in the conduct of this tax bill. Ever since this bill came before us, ever since it has been talked about at all, our chairman has been on the defensive and in hot water. He has never done anything but apologize for the bill, from its inception until today, and if any man has ever been on the defensive at any time, from a legislative standpoint, our poor chairman has been on the defensive ever since the President sent up his message.

Let me prove to you that this is a fact. Let me prove to you that all of the evangelism of my distinguished mountain friend is of no avail. He gets up here now and he tells us how derelict we have been in all these things, but he says not a single word about this tax bill. He speaks for 40 minutes and does not go into the merits of this bill. And let me point out this fact to you, my friends, particularly my Republican friends. If the chairman and the Democratic members of the Ways and Means Committee are sincere in their defense of this bill, if they want us to believe and want the country to believe all of the fine things the chairman has been trying to say, then I ask them why it is that none of them ever thought of a tax bill until the President sent up his measure on June 19 last?

We have been in session since the beginning of January. We have been in session for 7 long months. We have a fine representation of Democrats on the Ways and Means Committee. There is no question about that. They are probably as able as ever represented the Democratic Party of the committee at any time. But let us get down to facts; let us get down to business; let us forget our evangelism for a minute; and let us ask ourselves this one question: Why is it that the competent Ways and Means Committee has not seen fit to bring out a tax bill until the President of the United States sent up a little curt message on the 19th day of June? If anybody can answer that I will give you an opportunity to answer it in my time right now. Why did you not do that?

If this bill is so good, if this bill has the merits you claim it has, why did you not prepare and present such a bill when you had abundant opportunity? It was your duty to do it. You have been derelict in your duty. We will put you on the defensive on that question, because you failed to recognize the importance of your duty and what your duty was. As a majority membership of the Ways and Means Committee, it is your duty, under the Constitution, and it is your duty under the very fundamentals of government, to provide the Government adequately with revenue. Now, if you say that this bill is necessary today, then I charge you with dereliction of your duty from the 1st day of January until the 19th day of June.

Mr. DOUGHTON. Will the gentleman yield?

Mr. JENKINS of Ohio. No; not now.

Mr. DOUGHTON. The gentleman said he would yield.

Mr. JENKINS of Ohio. Yes; I will yield. Certainly, I will yield. I will yield to you at any time.

Mr. DOUGHTON. Has the Ways and Means Committee had an idle day since we have been in this Congress? Have we not been busy every day and many nights on important measures?

Mr. JENKINS of Ohio. That makes no difference. We are talking about a tax bill today. We are not talking about other things.

Mr. DOUGHTON. But if the gentleman had attended the sessions of the Ways and Means Committee as regularly as we have, he would know we have been busy.

Mr. JENKINS of Ohio. Oh, I want to answer the gentleman in all good humor. I want to say to him that nobody has been more faithful in his attendance upon the sessions of the Ways and Means Committee than I have been, and the record will show it. I have never missed a vote of any consequence. I have not been there as long as the gentleman has, because you shut us out most of the time. You put the bars up against us. [Laughter and applause.] Do you want to say to the world today that this is a very important measure, that this measure justifies all your eloquence and all your fervor and all your zeal, and then say you did not think it was of sufficient importance to bring it up from the 1st day of January to the 19th day of June?

Mr. DOUGHTON. Oh, now wait a minute. Will the gentleman yield?

Mr. JENKINS of Ohio. Certainly, I yield.

Mr. DOUGHTON. These taxes do not go into effect for another year. People are entitled to know a year in advance about their taxes. It is just as effective now as if it had been brought in at the first day of the session. There was no haste about it. If it had applied to this year's taxes, there would have been necessity for haste, but it made no difference whether it was considered early or not. We have had other important matters. We have worked every day and very many nights on other important measures.



Mr. JENKINS of Ohio. I am glad the gentleman admits he does not think it is very important. Then if that is the case, why not put it off until next January and take it up in an orderly way?

Now, my friends, the reason I started this discussion in this way is this: I say to you there is something fundamentally wrong in the presentation of this bill. Absolutely fundamentally wrong. Why? Because those who wrote the Constitution for us said that the House of Representatives should have the great responsibility of raising revenue. Why? Because the House of Representatives is close to the people. I say to you the House of Representatives has been derelict in its duty, or else this bill is unnecessary.

Now, let us develop it a little further. How does this bill come into this House? It would have been much more magnanimous and much more manly of the chairman to have foresworn any responsibility for it and to have said that it came into the House at the instigation and under the insistence of the President of the United States. That is why I oppose it. I say to you that our forefathers said the raising of revenues shall be the duty and the responsibility of this branch of the Government. That is what they said. We have neglected it. We have permitted the Executive to come here and hand us a message, when Congress was ready to adjourn, telling us to do something that is strictly within our own authority, strictly within our responsibility; and until we have discharged that responsibility then we have not done our full duty, and you do not have the right to stand here and justify this bill as your bill. It is not your bill. It is not my bill. It is the President's bill. Why do you not say it is the President's bill? Why do you Democrats not put the responsibility on him down here in front when you speak so vociferously, like you do in private conversation?

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. SAMUEL B. HILL. The gentleman himself and other colleagues on the Republican side of the committee have been very diligent in criticizing the Secretary of the Treasury because he did not sponsor some particular program of taxation.

Now, you say that it is all wrong for the President to make any recommendation.

Mr. JENKINS of Ohio. Bless your life, I sympathize with you, for your Secretary of the Treasury could not prepare a tax bill. Why, I do not need waste any time on that. I think they made a mistake. The President must have sent up to New York to get the father, who is a very distinguished financier, and the father sent down the son, just like they used to do in the old threshing days; they just sent the boy down.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield to my very genial friend from Massachusetts without regard to what kind of a question he wants to ask me.

Mr. McCORMACK. I was just going to ask whether my friend really wanted to let those remarks remain in the RECORD.

Mr. JENKINS of Ohio. What remarks?

Mr. McCORMACK. About sending for the father and sending the son down.

Mr. JENKINS of Ohio. I do not know why I should strike them out. If the gentleman makes that as a request——

Mr. McCORMACK. Oh, no, no. If the gentleman intends that, all right; but I am sure that upon reflection he will not want to have them appear in the CONGRESSIONAL RECORD.

Mr. JENKINS of Ohio. I will tell you what I will do. If my remarks are sufficiently clear to show how I feel about the Secretary of the Treasury from the standpoint of his ability, then I will take them out; but if I have not said enough I will leave them in, because I think the President has made a colossal mistake in selecting him for Secretary of the Treasury. He has shown on many occasions that he does not have the knowledge of finances to handle that responsible position. The hearings before the Senate committee yesterday show that the Democratic Senators criticized him severely.

Mr. McCORMACK. I simply called attention to a statement the gentleman made in the heat of extemporaneous debate, which I thought might not be consistent with his own wishes. Of course, if he wants to leave them in, all right.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. MILLARD. What the gentleman means to infer is that as a banker the Secretary of the Treasury is a good agriculturist.

Mr. JENKINS of Ohio. Yes; I think that is so.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. No; I must refuse to yield.

Mr. Chairman, I did not mean to get into this sort of argument in my discussion of this bill. Anyhow, there is generally something substantial in most of these friendly arguments.

I call attention to the speech of the distinguished gentleman from Washington [Mr. HILL]. I think he made a very unfortunate statement when he said that nobody wants to balance the Budget. Mr. Chairman, that is a very unfortunate statement. If it is true it is a profoundly unfortunate statement. When we get to the place where we are running behind $18,000,000 a day and the Democratic Party does not want to balance the Budget, what can possibly be our ultimate end but disaster?

My good friend the chairman of the committee spent a lot of time challenging us as to whether the Republicans ever balanced the Budget. Listen to me, my friends; let me call your attention to just one thing that is very important and apropos this discussion: When the Republican Party took over the reins of government after the days of Woodrow Wilson we found the Government staggering under the most colossal debt any government ever accumulated in the history of the world up to that time. Talk about Croesus, the Queen of Sheba, Solomon in all his glory, or anyone else, the debt we had at that time represented more money than there was in the world. What did we do? Let me tell you something: We did something that stands out unequaled in the history of government, something that never has been surpassed, something that no Democratic administration ever will surpass.

We paid off that debt at a faster rate than any nation in the history of the world ever paid off a debt. We paid off $10,000,000,000 in 10 years. How much is $10,000,000,000? We paid off $10,000,000,000, that is $1,000,000,000 a year. How much is $10,000,000,000? It is ten thousand million. If you take that clock up there and watch its hands move around hour by hour, every hour every day, Sunday and holidays, night and day, every hour for 10 years we paid off the Democratic debt at the rate of $120,000 an hour. I say to you that that feat has never been surpassed, has never been reached, no; has never been approximated. Then have the temerity to say that the Republican Party never balanced its Budget. Preposterous! The gentleman must have confused paying debts with contracting debts—in which respect the present Democratic administration beats them all. What are we going to do with this big debt that hangs on us now?

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. No. I prefer to follow out this thought.

What are we going to do with this debt of $32,000,000,000, which we now owe under this administration, whose spokesman says nobody wants to curtail with a balanced Budget? Talk about the $200,000,000 proposed in this bill; why, it would not pay interest on the debt for 2½ months!

If every nickel that is to be raised under this bill were accumulated and devoted to nothing but repayment of the debt it would take 300 years to pay it off. When the Secretary of the Treasury or the President suggests that a small proportion of this tax might be set aside toward paying the debt

they apparently have never realized that it is much easier to contract a debt than to pay one.

You may think I am facetious, but, my friends, I will tell you the only way to pay this debt off—and I refer you to the story of American history—the only way the debts of this Nation ever have been paid has been through Republican administrations. [Applause.] The big debts have all been accumulated under Democratic administrations, yet the Republicans have had the responsibility for paying them. Now, I say to you that the people all over this country are coming to their senses. They are realizing the enormity of this debt, they are realizing the futility of all these experiments of priming the pump. And this is evidenced by the wholesale disregard for President Roosevelt's theory evidenced in the press today.

What does it show to me? I think I can clearly see that in 1936 the people of this country are going to consider this wild orgy of extravagant spending and these dangerous excursions into the land of communism, and they are again going to say to the Republican Party, "Come forth, assume this burden, and begin to pay off the most colossal debt that ever afflicted a nation." My Republican friends, if they place this responsibility upon us, it is going to be a tremendous one. It is not going to be something that we can accept lightly in the exultation of victory. It is going to be a responsibility that will stay with us night and day. It will be our constant companion, and it will tax the patience and fortitude and ability of our ablest statesmen. We will have to take the responsibility of paying this colossal debt, or else we will see the Nation go down and down to destruction.

My friends, the real basis of my opposition is not the terms of the bill. It is that I am unalterably opposed to any program of taxation that will feed any more of the people's money into the maw of this colossal monster that consumes money at the rate of about $28,000,000 per day, and that seems never to be satiated or satisfied. Under our theory of government it is the duty of Congress to raise the money with which the Government is to operate, and Congress passes the duty of preparing this legislation on to the Ways and Means Committee. This committee, for this reason, is the most important of all committees of either the House or the Senate. All bills for raising revenue must originate in the committee. They are not supposed to originate in the President. This bill did in fact originate in the President. When the President sent up his message on June 19 asking for tax legislation he thought it could be prepared and passed in 5 days. Probably he thought that it was just too bad that he had to present it to the House at all and that he should have had the right to pass it without bothering to submit it to Congress. That is what he thought about the N. R. A. and the Supreme Court's connection therewith. But my friends, the founders of the Republic decreed that the Congress should have this responsibility, and they said so in the Constitution. It is likely that the President chafes at the inconvenience the Congress and the Supreme Court cause him, but these two bodies have equal place with the Executive in the conduct of the greatest Nation on the face of the globe. Neither should usurp the functions of the other, and when they do, they may expect to be set right.

When the President was a candidate in 1932 he made many speeches and many promises. He stated at Pittsburgh on October 19, 1932:

> I regard reduction in Federal spending as one of the most important issues of this campaign. In my opinion, it is the most direct and effective contribution that Government can make to business.

And in Sioux City on September 29, 1932, he said:

> I shall use this position of high responsibility to discuss up and down the country, in all seasons, at all times, the duty of reducing taxes, of increasing the efficiency of government, of cutting out the underbrush around our governmental structure, of getting the most public service for every dollar paid by taxation. This I pledge you, and nothing I have said in the campaign transcends in importance this covenant with the taxpayers of this country.

In spite of all these promises we find the President demanding more taxes and spending more money in his 2½ years of administration than all the Presidents spent from the day of Washington down to the days of Woodrow Wilson. He spent more in 2½ years than all these other Presidents spent in 124 years.

Until this spending spree is stopped we should refuse to pay the fiddler.

Mr. Roosevelt also said in his speech of acceptance:

> As an immediate program of action, we must abolish useless offices * * * we must merge, we must consolidate subdivisions of government.

But in spite of his promises to reduce the expense of the Government by 25 percent and to abolish useless commissions and offices, what do we behold? According to authentic records we find that on February 28, 1933, which was 4 days before the present administration took office, that the number of Government employees was 563,487. But on May 31, 1935, there were 712,112 persons doing the same class of work. Thus it is seen that the number has been increased by 148,625. Since that time the number has increased about 5,000. In spite of all this wasteful extravagance we find more people out of work than at any time since Roosevelt came into power.

My friends, I have always been in favor of requiring those financially able to pay their fair share of the operation of the Government. But as Senator CARTER GLASS said when he was Secretary of the Treasury, there is a limit beyond which tax rates will not produce in the same proportion as they will produce at lower rates. The law of diminishing returns applies in taxation as surely and as accurately as anywhere else.

Mr. Chairman, I had intended discussing at length the taxes provided in this bill. I shall only mention them in a cursory way.

The income tax is changed so that upon incomes of $50,000 and upward the rates are stepped up from 30 percent to 75 percent on incomes of $5,000,000 or more. Even with these high figures this bill will only bring about forty million additional into the Treasury.

The President's special recommendation for a graduated corporation tax was treated very shabbily by the Democratic members of the committee, for at first they had about agreed to reject it, but in order to save the President's face, the committee, after days of secret sessions, finally, by a close vote, decided to reduce the rate on corporations with earnings of less than $15,000 from 13¾ percent to 13¼ percent and to raise the rates on all corporations with earnings over $15,000 to 14¼ percent. Thus, they placated the President with one slight step of graduation.

The committee was compelled to step into a field not recommended by the President in order to get enough taxes to make a bill worth while. They increased the excess profits on corporations so as to bring an additional revenue of about seventy-five or eighty million.

Then the committee passed on to the levy of additional taxes on inheritances and upon gifts.

No doubt the Senate will make many changes in this unscientific bill.

Therefore, summing up what I have said, at the risk of some repetition, let me say when the President tried to imitate HUEY LONG with his share-the-wealth tax scheme, and to soak the rich harder than the original soak-the-rich man, he found that they inimitable. His tax plan has been a fizzle. They say a bumblebee is bigger when it is born than at any other time. That is the way with the President's tax plan. Every newspaper in the country is opposed to it. It is unwise, unscientific, and ill-conceived. It was never anything but a political gesture.

In the first place, no tax bill should be passed until the tax-spending agencies of the Government show an inclination to curtail this wild, reckless orgy of wastefulness which is carrying the country straight into bankruptcy. In the second place, the small amount that will be realized from this bill will not run the Government 10 days. It will not pay the interest on the public debt for 3 months. In the third place, it is purely political. As proof of this it is to be observed that none of the tax provided in the bill is to be paid until long after the 1936 Presidential election.

The only solution of the serious situation is for us to live the best we can until 1936, when the present administration will be thoroughly discredited, and the people will turn to the Republican Party as they have always done. Then ours will be the great and difficult task of bringing the country back. The Republican Party paid the debts that Wilson left us at the rate of a billion a year for 10 years. It will be our responsibility to do it again. We can do it. We did it before, and reduced the taxes several times in those 10 years. What we need in our country is not more tax on income but more income to tax. The President by his attitude on this tax bill has lost prestige tremendously. He has lost the support of the press and has lost prestige with his party. Party leaders have refused to go along with him. The organization is disintegrating. Self-preservation is the only cohesive principle holding them together now. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I am usually greatly interested in any tax bill. For many years I tried to understand what might be termed the fundamentals of taxing problems. In my many years' service in the Massachusetts Legislature the tax problems interested me greatly. As I understand the Constitution, our forefathers hoped that the words "uniform" and "proportional" would remain in that Constitution. After ratification of the sixteenth amendment the gates have been opened for radical proposals tending to unfair and confiscatory assessments upon thrift and the savings of our people and toward a so-called "socialistic state."

Mr. Chairman, today we are presented with a greater spoliation bill than ever before. I do not think the people of the country will misunderstand. It is certainly an endeavor to kill the goose that lays the golden egg. When we do that, where will we then turn for revenue? Thoughtful writers, I think, may be able to coin certain expressions that may catch the attention of our people and arouse their curiosity to study this bill to destroy capital. If you study the hearings on this particular bill, it will avail you but little. They have been well termed "farcical" as far as enlightenment of its real purpose and effects.

But, Mr. Chairman, this morning I read comments like these that may serve to attract attention of the public:

What this bill does to you when you are alive is plenty, but when you die the tax collector warms up to his work.

An heir becomes a person presumed to be guilty until proven destitute.

Now, such startling statements are necessary to be used in order to arouse the public mind as to the effect of this sort of legislation. I wish today that I could quote perfectly the President that was referred to this morning by the gentleman from Massachusetts. He said:

Conscription can call once, but then it is all over.
You can't spend yourself into prosperity.

We have tried that the past 2 years.

In a New York speech he aroused the public to an understanding of what a graduated income tax may mean. To those new Members who may not recall it, I repeat it:

If you take 20 percent of what a man makes on Monday, 40 percent of what he makes on Tuesday, 60 percent of what he makes on Wednesday, and 80 percent of what he makes on Thursday, he won't work on Friday and Saturday.

We have a perfect high road for evasion of excess-profits taxes in tax-exempt securities. It seems that the President of the United States in his very recent press interview made use of strong expressions of criticism of those who would invest in tax-exempt securities seemingly to avoid excessive taxes. What would happen if these people refuse to purchase these same securities, tax exempt though they are? They are probably to be regarded as patriotic in making the sales possible, but are to be classed as tax dodgers after the purchase.

In view of the past record of the Democratic Party there is no hope of abolishing tax-exempt securities, and the President is using "idle words" in his pretensions or belief that any action will be taken by his party to this end.

Mr. KNUTSON. Will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. KNUTSON. What rate of interest do the baby bonds that the administration is urging everyone to buy carry?

Mr. GIFFORD. The rate of interest is so low that when that money is needed by the business men of this country those bonds are going to be dumped on the market. That will surely happen. They had much better be issued at a higher rate so the people would want to keep them. It is a most dangerous financial operation in the end; yet the Democrats boast of the situation. You may sell them at a low rate of interest, but will the people keep them? You would not want to keep them and I would not want to keep them when business shall furnish opportunity to invest and yield a much higher rate of interest. It is a danger signal rather than something to boast about.

Mr. Chairman, what I want to bring forward is this: Have we so departed from those words "reasonable" and "proportional" that they are persuasive no longer? I am willing to pay 10 times as much as you, sir, if I have 10 times as much; but if I am in the same business as you, you are not efficient and I am, and I earn money and you do not, although you receive just as much protection from your Government, I will get mighty tired of paying your share of the taxes as well as my own. And when it is graduated 5, 10, 15, or 20 times as much, then certainly my Government is despoiling me in your behalf. It is not reasonable, it is not uniform, it is not proportional; it is confiscatory; it borders on thievery under law.

In the Constitution which I have been reading this morning uniformity and proportional are key words in the power to tax. In our Massachusetts Constitution the word "proportional" still has some meaning, as the graduated idea of confiscation has not yet taken root. I might possibly compromise a little in this income-tax punishment if you will refrain from the actual confiscation of capital itself, the use of which must be depended upon to furnish the income. It does not so greatly matter in whose hands capital may be if used for the public good. The illustration of the Ford fortune is a sufficient example and often used to prove this point.

Our Government has taught those rendering service to exempt the poor but to charge the rich all he is supposed to be able to pay. Uniformity of charges for service are seemingly the exception and not the rule. What will be the end of such abuses? Congressmen certainly ought to know this condition exists. If you have a little work done and they find you are a Congressman, do they not reason that the Government taxes you according to your ability to pay and they should do the same, and they know your salary and ability. The word "proportional" is being lost sight of, and socialistic theory is being advanced—to what end? I do not like the word "soak"—you desire in this bill to actually kill them off—"spoliation" is the word; and what is the only possible result if carried to its extreme intent?

Now, I want to use an illustration which is indeed a homely one, but it shows the results of taking all possible profits from business, either by taxes or duress. You remember about the man who was obliged to board his creditor's horse. They dickered back and forth and he was threatened with foreclosure if he did not board the horse at the low price his creditor named. Finally he told the boy to tell his father, "I owe your father money, and if I must, I must; and I take him for the sum of $3 a week." He went back, and his father once again sent him back and said, "Very well, you tell him I will pay him $3 a week, but to save all the manure." And the man said, "You tell your father I take his horse for $3 a week, because I must, but there will not be any manure." [Laughter.] This is a homely illustration and it may not be in good taste to tell it, but strong language is needed to attract attention to what we are doing.

What about the millionaires in New York City, where they are most generally domiciled? You may impose 87 percent in the higher brackets, if you want to, but do you know they

have an income tax in that city of 9½ percent? Do you not realize that State income taxes must also be added, unless they may be first exempt in this bill?

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman from Massachusetts 1 additional minute.

Mr. GIFFORD. Mr. Chairman, it is to me unfortunate to have only 10 minutes to discuss a matter like this, but I will close by simply reminding you that there is not only the 87 percent to be considered—it does not matter if the figure is not exactly right—but add to that 9½ percent; add to that the very great expense, as I have often stated, of $400,000,000 to the citizens of this country for making out tax returns; and then agree that a taxpayer is excusable for taking any legal method he can for the avoidance of paying such a tremendous assessment, both unreasonable and disproportionate. This bill is un-American—a spoliation bill. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 12 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, the present economic crisis has forced on the Government of the United States additional burdensome functions. The break-down of our economic system brought the United States face to face with 11,000,000 of its subjects unemployed, facing starvation and eviction from their homes. This situation was at first treated with a false optimism. Those who had vision breathed the idea of having the Federal Government use some of its funds for the care of those who were unemployed, due to no fault of their own. A storm of protest met this suggestion. The Tories of both major political parties raised their arms in horror and in traditional superpatriotic fashion denounced the idea as a dole, Bolshevism, and a creature of Karl Marx. They would not for a moment bring disgrace to America by having its Government feed its jobless. However, in 1932, the American people turned a deaf ear to prosperity-around-the corner predictions and went decidedly on record in favor of our Government assuming its primary moral obligation to care for the victims of a chaotically cruel and inequitable economic system.

From 1933 to date approximately $8,000,000,000 have been appropriated from the United States Treasury for aid to the needy jobless. The spending of these funds has taken various forms, from direct relief to Public Works projects. However, due to the fact that the unemployed were and still are being placed on a charity subsistence-wage basis, their purchasing power has remained nil, the wheels of industry are rusting from inactivity and the number of dependents on our National Treasury, with the exception of slightly perceptible fluctuation, remain at 22,000,000. Efforts to deal with the causes of the crisis have been of small consequence. Efforts to maintain a status quo and prevent the augmenting of the number of idle have been frustrated by judicial decree. One of the most effective methods to partially cure our economic ills has been the Government's efforts to regulate wages and hours, so as to save labor the share which it had been receiving. This would have meant maintaining the then-existing purchasing power of the employed, prevent further unemployment and the accentuation of the crisis.

This scheme of plugging the dikes came to a halt with the N. R. A. decision. The Supreme Court declared that Congress could not regulate wages and hours. In the Schechter case it measured the interstate power of the Constitution with the unreal yardstick of the legalistic fiction of State rights. It thereby interpreted the Constitution in the light of an oxcart economy of 1787 and closed its majestic portals to the light of the present-day airplane age of machine and mass production.

As the basic problem of the so-called "depression" revolves around hours and wages, as these elements constitute the crux of every economic and social order, as unemployment, inequitable distribution of wealth, social insecurity, abrogation of civil liberties, and insane nationalism are the offsprings of unjust and stupidly maladjusted hours and wages, as decent living and working conditions are deeply integrated with the problems and hours and wages, and as Congress cannot directly or indirectly regulate hours and wages, America today finds herself in the economic abyss in which she was plunged in 1929, having advanced not a single step out of it.

Since the N. R. A. decision a great deal has been said about constitutional revision so as to give Congress the power to adequately deal with our present-day problems. An analysis of the political heritages of our Seventy-fourth Congress clearly demonstrates that such a step, if at all possible, will take place only in the distant future. It will take an avalanche of harrowing distress before the outworn and selfishly expedient veneration for the sanctity of the Constitution is sufficiently buried to bring about such a constitutional change. In the meantime laissez faire is the disorder of the day. The exploiters of labor, fearful that a liberal Congress might replace the present Congress and in a real effort to reduce unemployment, will increase the purchasing power of labor, by regulating hours and wages in such a manner as to give labor a more equitable share, have welcomed this judicial decree and are girding themselves for battle on the economic battlefront. Instead of increased wages and shorter hours, they will insist on longer hours and smaller wages. The prospect of increased unemployment does not even cause a ripple in this pool of Bourbon thought.

Hence our problem of caring for 22,000,000 dependents on the Federal Treasury remains unchanged. Three attitudes are taken toward the situation. First, to ignore the idle and leave them dependent on community chests, local governments, and mirage recovery; second, to keep on caring for them on the basis of a subsistence charity wage; and, third, to give them a living wage and thereby restore their purchasing power and self-respect. I personally advocate a living wage for the unemployed. Only the extreme diehards advocate the first treatment. It is very unlikely that their urgings will prevail. The vast majority is divided between the advocates of the second and third course. Whichever of these prevails, it will still mean drawing from the Federal Treasury.

The revenue at present annually raised does not even approximate one-half of the cost for the care of the unemployed. Our national debt is $29,000,000,000. Further borrowing, it seems to me, is therefore certainly out of the question. The piper must some day be paid. We might as well attempt to do it now. Expansion of the currency will bring about such severe repercussions that no sound economist will countenance it.

Therefore, since the care of the unemployed from the United States Treasury is inexorable, since our present-day revenue is tremendously inadequate, since borrowing has nearly reached the snapping point in our financial structure, and since inflation is suicidal, Congress has only one course left, and that is to use its unquestioned constitutional power, and that is the power to tax.

I fully realize that none of us like taxes, but our civilization is today dependent on taxes. We have no other alternative but to look for revenue. We must therefore accept the least socially objectionable form of taxation. A sales tax or any kindred tax will certainly be urged. Such a form of revenue raising is inadequate and socially wrong. Estimates made by the Treasury Department during the consideration of the sales tax in the Seventy-second Congress revealed that hardly half a billion could be raised by a sales tax. Furthermore, it places the burden on the small wage earner, whose purchasing power can ill afford it, and hence will only deepen the pit in which we find ourselves. A sales tax is ethically wrong. It taxes the poor and permits the rich to escape their responsibility.

The evil of taxation can be mitigated only by taxing on the basis of ability to pay and on benefits received. The least objectionable is the graduated inheritance and gift taxes. Here we tax static wealth. The inheritor generally owes his wealth to the accident of birth. The benefit received is the protection of the Government. Surely the tax rates on this class should be heavily increased so that it will carry its just share. Incomes of $5,000 a year or over,

individual or corporation, must be subjected to graduated increases. I cannot subscribe to the theory that individual initiative will diminish with the increase of the tax rates on incomes. This argument is mere sophistry.

Graduated increases on incomes of $5,000 or more is an increase on the basis of ability to pay. It broadens the base and consequently will bring about revenues almost sufficient to meet our needs. Such a program may be called a "soak the rich" program. Call it what you please, it is a socially imperative program. It is a save-American-civilization program. The burden of saving American civilization must fall on those who receive the most benefits from our civilization; the burden must fall on the wealth of America. This conclusion is inescapable.

The proposed measure, however, does not even remotely meet the situation. It most certainly is a deviation from the letter and spirit of the President's tax message. To call it a revenue measure is a misnomer. It is a cream-puff, milk-and-toast, innocuous, and meaningless gesture—a lullabye sung to the American masses to lull them into a feeling of security—a security that is false; another mirage painted for the eyes of a despairing people. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, in addressing the Members of the House I want to refer to certain portions of the minority report signed by the Republican members of the Ways and Means Committee.

However, after the lucid and forceful deliveries of my distinguished Chairman DOUGHTON, reinforced by Mr. HILL, the ranking member of the committee, there can be said but little to convince even the most skeptic or partisan opponent.

I do, however, want to confine myself to some of the fundamental features of this tax bill now before the House insofar as my time will permit. The economic condition of the country at the present time is such as will not permit the imposition of crushing or confiscatory taxes upon industry, but much less is it possible for us to impose any tax burdens upon the great bulk of our people who are at the moment emerging from the depression. To disregard what is manifestly clear to the fair and impartial observer would be to retard prosperity. I am certain that the majority of the members of the Ways and Means Committee, in drafting the measure in conformity with the expressed ideas and wishes of the President, took into consideration the economic and social effect of taxation. We were especially considerate of the individual citizen of moderate means, and not at all unmindful of the Government's obligation toward industry and business.

The minority members of this committee, in their dissenting opinion, refer to the orgy of expenditures, and point to the need for a speedy termination of the vast outlays which were made necessary by the depression. There is nothing secret about the fact that the majority members, long in advance of the publication of the minority report, have taken this feature into account, unprompted by any partisan suggestion or opposition. It is our hope and our belief that with the imposition of a reasonable and an equitable tax that this bill, which, according to our present estimates, is calculated to bring about $270,000,000, will ultimately produce $450,000,000 in normal times, and we are fast approaching normalcy.

Not so long ago the distinguished Chairman of the Appropriations Committee voiced an opinion regarding reduced governmental expenditures, to which most of the members of the majority party tacitly subscribed, and the attainment of this goal is not far off. The balancing of the Budget at the present time is more than an accomplished fact. The normal expenses of government are below revenues. In the past year the Treasury showed a surplus of over $100,000,000. It is grossly unfair to class all of the obligations assumed by the Government in advancing loans through the H. O. L. C. and the loans and credits of the R. F. C. and of the Farm Credit Corporation and other similar agencies of this Government as obligations which the taxpayer will be called upon to liquidate. It is reasonable to assume that some of these agencies will not only pay their own way but will and in some instances already have shown a profit. The most impressive exhibit of governmental expenditure which is cited by the Republican opposition amounts to a total of $8,100,000,000, which includes four thousand eight hundred millions authorized by the Seventy-fourth Congress and the three billion three hundred million authorized during the last session.

Can the minority be so completely ignorant of the fact that even in these vast amounts there is a definite and well-secured Government equity which will eventually be paid back. A large part of these expenditures were made to cities and States for the construction of well-secured self-liquidating projects, 70 percent being secured, and only 30 percent was contributed by the Government as an outright grant.

Another portion of this expenditure is covered by loans secured up to 55 percent and the Government contributed as an outright grant amounts of 45 percent.

So it is reasonable to assume that of the $8,000,000,000, far in excess of a half will be repaid to the Treasury. But allow, for the sake of an illustration, that the entire amount of the secured loans should go sour, the maximum obligation of the Government could not exceed the capital outlay voted by the Congress; and while we are talking in billions let us not forget that the Hoover administration, with all of its well-known prosperity, left a burden of more than $5,000,000,000 of a cash deficit upon the doorstep of President Roosevelt and his administration. Our Republican friends without exception forget to mention this gift of the Hoover administration to humanity.

I am constrained to comment upon the remarks of my friend JENKINS of Ohio. He set out to talk 20 minutes, and the House was led to believe that he had an important message bearing upon this bill. While he had the advantage of creating out of his own mind, without regard for facts, such statistics as would sustain his opposition, he evidently depleted his mental statistical reserves and abjectly relinquished about a half of his allotted time.

The Republicans point to the expenditures made necessary for relief, and which prevented a revolution in this country, and they are not even fair enough to allow that all of this money will be paid back, even if they deny the need for the expenditures. They skillfully evade bringing up the sale of fake foreign bonds which were approved by Coolidge and his administration. These bonds sold to the common people will never be redeemed; these bonds purchased a spurious prosperity, which was followed by a collapse which should have taken place prior to Hoover. The Republicans would have continued to push the sale of these fake bonds but for the fact that the trusting people, financially exhausted, could no longer buy. The result: bank failures unheard of in the history of the world—bankruptcies and a devastating depression. The amount of fake bonds O. K.'d by the Coolidge administration and sold to the American public amounted to over $10,500,000,000. Another insignificant figure the Republicans forget, which the American public well remembers, is the sum of $12,087,667,000 which the Coolidge administration canceled to the foreign debtors. This amount plus interest can be reasonably doubled to show Republican generosity toward foreign governments. Yet the minority party criticizes the Roosevelt policies and expenditures for humanity, made necessary by the recklessness of his Republican predecessors, Coolidge and Hoover.

Adding the sale of fake bonds amounting to $10,500,000,000 to another injurious insult to the American taxpayer in the form of debt cancelation of $12,087,667,000 plus the $5,000,000,000 Hoover deficit, and, forgetting the interest, the total amounts to $27,587,667,000. Over twenty-two billions of this amount is gone, wasted, while the eight billions being spent by the Roosevelt administration for humanity will all be repaid, most of it from self-liquidating projects.

Who is it that is constantly harping upon the question of a balanced Budget? What element is most frequently heard upon this interesting subject? Let me point out that it is that element which enjoys a balanced ration.

To balance the Budget, including the extraordinary expenditures, at this time, even if possible, is not desired by the business and by the people, because the cessation of Government expenditure would paralyze business, increase unemployment, and bring chaos and starvation instead of stability and revival.

The problem of balancing the ordinary Budget of this Government is an established fact, an accomplishment of the Democratic majority. The provision for the reduction of the public debt, whether inherited from the Hoover administration or incurred to save the United States by giving relief and succor to the needy, is also a problem confronting President Roosevelt and the majority party.

I gather that the Republican critics desire a tax that would destroy business, that would take away the last dollar of the workingman. Even then, does the minority of this House believe it would be possible to balance the Budget within 1, 2, or even 3 years? I appraise their intellectual capacity at a higher plane than they themselves do when they feign to believe, and for political reasons expound the theory, that it is entirely possible, and from their viewpoint desirable.

The majority of the Ways and Means Committee believes, and this tax bill was conceived, in the idea that a reasonable and an equitable tax at this time would not discourage initiative, much less destroy incentive. It was moreover the thought of the committee that the problem of the reduction of the public debt was a problem which must of necessity be spread over a period of years.

If the entire $8,100,000,000 expenditure of the Government should go sour, the total tax for interest purposes on this sum would amount to approximately $243,000,000 per year.

This tax bill provides a sum of between $270,000,000 on the present basis of calculation and up to $450,000,000 in normal times. It must be borne in mind that revenues of this Government will grow proportionately and thus allow an orderly liquidation of the governmental debt.

It is our hope and our belief that the Government has made its last large expenditure for relief. The States, the counties, and the cities are in relatively better condition today than they were at the close of the Hoover administration, when the Governors of the States and the mayors of the various cities, pleading with the Government, admitted their inability to cope with the unemployment and the relief conditions within their respective localities. This condition continues to improve as time goes on, and because of the improved conditions the States and municipalities will assume whatever local responsibility is placed upon their shoulders.

The minority report refers to the present tax bill as a "political gesture." I submit that the political gesture, if any, is the gesture of the minority in catering to that element of our people who are called upon to pay their fair share of governmental costs and expenditures. It is not alone a gesture. It is a move to arouse those who are privileged, because of their ability to pay, against the underprivileged, whom the minority has in mind taxing to the point of extermination. The minority shouting of "soak the rich, soak the thrifty" is a political gesture, pure and simple.

This tax bill taxes a source of revenue which will least disturb the economic structure of the country. It is a source, and the only source, wherefrom money can be justly had because it is the source of plenty.

The rates on higher incomes have been advanced reasonably, but not beyond ability to pay. The normal tax remains the same throughout, but the surtax increase at the $50,000 mark amounts to only 1 percent. Where the taxable net income amounts to $50,000 the old schedule of taxation was $9,500. Under the proposed tax plan it will be $9,560. The small difference of $60. The curve of the tax schedule continues to rise at the rate of 2, 3, and 4 percent and upward until the surtax attains the maximum of 75 percent at $5,000,000 or over.

The old schedule, it is true, amounted to 59 percent maximum, but you must bear in mind above everything else that $5,000,000 net taxable income does not represent the gross income of the taxpayer in this class. It happens in many instances that a taxpayer in these higher brackets representing a net taxable income of $5,000,000 has in addition an income from tax-free securities and not subject to tax. Frequently the income from tax-free securities will be anywhere from one million up to an amount equivalent to his taxable income. So I cannot, under these circumstances, shed many tears over anyone who is privileged to pay a tax of $3,591,000, leaving a paltry $1,409,000 to squeeze through for the ensuing year. To this paltry amount add the untaxable income, and it would seem on analysis that this class of taxpayer is most worthy of compassion and pity.

The people of this country would justly resent the imposition of taxes upon the average citizen and small business man who is dependent upon his small salary, and upon his small business. Where is the cry of the Republicans justified in the statement that this measure is intended to soak the rich. Are we to interpret the Republican opposition as indicating that the lucky poor should bear the burden in order to relieve the luckless rich?

That has been the policy of the Republican remnant in this House when they were in power. I cite this example to substantiate the fallacious Republican reasoning.

When the Mellon tax plan was considered by Congress, the then Secretary of the Treasury tried to readjust the scale of income taxes in such a way that the total benefit derived by himself would have been greater than the benefit accruing to the remaining 47,000 taxpayers of the State of Pennsylvania; thereupon a substitute plan was submitted by Senator Furnold Simmons, of South Carolina, his plan was adjusted, and the opposite objective was sought by giving almost all the relief to the 47,000 taxpayers to the exclusion of Mr. Mellon. The wise leadership and fairness of Mr. Garner at that time was recognized in another substitute which was accepted as a fair compromise. The lion's share of the benefit, under the Garner plan, was actually forced by the Democrats in behalf of the deserving masses and only a fair and equitable proportion to Mr. Mellon and his kind.

The tax question has always been a most difficult one, and it is not a pleasant task for the Ways and Means Committee. But the policy of the committee changes with the party in power. The Republicans have always tried to place the great bulk of the tax burden upon the masses of the people regardless of their ability to pay, while the Democrats hold to the theory and practice of placing the burden where it rightfully belongs, upon those enjoying substantial incomes and upon those whose position in life is well secured, upon that fortunate element of our people best able to bear taxation.

I do not know for a certainty, but I believe that the wealthy people of this country are more than willing to shoulder a substantial portion of the taxes which are necessary with a view of their own preservation and the preservation of the Government, which protects their property and their large incomes. It is the sacred duty of the more fortunate citizens to relieve the want and the distress of the less fortunate of our citizens.

I anticipate that this tax bill, like all tax bills, will bring about a great deal of protest. The machinery of propaganda has been put into motion and paid for by those in possession of large financial reserves, who are anxious to evade their own responsibility and willing to let the little fellow carry the load.

The committee has very carefully considered the principle of graduated corporation taxes, and wisely decided to reduce the corporation taxes on small corporations—up to $15,000—to thirteen and one-fourth, and to increase slightly the tax schedule on corporation incomes above $15,000. The committee, in its wisdom, decided to reestablish the principle of excess-profits tax as the more equitable and just method of taxing for revenue purposes. Thus large and small corporations will pay upon the net earned income, and, as the report before you will indicate, excess profits will be taxed as such at the rate of 5 percent above 8 percent

of net earnings, with an increasing scale up to 20 percent above 25 percent. The committee realized that the graduated corporation tax was not equitable. In fact, in many instances it would be very unjust, because a $10,000,000 corporation might earn $500,000, or 5 percent, while a $1,000,000 corporation might have earned $250,000, or 25 percent; on the basis of 15-percent tax levied against the first-mentioned corporation, the tax would amount to $75,000, whereas the lesser corporation with a greater proportionate earning power, paying 10 percent, would only pay $25,000. Excess-profits tax will treat the corporation earnings equitably. The one earning 5 percent will pay no excess-profits tax. The corporation earning 25 percent will pay according to the excess-profits schedule.

The excess-profits tax principle is not only sound and substantial but is positively fair and just. I cannot arouse myself to respond sympathetically to the everlasting howl in behalf of the small stockholder in the large corporation and the assumption that the small corporation is dominated by large stockholders, because there are large and small stockholders in both kinds of corporations. It might be said that the control of the large corporation vested in an inner circle of the board of directors, the chairman of the board and the president, frequently represents as a whole but a fragment of the outstanding stock, and in many instances stock held by officials of the large corporations amount to 10 shares or less. This dominating inner circle, through its control, does not hesitate to pay itself unconscionable salaries and unjustified bonuses. They are not concerned whether the stockholder receives a dividend or not; the only time the poor stockholder is mentioned as an object of pity is whenever the Government finds it necessary to impose taxes upon corporations.

Taxes proposed in this bill will not affect stockholders' dividends one way or another.

The schedule of inheritance taxes is being assailed by the minority in its report with a great deal of gusto but without much reasoning. At any rate the argument will not strike a responsive chord in the hearts of the American people, because the large fortunes which are handed down from father to son have frequently been ground out of the sweating, unfortunate young men and women employed for long hours at a miserable rate of pay. The behavior of the rich American heir and heiress frequently arouses the scorn and the hatred of the sound-thinking people of this country.

Only recently an example of the brazen attitude of an irresponsible, nitwit, husband-changing heiress has been flaunted before the American public. This half-wit heiress buys for herself a discarded bogus prince as a husband and presents him with a string of polo ponies purchased in Europe for his amusement and paid for out of the sweat of her less fortunate sisters. Lavish expenditures and hundred-thousand-dollar parties are almost daily occurrences of one who knows not the origin of the ill-gotten gains which she enjoys but cannot appreciate.

The tax schedule submitted by the committee for the consideration of the Members of the House at this time is far under the tax schedules imposed upon the citizens of Great Britain, and should be and will be sustained. I am confident that the people of this country will approve not only the schedules and the methods but the underlying principle of assessing those who are best able to bear the levy. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

Mr. SAUTHOFF. Mr. Chairman, I shall vote for this bill, though I would prefer that it went further than it does. Nevertheless, we are grateful for what the bill does contain, even if it does not contain all of the things that we Progressives favor. I feel that the revenue raised is insufficient, and because of our needs would favor exemptions up to $5,000 net incomes, and favor taxing those above that amount under the provisions of this bill.

Section 101 (12) of the Revenue Act of 1934 exempts agricultural marketing cooperative corporations from the corporation income tax, if, among other things, "substantially all" the voting stock is owned by the farmer producers.

It is considered that employees of these cooperatives are as much producers as the farmers, and it is to the advantage of these ventures that not only increased capital be made available from this jointly interested source, but that employee cooperation and loyalty be thus assured. At the same time, it is considered advisable to retain the agricultural character of these cooperative marketing corporations by retaining a safe margin of farmer control.

The following amendment to said section, therefore, is suggested.

Section 101 (12) of the Revenue Act of 1934 is amended by inserting before the semicolon and after the word "association" in the second sentence the following:

Provided, That voting stock may be owned by employees of the association whenever such producers own more than two-thirds of all the voting stock.

It is the definite policy of Congress to encourage cooperative marketing, in the interests of both producers and consumers. This amendment affords opportunity further to pursue this policy. And exemptions from the corporation income tax are pertinent to and a necessary part of any amendment of the corporation income tax.

Mr. SAUTHOFF offered the following amendment: On page —, line —, add a new subsection, as follows:

"(—) Subsection (p) of section 23 of the Revenue Act of 1934 is hereby amended to read as follows:

"'(p) Dividends received by corporations: In the case of a corporation the amount received as dividends from a domestic corporation which is subject to taxation under this title: *Provided, however*, That beginning with the taxable year beginning next after December 31, 1935, the deduction allowed by this subsection shall be 85 percent of the amount of such dividends so received, and beginning with the taxable year beginning next after December 31, 1937, the deduction allowed by this subsection shall be 70 percent of the amount of such dividends so received. The deduction allowed by this section shall not be allowed in respect of dividends received from a corporation organized under the China Trade Act, 1922, or from a corporation which, under section 251, is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States.'"

PROPOSED AMENDMENT TO THE CORPORATION INCOME-TAX LAW

The original corporation income tax of 1913 did not allow any exemption for income received as dividends from other corporations. The creation of such an exemption in subsequent laws gave a special privilege or subsidy to the holding company and encouraged the socially undesirable and economically unsound multiplication of corporations and the interlocking of corporate interests.

The proposed amendment is conservative and not extreme. Recognizing that past errors cannot be corrected overnight, the amendment does not seek to do away wholly with the special exemption accorded under the corporation-income law to dividends received by one corporation from another corporation. That exemption is only partially removed. In place of the regular income tax of approximately 14 percent, which would result from the total removal of this exemption, the proposed amendment taxes intercorporate dividends only 2 percent during the next 2 years and 4 percent thereafter. Such a tax is not so high as to put a complete end to the use of the holding company or the creation of separate affiliated corporations for different enterprises, if the use of the holding company and of the affiliated corporation serves a real economic purpose; because if the holding company or affiliated company gives a special advantage to those who resort to it, that advantage should be sufficient to compensate for the small tax imposed by this amendment.

I am introducing this amendment to place a small excise tax upon the holding company. The tax as set forth in this amendment means only 2 percent per year for the next 2 years and then 4 percent per year.

The reason that I believe that the holding company should pay an excise tax is that it receives peculiar favors at the hands of the Government. Early common law and early public opinion looked on the holding company as a rare and abnormal form of combination; it was regarded with suspicion much as a partnership between corporations or perpetual voting trusts are regarded with suspicion today. However, when State after State passed laws permitting one corporation to own the stock of another corporation, the

holding company became one of the great problems of the present day. In certain fields it has grown so huge and so completely beyond the bounds of Government control that it seems destined to become more powerful than the Government itself. Some device should be formulated to prevent this abnormal growth, and I think that taxation is the answer to our problem.

In addition to the reason I have just stated comes the further fact that this tax bill must yield larger revenues. Last year this Government spent $7,375,826,165, but it collected only $3,800,467,201. Therefore, there was a deficit last year of three and one-half billion dollars in round numbers. The deficit this year will be greater than that of last year. How can we eliminate the deficit and balance the Budget? Three methods are open to us: First, cut down our expenditures; second, increase our taxes; third, a combination of the first two.

An analysis of our expenditures would indicate that we cannot cut them down at the present time so that there will be a substantial reduction. Eliminating any of our processing taxes, our expenditures last year amounted to $3,165,000,000 made up of the following items:

Interest and sinking fund for debt	$1,393,000,000
Veterans' Administration	555,000,000
Adjusted-service certificates	50,000,000
Civil-service retirement fund	20,000,000
Army and Navy	533,596,000

Many of us have attempted to cut these appropriations, but without success. As the Congress is now constituted you have $2,219,169,000 which cannot be cut. That leaves a balance of $649,000,000 for all other Government costs. You cannot wipe all this out, because it would mean the closing of many valuable Government agencies and departments. Even if you closed up one-half of them you would still have a total in excess of $2,800,000,000. Add to that the payments under the A. A. A. and other emergency expenditures, which last year amounted to $4,210,000,000, and you run into a sum in excess of $7,000,000,000. Obviously, you cannot pass any tax bill which would even approximate such an amount without crippling every industry in the United States. Our problem, therefore, is to raise as much revenue as we possibly can without injuring industry, because every Member knows, and every thinking man and woman should know, that the vast bulk of unemployed must be absorbed by private industry. The Government has appropriated close to $5,000,000,000 for the purpose of absorbing some of the unemployed on public works, but this is merely a drop in the bucket, amounting to only 10 percent of a national works program. It is necessary for private industry to invest forty to forty-five billion dollars to give everybody a job. Certainly, that cannot be achieved by exorbitant tax methods. I am therefore attempting to place a reasonable tax which cannot be considered unjust or inequitable in view of the benefits received. What are those benefits? Principally, they consist of freedom from personal liability on company debts, and, secondly, they consist in freedom from Government control. There is the further benefit of administrative advantages and the flexibility which it allows in the formation and maintenance of subsidiary companies. [Applause.]

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. STEFAN. Will the gentleman from Wisconsin please tell us how much his first amendment would yield?

Mr. SAUTHOFF. I cannot tell.

Mr. STEFAN. The gentleman stated that it would not yield so very much, but would help.

Mr. SAUTHOFF. I cannot give the gentleman the exact amount, because they could not give it to me.

I yield back the remainder of my time.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, members of the Committee, the distinguished chairman of the committee, if his address be taken as an indication of his feeling, of his convictions, has given us as able a defense—not a justification—of his party's violation of its plighted word and the conceded failure of its many experiments as could be made for any course which is so reprehensible as that followed by the Democratic Party. It does credit to his ingenuity and his resourcefulness, but it is no answer for broken promises, for the vast expenditures so needlessly made.

True, he called attention to the enormous sums expended for relief, for the aid extended to those injured by the drought. With these latter expenditures no one will find fault.

But he said nothing of the great sums expended in the various States for the purpose of giving dancing lessons, teaching bridge playing, and like activities. Nor did he refer to the fact that this same Government, while extending relief to the stricken farmer, while giving him a bounty for restricting the area of cultivated land, was at the very moment permitting the importation of vast quantities of food products produced by cheap foreign labor, and also expending millions of dollars in irrigation projects which had for their purpose, in part at least, the addition of other thousands of acres of cultivated land to the Nation's farming area. Such inconsistencies were ignored, because they were unanswerable.

He fell back upon the old defense, which is no defense, that the Republicans had not balanced the Budget during the last year of the Hoover administration. He ignored the fact that the Republicans, for some time prior to that date, had been busy paying off a large portion of the debt accumulated during the Wilson Democratic period. He reverted to that time-worn and somewhat out-of-date cry that at the end of the Hoover administration revolution was imminent.

Yesterday on the floor of the House we heard the Chairman of the Interstate and Foreign Commerce Committee refer to the "whispering campaign" which some irresponsible person proposed to institute and carry on against President Roosevelt, as it was so successfully carried on against President Hoover.

One would naturally think that a Democrat would hesitate long and consider well before he called attention to that disreputable and wicked whispering campaign by which former President Hoover was smirched and defeated.

The statement of the Chairman of the Interstate and Foreign Commerce Committee showed on its face that the one who suggested such a campaign was irresponsible; that no Republican had ever given it support or furthered it; and if there is such a campaign, it is more than probable that it grew out of the fact that so many unworkable, absurd experiments have been tried, failed, and others equally absurd brought forward in their place; due, too, perhaps, to the fact that Democrats of unquestioned standing have pointed out that the President's proposals can only result in national bankruptcy; that he has failed to keep his word; has yielded in forming his judgments to those who are not Democrats, who do not believe in the principles of that party.

Hardly a day passes but that some Democrat of national prominence calls attention to the fact that the President's course, if pursued to the end, will wreck our country.

The chairman of the committee which brought out this bill said he was ready to go before the country to submit the President's case to the judgment of the people. Speaking for no Republican but myself, I can only say that I wish that that appeal might be made to the voters in the coming November.

The distinguished gentleman also called attention to the utterances of a Republican Senator, whose name he did not give but whose views, he said, in substance, were honest and sound, and further intimated that the Republican Party did not dare to nominate him. If such a man were nominated, we would find the Democratic administration opposing his election, as it opposed the election of former Senator Cutting; as its Postmaster General, National Committee Chairman "Big Jim" Farley, is reported to have threatened to defeat Senator BORAH. Had the administration listened to the advice of the Senator so quoted, it would have avoided many of the mistakes which it has made.

William Randolph Hearst probably contributed as much to the nomination of Franklin D. Roosevelt as did any one man. Through his papers he supported him during the campaign for election. During the first months of his administration he praised him. Finally he learned of the President's true purpose and, in this morning's issue of the

Washington Herald, on the editorial page, we find the following:

[From the Washington Herald of Aug. 2, 1935]

THE NEW TENANTS OF THE TEMPLE

It seems inevitable history will record that when the American people drove the money changers from the temple of American liberty, they were beguiled into yielding the sacred edifice to the occupancy of a horde of political marauders, and the last condition was worse than the first.

When Candidate Roosevelt accused the Hoover administration of being the most extravagant in American history and promised to reduce expenditures by 25 percent, an overwhelming majority believed him.

These people did not believe it possible that within 2 years of his inauguration this same candidate would drive the national debt to unheard-of proportions, and demand of the Congress with the contemptuous manner of a Persian Shah, an appropriation of $4,800,000,000 of the public funds to be expended by him in accordance with his own arbitrary and uncontrolled will.

When Candidate Roosevelt charged that the Hoover administration had piled bureau upon bureau and commission upon commission until our people were suffering under the unbearable burden of a swollen bureaucracy, and promised that he would eliminate useless bureaus and commissions, his utterances were welcomed with joy.

These people did not believe it possible that within 2 years this same man would not only retain and expand the existing bureaus and commissions but would wield the lash on a subservient Congress to pile more bureaus upon bureaus and more commissions upon commissions at an additional cost of hundreds of millions per year.

They did not dream he would authorize these new bureaus and commissions to issue more than 17,000 regulations having the force of law.

When Candidate Roosevelt said that the greatest contribution Government could make to recovery would be in the form of reduced tax burdens on industry, and pointed out that excessive taxation took its toll in the form of idle factories and thousands tramping the streets, miserable in unemployment, our people believed him.

They did not believe it possible that within 2 years this same man would demand of the Congress of the United States, from which he had already had grants of billions, increases in taxes such as have never been known in the history of the Republic either in time of peace or war.

They could not foresee that within 2 years this same man, through his myriads of bureaucrats, would be driving industry to the point of desperation.

When Candidate Roosevelt in ringing phrases lauded the wisdom of the founders of the Republic, as exemplified in the Constitution of the United States, and particularly in the preservation of the rights of the 48 States, he excited the admiration of millions of Americans for his profound knowledge of our institutions.

When he pointed out that the preservation of these rights was essential to prevent destruction of the Nation he enjoyed the overwhelming acquiescence of the country.

When he pointed out that there were no supermen who could sit in Washington and administer the affairs of the daily lives of such a continental nation he stated the obvious.

Naturally our people could not believe that within 2 years this same man would utilize the facilities at the disposal of the President of the Nation to spread sneering propaganda against the Supreme Court of the United States, because that tribunal in unanimous decisions had upheld the very doctrine Candidate Roosevelt had preached.

They could not believe he would inferentially hold himself forth as one of the supermen whose nonexistence he had proclaimed.

When Candidate Roosevelt said it was what people did more than what they said which demonstrated their sincerity, his facility in expressing such a truism in such attractive and understandable form convinced millions of his sincerity of purpose and his devotion to his pledged word.

These people could not possibly imagine such a man within a period of 2 years repudiating every major utterance upon the basis of which he had attained the highest office within their gift.

When Candidate Roosevelt was transformed into President Roosevelt by the very act of solemnly swearing to uphold the Constitution of the United States, no normal-minded person could foresee that within approximately 2 years this very man would write to a Congressman a letter advocating the enactment of a bill notwithstanding there might be a reasonable doubt of its constitutionality.

And, of course, no one could foresee that this man could write such a letter in view of the fact that competent lawyers in his own entourage had advised him bluntly that the measure was unconstitutional.

These few of many bases for history exemplify and foreshadow the ultimate verdict.

Up to the present time no defense has been entered to the overwhelming record of broken pledges, betrayals of faith, repudiations of solemn oaths, and cynical disregard of the legal safeguards to liberty set up by the fathers.

In the broadest sense this vicious violation of American rights and liberties constitutes a grave reflection not only upon the administration which perpetrates it, but also upon the decadent nation which tolerates it.

You talk about criticism from Republicans. The foregoing are the words of a great editorial writer, a newspaperman who knows what is transpiring at the Nation's Capital. They are not political. They are merely a description of what is taking place.

Yesterday—and you will find it on page 12287 of the CONGRESSIONAL RECORD—the very learned and astute Democratic Chairman of the Rules Committee, Mr. O'CONNOR, in answer to an inquiry, said:

Oh, I believe the Democratic platform is in rule and full force and effect and has been lived up to by the Democrats in this House.

Certainly he knows that the promises of the Democratic platform have not been kept, and his statements can be charged neither to ignorance nor to an intent to deceive, for he had no such intent, nor would such a statement deceive anyone in this House. It was, no doubt, made thoughtlessly and in the enthusiasm of the moment.

On the same occasion he made the further statement:

The Republicans talk about balancing the Budget. They are not talking about the ordinary current expenses of the Government. They want to put the huge expenditures of war into the current Budget. We have been all over that so many times there is no need to reiterate.

If the President was talking about balancing the Budget for current expenses, why did he not so state? Many times during the campaign Candidate Roosevelt called attention to the expenditures made during the Hoover administration. He called attention to the creation of new bureaus, the increase in Federal employees. He knew the condition of the country, according to his own statements, and he promised to remedy all of those things which he criticized. He promised sound money, and almost his first act was to violate that promise.

Oh, no; those promises, Mr. Chairman of the Rules Committee, have not been kept, and no statement at this late day will ever make anyone believe that that platform has not been repudiated, disregarded, and forgotten.

This same gentleman made the statement that the people were not going to be impressed by the fact that we have increased our national debt, when, at the same time, we have put millions of people to work. Does he not know that, notwithstanding the almost unheard-of expenditures of the taxpayers' money, unemployment has not decreased to any appreciable extent, and that so many have been encouraged to accept relief that, in self-defense, the administration, according to the papers of today or yesterday, has been forced to curtail the relief in 13 States in order to force men to accept the employment which is awaiting them?

The gentleman from New York [Mr. O'CONNOR] further said, referring to the Representative from New York, Mr. WADSWORTH:

Let me tell the distinguished gentleman from New York right now * * * that the people of this country from 1929 to 1933 suffered such distress and privation under Republicanism that, if a solution of their troubles did mean socialism, they would welcome it rather than ever go back to Republicanism.

This statement discloses the cloven hoof beneath the robe. Who is there in this country of ours, knowing the conditions from 1929 to 1933, that for one moment believes that socialism would be preferable? Perhaps the gentleman has lived so long in New York, so near to the western side of the ocean, so accustomed to hearing socialism talked in his home city that he has become immune to its doctrines, to the results of its adoption. Let him travel west of the corporate limits of his State; let him and some of those who desire to redistribute the wealth of the country, to "soak the rich", go out in the fields and dig in the dirt and by the sweat of their brow earn by manual labor the things they eat, the clothes they wear. Let them learn from the people who do likewise in this country of ours whether they are ready to accept in lieu of that so-called "distress and privation" through which we passed in 1929 to 1932 the conditions, the hardships, the suffering which prevail where socialism is in force.

Where socialism is the condition, how many workingmen own automobiles, radios, musical instruments; are able to provide an education for their children; to enjoy what the

working people of this country term "necessities", but which those under socialism acknowledge to be unattainable luxuries? Once again the gentleman was speaking out of his enthusiasm rather than from his mind or heart.

Common decency requires that in any discussion involving the motives or the purposes of Members of this House it be assumed that every Member is honest, expresses his sincere conviction, and has as his sole purpose here the rendering of service to the people of his district and to the country at large.

Self-protection renders it equally imperative that in passing judgment upon proposed legislation, in forming convictions as to the casting of a vote, no Member should be blinded or deceived by any such assumption.

Sometime ago it was said that "hell was paved with good intentions." The motives which actuated the burners of Joan of Arc, those who history tells us committed a thousand other acts of cruelty, were doubtless sufficient for those who perpetrated these horrible and unjustifiable acts, but those motives in no way excused such crimes.

It remains as true today as it did in the beginning that for all practical purposes men in their relationship with each other must be judged by the result of what they do, not by what they intended; by their acts, their deeds, not their words, their statements of what may be desirable or necessary.

Seldom in the history of our country has any great political party made a fairer, sounder statement or declaration of principles than that adopted in 1932 by the Democratic organization. Perhaps never did a candidate so quickly and, apparently, so whole-heartedly adopt and confirm a party platform. Certainly never in this land of ours did a candidate and a party so quickly and so completely repudiate such a declaration. An election and the most powerful office in the world won upon one theory of government, upon a series of solemn promises to do certain things, has been used to accomplish the direct opposite of the objectives set forth in that platform. The written and the spoken word of a great party and a candidate for a great office have been disregarded.

No need to enumerate those pledges, those promises, the instances of their repudiation. To the charge of dishonesty, openly and repeatedly made, no direct denial has ever been made. The only plea ever heard is one of confession and avoidance, the plea that circumstances justified political dishonesty. But this plea fails for the sufficient reason that the facts were known at the time the promises were made. Practically the same conditions existed when the platform was adopted that prevailed when it was so completely disregarded.

In days gone by like and as great depressions, compared to the wealth of the country, have existed, and each has yielded to self-denial, thrift, and work; and the justice of the statement that if any will not work he shall not eat is as apparent today as when those words were first uttered.

From the beginning of this administration down to the present moment, judged not by their expression of intention, their declarations of sympathy, but by what they have done, by what they have sought to do, members of the executive department of our Government, assisted by those in Congress who were blindly and unquestioningly willing to follow their leadership, initiated and have carried on in the most ruthless manner an offensive against those principles which guarantee to all equal justice and opportunity.

The pity of it all is that those who have been termed the "underprivileged", that the unfortunate, those who have lacked ability of opportunity, have been deceived into believing that the principles contained in our Constitution are for the protection only of the wealthy and the more fortunate.

The one who works with his hands fails to realize that the protection guaranteed by the Constitution is a thousand times more necessary to him than to the rich or powerful. The worker fails to understand that the wealthy, the one fortunately placed, either by his own efforts or of those who have preceded him, needs comparatively little protection from the law. He has forgotten for the moment the lessons of history, the bitter fact that adversity always—not sometimes, but always—falls with the greatest force upon the one who has the least. He fails to recall that ever, from the beginnings of history, the tyrant has attained his power and maintained it by disregarding all law.

No man ever made a truer statement than did President Roosevelt when, in his Wisconsin speech, he said we must not "rob Peter to pay Paul"—the statement of a principle not only sensible but necessary if the individual is to be secure, yet a principle disregarded, ignored, and violated in almost every act of the present administration.

Practically every piece of proposed legislation has, by its effect, "robbed Peter to pay Paul"; and, perhaps not intentionally, although the administration takes credit for political cleverness, but nevertheless just as effectively added a burden to one class for the benefit of another.

There can be no doubt whatever but that the processing taxes are collected from the consumers for the benefit of the producers, plus an incidental benefit to a horde of new Federal officeholders who certainly would be blinded to their own interests if they failed to do political work for the administration which created them. One result of these taxes is that today newspapers report a buyers' strike in the city of Detroit, where housewives refuse to purchase meat because of the high cost.

Practically every State in the Union, as well as the National Government, has laws upon its books which forbid the giving of gratuities for the purpose of influencing votes. Yet who is so simple as to deny that whatever be the expressed purpose the direct result of these various legislative acts has been to attach to this administration great numbers of those who have received these special benefits at the expense of other taxpayers and consumers. A program of vote buying which, in the end, will fail because of the awakening realization on the part of the people generally that it is merely the taxing of the many for the benefit of the few—a proceeding which some members of the majority party are so fond of condemning.

The wickedness of this procedure was recognized by the President in his January message when he told us in substance, here in this room, that it was sapping the moral fiber of the American people, and when he stated that it must not continue.

It has continued, and to such an extent that millions of our people who a few years ago would have regarded with scorn the man who declared that the world owed him a living, today accept it as their own excuse for their lack of effort and self-denial.

In the beginning, due to the distress temporarily prevailing—similar so-called "emergencies", as stated, had arisen and been overcome before—people generally believed the statements of purpose, of intentions, accepting those statements at their face value, were willing to grant extraordinary powers to the executive department to submit to what they believed to be temporary, if unusual, measures. Members of the majority party placing faith in their leader hung upon his every word, accepted his every thought and proposal, even though it ran contrary to their own judgment.

Carried off their feet by the campaign of vilification against the former Chief Executive, always ready to lay their misfortunes to someone else, the people, and the leaders as well, laid aside their common sense, the lessons they had learned from previous experiences, and the new deal reigned supreme.

Again, let me say, regardless of declared intentions of expressed purposes, the net result of the new deal has been to increase dissatisfaction, to build up class hatred, to destroy confidence, and to tend to create a situation which some people apparently hope will call for a dictatorship.

That such has been the deliberate purpose is indignantly and strenuously denied; that such is the result of the legislative enactments of the dominant party cannot be denied; and if the disastrous end be attained, it little matters what may have been the intentions of those who caused it.

Let no Republican arise in criticism of the new-deal legislation. His criticism would be considered as biased, as prejudiced, made for the purpose of advancing his own po-

litical fortunes. Republican criticism is unnecessary. From the mouths of Democrats, loyal and true to their party and to their country, come words as true, as bitter, as convincing as any which could be uttered by those on the minority side.

From former standard bearers of the party, from its former candidates for the Presidency, from its leaders all over the Nation, from the Members of this House, from the Members of the other House, Democrats all, we have heard statements challenging the good faith, as well as the result, of the new-deal policies. None of those making those charges, with the possible exception of one Democrat from the South, and west of the Mississippi River, could be accused of advancing his own political fortunes.

Not so long ago a prominent and loyal member of the other branch of the legislative department made the statement that from this time on he should use his own common sense, his own judgment, in passing upon matters which came before him in his official capacity.

Thank God the day has arrived when the leaders are awakening to the fact, which the people some time ago unerringly perceived, that the "new dealers" are not the Democratic Party; that the new deal is not founded upon the principles of that party; that its experiments are nothing but experiments resulting in disaster; that, however smooth its words, however alluring its promises, it is to be judged, not by its declarations, which long ago were proved but empty words, but by its works, which have been demonstrated to be evil and destructive of the rights of those it pretends to serve.

This tax measure, this bill which is before us today, is but another bid for votes. Everyone in this House knows that it will not furnish the revenue desired. Everyone is aware of the fact that it will in no way limit expenditures and that the National Budget cannot be balanced without such limitation.

It is nothing but a plain, shameless attempt to purchase votes at the next election. Were we sincere in our desires to balance the Budget, to bring home to our people the fact that this is a government of, by, and for the people, we would reduce our expenditures and we would pass a tax bill which would begin with a bearable tax upon the smallest income, such tax gradually becoming heavier as the income increased, so that each and every person in this country might bear his fair share of its burdens.

Such a measure will not be brought before the House. Such a measure will not be passed. And the reason is self-evident. This Congress lacks the courage to perform its plain duty, and it fears that the performance of that duty would affect the voters at the next election and cause them to remember that there is a day for payment, as well as a day for expenditure.

This bill, as it stands now, is merely an appeal to the passion, to the prejudice of the larger class of voters to throw the burden of the Government upon the shoulders of the few.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, there has been a great deal of ballyhoo and propaganda about the distribution of wealth. I want to take this opportunity to call the attention of the Members of the House of Representatives to the fact that there has been the greatest distribution of wealth since 1929 that the world has ever seen, that many millionaires have lost half of their fortunes, that some have lost two-thirds of their fortunes, and that others are penniless, and are now on the relief rolls or walking the streets looking for a job.

I agree with Senator BYRD, who stated yesterday that this tax bill is a farce, and that the people ought to be told so. But at the same time, at least, it has a silver lining. It exposes and explodes all the propaganda about distributing wealth and enriching the people. This bill taxes the great fortunes practically to death, and squeezes almost every cent out of them, yet the people get nothing. The State of New York pays about 33 percent of the Federal income and inheritance taxes. I presume that New York State will pay over 50 percent of this particular bill, owing to the heavy increases in the higher brackets of both income and estate taxpayers, most of whom live in New York. I do not oppose reasonable estate- or inheritance-tax legislation, because it is a fair and equitable tax. Death is inevitable for both the rich and the poor alike. When the rich die they cannot take their money with them to the grave, nor can they escape taxes through the loopholes provided by tax-exempt securities. It might be well at this point to show that individuals with an income of a million dollars and over in 1927 amounted to 601; in 1928, to 1,109; in 1929, to 1,212; in 1930, to 360; in 1931, to 166; in 1932, to 20; and in 1933, to 46. The President claims that there are 58, and I will not challenge or quibble with his figures.

The title of this bill should read: "A bill to further destroy business confidence, undermine private industry, wreck the profit system, prolong the depression, impoverish the American people, and increase unemployment."

The soak-and-swat-the-rich tax bill is a gigantic hoax aimed to deceive and bamboozle the people back home into thinking that wealth was to be distributed. The proponents of the bill claim it seeks to equalize taxation. It is sheer and undeniable confiscation of wealth through utterly excessive and destructive taxation. It amounts to a capital levy to help finance the squandermania of the new deal. It siphons the money out of the pockets of the rich into the Treasury to carry out the unsound, unworkable, and socialistic features of the new deal for a period of not more than 10 days. The truth is, it is unadulterated socialism to a degree which Norman Thomas, if he had been elected President, would not have dared to seriously urge.

The President caught Senator HUEY LONG and his share-the-wealth followers in bathing and walked away with their clothes, leaving them naked and defenseless.

The whole bill is organized hypocrisy and amounts to shadow boxing and a flimflam on the share-the-wealth people. If the estimated revenue of $275,000,000 was distributed among the American people each would get about $2, which is quite different from the $5,000 promised them by other distinguished political economists.

The statement carried in yesterday's newspapers that the President has denounced the 58 thriftiest persons for evading 37 percent of their taxes, largely through tax-exempt securities, is going from the sublime to the ridiculous. For over 2 years I, together with many other Members, have repeatedly urged the abolition of tax-exempt securities, but the new-deal administration has blocked every effort.

No one can sympathize with the crocodile tears emanating from the White House regarding the evasion of income taxes through tax-exempt securities when the administration has been the main stumbling block to every sincere effort to abolish them. Naturally, as long as tax-exempt securities are issued the ultra rich will take refuge in them. The new deal has opposed abolition of tax-exempt securities because it could not obtain sufficient funds otherwise to pay for its extravagant and wasteful experiments.

It is an absurdity to further increase the surtaxes and at the same time continue to issue totally tax-exempt securities. It is like locking the barn door after the horse has been stolen. The new-deal administration has been the worst offender in issuing tax-exempt securities. In 2 years it has issued $10,000,000,000 worth out of a total of approximately fifteen billions of totally tax-exempt Federal securities.

I know of only two of my constituents who might qualify in the million-dollar-income class, and both, I believe, are Democrats and were contributors to the Democratic campaign fund—Vincent Astor, of yachting fame, and Averill Harriman, until recently assistant director to the late lamented Blue Eagle. Very probably out of the 58 thriftiest people taken to task by the President most of them come from the State of New York. I have not been delegated or requested to defend them or to oppose any sincere effort to equalize taxation. However, I am out of sympathy with this midsummer madness to swat the ultra rich as obnoxious flies to be crushed at any cost. It is a species of

class discrimination almost amounting to class hatred that is un-American and destructive of property rights. I have no objection to a reasonable increase in the inheritance tax on the great fortunes, but what is proposed is confiscation, and in many instances, between the estate and inheritance taxes, exceeds 90 percent.

My objection to the increase in the already high income taxes on the ultra rich is that it drives surplus capital away from private industry and charitable institutions into tax-exempt securities or by taxes into the Federal Treasury. It creates a vicious circle depriving private industry of much-needed capital. The main need of the country is the free flow of private capital into industry to turn the wheels and employ labor. What will happen, if this confiscatory bill is passed, to colleges, hospitals, museums, libraries, and other institutions supported by private philanthropy? The bill strikes a terrific blow at the development of private industry and shakes confidence in our entire economic system based on private enterprise and reasonable profit. It will kill the goose that lays the golden eggs and drive capital out of the United States and into foreign lands to compete with American labor. It is well said that the power to tax is the power to destroy.

In debating with Upton Sinclair a week ago he stated publicly that the President had promised him that he would come out for production for use and not for profit, which is another name for socialism. At the time I gave little attention to the statement, but the contents of this soak-the-rich tax bill leads inevitably to the destruction of private initiative, enterprise, and the profit system.

Mr. FULLER. Mr. Chairman, will the gentleman yield?

Mr. FISH. Oh, I cannot yield, as I have only 10 minutes.

Mr. FULLER. I will give the gentleman a minute if he will yield.

Mr. FISH. Very well; I yield under those circumstances.

Mr. FULLER. I notice the gentleman says the bill is socialistic. I wonder if that is contrary to the gentleman's ideas. I hold in my hand the statistics of the congressional election of November 1934. They show that HAMILTON FISH, Jr., was elected as a Republican and a Socialist.

Mr. FISH. Yes; and I had two other designations. One or two Socialists wrote my name in on their primary ballot, which placed me on their ticket. I welcome support from all qualified voters. They like me up my way. Everybody votes for me. [Applause.] The Democrats vote for me. The gentleman might add that there are about 5,000 Democrats up there in my district who vote for me, who do not believe in the new deal. [Applause.]

There can be no employment or prosperity until the Government attacks on business and our profit system cease. What is needed is inflation of confidence, not inflation of currency and taxes. Confidence and employment are one and inseparable. Whom the gods would destroy they first make mad. The swat-the-rich program proclaimed by the President combined with the distribution of wealth is a myth and a mirage and sheer political opportunism to offset HUEY LONG'S share-the-wealth campaign.

Mr. Ford was right when he branded the soak-the-rich scheme as a new form of destruction. It amounts to devouring wealth and industry on the political pretext of giving to the people, but actually the people will not get a penny of it. It is just another of the Roosevelt experiments aimed to perpetuate the new deal in power by fooling the people. It must be obvious to all those engaged in the automobile business in Detroit and vicinity that if excessive inheritance taxes are levied upon the owners of large plants employing thousands of workmen it would disrupt the factories and practically amount to Government confiscation and operation or shutting down the plants.

As a concrete illustration, a man with an idle million dollars to invest should have his head examined if he failed to invest in tax-exempt securities at 3 percent instead of taking the risk of investing in 6-percent private corporation bonds, when this bill is enacted into law. In the first instance he would receive $30,000 net, while in the latter he would be taxed 79 percent on $60,000, or $47,400, leaving a net balance of $12,600.

When it comes to excessive inheritance taxes added on to the estate taxes, amounting to between 90 and 100 percent, I am opposed to confiscation as un-American and to robbing and crucifying the rich to make a Roman holiday for the new deal.

This tax bill is a farce. The House ought to cut it to ribbons and rewrite it. However, it will not, and I predict it will jam this vicious bill through and the Senate will take a month to rewrite it so that even its authors and parents in the House will not be able to recognize their offspring.

In conclusion, and without comment, as none is necessary, I quote from a speech by Franklin D. Roosevelt, made at Pittsburgh, Pa., October 19, 1932, when he was a candidate for President:

> Taxes are paid in the sweat of every man who labors because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and hence in hordes of the hungry tramping the streets and seeking jobs in vain. Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment. There is not an unemployed man—there is not a struggling farmer—whose interest in this subject is not direct and vital. * * * * * * If, like a spendthrift, it (the Government) throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing to the limit of the people's power to pay and continues to pile up deficits, it is on the road to bankruptcy.

[Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan. [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, I doubt if there is a single informed individual either in this House or out of it who is honestly and whole-heartedly for every provision of the bill under consideration. Certainly the gentleman who instigated tax procedure at this time will hardly grow enthusiastic when he notes the differences between his recommendations and the provisions of the bill.

Surely our Democratic colleagues on the committee, every man of whom realizes the fact that sometime in the near future we must match our expenditures with our income, must feel that they have taken but a feeble step in that direction in presenting this bill to the House.

When they contemplate the fact that, even though their fondest hopes are realized and $270,000,000 are produced through the medium of this bill, they will have added to the Treasury revenue only sufficient to meet the Government's expenditures for less than one-third the brief time this bill has been under consideration by the committee; when they realize that during the time they have been adding this rather meager sum to the revenues of the Government they serve, other agencies of that Government have been increasing rather than decreasing wasteful expenditures with no thought, apparently, of a Budget or the necessity of balancing the same in the near future; when they know, as they do, that the nearly $5,000,000,000 the Congress appropriated and turned over to another branch of the Government to spend as it will, and which was supposed to be the last such appropriation of magnitude that would be necessary or be asked for, because that one would be the medium through which the employables of the more than 12,000,000 unemployed would either directly or indirectly find work at honest wages; when they know, as they surely do, that already, before the expenditure of the four billion for public works has hardly begun, when not more than 25,000 of the 3,500,000 who were supposed to have been employed by July 1 have up to this time been put to work, the Budget officers are even now getting their figures together preparatory to asking the Congress for other billions for the following year; and, Mr. Chairman, when they see into the future, as they can, if they will but look, and see the yoke of debt and taxes that is being fastened around the necks of generations yet unborn as a result of the extravagant and wasteful spending now being carried on under the guise of recovery; and when they know, as they do, that two and a half years of such wastefulness has made no substantial reduction in the ranks of the unemployed; when they know, as they must know, that this Government, no matter how rich, cannot by itself bring about prosperity, even though it spends and wastes with an abandon hitherto un-

known; when they realize, as I am sure they do, that there is a limit to the credit of this country, and that at the rate we are spending this limit will soon be reached; and knowing, as every man of them knows, that this country will not return to a normal basis until the confidence of our people is restored, until the business man is given reason to know he will have a fair opportunity to do a legitimate business at a legitimate profit, and that then, and only then, will our unemployed return to their jobs; knowing also that anything which further delays the return of confidence delays the return of our people to their jobs, and to their mental peace and physical comfort, to their self-respect and self-confidence, to hope and ambition, which is their heritage by right; then, Mr. Chairman, the Democratic members of the committee must be comforted by the knowledge that the bill before us is substantially a better bill than it would have been had they obeyed blindly—shall I say the "suggestions" given to the Congress on that memorable June the 19th when we received the President's message on this subject. And while the bill is still bad, yet it does not carry the fear for our business people it would have carried had the President's wishes been fully expressed therein.

I congratulate these gentlemen upon the fact that they have had the independence, yes, the courage, to exercise their own judgment to at least some extent in the drafting of this bill. Their departure from their—shall I say "instructions" on the graduated income tax on corporations, while not complete, was sufficiently so to indicate their independence of thought and their determination to wreck no honest business institution simply because it is big.

It was suggested, I believe, Mr. Chairman, on that June the 19th that the tax on only those incomes of more than $1,000,000 should be disturbed. According to the Treasury report, there were just 46 individuals in the entire country whose income tax would be increased had that suggestion been followed implicitly. Of course, the revenue received would have been purely nominal—about $5,000,000, I believe—but there were only 46 of these very wealthy taxpayers, and, politically, that insignificant number is not important.

The fact that the majority not only followed the suggestions in this particular but also substantially increased the tax on incomes from $50,000 to $1,000,000, and also that they put into this bill provisions for a graduated excess-profits tax on corporate incomes, and the further fact that the Democratic members of the committee have reversed their former position, and are now prepared to offer an amendment to exempt from taxation corporate contributions to charitable organizations, notwithstanding the unreasonable and violent opposition of the President to such action, convinces me that these splendid Members of this House were impressed by the statement of Secretary Morgenthau that the primary interest of the Treasury in the legislation which your committee is considering relates to the revenue which it may raise, and decided to provide a modest amount. Nothing was said as to the primary interest of the individual proposing this legislation.

I will say, Mr. Chairman, that the bill before us more nearly approaches a revenue bill than would have been the case had the wishes of the President of the United States been followed in every particular. It is a futile gesture, however, because apparently as the revenue increases there is a scramble upon the part of the different agencies charged with the spending of public moneys to see that any additional revenue is immediately put into circulation.

The hope expressed by the President, and the statement of the Secretary of the Treasury to the effect that the money raised through this medium would be earmarked to pay off the public debt, is ridiculous. What matters it whether this money is used to pay off debts of this Government now existing when more and more and more debts are constantly being thrown upon the shoulders of our people under the administration's program? What difference does it make whether this money is to be used to pay off obligations already existing, or to prevent further obligations or debts in the exact amount, being acquired? "Earmarked to pay off the public debt" rolls off the tongue beautifully. It sounds well to the uninformed. But it means nothing because it makes not the slightest difference whether it is used for this purpose or for the payment of some infinitesimal part of the current expenditures. The only way the national debt can be reduced is through an orgy of saving, not through an orgy of spending. It cannot be done while each year there is a Treasury deficit exceeding $3,000,000,000.

In spite of this bill, in spite of any bill raising many times this amount, our public debt will, if present outrageous extravagant and unwarranted expenditures continue, go on mounting higher and higher and higher.

Why is it, Mr. Chairman, such difficulty is experienced in securing information about the millions of dollars being spent in Key West, Fla., where this Government has taken over the entire city, and out of the National Treasury is trying to make of this city of rapidly declining population a socialistic winter resort? Why is it we cannot secure information as to the approximate amount being spent on building a highway down the Florida Keys to that once-thriving industrial city, these expenditures all coming out of the Federal Treasury? How many people know that many miles of water must be bridged in this project and that every abutment upon which these bridges will rest must be constructed inside of cofferdams? How many people realize the tremendous expense involved? Why is it that the State of Florida is not called upon to pay its fair share of these costs? What use after it is built can this highway be to the public at large? How many people will be traveling there on account of the natural attractions of that sandy, tropical island which, all during the resort season, broils under a tropical sun? No one in authority, apparently, having information on the subject, is willing to give satisfactory answers to these questions.

Why is it, Mr. Chairman, that the Passamaquoddy Bay project is being developed at this time? How can the expenditure of the many millions of dollars for this work be justified, in view of the fact that not one kilowatt of the electrical energy developed at that point can find a market at anywhere near the cost of production, or without displacing that electricity now being supplied to the people of that community?

The engineers report that the cost of this project will be approximately $36,000,000. Judging from the results attendant upon other Government expenditures on public works, the cost of this project will before its completion approximate $50,000,000. How is this spending organization going to justify this vast expenditure of money for such a project? I will tell you, Mr. Chairman: They propose to charge one-third of the cost to relief, one-third of the cost to the production of electricity, and one-third of the cost to the national defense.

Why, Mr. Chairman, the phony bookkeeping resorted to to justify this expenditure is as ridiculous as building the project itself. One-third to the national defense. Great Scott, is there any man in this House who can, regardless of the resourcefulness of his imagination, conceive in what way the building of this project will contribute to the national defense? No, Mr. Chairman; this is just another bit of trick bookkeeping, that and nothing else, indulged in with a view to deluding the public.

Why is it, Mr. Chairman, that during these days of agricultural surplus production, which has brought ruin to the farmers of this country, when because of this situation they are paid by this Government to kill hogs and cattle, to plow up and destroy crops, to leave fertile acres idle, to not raise hogs or crops—why is it, I say, that the present program of building great irrigation and hydroelectric projects in the arid sections of the West is being so vigorously prosecuted, a program which brings into agricultural production millions of acres of the most fertile land in the world, thereby increasing the raising of crops which other farmers are paid not to raise? This policy, of course, automatically increases the agricultural problem facing us and makes the future of our farmers far more hazardous than it now is.

How can this administration answer the farmers of Michigan, of Ohio, of Illinois, of Indiana, of Wisconsin, of Iowa, of Missouri, or Minnesota, and other nonarid agricultural States? When the farmers of those States realize how vitally and how adversely the building of these new irrigation projects, the bringing into cultivation of these millions of acres of now arid land will affect them and their children and their grandchildren they will rise up in their wrath and smite every individual, great or small, responsible for this unjustified, pernicious activity.

Mr. Chairman, I do not want it construed from my remarks that I believe all present expenditures are unjustified, because I realize fully that the unfortunate must be fed, they must be clothed, although I believe this obligation either has been or soon will be thrust upon the local communities. Useful projects may well be undertaken at this time. But I do violently object to the building of useless, unnecessary, unwise projects, a few only of which I have mentioned here. This administration is carrying these expenditures to ridiculous extremes, as is evidenced in their financing of boondoggling and other fantastic, useless, senseless activities.

Mr. Chairman, always when I contemplate the burdens of debt and taxes now being piled upon the shoulders of generations of our future citizens I am reminded of those wise, sensible words of the President of the United States when, as a candidate for the high office he now holds, speaking at Pittsburgh on October 19, 1932, he said:

> Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and hence, in hordes of the hungry tramping the streets and seeking jobs in vain.
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> Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment.
>
> There is not an unemployed man—there is not a struggling farmer—whose interest in this subject is not direct and vital.

Mr. Chairman, every man interested in the welfare of his country, every man interested in the preservation of the American standard of living, every man interested in bringing to the great mass of our people better standards of living, more comforts, more luxuries in the years to come, every man interested in preserving opportunities in life for the young of this and future generations would do well to heed that statement.

It is unfortunate for our workingmen and our farmers, for our white-collar workers, and all others of modest means that the President has so soon forgotten that basically sound philosophy. With the expenditures now taking place, with those contemplated, not only for next year but continuing, according to one of the reliable newspaper commentators in yesterday morning's Washington Post, through the development of the administration's long-range policies, it must be apparent that we must call a halt to such expenditures; we must revise the entire tax structure with a view of bringing our expenses within the limits of our income. We must put the Ship of State on an even keel financially and keep it there.

In closing, Mr. Chairman, I wish to say that there are good features in the bill before us, which should be the law, but they are outweighed by other and vicious provisions. I go further, Mr. Chairman, than some of my colleagues on this side of the House regarding the fidelity with which our Democratic friends followed the dictation of a higher authority; and, while it is apparent they "listened to their master's voice", as was stated by the gentleman from Massachusetts, it is clear to me they were listening to that voice with but one ear and were listening to the voice of their collective conscience with the other. So I again congratulate the Democratic members of the committee upon displaying to the House and to the country a spirit of independence of thought and action in the preparation of this bill that is rare indeed under this administration.

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Chairman, I have sat in this House today listening with a great deal of sympathy for the gentlemen on the other side as they wept copious crocodile tears over the pending tax bill. If I get their slant correctly, they are opposing this bill for two reasons. The first reason is that it does not raise enough money. The second reason is that it raises money too much. Of course, I can understand that, since the bill does not drop below the $50,000 income bracket in its application, it very naturally is hitting at the minority and at their friends. Of course, over a period of years they have stood steadfastly as a great stone wall against any tax measure that would affect the great corporations or the multitude of tremendously wealthy individuals. But now that the Democrats come along with a bill that is designed to start back on the road to national stability by collecting taxes where the money is, they very naturally object. You cannot get blood out of a turnip. You must get blood out of a living, breathing, blood-containing organism. They have tried to stigmatize the measure by calling it a soak-the-rich measure, but one of your great Republican colleagues in the Senate has correctly named it a measure that will put the burden of taxation for recovery on the shoulders of those who are capable of sharing that burden by reason of the fact that they have the capacity to pay. It is not a soak-the-rich measure. It is a share-the-burden measure.

Mr. Chairman, this tax bill is, in my humble judgment, one of the first measures ever introduced in this Congress that undertakes to place a major portion of the tax burden exactly where it belongs; that is, on the shoulders of that group who are the major beneficiaries of the wealth and resources and productive capacity of the United States of America.

One of the gentlemen who spoke intimated he was going to offer an amendment which, I presume, would bring the tax measure so low that he would actually tax the income of the person on relief. That would suit those fellows well; but we do not propose to do anything of the kind. We are proposing a tax measure that will raise a sufficient sum to service nearly $6,000,000,000 of the national debt. Two and one-half percent interest and 2½-percent amortization over a period of 40 years and $275,000,000 will service that sum. With the recovery that is coming on, if you will read the daily papers and see what the national indexes are showing, you will readily realize that we are bringing about recovery, and with the bringing about of recovery we are going to tax the results of that recovery and therefore have a self-liquidating tax bill. [Applause.] Now, let us examine somewhat carefully into this measure and take a look at the philosophy that animates its provisions in a broad way.

President Roosevelt, in the course of his enlightened leadership, has sent many memorable messages to Congress. None has more convincingly proven his wisdom and his practical ability to meet our problems than the message of June 27 of this year. This is his tax message. It outlined the fundamental principles of a just tax system, and it made practical suggestions for putting that program into the form of law.

The message succinctly stated two sound American principles in this one brief sentence:

> If a government is to be prudent, its taxes must produce ample revenues without discouraging enterprise; and if it is to be just, it must distribute the burdens of taxes equitably.

The first clause of that sentence definitely answers the constantly reiterated cry that we must take immediate steps to balance our National Budget. Agreed, says the message. Let us therefore enter upon a new program of taxation by which needed additional revenue shall be obtained from those best able to pay.

This fortifies our faith in the new deal and its vast expenditures for public welfare. Those expenditures have been of an extraordinary nature. And they were made necessary by extraordinary conditions. Those expenditures have saved thousands of our people from starvation; they have through public works put thousands of our unemployed to work. They have brought about a steady revival of business and have encouraged private enterprise and sound production. Enormous as the recovery expenditures have been, they have already produced huge dividends in increased employment, increased business, and vastly improved public welfare.

But constantly the opposition has been harping on the debt that these recovery expenditures have necessitated. Constantly they have hysterically demanded that all other public activities cease, while we take steps to balance the Budget. Well-intentioned people have taken up the cry. They wail, "We shall be paying on this debt for the rest of our lives. Our children and their children will be burdened by it. Unless the Budget is brought into balance the Nation will go bankrupt."

Informed and fair-minded students of the subject have been able to keep their poise in the midst of this fanfare. For all economists have long been agreed that the proper policy for a government to pursue in regard to taxation and government expenditures is to hold taxes down during a period of depression and to greatly increase public expenditures. This involves an increase in the public debt during hard times and its payment during prosperous eras.

This has been the sound policy of this administration. In its magnificent fight on the depression it has courageously entered upon a great program of public works in order to provide employment and stimulate business. It has wisely financed these public works by the issuance of Government bonds at astoundingly low rates of interest. The soundness of the public credit is, of course, reflected in those low interest rates. For the bonds have been considered so safe that they have sold in spite of the low interest. The relief program has also been financed through the issuance of bonds. While the regular Budget has been balanced by the regular revenues, the emergency recovery expenditures have been financed by bonds.

Thus we have avoided raising taxes, for we have known that until recovery is well on its way taxes should be kept as low as possible.

This has been sound and just. And right now I wish to say most emphatically that if the new taxes proposed in the bill we now have before us put any burden whatsoever on people having low incomes I would have to oppose them. For the rank and file of our people—the home owner, the small business man, the farmer, and the workingman—have had to meet State and local taxes all through this depression and have found these terribly burdensome. They cannot and should not be expected to pay any additional Federal tax.

Happily, the bill we have before us was drawn with a full realization of this. It definitely places the burden of new taxes on those definitely able to pay. No man or woman who has a net annual income of less than $50,000 a year is to be asked to pay a penny. No recipient of a gift or inheritance of small amount is to be touched. No small business or corporation is to be burdened. Clearly and irrefutably the bill puts the burden on those amply able to carry it.

Thus the bill provides additional revenue; and it makes a definite and highly desirable move toward the decentralization of wealth and income in this rich but shamefully exploited country of ours.

The opposition, pledged to protect those special interests which control the enormous fortunes and the swollen corporations that have threatened the stability and destroyed the prosperity of our country, are now fallaciously arguing against the tax measure, because, forsooth, it does not produce enough revenue. In this I am constrained to question the sincerity of the opposition. They have always protected the enormous fortunes and octopus corporations that we are now determined shall bear their just burden of taxation. And I cannot believe that suddenly they now wish to go further than the President asked or than this bill provides.

Let us consider the revenue that may be expected from this bill. The able and cautious chairman of the committee that has reported the bill estimates the revenue at $270,000,000 per annum or more. This for the first year. As prosperity increases a revenue of possibly twice that amount may be produced.

The charge that this is too little to have significance is pure nonsense.

To illustrate: The sound suggestion has been made that the revenues derived from this new taxation be pigeonholed and used to amortize the debt. Let me call your attention to the fact that $270,000,000 a year will amortize a debt of approximately $6,000,000,000. This, of course, is reckoned on a 2½ percent of interest and 2½ percent of principal basis on a 40-year period, which is the ordinary life of a Government bond.

Now, if the revenue is stepped up to twice the minimum estimate through greater business activity and consequent increased incomes, we will have an annual revenue sufficient to amortize a debt of approximately $12,000,000,000. And this, my friends, is the limit of the actual expenditures planned for recovery. We may spend more than that, and issue more bonds to finance our recovery program, but it is safe to say that the net cost of recovery will not exceed that estimate. For we shall get back hundreds of millions of dollars from R. F. C. loans, from home and farm loans, and from other sources.

Very well, then, my point is that the proposed and estimated revenue to be derived from the taxes we are going to raise will be amply sufficient to amortize the recovery program. In other words, the recovery program thus becomes a self-liquidating program, the cost to be borne by moderate taxes on large incomes. No man or woman of low income will be burdened by it. Our children and our grandchildren will not be asked to pay; our credit will not be adversely affected; none of the disasters so constantly prophesied by the special groups in opposition will materialize.

So I say, let us pass this bill, knowing that it is just, because it burdens no man or woman whose net income is less than $50,000 a year. It is sound because it is based on the principle of placing the tax burden on those with ability to pay. It is basically right because it will tend to cut down the appalling concentration of wealth and income in this country. And it is adequate because it will, if so used, be sufficient to amortize the public debt resulting from recovery expenditures. And it is the first tax step in a national readjustment of income and a sound decentralization of wealth.

This is the first step. It is my hope that the next step will be a constitutional amendment abolishing tax-exempt securities.

The CHAIRMAN. The time of the gentleman from California [Mr. FORD] has expired.

Mr. COOPER of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. MCFARLANE].

Mr. McFARLANE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include certain excerpts.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE REVENUE ACT OF 1935

Mr. McFARLANE. Mr. Chairman, I wish I had time to go into this big question and discuss it from the many different angles from which it ought to be discussed. I have listened very attentively to the different statements made on the floor yesterday and today concerning this bill, and in the brief time I have I want to call your attention to some statements that ought to be corrected, and I want to mention some amendments that I have to offer for your consideration. I will discuss these amendments in the order they will be presented to this bill, giving briefly my reasons why I believe they should be adopted. I will first quote the President's position, next the committee's position, and then my reasons for the proposed amendments to be offered.

The President on June 19, in his tax message, made some rather definite suggestions, giving us the benefit of his ideas on what kind and character of tax measure we should consider.

INCOME TAX

On principle and policy of taxation the President said:

If a government is to be prudent its taxes must produce ample revenues without discouraging enterprise; and if it is to be just it must distribute the burden of taxes equitably. I do not believe that our present system of taxation completely meets this test. Our revenue laws have operated in many ways to the unfair advantage of the few, and they have done little to prevent an unjust concentration of wealth and economic power.

In further recognition that taxes should be levied in proportion to ability to pay the President said:

Taxation according to income is the most effective instrument yet devised to obtain just contribution from those best able to bear it and to avoid placing onerous burdens upon the mass of our people.

And further recognizing the justness of the movement toward progressive taxation of income and wealth the President said:

Wealth in the modern world does not come merely from individual effort; it results from a combination of individual effort and of the manifold uses to which the community puts that effort. The individual does not create the product of his industry with his own hands; he utilizes the many processes and forces of mass production to meet the demands of a national and international market.

Therefore, in spite of the great importance in our national life of the efforts and ingenuity of unusual individuals, the people in the mass have inevitably helped to make large fortunes possible. Without mass cooperation great accumulations of wealth would be impossible save by unhealthy speculation. As Andrew Carnegie put it, "Where wealth accrues honorably, the people are always silent partners." Whether it be wealth achieved through the cooperation of the entire community or riches gained by speculation in either case the ownership of such wealth or riches represents a great public interest and a great ability to pay."

The committee has failed to follow the above suggestions on personal income taxes but instead has set up the following rates on income taxes as compared to existing rates:

Comparison of present individual income-tax rates and rates proposed in House Ways and Means Committee bill, July 29, 1935

Net income classes (in thousands of dollars)	Existing rate		Proposed rate	
	Bracket rates (normal and surtax)	Effective totality rates [1]	Bracket rates (normal and surtax)	Effective totality rates [1]
	Percent	*Percent*	*Percent*	*Percent*
44 to 50	31	19.40	31	19.40
50 to 56	34	20.96	35	21.07
56 to 62	37	22.52	39	22.81
62 to 68	40	24.06	43	24.59
68 to 74	43	25.59	47	26.41
74 to 80	46	27.13	51	28.25
80 to 90	49	29.56	55	31.22
90 to 100	54	32.00	59	34.00
100 to 150	56	40.00	62	43.33
150 to 200	57	44.25	64	48.50
200 to 250	58	47.00	66	52.00
250 to 300	58	48.83	68	54.67
300 to 400	59	51.38	70	58.50
400 to 500	60	53.10	72	61.20
500 to 750	61	55.73	74	65.47
750 to 1,000	62	57.30	76	68.10
1,000 to 2,000	63	60.15	77	72.55
2,000 to 5,000	63	61.86	78	75.82
Over 5,000	63	----------	79	----------

[1] Computed on highest amount in bracket.

You will note from the above schedule that the top bracket rate from $100,000 to $1,000,000, increases only from 56 to 63 percent, and thereafter it does not increase at all, but the same is all income beyond $1,000,000.

The progression of the effective rate on selected net incomes from $3,000 to $2,000,000 is shown in the following table:

Effective rates of tax on selected net incomes [1]

Net income	Rate	Difference between classes
	Percent	
$3,000	0.3	----------
$5,000	1.1	0.8
$10,000	3.4	2.3
$20,000	6.9	3.5
$50,000	16.1	9.2
$100,000	28.7	12.6
$500,000	50.0	21.3
$1,000,000	54.6	4.6
$2,000,000	57.4	2.8

[1] Based on 1934 rates, applied to incomes reported in Statistics of Income for 1933. Account has been taken of dividends, partially exempt interest, and earned income credit, all of which are exempt from the normal tax. A deduction of $2,500 (i. e., the personal exemption for a married person with no dependents) was made from each net income shown above.

From this table it will be seen that on $50,000 net income the effective rate of tax is 16.1 percent. There is an increase of 12.6 to 28.7 percent over an interval of the next $50,000. On the next $400,000 there is a further increase of 21.3 percent so that the effective rate on a net income of $500,000 is only 50 percent. On the second $500,000 54.6 percent, on the second $1,000,000 a rate of 57.4 percent or an increase of only 3.2 percent. Thus it will be seen that the present and proposed income-tax rates favor the wealthy.

It seems clear from the Government records that we have already favored far too much the wealthy in the enactment of our revenue laws. We have increased year after year our excise taxes (sales taxes) on the necessities of life and now we have added the processing taxes as well as the liquor and other nuisance taxes that have little, if any, relation with ability to contribute to the costs of Government.

LIQUOR TAXES

The great hue and cry of the 1932 platform, you will remember, was to repeal the eighteenth amendment "to provide therefrom a proper and needed revenue." We were assured that proper laws would be enacted "by the several States as will actually promote temperance, effectively prevent the return of the saloon, and bring the liquor traffic into the open * * *."

We were told repeal meant at least $500,000,000 a year in revenue. From December 5, 1933, to July 1, 1935, all liquor revenues placed in the Treasury amounted to only $595,945,318. Read your daily newspaper and the happenings all around you relate how little repeal has promoted temperance or prevented the return of the saloon. For instance in the District of Columbia we find the following figures for a 14-month period before and after repeal.

Figures for 14-month period before and after repeal

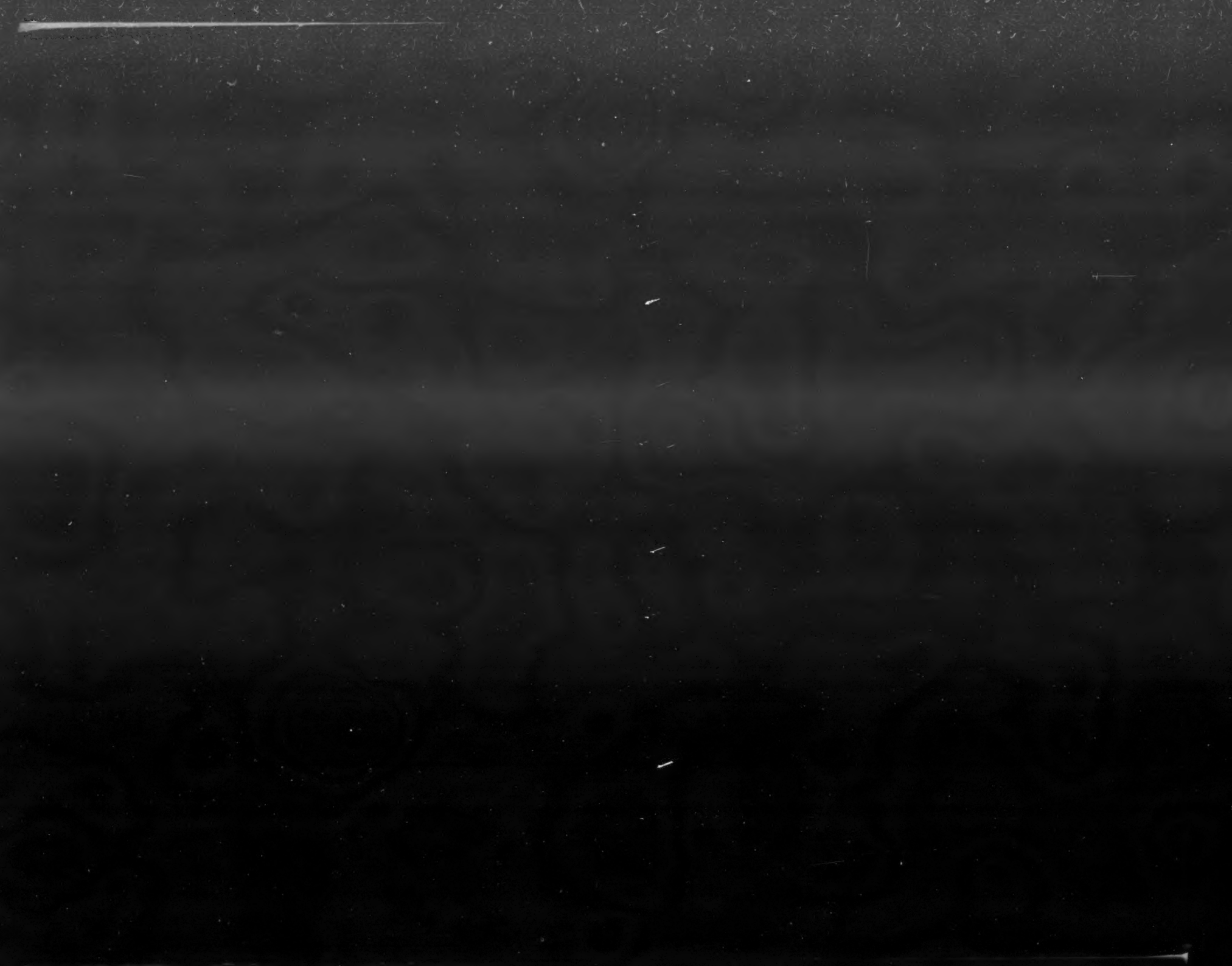
	Before	After	Increase
			Percent
Arrests for intoxication	22,639	27,415	17½
Accidents caused by drunken driving	211	287	36
Arrests for drunken driving	279	411	47

There is not a parent in Texas or the Nation, dry or wet, who would not rather his boy or girl did not drink intoxicating liquor, nor is there one who would not rather his daughter married a man who did not drink. It is admitted that the legal sale of "booze" more than doubles its sale and consumption. "Booze" breaks more contracts, destroys more homes, creates more poverty, adds more to our relief rolls, loads down our charitable agencies more than any other agency or thing that affects our happiness today.

THE RICH GET RICHER, THE POOR POORER

In 1928 the records show the Treasury realized $2,475,000,000 from income taxes, or 68.2 percent of its total revenue, while miscellaneous taxes and custom receipts (sales taxes) contributed only $1,152,000,000, or 31.8 percent. But in 1933 this ratio had changed so that only $781,000,000 was raised from taxes based on ability to pay, or 41.7 percent, while taxes based upon consumption (sales taxes) produce $1,090,000,000, or 58.3 percent of such Federal receipts. In 1935 the taxes based upon ability to pay contributed only 38.7 percent while those taxes based on consumption amounted to 61.3 percent.

Recent information shows that 300 leading industrials who were in the red about $300,000,000 in 1932 are now in the black $535,000,000. Why should not the costs of the forced emergency expenditures caused by wealth's failure to recognize and take care of the situation in years gone by be now required to pay their proportionate part of these expenses out of their increased earnings? It is well known that this emergency has been entirely financed by borrowing and the Government is thus forced to pay interest to the wealthy who have largely benefited because of the depression. This 4 percent that owns more than 90 percent of the wealth should be required to contribute their proportionate part for the support and maintenance of the Government during these trying times.



The Government records show that 58 taxpayers in 1932 paid on incomes in excess of $1,000,000, and that 70 percent of these incomes were accounted for by membership in 14 families. This clearly indicates to what extent the wealth of the Nation has concentrated into the hands of a few people. Since 1913, when our income-tax laws were first enacted, we have been trying to equalize the tax burden and as shown above have made little progress along this line. The income-tax rates in this bill, according to the committee, will affect only 7,974 incomes and is only estimated to produce $45,000,000 in revenue.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. ANDREWS of New York. Will not the gentleman give us some idea of the number of taxpayers in his own district?

Mr. McFARLANE. I do not know the exact number, but I would say I have as many taxpayers in my district on the average as there are in any other district in the United States. I have more than 2,000 producing oil wells in my district. I have what is recognized in the Southwest as being one of the greatest developed districts in oil, agriculture, and cattle production there is to be found in the Southwest. I think that answers the gentleman's question. I have several men of great wealth in my own district.

PLACE A CEILING ON INCOME TAXES

I believe we should place a ceiling on personal incomes so that whatever tax is collected will not be shifted to the consumer. I recommend a 1-percent tax on the first 1,000 above exemption and increasing 1 percent with each additional $1,000, which would limit the net personal income to about $1,000 per week. Such an amendment up to incomes of $100,000 would be comparable with the rates now in effect in Great Britain, France, and Germany as shown by the following table:

Comparison of income tax—married person, no dependents, all income from salary

	McFarlane amendment	Great Britain	France	Germany
$1,000	0	$8.88	$33.78	$79.05
$2,000	0	111.44	170.10	316.85
$3,000	$6.00	311.44	365.85	543.54
$5,000	85.00	711.44	857.30	1,079.54
$7,500	230.00	1,221.94	1,651.30	1,951.95
$10,000	440.00	1,862.34	2,524.94	2,989.89
$15,000	1,049.00	3,443.85	4,688.28	5,170.49
$25,000	3,049.00	7,368.90	9,509.83	9,946.04
$50,000	12,516.50	19,654.60	23,716.05	22,565.71
$100,000	50,204.00	48,101.85	53,651.12	47,445.63
$500,000	463,866.50	307,909.85	309,651.12	247,465.73
$1,000,000	961,366.50	639,159.85	539,651.12	497,446.16

BENEFITS DERIVED FROM LIMITING INCOMES TO $50,000 PREVENTS UNHEALTHY INCREASE IN PRICES AND REMOVES INCENTIVE TO REDUCE WAGES

Such an amendment to our tax laws would peacefully and orderly bring about a redistribution of our national wealth. These amendments would soon be reflected to both the consumer and producer. Businessmen who are prone to reduce wages or oppose their increase would not find it advantageous to do so if the resultant savings, when beyond their reasonable needs, were taken from them in taxes. Likewise, the incentive to reap excess profits by increasing the selling price would cease to exist. Instead the tendency would be to maintain good wages, shorten hours, and decrease prices to the lowest point compatible with this maximum possible personal income. The increased wages, shorter hours, and decreased selling prices would automatically benefit the whole community by increasing employment and buying power.

WOULD REMOVE THE INCENTIVE FOR UNREASONABLE INCREASES IN OFFICERS' SALARIES

The Federal Trade Commission has been engaged in compiling data on the salaries of some of the larger corporations. Under date of February 27, 1934, the Evening Star of this city quoted an article from the Associated Press to the effect that this study disclosed that out of 900 big companies, around 300 executives were receiving more than $100,000 in 1929 in bonuses and salaries. In the boom period about twoscore received pay checks and bonus of $200,000. Some 25 got between $200,000 and $300,000; 7 more got between $300,000 and $400,000; 3 between $700,000 and $800,000; 2 between $800,000 and $900,000; 1 something over a million and another more than a million and a half.

A conspicuous example was that of the president of the American Tobacco Co., who, between 1929 and 1932, received in bonuses and salary $3,000,000. Another case was that of the president of the Bethlehem Steel Co., whose annual salary from 1928 to 1930 was $12,000 annually but whose bonuses averaged $1,100,000 per annum. A more glowing example was that of an executive of Fox Film Co., who received a salary and bonus of $460,000. Shortly thereafter the company under his management was in financial difficulties. The Associated Gas & Electric Co., with the large bonuses and salaries paid its officers, while the stockholders are paid no dividend, is a glaring example of why such an amendment as herein suggested should be adopted.

While I do not have sufficient data to establish this statement, it is generally conceded by those in a position to have a knowledge of industry that salaries were increased from 1916 to 1929 by several hundred percent. In most instances these increases were not justified on the basis of additional duties. The additional pay in no sense represents earned incomes, but are paid by reason of the fact that these individuals are able to dominate and control, oftentimes with very little actual ownership of the business. The excessive salaries which they receive represent accumulated profits diverted from the stockholders into their pockets. The salary of the President of this country is only $75,000. I believe no officer in commercial enterprises should receive more.

WOULD TAKE FROM THESE INDIVIDUALS THE MEANS BY WHICH THEY ACCUMULATE UNREASONABLE WEALTH

The executives of large corporations for the most part are in a position to have inside information about the possibilities of profits from trading not only in their own stock but that of other companies dominated by friends and associates in like positions. Much of the profits from capital gains reported by wealthy men undoubtedly was the result of confidential information reaching them by reason of their position in the financial world before such information trickled down to the public. The exorbitant salaries and bonuses is the starting point frequently by which enormous amounts of wealth are accumulated from trading in stocks of this kind. The officers of General Motors, Chrysler, and Studebaker are said to have amassed large sums in this manner.

WILL REMOVE NUMEROUS ECONOMIC EVILS

Many economic evils and practices that are common under the present system would not be practical or profitable with such a progressive personal-income tax. Holding companies, trusts, monopolies, and other devices for making and covering up excess profits would be of no avail. All such profits would ultimately be passed on as personal income and so would be available for taxation.

The temptation to water stock would be much lessened. Stocks are watered so that a few at the top may reap a bounteous harvest without giving anything in return. What would be the advantage of such manipulation if most, or all, of the profits reverted to the people through taxation?

The proposed tax would make large holdings of unproductive natural resources unprofitable or impossible and so help to restore such resources to the people. It would tend also to break up all large fortunes and holdings however owned or controlled. We would have no millionaires or wealthy playboys, also fewer paupers.

The perennial warfare between labor and capital would be largely avoided by such tax. Labor troubles are usually due to the desire of the employed for a more equitable share of the profits of industry. Given such a share, the conflict should cease.

Undue political influence and power that so often go along with great fortunes and incomes would naturally be much less when such fortunes and incomes no longer exist.

Such a tax would take the excess profits out of the munitions and shipbuilding industries. It would thus help to

eliminate one of the potent factors that tends to promote war.

I realize that the income-tax law is full of exemptions and deductions favorable to wealthy taxpayers. Many of these deductions permit the taxpayer to retain, free of tax, large amounts of actual profits. The limitation, therefore, of $50,000 is far less than the taxpayer will be permitted to retain under the existing law. For example, the capital-gain provision exempts from tax as high as 70 percent of the profits realized from the sale of stocks and bonds and other property. Statistical data of the Bureau of Internal Revenue indicate that wealthy taxpayers have a very large percentage of their net income from this source. It is commonly known that these gentlemen buy stocks, bonds, and real estate when the markets are depressed and the public has little cash for this purpose.

These investments are held until prosperous times, when the markets are inflated, and their investments are then liquidated at excessive prices. A large portion of property sold by this class falls into the hands of small investors, who oftentimes lose much of their hard-earned money in the recessions of the market, when the shrewd investor can buy them up again for another cycle of investment. I see no reason for retaining such loopholes in the law, but if they are to be retained the rate of tax should be exceedingly heavy on that portion of the income subject to tax, for the profits they receive from these investments are not truly earned but represent the wealth of many small investors who are stripped of their savings, which are transferred to the wealthy individual who can take advantage of the economic condition of the times.

NEW INHERITANCE AND GIFT TAXES OR INCREASE PRESENT GIFT- AND ESTATE-TAX LAW

The President in his message recommended—

That, in addition to the present estate taxes, there should be levied an inheritance, succession, and legacy tax in respect to all very large amounts received by any one legatee or beneficiary; and to prevent, so far as possible, evasions of this tax, I recommend further the imposition of gift taxes suited to this end.

giving as his reasons for recommending these new taxes the President said:

Because of the basis on which this proposed tax is to be levied and also because of the very sound public policy of encouraging a wider distribution of wealth, I strongly urge that the proceeds of this tax should be specifically segregated and applied, as they accrue, to the reduction of the national debt. By so doing we shall progressively lighten the tax burden of the average taxpayer, and, incidentally, assist in our approach to a balanced Budget.

The House committee has followed the President's recommendation in regard to these proposed taxes; however, after careful study of these proposed additions to our tax law I am convinced that these sections will raise little if any revenue for the reasons previously stated by me to the Ways and Means Committee (hearings, pp. 330–340). Believing that both titles II and III of this bill will not raise the revenue expected because of their inability to reach such transfers of property now being made I called this matter to the President's attention in the following letter:

AUGUST 2, 1935.

Hon. FRANKLIN D. ROOSEVELT,
The White House.

MY DEAR MR. PRESIDENT: Referring to my conversation with you a few days ago respecting weaknesses of the pending revenue bill, I desire to have your attention drawn to my specific criticisms of this bill.

As stated to you, title II is wide open to avoidance and the very people whom you wish to catch under the provisions of this act are obviously permitted to go free of its provisions. I also stated that title III contains the same defect.

My views summarized on both of these issues are as follows:

1. By imposing a gift tax on donees (title III) the bill opens the door to a wholesale avoidance of gifts made before the enactment of the bill. While the bill has a cumulative provision, the cumulative provision only applies to gifts made after the enactment of the act. This is clear from a reading of section 302 of the bill, which provides cumulations of gifts on the basis of calendar years. Section 322 defines calendar year as including only the calendar year 1935 and succeeding calendar years and specifically provides that the calendar year 1935 includes only that portion of the calendar year 1935 after the date of the enactment of the act. Thus, all gifts made before the act are not included under gifts made after the enactment of the act for the purpose of the cumulative provision. If we had merely increased the rates of the present gift tax on donors, we could have caught all of these retroactive gifts and made them enter into the computation of the cumulative provision under authority of the Milliken case. We have certainly left the door wide open.

2. Our inheritance tax (title II) does not catch trusts which became vested prior to the enactment of the act. Trusts are covered in section 203, (a) (2), and (a) (3) of the bill. But these paragraphs make such trusts subject to the inheritance tax only if the trust was created after the enactment of the act. This is due to the fear that such trusts cannot be caught because of the decision of *Coolidge* v. *Long* (282 U. S. 582). Thus all that a person has to do is to set up an irrevocable trust now, reserving the income to himself for life. In other words, he has all the enjoyment of the income up to his death and the corpus is distributed free from inheritance tax at his death. If, instead of an inheritance tax, we had merely increased the rates of our estate tax, we could have caught all of these trusts under authority of the Milliken case.

I am drawing your attention to these obvious loopholes before the final passage of the bill in the House in order that you may be apprised of the serious weaknesses of the bill.

Sincerely,

W. D. MCFARLANE.

The Ways and Means Committee estimates that title II, providing an inheritance tax, will raise $86,000,000; and that title III, providing gift taxes on donees, will raise $24,000,000. For the reasons heretofore as well as hereinafter stated, I do not believe either section will raise much revenue. The only person that can reasonably be expected to pay any taxes under these titles is the unsuspecting and conscientious taxpayer who refuses to consult a capable tax attorney. Section 205 (b) of title II permits a beneficiary, in the case of father, child, grandchild, grandfather, grandmother, and brother, to receive $50,000 free of tax. Section 305 of title III permits an exemption of a similar amount from the gift tax. The possibilities of evasion under these provisions are bounded only by the inventive genius of the taxpayer's lawyer.

To illustrate, suppose A, an individual, desires after passage of this bill to avoid the taxes imposed. Let us see what he can do without incurring liabilities for one dollar of tax. Assume that A has five children, each of whom has five children. A is permitted under section 305 of title III to give each of his grandchildren and children $50,000 each, or $1,500,000, and in addition thereto an annual allowance of $5,000 each, or an aggregate of $150,000, making a total of $1,650,000. A, under section 205 (b) of title II, can also will each child and grandchild $50,000 free from tax, or an aggregate of $1,500,000. Thus $3,150,000 has been transmitted free of the taxes imposed by this bill. If, however, A finds he has many millions left, he can then largely reduce his taxes by creation of future interests, which under the provisions of the bill will largely postpone any tax on the remainder of his estate. Added to this fact is the possibility of further reducing the tax by spreading out his estate over as many relatives as possible.

A, however, does not have to wait until the passage of this bill in order to defeat the tax in the manner described above. The Supreme Court of the United States in *Coolidge* v. *Long* (283 U. S. 15) held that property transferred in trust, title to which became vested prior to the passage of an inheritance-tax law in the State of Massachusetts, was not subject to inheritance tax upon the death of the creator of the trust. A, therefore, can transfer his estate prior to the final enactment of this bill in trust so as to vest title in the beneficiaries and escape the entire death taxes imposed by this bill.

In addition to the foregoing obvious loopholes, the bill provides for exemption of dower and courtesy or the statutory allowance in lieu of dower. This in itself reduces the estate by substantial amounts. For example, the dower in some States is one-third the real property, and in addition thereto one-half the personal property.

The tremendous obstacles in the way of administration are sufficient in themselves to make it inadvisable to approve these provisions of this bill. New York State, under the able direction of Mr. Mark Graves, an outstanding expert on death duties, conducted a very thorough investigation of the inheritance tax. As a result of the State's experience and in the light of the commissoner's findings the State of New York dropped the inheritance tax which it had adopted

many years ago and substituted in its place the estate-tax form of death duties. There is a decided trend in the various States having the inheritance form of taxation to change over to the estate-tax form.

In my view I can see no reason why at this time we should experiment with a form of taxation that holds out little hope of revenue and offers so many possibilities of evasion and so many difficulties of administration. After all, the entire death-tax burden must come out of the estate. The bill provides that the executor is personally liable for all death duties. If it is desirable to take a greater amount of death duties, this result can be accomplished without adding any additional administrative duties and without any possibility of any taxpayer escaping the additional tax. This can be accomplished by increasing the present estate and gift taxes, and I introduced bills to that end, H. R. 8402 and 8403. Under such an amendment transfers made while the bill is under consideration in contemplation of death can also be reached. The Supreme Court in the decision of *Milliken* v. *United States* (282 U. S. 582) has made this beyond a question of doubt.

ESTATE TAX

In the case of estates I recommend a schedule beginning with 2 percent on the first $10,000 in excess of the exemption provided by the revenue act, graduated upward to a rate of 99½ percent on net incomes in excess of $20,000,000. The rate schedule is so drawn that regardless of the wealth there remains not over $5,000,000 to be distributed in the case of any estate.

Comparison of estate tax under this amendment with that of Great Britain is as follows:

Net estate before exemption	McFarlane amendment	Great Britain
$2,500	None	$25
$5,000	None	100
$25,000	None	750
$50,000	None	2,000
$100,000	$9,600	8,000
$150,000	17,600	15,000
$200,000	26,600	24,000
$300,000	44,600	48,000
$400,000	62,600	72,000
$500,000	82,600	95,000
$600,000	102,600	120,000
$800,000	150,600	192,000
$1,000,000	206,600	240,000
$2,000,000	546,600	600,000
$5,000,000	2,026,600	1,900,000
$10,000,000	5,726,600	4,500,000

I believe that this country would be better off with a great many persons of small wealth rather than a less number of very great wealth. France and England are examples today of countries in which there are very few men with extremely great wealth. As a matter of fact, I do not understand that any individual in either of these countries possess anything like the wealth of the Ford family or the Mellon family. The recovery which each of these countries made after the war shows on how stable a basis their social structures rest. If we are to provide opportunities for persons of small means, it is incumbent upon the Government to effectively check the growth of large groups of wealth. This can be effectively done only if rates of income tax, inheritance and gift taxes are amended, which will limit the amount of wealth remaining in the hands of the family at the date of death. I believe that the limit fixed in the amendments which I have suggested will do this in an effective way.

GIFT TAXES

Under the present law, gifts are taxable at rates 75 percent of rates of similar amounts left by inheritance. The savings in tax which can be effected by means of giving away property prior to death is so large in the case of wealthy taxpayers that a substantial portion of their inheritances will be given away to their children prior to death in order to defeat the inheritance-tax laws. The rates on gifts should be the same as inheritance rates. This will partially discourage the giving away of property merely to defeat the tax. It will not, however, prevent the giving away of property prior to death for that purpose. The tremendous saving which can be effected under the present law is indicated by the following figures. In the case of an estate of $10,000,000, the total estate tax is $3,094,500. If, however, the decedent gives away one-half of the property prior to his death, the gift tax on one-half of the property is $848,650; the estate tax on the remaining one-half is $1,149,500, making a total tax of $1,998,150, and the saving to the estate is $1,096,350.

The following data taken from reports of the Bureau of Internal Revenue showing receipts of gift taxes for 1933, 1934, and 1935, by months, indicates taxpayers are availing themselves of this loophole to reduce death taxes:

Month	1933	1934	1935
July	$2,832.87	$15,098.84	
August	5,322.34	25,134.33	
September	9,091.20	67,142.91	
October	11,502.91	13,086.17	
November	30,568.78	166,139.01	
December	186,103.58	243,031.28	
January		1,764,987.87	$51,832.79
February		997,601.68	382,132.77
March		7,369,435.04	64,339,757.17
April		694,288.21	3,024,711.09
May		252,558.48	430,271.87

I urge that you substitute higher estate-tax rates for the additional estate-tax rates imposed by the Revenue Act of 1934. Such a tax in view of decisions of the Supreme Court will reach a large portion of the transfers which are certain to be made in anticipation of an inheritance tax (*Milliken* v. *United States*, 282 U. S. 15).

Under the situation now existing gifts will all be consummated before the law becomes effective. However, under the very liberal exemption allowed under this and existing law, even if such transfers are not made, it will still be very advantageous to wealth to make gifts, for it will split the gift-, estate-, and inheritance-tax provision and will keep out of the higher-bracket rates. The more separate taxes, with their complex allowances, deductions, and exemptions, the greater the chance for tax evasion. I have already referred to the wide-open exemption provisions included in this bill; it is well known that under the tax law that gifts set up for escaping income tax have been approved (Moores, 3 B. T. A. 301; Zinn, 3 B. T. A. 974; Twining, 32 B. T. A.; Bailey, 3 B. T. A. 362; Walsh, 18 B. T. A. 571; Clark, 31 B T. A. 1082). If the husband wants to use the proceeds, he borrows them from the wife, and this is proper, according to the Board. See Bailey, supra.

Transfers made in contemplation of death are approved by the Board. In contemplation of death, transfer by man 84 years old, Wanamaker Estate (16 B. T.A. 15); 78 years old, Pacific Southwest, and so forth (14 B. T. A. 72); United States Trust (24 B. T. A. 312); Lozier (7 B. T. A. 1050); and Schultz (7 B. T. A. 900); all similar.

Exemptions are very liberally construed. See Federal Subsidies Through Tax Exemption, by H. S. Van Alstine (XIV Proceedings of National Tax Association, 1921, pp. 459–472). Also, see Digest and Index of Proceedings of National Tax Association.

It is hoped that we are now emerging from the most serious depression in the world's history. Experience teaches us that the wealthy during such depressions acquire large volumes of property at bargain-counter prices. The unhealthy condition by reason of accumulation of wealth in hands of too few persons will be greatly aggravated by reason of the profits realized from the purchase of property during the depression. These profits represent the earnings of the great masses who by reason of their unfortunate condition are unable to hold to their property until normal times. I believe death taxes should be imposed sufficiently high to return a large portion of such wealth to the Government in order that it may be used to liquidate the obligations of the Government now being created for relieving the distressed people of this country.

DISTRIBUTION OF WEALTH AND INCOME

On May 17 I pointed out in a speech in the House that 3¾ percent of the people own 87 percent of the wealth of the Nation; that, according to the latest information available, only 2,083,153 people have incomes exceeding $2,000 per year,

which incomes are regarded sufficient only for basic necessities.

The Conference Board Bulletin, April 10, 1935, analyzed the national income produced from 1899 to 1934, and makes this interesting comment on the analysis submitted:

National income—the net value of the goods and services produced by the Nation's gainful workers—amounted to $47,600,000,000 in 1934. Compared with $41,800,000,000 in 1933, this represents an increase of 13.9 percent. In the same interval wholesale prices of commodities increased 13.7 percent, while the cost of living of wage earners rose 6.1 percent. The effective increase of national income, measured by purchasing power, was, therefore, considerably less than the nominal increase, measured in dollars.

Comparing 1934 with 1929, when national income reached its highest level, $83,000,000,000, it is found that the income level declined 42.7 percent, wholesale prices 21.4 percent, and the cost of living 20.6 percent. The purchasing power of the national income produced in 1934 was, therefore, about 27 percent below the predepression peak.

While national income produced represents the earned income from production, it does not necessarily coincide with the combined income that is paid out or distributed to individuals as wages, salaries, and other labor income, rents and royalties, interest, dividends, and withdrawals by proprietors and partners. During the depression years 1930–33 estimates of the United States Department of Commerce indicate that income paid out exceeded income produced by about $27,000,000,000. (Details, by industries, are given in National Income and Its Elements, Conference Board Bulletin, May 10, 1934.) The deficiency was met out of previously accumulated business assets.

National income produced, 1899–1934

Year	Total (billion dollars)	National income		Index of wholesale prices, all commodities (1926=100)
		Per capita	Per gainful worker, including unemployed	
1899	15.6	$309	$547	52.2
1900	16.2	313	556	56.1
1901	18.3	235	610	55.3
1902	20.8	262	674	58.9
1903	21.1	261	664	59.6
1904	21.6	262	661	59.7
1905	25.1	298	747	60.1
1906	27.6	322	800	61.8
1907	28.2	322	796	65.2
1908	24.9	280	684	62.9
1909	27.2	300	727	67.6
1910	30.1	326	785	70.4
1911	29.4	314	781	64.9
1912	31.8	334	814	59.1
1913	33.7	350	857	60.8
1914	32.0	327	808	68.1
1915	34.5	347	860	69.5
1916	44.2	439	1,093	85.5
1917	53.2	521	1,304	117.5
1918	60.2	581	1,463	131.3
1919	67.4	642	1,623	138.6
1920	74.3	697	1,770	154.4
1921	52.6	488	1,233	97.6
1922	61.7	562	1,423	96.7
1923	69.8	626	1,584	100.6
1924	69.6	615	1,555	98.1
1925	77.1	671	1,695	103.5
1926	78.5	674	1,699	100.0
1927	77.2	663	1,647	98.4
1928	80.5	671	1,691	98.7
1929	83.0	683	1,719	95.3
1930	70.3	571	1,436	86.4
1931	54.6	440	1,107	73.0
1932	39.4	315	793	64.8
1933	41.8	333	836	65.9
1934	47.6	377	946	74.9

Per capita income of $377 was produced in 1934. This figure is 44.8 percent below the 1929 level in dollars and 30 percent below it in purchasing power. The average income produced per gainful worker, including the unemployed, was $946 in 1934, as compared with $1,719 in 1929.

The accompanying table and chart show the total income produced, the income per capita of population, and per gainful worker from 1899 to 1934. The column of index numbers of wholesale prices, expressed in terms of 1926 as 100, furnishes an approximate guide regarding the extent to which rising incomes have been offset by rising prices, and vice versa.

These estimates of national income produced have been derived from a number of sources, adjusted in some instances to preserve continuity of concept. Figures for 1924–28, 1933, and 1934 are estimates of the National Industrial Conference Board. For 1929–32, United States Department of Commerce estimates of income produced have been used, as given in its report, National Income, 1929–32. For 1918–23, the Federal Trade Commission's estimates of national income in its report, National Wealth and Income, correspond to the production concept. For 1909–17, the estimates by D. W. I. King, of the National Bureau of Economic Research, have been adjusted, mainly by eliminating "Imputed income" from ownership of durable goods (including owned homes). For 1899–1908, estimates by Dr. Warren M. Persons have been incorporated in order to carry the series back to the turn of the century.

Our leading economists agree that $2,000 is the minimum annual income "sufficient only for basic necessities" for the average family, and the above table shows that in only 2 years in the last 35 has the average worker received more than $1,700 per year, or nearly $300 less than a living wage. When our country was enjoying its most prosperous times the average worker received nearly $300 less than the amount required for a bare living per family. Let us compare the average in this table showing income and wealth of the average worker, as above shown, with that of the income and wealth of the average farmer. Dr. A. G. Black, Chief of the Bureau of Agricultural Economics, submits the tables below showing agriculture's share of the national income and national wealth.

Senator WHEELER, in analyzing how completely big business is controlling the Nation, made the following statement in his speech on February 19, 1935, page 2200 of the CONGRESSIONAL RECORD, based on information furnished by Berle and Means:

In 1930 there were over 300,000 nonfinancial corporations in the United States. Their gross assets were approximately $165,000,000,000. Of these 300,000 corporations, the 200 largest, including 42 railroads, 52 public utilities, and 106 industrials, each with assets over $90,000,000, had combined assets of over $81,000,000,000. These 200 corporations, representing less than seven one hundredths of 1 percent of the number of corporations, thus control practically half of the corporate wealth of the country. Their control of the business wealth of the country, corporate and noncorporate, is equally impressive. It is estimated that at least 78 percent of American business wealth is corporate wealth. Since the 200 largest corporations control over 49 percent of all corporate wealth, it is estimated that they control over 38 percent of all business wealth. Likewise, a substantial proportion of the total national wealth, corporate and noncorporate, business, agricultural, personal, and governmental, is controlled by these 200 largest corporations. Figures for 1930 indicate a total national wealth of about $367,000,000,000. The $81,000,000,000 controlled by these corporations represent about 22 percent of the total national wealth.

Farm income per capita and agricultural wealth of the United States, 1909–34

Year	Agriculture's share of national income		Agricultural wealth		Percentage agricultural wealth is of total
	Total	Per capita [1]	Total	Per capita	
	Million dollars	*Dollars*	*Billion dollars*	*Dollars*	*Percent* [2]
1909	4,988	156	41.3	1,291	19.6
1910	5,213	163	42.9	1,336	19.0
1911	4,815	150	44.1	1,374	18.7
1912	5,294	165	46.1	1,435	18.4
1913	5,133	160	47.7	1,486	18.2
1914	5,081	158	47.9	1,492	18.8
1915	5,488	171	50.5	1,573	18.1
1916	6,631	207	55.0	1,719	17.6
1917	9,188	288	61.6	1,931	17.1
1918	11,205	352	67.0	2,107	17.1
1919	12,182	384	79.1	2,495	18.2
1920	11,057	350	71.8	2,272	15.3
1921	6,957	220	63.1	1,991	14.6
1922	7,300	230	61.4	1,931	13.3
1923	8,026	256	58.9	1,882	12.1
1924	8,335	268	57.7	1,855	11.6
1925	9,089	292	57.8	1,859	10.8
1926	8,214	267	56.7	1,841	10.3
1927	8,371	276	57.2	1,883	10.2
1928	8,109	268	58.1	1,917	9.6
1929	8,254	272	58.1	1,917	9.3
1930	6,320	209	52.7	1,745	9.5
1931	4,659	152	45.3	1,480	9.6
1932	4,382	115	30.7	984	8.2
1933	4,557	142			
1934	5,287	163			

[1] Total of agriculture's share divided by farm population, Jan. 1.
[2] Agricultural wealth divided by farm population.

Even more significant than the present extent of concentration is its increasing rate; that is, the increase in the proportion of corporate business and national wealth controlled by the largest corporations. This rate of increase was greater for the years 1924–29 than for the years 1909–29; but if we take the period of slower growth, 1909–29, and apply the same rate of growth for the next 20 years we find that by 1950, 70 percent of all corporate activity would be carried on by 200 corporations. By 1950 half of the national wealth would be under the control of such corporations, and by 1970 all corporate activity and practically all industrial activity would be absorbed by these 200 giant corporations. If we take the more rapid rate of growth, from 1924 to 1929, and

apply it to the future, we find that by 1950, 85 percent of the corporate wealth of the country would be held by these corporations, and by 1960 all corporate activities and practically all industrial activity would be in their control.

The existence of these giant corporations, of course, means enormous concentration of control in the hands of their individual managers. The 200 largest corporations are directed nominally by about 2,000 individuals out of a population of 130,000,000. These 2,000 individuals are those in a position to control and direct half of our corporate business. But actual control rests in the hands of even fewer individuals. Many of the 2,000 directors are inactive. The ultimate control, therefore, rests in the hands of a few hundred men. One further fact should be remembered. The foregoing figures are based on the direct control of assets by 200 nonbanking corporations. But the influence of each of these corporations, as is stated by Berle and Means, "extends far beyond the assets under its direct control." In short, the bulk of our corporate resources, the product of the savings and labor of millions of individuals, rests in the control of a handful of men. These are the facts. It is the very negation of industrial democracy. It resembles, instead, a feudalism more pervasive than that of the Middle Ages.

Certainly, with these facts staring us in the face, no one will further contend or deny that the incomes of the rich are increasing and that the wealth of the Nation is rapidly and steadily under these depressed times being concentrated into the hands of the few.

WEALTH CONTROLS NATION THROUGH ITS LOBBIES

These results are brought about by the successful operations of the lobbies of big business who have been instrumental in the enactment of special privileged laws over the past 60 years which have permitted them to bring about this chaotic condition. We can partially correct this situation by starting now to correct our system of taxation in keeping with the recommendations of the President by taxing wealth based upon its ability to pay. In order to make such a tax bill effective we must eliminate many of the exemptions and allowable reductions in existing law and strike out of this bill such wide-open exemptions and allowed reductions as provided therein if we are to realize any reasonable amount of taxes to be received during this emergency.

MY AMENDMENTS WOULD INCREASE REVENUE

I requested an estimate of the Treasury Department as to the amount of revenue the amendments above suggested on personal income, estate, and gift tax would realize and on May 8, 1935, the Department furnished me the following estimate of increases in revenue under these amendments:

Estimated increases in revenue

Individual income tax	$234,400,000
Estate tax	127,000,000
Gift tax	14,200,000

From other information available I believe the above estimates are very conservative as to the increase in revenue under these amendments.

If the loopholes above suggested are eliminated from this bill and existing law, the revenues thus derived will more than double the amount now being collected.

INTERCORPORATE DIVIDENDS

The President in his message says:

The most effective method of preventing such evasions would be a tax on dividends received by corporations.

The committee has completely ignored this recommendation. I will offer an amendment to this bill taxing intercorporate dividends 2 percent and trust that I will have the support of the committee on this amendment. Such an amendment should be adopted, if for no other reason than to place a tax on these nontaxpaying companies to stop these giant corporations from further complicating and pyramiding their organizations through various holding companies to further escape taxation and proper regulation by the Government.

TAX-EXEMPT SECURITIES

The President in his message said:

The submission and ratification of a constitutional amendment whereby the Federal Government will be permitted to tax the income on subsequently issued State and local securities and likewise for the taxation by State and local governments of future issues of Federal securities.

The Ways and Means Committee does not have jurisdiction of such legislation and such legislation is not germane to this bill. I have a bill before the Judiciary Committee, and so far this session this committee has declined to hold hearings on this legislation. I hope that, in keeping with the President's recommendations, this committee will now report out adequate legislation on this subject.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 3 additional minutes.

ADDITIONAL PROPOSED AMENDMENTS TO STOP LOOPHOLES

Mr. McFARLANE. The present gift-tax laws enacted to stop a decided loophole in the Federal estate-tax laws only partially stop the gap. Two changes are necessary to close the loophole:

First. Reduce the special exemption of gifts to any one person during any taxable year to $500, the exemption allowed in 1924 law, instead of $5,000 in the present law. The present law was adopted on amendment offered by ex-Senator David Reed, of Pennsylvania.

Second. Increase the gift-tax rates to make them equal in every respect to the estate-tax rates.

It may be argued that the estate- and gift-tax laws should encourage the aged to give away their property before death. With the changes I have proposed there will still remain inducement to give away property before death, for even these rates permit substantial savings if portions of property are distributed before death.

In addition to the above-suggested amendments, I submit for the committee's consideration the following proposed amendment as being a sound, wholesome amendment that should be made to our tax laws.

First. Effective for any taxable year ending subsequent to the enactment of this act, section 22 of the Revenue Act of 1934 is amended by adding at the end thereof a new paragraph, as follows:

(g) Undivided profits of corporations: Any portion of the net income of a corporation subject to the tax imposed by section 13 (a) of this act remaining undistributed at the close of its taxable year shall be accounted for by the stockholders of such corporation at the close of its taxable year in proportion to their respective shares. Within 45 days after the close of its taxable year and in accordance with rules and regulations prescribed by the Commissioner, with the approval of the Secretary, the corporation shall file a return showing the number of shares held by each stockholder and the amount of undivided net income allocable to each share and shall report to each stockholder the amount of undivided net income allocable to each share.

Second. Effective for any taxable year ending subsequent to the enactment of this act, the Revenue Act of 1934 is amended by adding a new section, as follows:

SEC. 151. Disclosure of income not reported as taxable: Every person subject to the tax imposed by this title shall file with the collector a statement for each taxable year showing (1) all income for the year not reported on the income-tax return for the year, (2) all distributions from corporations received within the year and not reported on the income tax for the year, and (3) all sales and exchanges of property other than property held primarily for sale in the course of a trade or business and other than sales and exchanges reported on the income-tax return for the year. Such statement shall be in accordance with rules and regulations prescribed by the Commissioner and approved by the Secertary, shall be filed on or before the 15th day of the third month following the close of the taxable year, and shall be duly verified under oath.

Third. Effective upon the enactment of this act, section 501 (a) of the Revenue Act of 1932 is amended to read as follows:

(a) For the calendar year 1932 and each calendar year thereafter a tax, computed as provided in section 502, shall be imposed upon the transfer during such calendar year by any individual, resident or nonresident, of property by gifts or by bequest, devise, or other testamentary disposition. The terms "gift", "gifts", or "net gifts" as used in this title include gifts inter vivos and testamentary gifts and depositions.

Fourth. Board of tax appeals: The present Board of Tax Appeals was created in order to provide an independent review of the taxpayers' cases before assessment of deficiencies. The Bureau by reason of inadequate personnel and incompetent administration imposed ill-considered and unreasonable assessments on taxpayers. Congress sought to stop this by providing an independent review body in the Treasury Department. Unfortunately, however, the members soon surrounded their review by the rules adopted by the equity

courts of the District of Columbia. This turned what was intended to be a review body into a highly technical court, before which a taxpayer is forced to employ a specially trained lawyer and provide himself with expensive witnesses in order to be given the consideration which was intended without this great expense. In looking over the results of this body I find their rulings are so inconsistent that Bureau officials cannot be consistent in administration because of these inconsistencies. These decisions have laid the ground work and have been the cause of a flood of litigation equaled in no other country. Administration of our taxing laws is a practical matter. The courts have held that these statutes should be construed liberally in favor of the taxpayer. I see no reason why an administrative problem of arriving at the correct tax should be turned into such a mass of litigation as has resulted from the creation of the Board.

It is stated by a retiring member of the Board of Tax Appeals that since 1926 the Government had lost two-thirds in amount of its cases before the Board of Tax Appeals, the average tax case involving a deficiency of $28,000.

This result before the Board of Tax Appeals contrasts with the result in the Court of Claims and the United States District Courts where the taxpayer must first pay his tax and then sue for refund, and where the Government appears to win a much larger percentage of the cases.

For the year ended June 30, 1935, trials in the Court of Claims and United States district courts showed the following results:

Decisions in favor of the Government, or dismissals on the basis of decisions in favor of the Government, 252; amount claimed, $16,801,896.

Decisions in favor or partly in favor of the taxpayer, or confessions of judgment on the basis of decisions in favor of the taxpayer, 135; amount involved, $555,479.

Almost a complete reversal of the percentage where they pay first and sue for a refund that exists, as against where they do not.

In addition to this, 151 cases involving $9,949,000 were dismissed by the taxpayers without refund.

I, therefore, recommend that you give consideration to abolishing this body. In its stead you should create an independent review body composed not of lawyers only, but of practical tax men such as auditors, and engineers. Provide that this body shall function purely as a review body and without the technical requirements of a court. Provision could be made for taking testimony when a case was appealed so that the Board's findings will be given the same status as the findings of commissioners of the Court of Claims.

The creation of such a body I regard as the first step in simplification and one of the most important ones. I, therefore, urge its consideration.

In conclusion let me say that I hope that this Congress will give more consideration to eliminating existing loopholes in the revenue law and the writing of a tax bill that will be fair and just to all the people of the Nation, based upon their ability to pay. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield to the gentleman from Georgia [Mr. CASTELLOW] such time as he may desire.

Mr. CASTELLOW. Mr. Chairman, we now have under consideration a subject which through the ages has supplied the statesman with one of his most difficult problems—the raising of funds to meet governmental requirements. The course pursued is often rather similar to that of the picker of geese who strives to secure the greatest amount of feathers with the least amount of squawk.

All governments of necessity place upon their subjects the burden of maintenance, for government is not only nonproductive but possesses nothing except that which it extracts directly or indirectly from its citizens. By labor only is wealth produced, and whether taken directly from him who toils or from him who has accumulated the profits of other men's efforts, the net result is finally the same—those who labor must bear not only their individual burdens but their share of the expense of government, whatever that may be. We may camouflage to the limit, but the bold fact remains that upon the shoulders of the toiler rest the burdens of the world, including the cost of government. Those in authority should be constantly mindful of this fact, remembering also that the more complex become governmental functions the greater the costs of operation. When I consider the multiplied machinery of our Government, I am reminded of a story that was told me of two brothers who had been separated from youth, but in middle life one came to visit the other, who had built for himself a magnificent oil mill, in which he felt the greatest pride. Naturally the visiting brother was conducted through this wonderful plant, with its wealth of machinery and equipment. Its imposing walls enclosed acres of ground. The sound of the whistle and the hum of the wheels were sweet music to the owner's ear. The visiting brother was amazed at the extent of the activities, so much so that he felt impelled to inquire of the other how he ever secured a market for the tremendous quantity of oil he evidently produced. Thereupon the owner replied that in confidence he would impart a secret: "We are not concerned as to a market," said he, "it requires all the oil we can possibly produce to keep this infernal machinery greased and running."

It may be that our Government is in about the same plight. It is evident that what revenues are raised by this proposed legislation will all be required in defraying current expenditures, with nothing to apply on our bonded indebtedness, the interest on which is constantly increasing the taxpayers' burden.

Where are we headed for and what is our destination? Who knows the road we are traveling and to where it leads? I saw a statement some days ago that last year 60 large commercial enterprises paid in taxes of various forms 66.4 percent of their entire net earnings. That signifies, of course, that governments, general and local, exacted of these business entities practically twice as much as was received by those who were supposed to own them. I say "supposed" advisedly, for what is the real test of ownership? Obviously a business really belongs to him who receives the profits therefrom. If this test is accurate, two-thirds of each of those 60 concerns belong to the Government and one-third only to those who produced them. If communism is the common ownership of the property within a nation, through the instrumentality of government we seem not far from its complete attainment. It may be that this is wise—it may be that it is best. That is a matter which addresses itself to the individual judgment of our people. Communism is a beautiful dream of the idealist and might be practical except for that outstanding human factor—the innate selfishness of man.

If we will search carefully in the light of experience the pages of history, both sacred and profane, we must inevitably be impressed that the chief motivating influences upon the conduct of man during all ages have been fear and selfishness. Why does the Book of Books speak so often and so impressively of severest punishment in its direst form? I apprehend to make of us better citizens by warnings in advance of the wrath to come. Eliminate the torch from the Bible and you greatly reduce the need of pews in our churches, for more potent upon the conduct of men is the fear of that everlasting bonfire than the alluring promise of golden harps and starry crowns. What has caused men through the ages to labor long hours, whether cold or hot, and often far into the night, with aching muscles and tired brain, except the fear of immediate need and unprotected old age at the end? Assure him of protection against these contingencies without effort upon his part, and his selfishness will prompt him at once to reduce his efforts. The desire for wealth, prestige, position, and power has spurred mankind to utmost effort and caused to be brought forth the advancement of the world. While selfishness is the root of all evil, it is at the same time the mainspring of all progress. It is to the human race what steam is to the locomotive. It will not run without it, and too much will destroy it. So it may be that a wise government will not attempt to destroy but only seek to control.

If this analysis is correct, it logically follows that to secure the effort necessary for a continuation of national progress

the citizen must necessarily be inspired either by fear (and let us at least hope it will not be the fear of a tyrant by whatever name called) or the anticipation of personal reward commensurate with personal effort. That which tends to inspire the belief that all will share equally without regard to effort or merit, to the same extent, undermines the foundation upon which humanity, essentially selfish, has constructed such civilization as the world has and now enjoys. Regrettable as it may seem, this appears to be the result of a bold analysis of the nature and character of man commissioned by Providence temporarily to direct the affairs of this globe.

In Holy Writ it is taught that according to merit shall we be rewarded. Consider the parable of the virgins, some wise, some foolish, and what of their respective treatment? We are likewise told of those to whom certain talents were given and are taught by that parable that according to the use and improvement of our talents is our reward measured.

The policy of our Government heretofore has also been to encourage thrift upon the part of our people. The citizen has been exhorted to work, save, and own a home; to lay up a competency wherever possible and provide for a comfortable old age. We, or at least some of us, have been taught that the achievement of this is both desirable and commendable. In this connection then it may be important to consider the practical effect of taxation upon the attitude of a citizen in regard to this problem. For illustration, consider two neighbors with homes on adjacent lots. They are about the same age, both in good health and possessed of practically the same ability. One saves his earnings and improves his home, paints his house, beautifies his lawn, and conducts himself generally as an ideal citizen. What does the Government, through its taxing agencies, say to this man? In substance, this: "You have followed my advice in that you have toiled while others rested; you have saved while others spent; you have built that of which the community is proud; I therefore, on account of the increased value of that which your energy and frugality have produced, increase your tax burden, equivalent to a fine, in the sum of so many dollars, and this to be paid annually.

What of the other citizen? He has devoted his time to pleasure, squandering his earnings in riotous living, permitting his premises to become dilapidated; the roof is leaky, the steps are down, and withal a most distressful appearance is presented. What to him does this same Government, through its agents, say? In substance, "You have not taken my advice, but have indulged in dissipation and indolence: your premises present a wretched appearance. I am, therefore, ready to pronounce my judgment. Your conduct is rewarded by a reduction in your taxes of so many dollars." The higher the tax rate, the greater the fine upon one and the more the bounty to the other. Since revenues are necessarily provided by the thrifty, the only effective method of mitigating this obvious injustice is by the elimination of the necessity for high taxation. Therefore in the imposition of these burdens let us proceed with the greatest caution, lest we permanently discourage that effort and conduct without which, upon the part of the citizen, no nation can prosper.

While in this illustration the policy of local governments levying ad valorem taxes is used, the principle applies with equal force to the action of the Federal Government in the excessive levy of income taxes.

While the levy and collection of taxes are essential in the maintenance of government, they may easily become so burdensome and oppressive as to discourage productive effort upon the part of the industrious citizen to the extent of inviting speedy disaster. It therefore occurs to me that a word of warning at this time may be in order. These observations are made not so much in relation to the specific legislation under consideration, but to what it portends, for this is only a very modest beginning of what logically may be expected to follow.

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, it is with a great deal of hesitation that I take the floor today to discuss this so-called "tax bill." Taxation is a highly scientific subject. Experts in taxation are engaged by the Congress to aid them in working out just principles of taxation. Tax attorneys are the highest-paid attorneys in the country. It is not unusual for tax attorneys to receive retainers of $25,000 or $50,000 before they even look at a case, yet we have handed to us as Members of Congress a tax measure which is highly technical.

Mr. TREADWAY. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and one Members are present, a quorum.

Mr. REED of New York. Mr. Chairman, before the point of no quorum was made, I was calling attention to the fact that a tax bill is highly technical. It is very difficult for a Member of Congress to understand and comprehend such a measure as the one now before the House. I am not criticizing the committee when I say this bill has not received the consideration which it should have received in view of its implications and far-reaching effect upon the taxpayers of the country and its unsettling effect upon business.

I am talking to you now as one Member to another, divorcing the discussion of all politics whatever. Let us consider this bill for just a moment in all sincerity as it affects our constituents, regardless of party affiliations. At a critical time like this, this great deliberative body, if such it may be called, should think of what it is doing so far as affecting the economic life of the people back home is concerned, the people you and I represent. We can run into danger very easily, and we have done so within a very short time by being hasty in adopting ill-considered legislation. Let me illustrate my point, because it is applicable to this very bill.

Mr. Chairman, just a short time ago a message was conveyed to this House by the President of the United States asking the Congress to bar the American citizen from entering the courts to recover on gold-clause bonds and asking the Congress to enact a law that citizens could not sue on Government obligations. I took the floor that day without any idea of making a partisan speech. I wanted to make some contribution to the bill, if possible. I wanted to point out the dangers to our national credit. You all remember that an effort was made to keep me from speaking at all, and yet when the matter was put to a vote I received every vote in the House except three. I thank everyone for permitting me to proceed at that time.

What did you do? You did not consider the effect of the bill on the credit of the Government nor the dangers contained in the legislation. You railroaded the bill through just as the President requested and demanded. I told you that day that we were undermining the credit of the United States Government. Do you know what happened within 1 week after we passed that bill? Do you know?

Do you know that the Government tried to borrow money within a few days after that bill was passed by the House in order to pay some cotton loans in the South? What happened? For the first time in 150 years they could not borrow the money. They could not borrow it because of that bill passed by the House, because it refused the right to go into the court upon notes of the United States Government.

Since that time what has happened? To save the credit of the United States a committee of the United States Senate extended the time to 6 months within which to bring action on the gold-clause bonds, and it removed from the House bill the bars to suits on other Government obligations. You killed and destroyed, not impaired but destroyed, temporarily the credit of the United States of America. You did that not because of your lack of judgment or intelligence, but because you were following blindly the dictates of a man who upon some passing political whim hurled that message into the Congress asking the Congress to bar suits against the Government.

Mr. Chairman, let us not be too hasty with this tax bill. What did the President recommend? Personally, I am getting just a little bit tired, and I know my constituents are, of having propaganda going out in regard to proposed legislation that is not true. The Secretary of the Treasury

appeared before the committee. The photographers were there, the press was present, and his message went to the country that the President proposed this bill in order to discharge the national debt and balance the Federal Budget. If the committee had followed the President's recommendation you would not have raised under the bill the proposed $270,000,000. You would have raised only $130,000,000 or less. It was so ridiculous that the Members on the majority side said, "We cannot do that. We can be ridiculous, but we cannot be as ludicrous as that before the country. So we will put on an excess-profits tax that will actually raise a hundred million dollars more, and instead of increasing the surtax only on incomes of $1,000,000 or more, we will start with the $50,000 bracket. This will save the President's face and it will save us from country-wide ridicule." That is what brought it up to $270,000,000.

That is a fine situation for the Congress of the United States to be in. But that is not all. There is a piece of trickery in this bill against the taxpayers of the country. It is unjust. It is not the way the taxpayers of this country ought to be treated. Under the N. R. A. bill, if you will remember, over in the Senate that body put on a tax of $1 for each $1,000 of the declared value of the capital stock of a corporation.

The Senate also provided for a 5-percent tax on the earnings in excess of 12½ percent of that declared value of the capital stock. The Senate also laid down some standards. That was a temporary measure. The promise was held out to the taxpayers all over the country at that time that this was only temporary tax; that just as soon as the prohibition amendment was repealed the tax was going to be removed. In other words, the revenue from liquor was going to pay everything. But was the tax removed? Yes; it went off, but in the 1934 bill it was reenacted, and the Congress, in order to be just and fair, after deceiving the taxpayers by not living up to the original promise, said, "We will let you declare your capital-stock value all over again."

What did the Congress do after it reenacted that bill and after having fooled the taxpayers? You said, "You may declare your value." The business men were told that they could play the game under the rules laid down in the 1934 act. They were told, "We will let you play the game. We do not want the administrative difficulties we shall encounter if we pass any other kind of a bill; so we are going to let the business men who are looking into the future and managing their own business play a little game with us. We are going to play a little card game. The Government is going to win anyway, but we will give you a chance to play the game. You declare your value at whatever you figure you desire. We are going to get $1 per one thousand of your adjusted capital value anyway; so if you put your value too high, the Government will collect a large capital-stock tax; and if you put it too low, the Government will collect a large excess-profits tax. In other words, you can play the game, and the rule of the game as laid down by the Congress will not be changed."

Now, what have you done in this bill in order to try to save the face of the President and possibly raise a little more revenue? You have not been fair. After you asked the corporations to declare the value of their stock with reference to a fixed rate of tax and have frozen that declared capital-stock value of the taxpayers all over the country so they cannot change that at all, then you turn around and you lower the exemption to 8 percent and you lift the tax rate from 5 to 20 percent, so that if business does pick up you are just going to pick their pockets. You are just taking a gun and going right after anybody who by thrift and sound business judgment makes a success.

I am serving notice now that I am going to offer an amendment when the proper time comes to correct this injustice. I do not believe the men with whom I have associated on the Ways and Means Committee are going to resort to a piece of trickery of this kind. You have deceived and fooled the taxpayers on the question of the removal of the tax by the repeal of prohibition. Now do not fool them again. Let us play fair and let them adjust their values under these new rates that you have made and play the game fairly.

I hold in my hand a very interesting official report, and I cannot compliment too highly the members of the subcommittee who prepared this report on double taxation. When the late lamented and beloved Representative Collier was Chairman of the Ways and Means Committee there was appointed a subcommittee on double taxation composed of very eminent men. They prepared this report of about 360 pages, and if any of the Members of Congress are interested in taxation I advise them to procure a copy of this book and read it. It is a monumental work. I shall read a little of the foreword which may be of interest to you:

> The tax burden is great and the public are fully conscious of this burden in these times of stress. A more equitable distribution of the burden and its ultimate reduction through a judicious curtailment in expenditures would doubtless not only be welcomed by the public but would also have a most beneficial effect on business.

This was signed by L. H. Parker, chief of staff of the Joint Committee on Taxation, representing this subcommittee.

This committee devoted months of intensive study to this question and they were able students of taxation and they had the benefit of the advice of tax experts. Listen to this, on page 240 of the report:

> The corporation-income tax has, however, one added defect, namely, no satisfactory system of applying the graduated rate principle to the net incomes of corporations has as yet been devised.

Yet because the President recommended this, here is what you have stated in your report about this face-saving proposition. The President recommended the substitution of a graduated income tax on corporations in lieu of the present income tax imposed at the uniform rate, and now listen to what the committee stated in the majority report by way of an apology:

> This is a new principle which has never been used in this country and therefore your committee in section 102 (a) is recommending only a very moderate graduation.

I have read what this subcommittee on double taxation has stated in their voluminous report.

You did not want to adopt the principle, but because the President did recommend it, you have simply tried to adopt "a very moderate graduation" to save his face and keep yourselves in the good graces of the administration.

Now, I want to note this. The President makes one very great contribution in the way of a suggestion in his message. The first paragraph of his message reads:

> As the fiscal year draws to its close it becomes our duty to consider the broad question of tax methods and policies. I wish to acknowledge the timely efforts of the Congress to lay the basis, through its committees, for administrative improvements by careful study of the revenue systems of our own and of other countries. These studies have made it very clear that we need to simplify and clarify our revenue laws.

I invite any Member of the House or any member of the Ways and Means Committee to examine the bill that has been presented here and show us where this is a simplification or a clarification of the revenue laws.

Let us see what we have done in this bill along this line—and I refer to the estate tax, the gift tax, and the inheritance tax. An estate tax was passed in 1926 of 20 percent, an additional estate tax in 1934 of 60 percent, a gift tax in 1934 of 45 percent. These are all piled on top of one another, and any man who wants to make out an income-tax report has to retain a lawyer who has specialized in these matters. Then, on top of these taxes, in this bill there are imposed the following: Inheritance tax up to 75 percent and a gift tax on donees up to 57 percent.

Mr. Chairman, there is no country in the world except Russia which has attempted such a program of confusion and confiscation as appears in this bill. As I have stated, when the appropriate time comes, without regard to politics, I shall offer an amendment to see if we can introduce some order and some fairness and some sense of justice into the provisions of this bill. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, the President's so-called "tax bill" to soak the thrifty is now before us.

Taxes under this administration are levied upon everything we consume and upon our activities from the cradle to the grave—on the swaddling clothes of the new-born babe as well as the shroud and casket of the dead, on the necessaries of life—flour, meal, meat, medicine, clothing, furniture, furnishings, salt, sugar, candy, pepper, gas, electricity, water, gasoline, oil, toothpicks, automobiles, radios, pianos, tobacco, cigars, cigarettes, cosmetics, lipsticks, hairpins, razors, all farm implements, land, money, notes, personal property, deeds, automobile licenses, franchises, occupational taxes—in fact, on all character of property, both tangible and intangible. Nothing escapes the tax collectors in the towns, cities, counties, States, and the Federal Government.

President Coolidge well said that all taxes on necessaries were borne by the masses. We place high taxes on corporations and others, and then these millers, shoe, furniture, implement, and so forth, manufacturers pass their taxes on to the wholesaler, the wholesaler passes these taxes and its taxes on to the jobber, most of which are corporations, the jobber passes these manufacturers' taxes and wholesalers' taxes and his taxes on to the retailer, and the retailer in turn passes the manufacturers', wholesalers', jobbers' and his own taxes on to the consumer, and up goes the price of flour, meat, meal, shoes, clothing, and other articles.

President Roosevelt, in his campaign speeches in 1932, declared that a policy of economy must be adopted and the tax burden reduced, because every toiler of the country paid taxes, whether a special tax bill was presented to him or not. He paid taxes in the increased cost of living and through and by unemployment as high taxes hindered commerce and industry and wrecked or closed factories, shops, mills, and mines, which means unemployment.

I have always had very definite views on the matter of the collection of taxes. Taxes should be levied with due regard to the ability of citizens to pay the taxes. Those who own the greater amount of property and have the greater income and have the greater ability to pay should assume, of course, the main burden. I have always been willing to vote the necessary taxes for the proper upkeep of the Government, to provide for the national defense, to take care of the defenders of our country and their dependents, to provide necessary care for the aged needy, the blind, the crippled, and widows and orphans, and to give necessary relief to those who cannot help themselves and to build good roads, and promote education and the public health, but I shall always oppose voting any taxes on the people to be squandered, wasted, and grafted by reckless, incompetent, inexperienced, or crooked officials. I think the average citizen is willing according to his ability to pay his just and proper proportion of the taxes necessary to carry on in a reasonable and economical way the necessary governmental agencies.

The complaint of the average citizen against taxes is because in so many instances his tax money is squandered or wasted or falls into the hands of crooks and grafters. The American people have a right to insist that they receive 100 cents in benefits for every dollar of taxes paid, and if the agencies of the various governmental units would so administer the affairs of the local, State, and Federal Governments as to bring a fair return in benefits to the citizens in proportion to the taxes paid, there would not be so much complaint.

Again, so many public officials, like President Roosevelt, make definite pledges of economy and promises of relief to the overburdened taxpayers to get into office but just as soon as they get in they forget their pledges and promises and proceed to squander and waste and in lots of instances to graft the taxpayers' hard-earned money.

CONFISCATION

This administration seems to be obsessed with the idea of destroying. It used the people's tax money to plow up cotton, burn pigs, destroy cattle, corn, and wheat, and it insisted by its "death penalty" bill in destroying the holdings and securities of millions of honest American investors without a trial or hearing. In the House a majority of Democrats balked on the "death penalty" bill for utilities.

This bill that the President insists must be crowded through in haste in some instances exacts a tax of approximately 80 percent of the income of certain taxpayers, and in case of death takes as high as 94 percent of the estates of people. Of course, a great many States and cities have income and inheritance taxes. If this bill is passed, many of the estates will not pay the taxes. The Government would take everything except the corpse. It would leave the corpse and the responsibility for its care and burial to the relatives and friends of the dead man.

There is no man going to try to earn money and take all the hazards of business if the Federal Government is going to come along and take 80 percent of whatever earnings he may have, not counting city, county, and State taxes. Who is going to spend long hours and engage in observing the rules of thrift and in building up a business if the Federal Government is going to come along and take 94 percent, not counting any city or State inheritance taxes—and many cities and practically all the States do have inheritance taxes?

As Gen. Hugh Johnson recently said, and as most anyone else who has made a study of this matter knows, this does not mean taxation—it means confiscation. It brings into play that principle announced by one of the greatest judges and thinkers of this country—"the power to tax is the power to destroy."

No government has the right to destroy its citizens. It has the right to demand of its citizens that they help to contribute to the expenses of the government, and this should be in accordance with their ability to pay. He who has much should be willing to contribute much; he who has little should be called upon to contribute but little.

Experience through the ages has taught this lesson—that taxes may reach the point of vanishing returns—in other words, you can kill the goose that lays the golden egg. During President Wilson's administration high taxes were put on. The people went along with the program during the war and paid in in income taxes more than $2,000,000,000 in a single year, but the year that President Wilson went out of office this had dwindled to about $350,000,000 a year. As I shall point out in my speech, when the Republicans came into power in 1921, each and all of these high war-time taxes were then in force. The Republican Congress and the Republican President set about to make a more just and equitable distribution of this problem. Hundreds of taxes were cut out entirely. The taxes of everybody, both great and small, were greatly reduced. This program relieved the taxpayers of America of about $2,000,000,000 in taxes per year. This encouraged people to invest. Agriculture, industry, and commerce became active. People began to earn money again, and every 2 years, for 10 years, a great tax-reduction bill was passed by a Republican Congress and signed by a Republican President. Several millions of the little-income taxpayers were entirely cut off the tax rolls. No man with a family paid an income tax unless his net income was more than $3,500 a year. Business thus encouraged continued to prosper, and taxes rolled in in large volume, so that, with these tax reductions, at the end of 10 years we had reduced the national debt approximately $10,000,000,000.

If taxes are too high and overburdensome, people will find a way to evade them. As I have said heretofore, what encouragement is there for anyone to produce if the Government is going to come along and take 80 percent of what he earns while he lives and 94 percent of his property when he is dead? In the first place, it is foolish to attempt it, and, in the second place, it is unfair and unjust.

No one is more ready to have those who are best able to carry the burden do so than I am. I certainly have no objection to a good stiff tax on excess profits.

Former Secretary of War Baker, a big Democrat, and others urged the President to permit corporations to make

contributions to welfare organizations, community chests, and so forth—in other words, to make contributions to charity in these times of great need in their respective communities—to the extent of 5 percent of their earnings, and this to be allowed as an exemption. President Roosevelt at once set his foot down on this. His idea was that this money must be sent to Washington and let him, the Tugwells, and the Hopkinses disburse it and be the Santa Claus of the Nation. It was most heartening, indeed, that the Ways and Means Committee disregarded this demand of the President and are offering an amendment to this bill to permit corporations to make good-faith contributions to help the needy in their respective communities. Yes; the President wanted that money to come to Washington. He would hand it out and in that way receive the credit and promote his own political fortunes.

I shall not try to explain this bill, because the Secretary of the Treasury was on the witness stand before the Senate Finance Committee the other day and Chairman PAT HARRISON, an able and outstanding Democrat, urged Secretary of the Treasury Morgenthau to explain this bill, and he stated he would not attempt to do so. He declined to approve the bill. Now, why should Republicans run over themselves to support this phantom, farcical, political bill of President Roosevelt when his own Secretary of the Treasury was unable to explain it and refused to approve it?

I wish to repeat that I do not propose to vote any new taxes or any additional taxes to be turned over to the President unless and until there is some regard observed as to spending, in the way of common sense and necessity. There are already ample taxes to take care of all the essential needs of this Government and its people. This Congress has already voted President Roosevelt $8,500,000,000 to spend this year. He had other money that had been appropriated and not expended; but mark my word, when Congress meets in January, he and his "brain trusters" will ask Congress to appropriate more money.

PROMISES VERSUS PERFORMANCE

The Democratic platform of 1932, in its first two planks, declared as follows:

1. An immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government.

2. Maintenance of the national credit by a Federal Budget annually balanced.

In a number of campaign speeches in 1932, Mr. Roosevelt said:

The platform is a promise binding on the party and its candidates. I have accepted the platform without equivocation and without reserve.

Mr. Roosevelt, in other speeches during his campaign, used the homely illustration:

If the family continues to spend more year by year than its income, the poorhouse for that family is inevitable.

He further declared that if the Federal Government continued to add to its deficits and public debt from year to year by spending a greater sum than the income of the Government, bankruptcy and ruin was inevitable.

To impress upon the American people his pretended sincerity in this platform and his own declarations on economy and reducing taxes and the burden of government, he declared:

The way we do things, not just the way we say things, is nearly always the measure of our sincerity.

An old adage declares "Actions speak louder than words." That is the best way to judge a party or a public official.

Mr. Roosevelt further assured our defenders and their dependents that they could expect fair and just treatment from him. He led the American people to believe by his words that he proposed to do away with unemployment and bring about business recovery. In urging the repeal of the eighteenth amendment he declared that the saloon should not come back, and that the people in dry territory should be protected.

Mr. Roosevelt has now been in office about 2 years and 4 months. Now, let us examine for a moment and judge him by his own acts and not by his platform pledges and campaign promises in 1932.

(a) Has he reduced taxes? No; he has greatly increased taxes. He declared in urging the repeal of the eighteenth amendment that the revenues derived from the liquor interests would reduce taxes and take care of a lot of the expense of government, and in that way cut down the tax burden of the people. The eighteenth amendment was repealed, taxes were imposed, hundreds of millions of dollars have been collected in taxes from the liquor business every year. In addition to that, soon after he assumed office the so-called "nuisance tax bill" was passed, and from this source and gasoline, automobile, and so forth, taxes, more than $600,000,000 annually have been collected. In these two items taxes have been increased approximately $1,000,000,000 per year.

(b) Has he reduced the cost of government 25 percent? No; he has more than doubled the cost of government. From the beginning of the administration of George Washington in 1789 to the beginning of Woodrow Wilson's administration, a period of 124 years, this Nation spent a little over $24,000,000,000. During this period we fought the War of 1812, a score or more of Indian wars, the Mexican War, the great Civil War, and the Spanish-American War, and built up this country and took care of our veterans and their widows and orphans. There has already been expended and appropriated by the Roosevelt administration more than $24,000,000,000.

(c) Has he cut out the bureaus, commissions, and reduced the number of officeholders? No; he has added more than 60 great bureaus and commissions, and, including the 10,000 directors and foremen in the C. C. C., he has added 164,800 additional officeholders, not relief work, but regular Government officers and jobs.

(d) Has he stopped adding to the deficit—spending more than the Government takes in? No; the deficit thus far in his administration is approximately $9,000,000,000, and for the present fiscal year—the third year of his term—it will be approximately $4,500,000,000 more, and it will be in the neighborhood of that much for the fourth year of his term; therefore, instead of stopping the deficit, during his 4 years he will have increased the deficit approximately $19,000,000,000. In other words, at the end of his administration he will have spent $19,000,000,000 more than was taken in by these taxes and these additional taxes. This is nearly five times the cost of the great Civil War.

(e) Has he reduced the national debt? No; he has increased the national debt. It is now generally agreed that the national debt at the end of this fiscal year on June 30, 1936, will be approximately $35,000,000,000. In other words, he will have increased the national debt during his first 3 years about $15,000,000,000, and this will be about $10,000,000,000 more than our national debt was at the end of the World War. Senator BAILEY, Democrat, of North Carolina, declared the Government's obligations, when Congress adjourned, would be $40,000,000,000; Senator ADAMS, Democrat, of Colorado, declared it would be $45,000,000,000. With the multitude of bureaus and agencies creating obligations, I doubt if anybody knows what the debts and obligations of this Government are.

(f) Has he encouraged economy in government? No; he has carried on the most wasteful, extravagant administration since the beginning of our Government in 1789.

(g) Has he given the defenders of our country and their widows and orphans a square deal? No; he forced through the so-called "Economy Act."

(h) Has he restored employment? No; the latest reports, dated July 27, 1935, show that the number of unemployed workers for June 1935 was 9,804,000. This is an increase of 95,000 over May 1935 and an increase of 552,000 over the month of June 1934. The Hamilton Institute reports 12,838,000 unemployed. With all the spending, unemployment is on the increase except for the 164,000 new-deal Democrats who have been put on the pay roll with soft jobs and on the backs of the taxpayers of this country.

(i) Has he brought about business recovery? No. Of course, with the expenditure of this tremendous sum of money there would be some money scattered around, but the fact is that unemployment is on the increase and the relief rolls are on the increase, car loadings on the decrease, our exports and imports on the decrease, the consumption of agricultural products on the decrease. Some facts and figures illustrate this point—the number of freight-car loadings for the first 25 weeks of 1935 were about 150,000 cars less than for the 25 weeks of the same period in 1934; until the passage of the A. A. A. Act, we on the average exported about 8,000,000 bales of cotton—the export of cotton this year will be perhaps under 4,000,000 bales; we used to export over 300,000,000 bushels of wheat in a single year—for the 10 months ending about May or June 1, we exported only about 20,000,000 bushels of wheat and, strange to say, there were brought into this country 23,000,000 bushels of wheat from South America, although we are plowing up our wheat and paying people not to raise wheat in this country. For the first 5 months of this year we imported 11,000,000 bushels of corn. Most of it came from central Europe, while we are plowing up our corn and paying people not to raise corn. Millions of pounds of meat are being shipped into this country from other countries, while we are burning our pigs and hogs and paying people not to raise hogs. From January to May 1935 the butter market dropped 95,000,000 pounds below the same period last year. Under the so-called "reciprocal trade agreements" made by this administration with foreign countries, cutting our tariff, our country is being flooded with the products of the factories and farms of foreign countries. Instead of keeping the promise to bring about recovery, the fantastic notions of this administration has greatly retarded recovery, added to unemployment, and added to the relief rolls.

(j) Has he reduced the relief rolls? He promised to so conduct the affairs of this country as to bring about business recovery and give people employment. No; he has dismally failed in this. The report of the Government on July 27, 1935, shows there were 20,500,000 people on relief June 30, 1935. For the same period in 1934 the relief rolls averaged 13,400,000. In a single year there was an increase of 7,000,000 on the relief rolls. The destruction of cotton, wheat, corn, hogs, and other products and the threat of the destruction of various legitimate business enterprises of this country are the big contributing factors to this unemployment and increase of the relief rolls.

(k) Has he prevented the return of the saloon and have the people in dry territory been protected? No; we now find saloons on every street, highway, and byway throughout the land, in dry territory as well as wet territory, and we find them in many instances alongside the churches and schools of our country.

(l) Has he kept the pledges of the Democratic platform and his own promises? No; he has violated every pledge and broken every promise he made to the American people. We can say without contradiction that the President has violated every major pledge made by his party and every promise made by him to secure his election in 1932.

Judge him as he told us in his speeches in 1932 he should be judged—by his acts rather than his words.

CONCEIVED IN POLITICAL FEAR AND BORN OF DECEIT

With much flourish of trumpets and sound of tom-toms, the President sent a message to Congress on June 19, 1935, to soak the so-called "thrifty", for the purpose, the President declared, of relieving the tax burden of the masses, balancing the Budget, and bringing about the redistribution of the wealth of this country. He urged that his proposal be enacted into law within 5 days—the usual time for the enactment of a tax bill by Congress is 4 months—There was such a tremendous protest against this haste that the President had to back up.

The Howard chain of newspapers, which have been strong boosters of the President, called this tax bill "a phantom bill." The New York Times, the biggest Democratic newspaper in the country, declares that it is "a political bill." The President's friend, Gen. Hugh Johnson, said in commenting on the bill—

> It is just ape-like destructiveness—very interesting but not very intelligent.

He says further—

> Of course, the taxing miracle can go too far. The power to tax is the power to destroy.

The press generally of the country, Democrat, Republican, and Independent, has condemned this bill as a mere political gesture on the part of the President to try to capture a part of the HUEY LONG following.

All the Republicans, the minority members of the Ways and Means Committee that had under consideration this bill, submitted a very interesting and instructive report. In their report they said—

> That it is nothing but a political gesture seems to be universally conceded. That it will fail to raise any appreciable amount of revenue cannot be denied. * * * We have said that this is a political gesture. By that we mean it was intended to catch votes.

Senator BYRD, Democrat, of Virginia, on yesterday urged Secretary of the Treasury Morgenthau to announce to the country that this bill was "a mere farce."

Roosevelt is afraid of HUEY LONG and other folks who are advocating socialistic, paternalistic, and communistic policies for this country. Furthermore, he observes that the cost of living is mounting out of sight. The housewives of the Nation are organizing strikes against the high prices of the necessaries of life. The masses have been soaked with sales taxes, processing taxes, and every other conceivable tax and are beginning to realize that the high cost of living is brought about by these burdensome taxes put upon the bread and meat and clothing and other necessaries of life by the Roosevelt administration; and he and his "new dealers" want to divert the attention of the mass of the American people from these burdens and divert their attention from this wild and reckless program of waste of the people's tax money, the mounting deficits and the mounting national debt, and therefore he urges this bill and calls on the masses to watch him soak the thrifty.

Now, if the President's bill should pass, how much money would it raise? Not more than $154,000,000. There has been appropriated and placed in the hands of the President more than $8,500,000,000 for this present fiscal year, and he will spend it. This means, on the average, he will spend $27,000,000 a day. If the President's bill was passed, it would give him spending money for less than 7 days.

The Democrats on the Ways and Means Committee added on $100,000,000 of new taxes; that is, it is supposed to bring in $100,000,000 in excess profits, provided there are any excess profits in these depression times. The bill before us, it is estimated, would raise $270,000,000. That would provide the administration with spending money for 10 days.

But we must not forget that there is not one word or one line in this bill to cut out anybody's taxes or to reduce anybody's taxes one cent. This bill merely creates new taxes and increases taxes. It gives no relief to the masses. So far as being a revenue measure, it is a joke. The interest on the increase of the national debt since Roosevelt came into power amounts to about $270,000,000 per year. The bill before us would no more than pay this interest on the increase of the national debt; but the President says he wants to wipe out the deficit and balance the Budget!

The deficit is now approximately $9,000,000,000, and it will increase approximately $4,500,000,000 this year if no new appropriations are made when Congress meets next January. The sum proposed in this bill would not be a drop in the bucket to wipe out this deficit, yet the President says this bill is intended to relieve the masses and to redistribute the wealth of this country.

If we had passed the bill as he proposed it and divided $154,000,000 among 130,000,000 people, it would have given each person less than $1.20. If the present bill before us is passed and the amount of money is raised that they estimate, it would give each person about $2 each year.

Why, the increase in the number of officeholders since Roosevelt went into office would more than wipe up all of this proposed new tax. If it relieves and benefits anybody, it is these 164,000 additional Democratic politicians and "new dealers" given jobs. There is not one ray of hope or one cent of relief for the overburdened taxpayers of the Nation.

This bill does not cut out anybody's taxes—it does not reduce anybody's taxes. How in the name of high heaven can it be said truthfully this measure reduces the tax of the masses or redistributes the wealth among them?

This measure is like practically every other measure this administration has brought up. It is intended to mislead and deceive the American people, to array one class against the other, and, if possible, to bring about the reelection of Mr. Roosevelt in 1936.

The press and the well-informed people of America have a right to agree and say that this is purely a political gesture, a farce, a phantom bill, conceived in fear and born in deceit. "The mountain labored and brought forth a mouse."

THE NECESSARIES OF LIFE TAXED—BREAD, MEAT, AND CLOTHING

This administration has put more tax burdens on the masses than any administration in all our history. Let me point out to you some real taxes. This administration has soaked the workers in the mines, shops, mills, and factories, and in the forests. They have soaked the widow as well as the orphan. They have soaked the poor and the common people, from the cradle to the grave. They have put a real tax on bread, meat, clothing, and other necessaries of life.

These are called sales taxes, manufacturers' taxes, and processing taxes, but they are a direct tax on the necessaries of life. We have a sales tax in Kentucky amounting on the average to about 5 cents on the dollar. Do you know that the average tax on each sack of flour is about 33 cents, and the average tax on a sack of meal is about 30 cents, and the average tax on each pound of meat is about 13 cents? The cotton tax and the sales tax put a tremendous tax on clothing and furnishings for the home, and these taxes all together amount to from 25 to 33½ percent.

These taxes have been put on by the Roosevelt administration and in Kentucky by the Democratic administration. These taxes do not soak the rich; they soak the poor, the workers, the masses of the people, the lame, the halt, the blind, the widow, and the orphan. There are not many rich. As a class they consume very little. The great body of consumers of this country are the common people, the masses.

This bill before us proposes to soak the thrifty a few millions of dollars. These taxes I have mentioned on the consumers, the masses, run into the billions of dollars each year. No administration has ever soaked the masses as this administration has. These taxes reflect themselves in the high cost of living. Anyone can see this who buys flour, meat, meal, clothing, or furnishings. This is why the cost of living is so high and many people must refrain from using meat, flour, and so forth, and they and their families want for the necessaries of life. The housewives in a great many cities are organizing strikes in a determined effort and protest against the high cost of living. Many people do not realize that this is the high cost of government. We are paying for the creation of these bureaus, for the addition of these 164,000 officeholders, for the maintenance of the hobo hotels, and for the wasting and squandering of the people's money in hundreds of other ways. There can be no relief from taxes, there can be no substantial reduction in the cost of living until the administration adopts a policy of economy and cuts out a lot of these taxes on the necessaries of life and quits throwing away the people's money at the birds and on every socialistic scheme that might be gotten up by this "brain trust" of socialism, paternalism, and communism.

This administration is always urging taxes, and more taxes. You never hear a suggestion from them about economizing and reducing the expenses and cost of Government. There is no effort made to curtail this waste and extravagance. May I urge that the American people direct their attention to the proposition of soaking the soakers and raise such a howl that these taxes on bread, meat, flour, furnishings, and so forth, and the sales taxes, will be eliminated. The average American is paying out nearly one-third of his income in taxes for the so-called "expenses" of wasteful, spendthrift government. This terrible burden is cutting down consumption. If one-third of the people's income is taken for politicians and officeholders, then the people cannot buy the necessaries of life. If we recover from this depression, so as to enable the masses of the people to have the required necessaries of life, there must be a policy adopted cutting down the expense of government and reducing taxes.

I am afraid a lot of our people do not realize this tremendous burden of taxes. We pay it in a way that we do not always realize fully how much it is; but suppose from the wages of a miner, factory, mill, or railroad worker the employer should take out one-third for taxes, or if the farmer at the end of the year would be called upon to pay in a lump sum one-third of the earnings of himself and his family for taxes, the people would get their eyes open and there would be a tremendous howl against this crowd who are soaking the people with these mounting, back-breaking taxes. We do not pay one-third of these taxes at any one time; but these various taxes on flour, meat, clothing, shoes, on our lands, gasoline, oil, farm machinery, and so forth, in the aggregate amount approximately to one-third of the income of the people. I am now referring to all taxes—the "57 varieties." In 1933 these taxes amounted to about one-half of the income of the people.

It is unjust to take from the masses of the people, especially in these times of depression, one-third of their income for taxes. Let us demand that our public servants quit wasting the people's tax money. Let us find a way of reducing this burden. The people are entitled to relief, they need relief, and they must have relief from these intolerable burdens. Believing as I do that this is the just and sensible program, I shall decline to help create any taxes and increase taxes to be wasted and squandered as they have been and are being squandered and wasted by the Roosevelt administration. [Applause.]

SQUARE DEAL WILL SUCCEED NEW DEAL IN 1936

In every war we must have ambulances. They must be present on each and every battlefield to gather up the wounded and to clean up the wreckage. It is just as necessary for the Republican Party in government to follow the Democrat Party to bind up the wounds of the Nation and clean up the wreckage.

This administration issues bonds and more bonds. These bonds are tax exempt. The owners pay no taxes. The rich people are putting their money into tax-exempt securities of the Government and of the States. In this way they avoid the payment of taxes and it dries up the money and credit. A lot of us have been urging the administration to put a tax on these Government bonds, but the Roosevelt administration has refused to do this. These rich people will not put their money into productive enterprises so long as this administration carries on in its reckless manner, with its threats of increasing debts, deficits, and taxes, and so long as the administration continues to issue more tax-exempt bonds.

This country undoubtedly is already paying plenty of taxes to take care of relief for the needy, for old-age pension, for our defenders, and to carry on other activities of the Government. Let us stop increasing our debts and deficits. If this administration wants to do some real constructive thing, why not propose to tax these thirty-odd billions of dollars of Government bonds? If that is done and the administration will adopt a sane policy and stop going in debt, the money of this country would be put into productive enterprises, and industry, agriculture, and commerce would start the wheels going and provide jobs for the unemployed.

President Wilson's administration continued for 2½ years after the World War. When the Republican Party came into power in 1920, it found all the high war taxes still in force, placed there by the Democratic administration, and found a national debt of about $26,000,000,000. The Republican Party during the next 10 years passed five great tax-reduction

measures and cut out hundreds of taxes, such as taxes on railroad tickets, telephone and telegraph messages, on food, clothing, medicines, and so forth, and reduced all character of taxes and took millions of workers and small-income taxpayers off of the tax rolls.

With these reductions in taxes and the elimination of taxes and the cutting out of income taxes of millions of Americans, there came about a restoration of confidence followed by great business activity. The Government collected in the aggregate more taxes than was being collected at the high rates, and that continued for 10 years, with a new tax-reduction bill passed by a Republican Congress and signed by a Republican President every 2 years. This saved the American taxpayers around $2,000,000,000 a year, and at the same time the Republican administrations reduced the national debt approximately $10,000,000,000.

What a contrast! This administration has increased taxes on practically everything and has created numerous new taxes, and yet will have increased the deficit around $19,000,000,000 and the national debt approximately $15,000,000,000 during the 4 years of Roosevelt's administration. What a dismal record!

Yet there are some who will contend that this administration should be continued in office for 4 years more. If it should be, there would be very little left in this country to fight about or talk about except the increase of unemployment, the increase of relief rolls, and a general breaking down of industry, agriculture, and commerce, the overthrow of the American form of government, and the weakening of the Constitution beyond repair.

This being a political bill, its primary purpose to deceive the American people, and with the record of this administration and its avowed purpose to continue to squander and waste every dollar it can squeeze out of the American taxpayers and every dollar it can borrow, I for one am unwilling to provide any new taxes or higher taxes for this administration to waste, squander, and throw at the birds.

I firmly believe that in 1936 this administration will be overwhelmingly repudiated by the American people and in place of the so-called "new deal" a Republican President in the White House and the Republican Party and millions of patriotic American citizens of other parties will inaugurate the time-honored fine old American square deal; and the Republican Party will have to, in the future as they have in the past, clean up this wreckage of deficits and debts. When that time comes I will be willing to vote, if necessary, more taxes to restore the credit of this country, encourage agriculture, industry, and commerce, reduce unemployment, provide jobs for the unemployed forced on the relief rolls, and bring about an era of prosperity.

SOAK THE SOAKERS

In 1931 the Democratic candidate for Governor in Kentucky went about over the State and made substantially the same promises as Mr. Roosevelt did in 1932. Kentucky had a State debt of some $10,000,000 or $12,000,000 that had been accumulated over a period of more than 24 years. This Democratic candidate urged Kentuckians to elect him Governor and he would reduce taxes, he would pay off the State debt. The people of Kentucky relied on his positive promise and elected him.

Like President Roosevelt, he has a 100-percent record for breaking every promise he made to the people of Kentucky. He increased the tax burden of the people of Kentucky. He forced through the legislature through devious methods an obnoxious sales tax. It ranges from 3 percent to 10 percent, and on the average amounts to more than 5 percent, so that the consuming public of Kentucky must pay on the average 5 cents tax on every dollar for their bread, meat, clothing, and other necessaries.

Governor Laffoon under this sales tax has garnered into the treasury of Kentucky more than $6,000,000 per year. Did he pay off the debt of Kentucky? Oh, no. The leading Democratic newspaper of Kentucky and leading Democrats of the State declare that he will have increased the debt of Kentucky $8,000,000, or in the neighborhood of 70 percent at the end of his term.

Governor Laffoon stated that it was necessary to put on this sales tax in order to match the Federal money for relief. Did he spend this $10,000,000 or $12,000,000 for relief? Oh, no. There was set aside $2,400,000 for relief, but the records show that this Democratic administration of Kentucky paid out only $1,050,000. What became of the other $1,350,000? Like President Roosevelt, he has created countless jobs for Democrats of his particular faction, and this $1,350,000 was necessary to take care of the salaries of these additional officeholders.

There have been numerous charges made by this Democratic newspaper and many leading Democrats of Kentucky as to what was done with the other millions that were realized from this sales tax. It is also pointed out by this leading Democratic newspaper and by a great many of the leading Democrats from the stump that a great many Democratic officeholders of Kentucky had their salaries increased, and at the same time an assessment was made on them for campaign purposes. Their checks were delivered at a certain place, and when the job holder or officeholder goes there to get his check he is called on to contribute to this particular faction of the Democratic Party in Kentucky. These officeholders, of course, understand that if they refuse to contribute part of their salaries to promote the favorite candidate of Governor Laffoon in the primary it would mean the loss of their jobs. It is also pointed out in the press and by many Democratic leaders in Kentucky that almost every highway and byway in Kentucky has been and is now lined with "weed cutters" that have been put to work by the Laffoon administration to promote the candidacy of his man for the Democratic nomination for Governor.

Millions of dollars have been collected in taxes from Kentuckians and millions of dollars have been sent from Washington to Kentucky to be expended on the highway and other projects under the Laffoon administration. A lot of this money is being used to promote the political fortunes of one Democratic faction in Kentucky in an effort to destroy the other Democratic faction and to corrupt and overturn the will of the Democrats in that State. The use of the taxpayers' money for political purposes, the grafting of these hard-earned dollars squeezed out of these overburdened taxpayers, for the benefit of political rings and factions, to build political machines instead of building highways, furnish just cause for complaint on the part of the taxpayer.

The cost of government in Kentucky has increased by leaps and bounds in the last few years. For instance, only a few years ago it cost less than $50,000 to operate the tax commission of Kentucky. Under the present administration it is costing $600,000 to operate the same commission, and this is characteristic of the increase along all lines. A few years ago it only cost a few million dollars to operate the Kentucky government. Now it costs more than $40,000,000 a year.

To provide the money for this wanton and reckless extravagance and waste and, in many instances, willful and corrupt misuse of the people's money, the people of Kentucky and the Nation must be burdened with further taxes in these terrible times of depression. There has been no effort made by this Democratic administration to reduce the cost of government. Like the Roosevelt administration, they lay awake at night thinking up some new scheme or plan to create new taxes or increase taxes.

We hear it on every hand that the Roosevelt administration spent this $24,000,000,000 for relief. There is nothing further from the truth. A recent report shows that the national administration had only expended $2,225,000,000 for relief and there is no way of estimating how much they expended for overhead and how much of this was grafted. Federal grand juries all over the country are indicting group after group for grafting and stealing relief money, and it was reported in one county in Kentucky that 91 cents out of every dollar went for overhead and the relief sufferers got 9 cents out of the dollar.

There should be a new slogan in Kentucky and throughout the Nation—"Soak the soakers." Instead of the politicians

and officeholders soaking the masses and soaking the thrifty, the people should turn and soak these soakers. When this is done you will see a new day in Kentucky and throughout the Nation.

YOUNG PEOPLE MUST BEAR BURDEN

I desire to appeal to the young men and young women of America. The youth of America today will assume the burden of government tomorrow. If the reckless, wanton extravagance and waste of the Roosevelt administration continues as it is now going, and as it gives promise to continue, at the end of his administration there will be a deficit of approximately $19,000,000,000. Senator BAILEY, a Democrat of North Carolina, in a recent speech in the Senate said:

I do not believe that there is a Senator here that does not believe that when the present Congress has adjourned the actual and contingent liabilities of the Nation will be very close to the figure of $40,000,000,000.

Senator ADAMS, another outstanding Democrat, on the same day declared:

The actual and contingent liabilities of this Nation at the close of this Congress will be $45,000,000,000.

There are so many bureaucrats, commissions, and agencies spending the Government's money, and making contracts, and creating obligations that it is very doubtful if anyone knows what our Government is obligated for; that is, what it owes at the present time. Without the contingent liability it is quite clear that at the end of this fiscal year our national debt will be in the neighborhood of $35,000,000,000, provided Congress does not make new appropriations next January. There is talk now by the administration that President Roosevelt will call on Congress next January to appropriate more billions of dollars to be used for this fiscal year.

It is most heartening indeed to note the activities of the young Democrats of Kansas and other parts of the Nation who have abandoned and are now condemning the new deal. They are beginning to realize that these tremendous debts and deficits being piled up by this administration will in the end fall largely upon their shoulders. Is it fair or just to our sons and daughters to place upon them this almost unbearable burden of debts and deficits? We know, and they will soon know, that these debts will either have to be paid or repudiated. We must not think of repudiating the Nation's obligations. Every billion dollars that is voted and spent so lightly by this administration places an additional burden on their shoulders and an additional handicap on them. Heavy indebtedness is always a handicap to the individual and the family. It weighs them down. We all know what a barrier it is to the success of a family to have a heavy mortgage on their home. Let us not forget all these billions of bonds that are being issued are a first-mortgage lien upon every home, every shop, factory, mill, mine, railroad, bank, store, and other property in this country. What is true as to the individual and family is also true as to the Nation. Every young man and young woman in this country, who hopes to be anything or to have anything, should rise up in his or her might and demand common sense, honesty, and economy in government, and protest against these tremendous deficits and debts being thrust upon their young shoulders. They should rise up in indignation and soak these soakers. They have the right to demand that a party and its candidates keep the sacred pledges of its platform and the promises of its candidate. They have a right to protest against one-third of their income and earnings being taken for taxes.

The framers of our Constitution declared that they were adopting that wonderful instrument to preserve the blessings of liberty to them and their posterity. This is a pledge to the youth of America. May we urge that they demand that the Constitution be respected, that the integrity of the courts be upheld, that honesty, square dealings, common sense, thrift, honest endeavor, and self-reliance be again enthroned in the minds and hearts of the people of this country? I want them to know that under the Constitution, and the American conception of government, we have acquired approximately one-half of all of the gold of the world, we have more food and better food, more clothing and better clothing, more homes and better homes, more of luxuries, more educational advantages, more opportunities, and we have enjoyed more freedom and liberty than the people have enjoyed under the constitution, written or unwritten, and under the policies of any other government of any other country under the sun. We are the richest, finest, best, and most wonderful country that the world has ever seen.

Your fathers and mine handed down to us this rich heritage, enriched by their own services. Is it not up to us now to transfer to our children this priceless heritage, enriched and ennobled by our own sacrifices and by our devotion to our country, its Constitution, and its institutions?

All hail to young Americans! I for one refuse to put my approval upon the waste, recklessness, and profligacy of this administration, or increase the tax burden, and thereby add to the handicaps and the burdens of your children and my children, the youth of America. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, on all occasions whenever we have a tax bill or a tariff bill, it is open season on both sides for making political speeches. In this instance our colleagues on the Republican side have been very kind to the Democratic members of the Ways and Means Committee. They have paid us quite a tribute. They apparently are surprised that we would bring in a bill as moderate as this bill. They claim, however, that we have listened to the master's voice, indicating, of course, that we have been listening to the dictates of our great President. To a great extent that is true. We do not want to take the credit away from him, because that is where it belongs.

He is one who insisted that we should bring in this tax bill. But we say to you, and no one will contradict it, that he never told this committee what kind of a tax bill he wanted any more than he specified in his message. He never asked us for any particular tax on any particular item in this bill. The Secretary of the Treasury came before us and gave us different ratings, different programs, but he made no recommendation. No one drew this bill except the combined judgment of the Democratic members with the aid and assistance of the legal staff of our committee.

You have listened to a great deal of criticism. They do not criticize the bill except in generalities. What particular item has anyone specified as being objectionable, except the gentleman from New York [Mr. FISH], who objected to the gift tax?

I wonder if the gentlemen on the Republican side are willing to go back to their people and say that they are not in favor of an inheritance tax in the United States. I wonder if they want to go back to their people and say that they are not in favor of a surtax on incomes over $50,000 a year. This tax is levied on those who are able to pay. They seek to ridicule the inheritance tax but do not dare to specifically oppose it. It exempts $50,000 for the widow, it exempts $50,000 for each one of the children, it exempts $50,000 for all the grandchildren, it exempts dower. What else do you want exempted? You have not the nerve to specify any particular item, but you just generally criticize the bill and try to make a little political capital out of it.

Some of us may differ as to whether just this particular time is the proper time to bring in this tax bill. I can see where we can differ on that, but this administration took the initiative and the responsibility and asked for it, and we are going to give it to the Nation. Whether we give it to our President this year or next year, we know it is a lead-pipe cinch that we have to resort to higher taxes to pay the enormous public debt.

It was generally heralded over the country this bill would bring in a billion dollars, but the way it has been drawn it will bring in at the present time from two hundred and seventy-five to three hundred million dollars, and if times get a little better it will bring in $400,000,000 a year.

Mr. BLANTON. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. BLANTON. The most ludicrous criticism that comes from our Republican brethren is that in one breath they

say it is an infamous soak-the-rich proposition, and then in the next breath they say it brings in such an infinitesimal tax sum that it cannot be called a tax bill. That is the ludicrous part of their criticism.

Mr. FULLER. Yes. Now, it may be that some of them get consolation in saying that our great President recommended this bill in fear of Senator HUEY LONG. If they get any consolation out of that kind of statement, that is very well, but I want to tell you Members of the House that we ought to thank ourselves that we have a man as Chief Executive of this country that the business and financial world has confidence in.

All that business wants to know today is what limit they are going to be taxed. Let us settle this matter now, so business will know what to expect and how to invest. Restore confidence to the business public. It is better that you had a man like Roosevelt for President than one who would listen exclusively to the social cry that is going out over this country to swat the rich, to share the wealth of the country; wanting to give every man a $5,000 home, an automobile, a radio, electric lights, a couple of cows, and a good team, and $30 a month pension for him and his wife. If they would ever get that kind of heaven, I would "jine 'em." There is no way to get enough money by taxes for such things.

I tell you that there is such a thing as killing the goose that lays the golden egg. It behooves Democrats and Republicans alike, on grave matters like this, to be reasonable and do the best possible for the Nation. We have gone a long way by providing pensions of the aged in need. Those who are able to pay, those who reap more benefit than anyone else, ought to be required to bear the greater burdens of Government.

My colleague from Kentucky [Mr. ROBSION] makes a loud noise about the appropriations we have made. Yes; we may have appropriated more money for relief than we should. God knows the gentleman's district got its pro rata part, if not more. If my judgment is not in error, the gentleman voted for each and every one of those appropriations like most of the other Republican Members. When you hear a Member complaining about appropriations for relief, look up his record and see how he voted and what his district got.

I have voted for more appropriations than I wanted to, and I am frank to concede that in all probability we have appropriated more money than necessary. But we did not know what we were inheriting when our Chief Executive made the statement that he wanted to balance the Budget; that he wanted to economize to the extent of 25 percent, and live within our means. We did not know that we would find a bankrupt Nation, with business and agriculture prostrate and people starving in every nook and corner of this entire Nation. That is what we have had to go up against. As far as I am concerned, for one, as I have repeatedly stated, I am in favor of stopping a lot of these appropriations, and go back to our old ways of doing business. Let the people of the country know, from a business standpoint, what they can expect. When they know that they will turn loose their money, put it into industry, and confidence will be restored. It would not be long until we would start reducing our public debt.

It is not contemplated that the present generation is going to pay all of the public debt we now owe. We have been in a social and financial revolution. If it had been in any other country, there might have been much bloodshed. We have done our best to overcome it. Our great Chief Executive and this Congress, including myself, have made some errors. We have made some mistakes. We do not deny it. We are not like our Republican brethren, who never acknowledge that they ever made a mistake. As our great President said, if we hit on all fours 75 percent of the time we are going to have a good record. We welcome criticism and when we make a mistake are anxious to correct the error. What the people admire about President Roosevelt is that he keeps trying. There is no question about the people of this country having confidence in this great Chief Executive. There is not any chance in the world that he is not going to be reelected. It is well known and practically conceded, whether you are a Democrat or a Republican. It is not wholly on account of the fact that our Republican brethren do not have any candidate to run against him and cannot find one in all this country, but it is because of his great ability and the accomplishments of a Democratic Congress.

As to balancing the Budget, I remained here 4 years before I ever heard the word "budget" mentioned. The Republicans never balanced the Budget in their lives. They do not know what balancing the Budget means. By them, it was considered a joke, when President Roosevelt said he wanted to balance the Budget. Well, I believe in doing it, too. We are going to do it in a short time. We are spending but little more than our receipts today. If we take out the $5,000,000,000 we have appropriated for public works and for relief purposes, we are not spending more than our receipts. It is generally understood that that is the last large appropriation that the American public can expect. I am in favor of balancing the Budget. I am in favor of going further than that—I am in favor of living within our means. We have got to make sacrifices. We might just as well get down to brass tacks, and we might just as well get down to paying more taxes, because that is exactly what we have got to do.

If it were germane and I had my way about it, I would insert a provision in this tax bill that no corporation could pay its officers more than $75,000 a year salary for any one man. That is as much as we pay our President and that is as much, if not more, than they are worth. Yet today, many of the big corporations are paying their officials three or four times as much as the President of this Nation draws. It is not right, especially in these trying times when so many are out of employment and when many are suffering for the necessities of life. They get that money, not for their ability or what they accomplish, but because of their position and authority to vote it. In all instances it is coming off of the stock and bond holders, and in most instances these large salaries are being paid by corporations unable to pay a decent dividend, if any, or meet bonded indebtedness.

It is time for us to call a halt, stop large appropriations, economize, get back to the old way of living and doing business, and paying our honest debts. We cannot expect to appropriate money out of the Federal Treasury and escape taxation. Appropriations and taxes go hand in hand. This bill will soon bring in at least $400,000,000 a year and do much toward paying off the public debt. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Chairman, I am just wondering if the people of the United States, with the serious question of taxation before them, are not wondering a little bit at the line of constant political argument we are engaging in on the discussion of this serious question. I was impressed a moment ago when the gentleman from New York [Mr. REED] said that the credit of the United States had been ruined by our action on the gold bill and cited the fact that we were unable to borrow money to refinance the cotton loans. I tried to ask him a question on that, but he did not have enough time and was too busy, yet he yielded back 2 minutes of his time and would not answer the question. I just wondered if he knew the truth concerning that statement. The fact of the matter is, Mr. Chairman, that some time ago the Department of Agriculture borrowed some money to finance their cotton loans. Those loans became due. Under the law which we had passed the Secretary of Agriculture was permitted to borrow money on the open market or the money could be borrowed by Federal financing. The Secretary of Agriculture contemplated borrowing that money as we had authorized him to, but when the matter was brought up before the New York bankers they questioned the proposition, because some of the lower courts had already declared the Agricultural Act unconstitutional. So the Secretary of Agriculture, instead of borrowing under the authority we had given to him, got it through the Treasury of the United States. That matter had no more to do with our action on the gold clause than it had to do with the man in the moon; and to hand out information, to dis-

seminate that kind of information over the country, to indicate that the actions of this Congress in preventing profiteering suits against our Government on the gold clause or the actions of our Executive are shaking the confidence of the people in this Government is simply bunk. At no time in our history have financial interests, in spite of these howls, exhibited greater confidence in our financial stability. Every bond and Treasury note issue has been greatly oversubscribed. Interest rates on Government bonds are being progressively lowered. American capital which fled abroad prior to 1933 has returned. Is that evidence of lack of confidence? Then for the gentleman to refuse to answer a question after making such a statement seems to me very peculiar conduct. He apparently desires as little real information as possible.

The gentleman from Kentucky [Mr. ROBSION] made the statement that this administration had in the last 2 years and 4 months spent as much money as the Government had spent in the first 124 years of its existence. He apparently had read some of the propaganda that is being disseminated by the Manufacturers' Association, but, in reading it, had not understood it. That propaganda was as follows: That the estimated expense up to June 30, 1936, of this administration would amount to $24,000,000,000. It was an estimate running to June 30, 1936; not actual expenditures up to today.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I cannot yield; I have not the time.

Mr. ROBSION of Kentucky. I want to correct the gentleman.

Mr. HARLAN. The gentleman can correct my statement in his own time. I will yield if I get more time.

The propaganda statement is that the estimated expense up to June 30, 1936, would equal $24,000,000,000, which was the expense of the Government for the first 124 years of its existence. The actual expense during the first year of that time, however, we know to be $1,200,000,000 less than the estimated expense, and the certain expense of the next year will be $1,500,000,000 less than the estimated expense. So that estimate is incorrect almost to the extent of $3,000,000,000. But that is not all. During the 20 years the gentleman from Kentucky has been in Congress, part of the time in the Senate of the United States, from 1913 to 1933, our Government spent $95,000,000,000, or four times as much as was expended in the prior 124 years.

I do not know of his saying anything against that. Of that $95,000,000,000, $33,000,000,000 was due to the World War, leaving $62,000,000,000 to cover the expenses of government during the time that the gentleman from Kentucky has officiated in this House and in the Senate. He did not say anything against that.

When you deduct from the $21,000,000, that will be the actual expenditure of our Government for 3 years preceding June 30, 1936, the expenses due to the administrations that have preceded us—in other words, the cost of the Veterans' Administration, the reduction of the national debt, the payment of interest on a debt created by predecessors, investments in property, and securities which are worth their face value—the actual expenditure will hardly exceed $14,000,000,000 over a period of 3 years of this administration.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman 2 additional minutes.

Mr. HARLAN. Mr. Chairman, for the 20 years prior to 1933 we spent $62,000,000,000 on governmental expenditures; so that the actual expenditures of this administration have not, when they are analyzed, greatly exceeded the expenditures of their predecessors. Such things are only half-baked half-truths put out on this floor purely for political purposes, when this Congress ought to be considering basic taxation questions and forgetting about politics. We do not have an election for a year and a half to come. I think the people of the United States are not going to have patience with this body if we indulge in that kind of deliberations at this time. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I was very much interested in the remarks of the gentleman from Ohio who offers an apology for the administration. My good friend the gentleman from Ohio well illustrates that old truth that "the human mind has infinite resources for resisting the introduction of knowledge." He is still out of breath from running out to contact the administration to see whether or not I have made a true statement. Mr. Chairman, when I make a statement on the floor of the House I know what I am talking about before I make it.

May I say to the gentleman, if he wants the specific facts, that the Agricultural Department after the passage of the bill blocking the suits of private citizens against the Government on Government securities tried to borrow $55,000,000 from a national bank in New York and that national bank said that the bill went so far as to include notes and that the House bill barring suit included Government notes; that it could not lend the money until assured that suit could be brought on those obligations. Such are the facts.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from Michigan [Mr. McLEOD].

Mr. McLEOD. Mr. Chairman, on March 4, 1933, this Nation reached the crisis of a terrifying financial panic. On that day a man stood at the door of the Capitol and proclaimed that the only thing the Nation had to fear was fear.

Since that time no man has done more to perpetuate and to increase the terror which then gripped the American people than has President Roosevelt.

Each day since he delivered that inspiring message on the Capitol Plaza he has added a new burden of fear to the American people, until now the great bulk of our honest, upright, thrifty, and loyal citizens are horrified at his actions and their potentialities.

At the time when Mr. Roosevelt told us that the only thing we had to fear was fear, our fear was largely due to the financial situation. Today the American people tremble and quake through fear that the very institutions which this man was elected to preserve are to be demolished.

The financial fear has become accentuated by wholesale and needless expenditure of public funds. The national structure has been endangered by both overt and covert acts.

The institutions which have made and preserved us as a Nation have been ridiculed and threatened. The best of our people have been held up to ignominy. The business structure has been terrorized, and fright today reaches its bony fingers into the very heart of America.

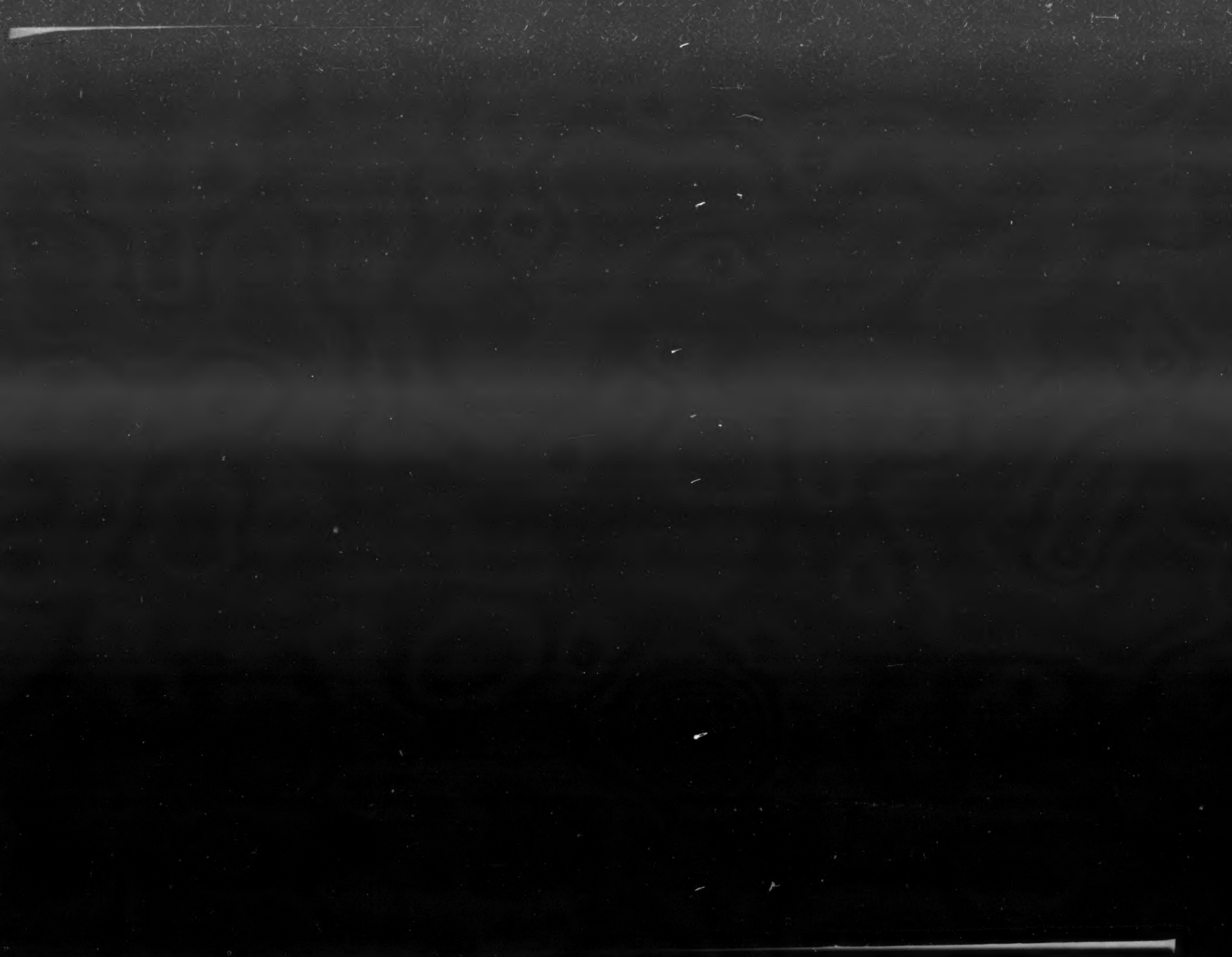
Mr. Chairman, the time has come to take a stand boldly and frankly if this fright is finally to be slain. The Executive has shown himself either unable or unwilling to slay the dragon of fear and it devolves upon the other agencies established by the Constitution of the United States of America to act for the preservation of the Nation and for the protection of the great body of our citizens.

We cannot go on longer with crackpots in control of one branch of the Government, seeking to extend their power to the other two coordinate branches and manipulating the country on behalf of 10,000,000 of our people while they cast at naught the necessities of 120,000,000 people. That is the status of our Government today.

I yield to no man in my sympathy for those who are out of work and in distress, yet I deny that the way to relieve the distress of the 10,000,000 unemployed is to destroy the happiness and the earning capacity of the remainder of our people.

These 10,000,000 who are unemployed must look for permanent improvement of their lot to the business and industry which are supporting the 120,000,000. They cannot find that relief in permanent form through the Government, but we find oppression and downright destruction of business and industry, both big and little, at the very time when they must and should be encouraged if the country is to be saved.

We cannot batter business today with silly regulations and extortionate taxes and expect business to absorb the unemployed. To treat industry and business in this way is to dry up the wellspring of taxes, which alone supports the Gov-



ernment. Likewise, such procedure spells the end of progress and sounds the death knell of every cherished hope of labor.

Let us consider business, industry, and labor as integral parts of the American Nation, just as vitally interested in its success and preservation as any academician or theoretician and we will then accord to business, industry, and labor the encouragement which they must and should have.

Let us consider what has been done to America in the last 2 years, done to a great nation under the guise of public welfare, which ignored or flouted the public welfare of the great mass of our citizens.

Under the plea of a vital national emergency, and at the vehement insistence of the President, Congress, imbued with a patriotic fervor, passed the National Industry Recovery Act, providing in that act for a great public-works program. Likewise it provided for the setting up of the National Recovery Administration. The $3,300,000,000 appropriated has been largely spent, yet the number of unemployed today is as great as it was when that act was passed. The National Recovery Administration, created under that act, was so perverted in its administration by its executives that instead of reaching out a helping hand to business, so as to aid in recovery, it became a club and a bludgeon which terrorized all forms of industry and commerce and left the people of the Nation still in the morass of economic despond.

What else, may I ask, could reasonably be expected from a policy which placed in supreme control of all industry men recruited from the ranks of those conspicuous for their lack of ability to earn and direct the use of money?

Through the 2 years that that act was in operation, scores of other experiments, many of them of doubtful legal validity, were projected by the Executive. Few of them had the confidence and scarcely any of them had the endorsement of the American people as represented in this Congress.

Possibly it may be true that some of these deeds bore the stamp of approval of the Congress, yet those of us here know that few of those acts represented the considered and deliberate opinion of this body. Eventually the N. I. R. A. went for interpretation to that third coordinate arm of the Government, the Supreme Court. That Court, in the full majesty of its tradition, cloaked with the great power given it by the founding fathers of our Nation, held that the perverted functioning of this act was repugnant to everything that has lifted our Nation to its place of greatness.

The Court, by this decision, restored to America the charter of liberty of which it had been cheated for 2 long years. Was this decision accepted by the Executive department in the American spirit of respect and reverence for the judiciary? No. Instead, we witnessed the degrading spectacle of one man standing and saying that because the orderly functioning of government, as prescribed by the Supreme Court, interfered with his exalted desires for personal power, the Court's power must be destroyed, the Congress must be destroyed, and everything left to the whims and fancies and wishes of one man.

Piqued by this mighty staying hand of the judiciary, and irked by the obvious unwillingness of the people to make him an uncrowned dictator, the Chief Executive nevertheless persists in his frantic efforts to coerce this Congress and to dominate the people here represented.

Forsooth, this man comes to us now, presents a calendar of legislation, and says "These must be passed." He asks not our advice upon them, consults not the will of the sovereign people, but simply hands us his calendar and says "must." If anything is more destructive of a representative form of government than that one man shall dictate legislation, I know not what it is.

The latest of these must proposals has come in the form of a bill to share the wealth and liquidate the national debt through new taxation. As such it is a sham and a gross fraud.

This bill calls for $270,000,000 in new revenue. This sum would not run the Government for 2 weeks, and is more than $3,000,000,000 less than last year's deficit. As a share-the-wealth measure, it would provide each American but a few cents more than $2 each.

In plain, everyday English this bill is nothing more than an empty, futile gesture, inspired by demagoguery of the worst sort and born of the cheapest type of political expediency.

At the time of his inauguration, Mr. Roosevelt swore a solemn oath and pledged himself to uphold, protect, and maintain the integrity of the Constitution. Now he comes forth, admits the strong possibility of the unconstitutionality of legislation on his must list, and urges Representatives to overlook their oaths of office, sidestep their plain duty, forswear themselves, and pass it anyway.

Are we here as the whipped dogs of one mad with the lust of power, or are we here as representatives of a great, a free, and a liberty-loving people?

Do we inherit the powers bequeathed us by those who forged this Nation from the wilderness, or do we sit here as pawns to legislate the dictatorial will of one man?

Do we represent 130,000,000 of Americans, bred in freedom, nurtured in individualism, and developed in initiative, or do we sit here supine to the will of an autocrat?

The great body of our people deplore what is taking place at the National Capital today. Our people deplore in their hearts what has taken place here for the past 2½ years; they decry the destruction of their institutions and demand a return to the constitutional government without which liberty becomes a mockery, freedom a byword, and initiative a hissing.

There is a great need in this Capitol today for an American movement, a movement not for the aggrandizement of individuals, whether they be mighty or humble, but a movement for Americans and for the preservation of America.

Let us again consecrate ourselves to the principles enunciated in the preamble to our Constitution and revive it and adopt it as the creed of the American people today. In these sentiments every true American will concur:

> We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

Please God, let us cast aside those acts and those men who would lead us away from American institutions, and let us take our proper place as the champions of the American movement.

If this be advocacy of the horse and buggy, then let me ride in that symbol of American progress. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I thought that I might bring some good cheer to the weary members of this Committee by indulging in a short discussion of the program for sharing the wealth. I suppose it is a little far-fetched for me to say that the share-the-wealth program is immediately involved in this tax bill; however, we have heard much about it in recent months, and certain observations have been made which would indicate that the authors of this bill expect to achieve by it a certain redistribution of wealth, so my observations will not be entirely irrelevant to the philosophy of this bill.

I recollect a distinguished Senator of the United States, who espouses a share-the-wealth program, stated upon a certain occasion that 2 percent of the people of the United States owned 68 percent of all the wealth. The inference is that if we were to have a share-the-wealth party some evening 98 percent of the people of the United States would have a very considerable sum of money distributed among them. Whether this is to be done by taxation, confiscation, or bayonets deponent sayeth not. However, this is a very tempting suggestion to people who have not looked into the matter in an analytical frame of mind.

The statement is made, may I remind you, that 2 percent of the people of the United States own 68 percent of the wealth, the inference being that the 68 percent of wealth

should be taken away from the 2 percent of people and redistributed among the remaining 98 percent.

Mr. Chairman, it may be entirely possible by force of arms or some other method to redistribute the wealth and share it equally, although I am afraid the prospect is not quite as favorable, measured in dollars and cents, as the distinguished Senator has led the people to understand. In the first place, the statistics of the census of the Department of Commerce, and the reports from the Industrial Conference Board—and I hope to not unduly deluge the committee with figures—indicate there are 40,000,000 people in the United States who own among themselves $24,000,000,000 in savings deposits. There are 10,000,000 people who own $8,000,000,000 in building-and-loan assets. There are 60,000,000 people holding life-insurance policies in the United States the assessed value of which is $22,000,000,000. So that if you add the savings deposits, the building-and-loan assets, and the insurance-company assets, we find a total of $54,000,000,000 of national wealth invested in those three categories. If we add to that figure 3,500,000 farms, and it is safe to say that 3,000,000 of the 3,500,000 are individually owned, half of them unmortgaged, we find, according to the census figures, that there are $29,000,000,000 of wealth invested in farms, with 3,000,000 people owning them.

We find also that, in addition to farm homes, there are 10,500,000 urban or suburban residences, and that they are worth $50,000,000,000.

The sum total of these last two categories added to the three first mentioned reaches the figure of $133,000,000,000 of national wealth, in savings deposits, building-and-loan assets, insurance-company assets, farms and farm homes, urban and suburban homes.

The total wealth of the United States in the year 1934 was estimated at $247,000,000,000. From this amount $9,000,000,000 should be subtracted, representing the property of churches, universities, schools, colleges of a private nature, and charitable institutions. There should also be subtracted from the $247,000,000,000 about $25,000,000,000 of Government property, property of the United States Government, State governments, municipal, county, town, and village governments, leaving a net wealth total in the United States of $213,000,000,000. We have already accounted for $133,000,000,000 of it, but we have not accounted for all of the national wealth by any means. For example, there are 24,000,000 automobiles in the United States, and if we figure them at a little over $400 apiece, there are $10,000,000,000 to be added to the national wealth. There are millions of people who own stocks and bonds and securities, and the securities listed on the New York Stock Exchange alone in 1934 were worth $33,000,000,000, market value. These two categories taken together add another $43,000,000,000 to the $213,000,000,000. Then, if we add the small stores and business establishments which are neither residences nor farms, we get an indeterminate amount of wealth, but very, very important. If we add to this the radios, the phonographs, the refrigerators, the books, the furniture, the clothes, the sewing and washing machines, and commercial bank deposits which are not included in the saving deposits, no one knows how much of the national wealth is contained in these categories, but it is safe to say that by adding up these different categories we get at least 75 percent of all the wealth of the United States, and we find that it is owned by 80 percent of the people.

So I am sorry to announce to you that the division will not be very generous.

Now, we may tackle the division from another standpoint, and supposing, as another distinguished Senator, or perhaps some other statesman, has suggested, we accomplish the division by seizing all the incomes in the United States in excess of $150,000 a year and distributing that sum of money among all the rest of the people who have less than $150,000 a year. This is a rather bright prospect until you look into it. If we did this, it would result in every person in the United States getting 15 cents a month increase in his income; but, perhaps, it may seem that a division of incomes in excess of $150,000 a year is not a severe enough way of going at this business of sharing wealth, so let us get down to incomes of $5,000 per year and divide up all the incomes in excess of $5,000. What would each one of us then get? Two dollars and thirty-two cents income per month.

By the way, there were only 962 people in the United States who, in 1932, enjoyed an income of over $150,000. They are the people this bill is supposed to affect most severely. If we took all their excess income, the rest of us would get 15 cents a month additional income.

I congratulate you on the prospects. [Laughter and applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. DITTER].

Mr. DITTER. Mr. Chairman, years ago a master Teacher resorted to the use of parables to present his truths. One of the very dramatic parables He used was the recital of a young man who sought his inheritance and proceeded into a distant country to dissipate the fortune which he had received. After having enjoyed all that the inheritance would provide for him, he, ultimately, found himself in destitution and in want. His salvation, however, depended upon the fact that he decided to change his course, retrace his steps, and go home. It is a story of mistaken endeavor. It is a story of misdirected effort. It is a story of disappointment, disillusionment, and disaster. The only bright part of the picture is provided by the profligate's willingness to acknowledge his mistake and turn toward home.

It seems to me a striking analogy can be drawn between this parable and the program of the administration during the past 2 years. The present administration claimed an inheritance on the 4th of March 1933, and tried to impress upon the country the fact that it would pursue a program of safety. Instead of that it has pursued a program of profligacy, a program of extravagance, a program of experimentation. Today, it comes and asks the House to provide further money to pursue this policy of extravagance and prodigality.

I am impressed with the fact that what the administration should be concerned with today, and I believe the cry which the American people make today is that the same course should be pursued by the administration which was taken by the young man whose experiences were unfolded by the Galilean Teacher years ago. An about-face is necessary. A change of policy is required. A reformation of program is essential. Instead of more taxes we need more thrift. Instead of more spending we require more saving. A penny saved is a penny earned would be a good axiom for present-day conditions. Let us get back to the point where we again believe that thrift and industry and a policy of saving will be a policy of safety.

The young man in the parable was a disciple of the doctrine that we can spend ourselves into prosperity. He was anxious to take the fund which was his and spend it in order that he might have the advantages and the privileges which he felt it would provide for him. He spent until it hurt rather than saving until it hurt. Dissipation reduced him to degradation. Extravagance, profligacy, and waste brought him to despair. The result was the inevitable outcome of his course. Fortunately he changed his policy. The ring and the fatted calf and the robe were not provided until he retraced his steps.

I am convinced that the approbation of the American people will come to the administration, come to you and to me as Members of Congress, when we become sane and sensible and, aside from any partisan position, acknowledge the mistakes which have been made in the past, acknowledge that this spending program, this profligacy, this prodigality, this costly experimentation will not bring us out of our difficulties. The mistaken theory ultimately led the young man to the swineherder's tasks, to disappointment, to disillusionment, and disaster.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DITTER. I yield.

Mr. McCORMACK. Has the gentleman also read the reference to the Savior and the parable of the good Samaritan?

Mr. DITTER. May I answer the gentleman by saying that were the efforts of the administration confined to charity, were they confined to that which is exemplified by the parable to which the gentleman refers, there would be no opposition from this side. What we do complain about is this program of experimentation which has cost billions in the N. R. A. and the A. A. A. and other extravagances in which the administration has indulged. My appeal is to cast aside partisanship, to face the facts as we know them to be. Reassure the people and the business interests that we will put the national house in order; that funds will be appropriated only as needed; that economy will be a policy as well as a promise; and that our endeavors will be directed to creation rather than destruction. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Minnesota [Mr. LUNDEEN] such time as he may desire.

Mr. LUNDEEN. Mr. Chairman and colleagues, this bill, in my opinion, is a move in the right direction. I expect to support it. The only trouble is that it does not go far enough. I would like to see incomes from $5,000 up taxed to support social security. I would like to see at least British income rates applied in America on all incomes above $5,000. Instead of ruining Great Britain these rates aided in part in bringing about a return of prosperity to that great empire. They now announce proudly that they are within 1 percent of the 1929 normal, whereas we in America are said to be 40 percent below that normal. So we can take a lesson there. [Applause.]

Mr. WHITE. Will the gentleman yield?

Mr. LUNDEEN. Yes; I yield to the gentleman from Idaho.

Mr. WHITE. Does not the gentleman think that the production of gold in the British mines has had something to do with their prosperity?

Mr. LUNDEEN. Yes. That has had a great deal to do with it; it furnished them the money with which to pay the debts they owe to the United States. They forgot to do that.

Mr. WHITE. I understand that it has brought $325,000,000 annually to the British treasury.

Mr. LUNDEEN. I thank the gentleman. I have certain tables, data, and statistics showing our sources of wealth. I have not time now to go into that, and I ask unanimous consent that I may revise and extend my remarks and that I may include them in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

WHERE ARE THE FUNDS?

Mr. LUNDEEN. It has been estimated by Government research workers that we can produce enough wealth in America to give every family in the United States an income of $4,370 a year. We can certainly provide all the necessities and many luxuries for all our citizens. The administration is now curtailing production. No wonder 11,000,000 to 15,000,000 unemployed, 22,000,000 plus on relief, and millions more bankrupt farmers, home owners, professionals, and merchants are saying, "Where is this wealth? I want my share." The people of this country have a right to know about our wealth and our income.

Where are the funds that can be used to relieve distress among our people? Is it true that wealth and income are becoming more and more concentrated in the hands of a few? Who receives the incomes, the dividends, the interest, and who pays for them?

The answer to this question reveals a mirror of wealth and poverty, side by side, in these United States. I hope the citizens of this country will look into this matter. Democracy is seriously menaced by permitting the rich to grow richer and the poor to grow poorer.

WE, THE PEOPLE, HAVE LOST THE OWNERSHIP OF OUR COUNTRY

When the United States was first organized as a separate nation 2 percent of the people owned only 5 percent of the wealth and the other 98 percent owned 95 percent of the wealth. This information comes from one of the suppressed books written by Minnesota's most distinguished Congressman, Charles A. Lindbergh, Sr., who served in this House for 10 consecutive years, from 1907 to 1917. (Farmers Union Herald, South St. Paul, Minn., July 1935.)

When this country was born the industrial revolution was in its initial stages in Great Britain. The steam engine and the spinning jenny were perfected during the same years America was becoming an independent nation. These two inventions produced the evils of wage sweating from the concentration of manufacturing in factories. However, other opportunities for employment opened for the workers in America who were replaced by the steam engine and the spinning jenny. In America we had our enormous natural resources. We opened up new lands, mines, oil wells, and forests. The inventiveness of the American people produced an endless stream of new machines.

The evil day was pushed forward until our frontiers vanished and the worker could no longer go west to avoid low wages; nor could the farmer go west to receive adequate prices for his crops. The farmer and the city worker had to take what they could get, while those who gained control of the Nation's wealth were made rich at their expense. Labor unions and farm organizations were their only defense. Finally we have reached the stage where authorities estimate 2 percent of the people own 80 percent of the wealth, instead of 5 percent at the beginning.

If this is true, we, the people, have certainly lost the ownership of the country in which we live. Farm and labor organizations alike are trying to find a way to regain the ownership they have lost.

A too great disproportion of wealth among citizens weakens any State; every person, if possible, ought to enjoy the fruits of his labor in a full possession of all the necessaries and many of the conveniences of life; no one can doubt but such an equality is more suitable to human nature, and diminishes much less from the happiness of the rich than it adds to that of the poor.—*Hume.*

OUR FINANCIAL OLIGARCHY

In 1915 Dr. Willford I. King published The Wealth and Income of the People of the United States. Since that time the American people have become more and more interested in the concentration of wealth. Many estimates on the extent of this concentration have been made. Dr. King's statistics indicated that 2 percent of the people owned 60 percent of the wealth, 33 percent of the people owned 35 percent of the wealth, and 65 percent of the people owned 5 percent of the wealth. (Dr. King's studies covered estates probated in Massachusetts, 1829 to 1831, 1859 to 1861, 1879 to 1881, and 1889 to 1891, and in Wisconsin in 1900. His statistics were quoted by the Commission on Industrial Relations created by act of Congress in 1912, and whose final report was made in 1916. A later study by the Federal Trade Commission, published in 1926 and entitled "National Wealth and Income", showed that about 1 percent of the decedents owned 59 percent of the estimated wealth. These figures were drawn from probated estate information.)

WEALTH OF NATION IN HANDS OF 200 CORPORATIONS

Senator BURTON K. WHEELER, of Montana, in the CONGRESSIONAL RECORD for February 19, 1935, supports the statements of prominent economists, such as Stuart Chase, Henry Pratt Fairchild, and Harry A. Overstreet, that 200 corporations already control the financial life of the Nation. In 1930 there were over 300,000 nonfinancial corporations in the United States whose gross assets were approximately $165,000,000,000.

Of these 300,000 corporations, the 200 largest, including 42 railroads, 52 public utilities, and 106 industrials, each with assets over $90,000,000, had combined assets of over $81,000,000,000. These 200 corporations, representing less than seven one-hundredths of 1 percent of the total number of corporations, control about half of the corporate wealth of the country. (Supporting data for this information can be found in The Modern Corporation and Private Property, by Berle and Means.)

CONCENTRATION INCREASING AT ALARMING RATE

The rate of increase in concentration of wealth was greater for the years 1924 to 1929 than for the years 1909 to 1929. It is estimated that if the 1909 to 1929 trend continues until 1950, 70 percent of all corporate activity would be carried on by 200 corporations, and by 1970 all corporate activity and practically all industrial activity would be absorbed by these 200 giant corporations. (In 1931 Gardiner C. Means, in discussing a statistical survey conducted by the Columbia Social

Science Research Council, stated that at the present rate of increase 80 percent of the Nation's nonfinancial corporate wealth—industry, transportation, mining, power, and so forth—will be in the hands of 200 corporations by 1950. (American Federation of Labor, Apr. 4, 1931.)) These corporations are ultimately controlled by a few hundred men.

YEARLY INCOME CONCENTRATION SIMILAR TO WEALTH CONCENTRATION

We have been speaking of the concentration of wealth, not income. Wealth refers to possessions—in business, farms, and other property—over which one has control. Income is the money received in the form of wages, salary, interest, dividends, and so forth. Income-tax returns published by the Bureau of Internal Revenue reveal a steady concentration of income year after year.

Even in 1929 only 3.6 percent of the people receiving incomes had personal incomes of $5,000 and over. Only 8 percent of all American families had incomes of this amount, and in that year 71 percent of all dividends were received by people reporting incomes of $5,000 and over. At the same time more than 42 percent of the families received subsistence and poverty incomes of under $1,500, and 21 percent of the families had incomes of less than $1,000. (America's Capacity to Consume, Leven, Moulton & Warburton, Brookings Institution, p. 55.)

Fifteen thousand people at the top of the income list had net incomes of $143,000,000 greater than fifteen hundred thousand at the bottom. (Labor, Washington, D. C., Feb. 8, 1930.)

MILLION-DOLLAR NET INCOMES DOUBLE IN 1933

Do you ask what is the proper limit to wealth? It is, first, to have what is necessary; and, second, to have what is enough (Seneca).

This is the extent to which both wealth and income have been concentrated in the hands of a few.

Sometimes a person who receives a net income of $50,000 per year is considered a millionaire, since $50,000 would be received at a rate of 5 percent on an investment of a million dollars. Persons in the $50,000 net income class increased from 7,431 in 1932 to 7,974 in 1933. The income of the $25,000 to $1,000,000 and over net income classes has increased at the expense of the smaller incomes. The number of million-dollar net incomes reported increased from 20 in 1932 to 46 in 1933; the number of people reporting incomes of less than $5,000 decreased by 81,393, or from 3,420,995 to 3,339,602. (Prepared by the Interprofessional Association for Social Insurance on the basis of preliminary report Statistics of Income for 1933, submitted by United States Secretary of Treasury Dec. 3, 1934.) This means that thousands of people who in 1932 had incomes high enough to be reported under the income-tax law, but under $5,000, dropped down in 1933 to the lowest income class—the class which does not require reporting at all. Of our total population of 127,000,000 only 3,660,105 had incomes large enough in 1933 to require reporting under the law.

The number of this million-dollar net income group at the top increased from 20 to 46; the amount of net income they received increased by more than 130 percent—from $35,239,556 in 1932 to $81,558,981 in 1933. The number of people in every class under that amount decreased, as the table which I am placing in the RECORD shows (appendix R).

GEOGRAPHIC CONCENTRATION OF INCOME

Income is highly concentrated in the Middle Atlantic and East North Central States. These States comprise little more than 13 percent of the total land area and have 42 percent of the population; they received in 1929, 55 percent of the total money income of the American people. South Atlantic and east central divisions, with more than 15 percent of the land and 21 percent of the people had only 11.7 percent of the income. New York, Delaware, and the District of Columbia have per capita incomes in excess of $1,200. South Carolina's per capita income is $261 (America's Capacity to Produce and America's Capacity to Consume, Digest of Brookings Institution Studies, 1933 and 1934, p. 40).

CONCENTRATION OF SAVINGS

Another example of wealth and income concentration is found in savings. In 1929 about 2.3 percent of all families—those with incomes in excess of $10,000—made up two-thirds of the entire savings of all families. At the bottom of the scale, 59 percent of the families saved only about 1.6 percent of the total savings. Sixty thousand families at the top saved almost as much as 25,000,000 families at the bottom (America's Capacity to Consume, pp. 93, 94; see appendix A for details). The upper 10 percent of the families, including those with incomes of $4,600 and above, made about 86 percent of the total savings. The group with incomes between $3,100 and $4,600 saved 12 percent of the total savings. The other 80 percent of the people saved 2 percent of the total. Five million seven hundred and seventy-nine thousand families receiving incomes of $1,000 and less saved nothing but were incurring debts in 1929 (America's Capacity to Consume, pp. 93, 94; see appendix A for details).

The insurance of bank deposits up to $5,000 is now made permanent by the banking bill of 1935. According to Congressman ELLENBOGEN, the insured maximum is sufficient, because 98 percent of the banking deposits are less than $2,500. There are over 50,000,000 depositors in this country, but 1,000,000 depositors have as much on deposit as the combined 49,000,000 other depositors have. The average single deposit is only $183.12 (Hon. HENRY ELLENBOGEN, speech, May 13, 1935, CONGRESSIONAL RECORD).

ERA OF HUGE SALARIES

Who receives these large incomes and from what sources do they come? Fabulous salary and bonus payments are a recent innovation in America, and fairly new to the world. They are a characteristic of monopoly and entered our national life in the era of President McKinley. There was a time in our early history when $5,000 a year was a huge salary. In the last generation a salary of $25,000 was considered the top limit. Now railroads, insurance companies, and other corporations appealing for Government aid are directed to cut salaries of executives from $150,000—in the case of the Southern Pacific Railroad president—to $60,000 in order to receive Federal aid. A loan of $23,000,000 was made by the Government to the Southern Pacific Railroad while it paid its president $60,000 a year. This, says the New York Times, is "the most unkindest cut any big railroader has suffered" (New York Times, Dec. 8, 1933).

FORTY PERCENT OF MANUFACTURING CONCERNS INCREASE EXECUTIVE SALARIES IN 1934

A raise from $59,166 in 1932 to $100,000 in 1933 was received by W. E. Levis, president of the Owens-Illinois Glass Co.; he again received $100,000 in 1934. Francis B. Davis, chairman of the United States Rubber Co., received $125,000 in 1934 compared with $96,136 in 1933. These raises refer to salaries alone; profits from other sources are not included. James H. Rand, Jr., president of Remington-Rand, Inc., received a boost in salary from $60,000 in 1933 to $94,120 in 1934. M. G. Gibbs, president of Peoples Drug Co., received $50,000 in 1934 compared with $40,000 in 1933. William F. R. Murrie, president of Hershey Chocolate Corporation, received $91,500 in 1934 compared with $66,550 in 1933. J. D. A. Morrow, president of Pittsburgh Coal Co., received $74,440 in 1934 compared with $24,772 in 1933.

These and numerous other instances of huge increases in already large salaries have been reported to the Federal Securities and Exchange Commission (St. Louis Post Dispatch, April 1935). In some instances salaries have increased 200 percent.

The National Industrial Conference Board announced on March 11, 1935, that of 717 manufacturing concerns covered in the Board's study, 41 percent have increased executive salaries (Commercial and Financial Chronicle, Mar. 23, 1935).

MILLION-DOLLAR SALARIES AND BONUSES OF 1929

It is true that even with these huge increases in present executives' salaries the amounts in some instances do not compare with the fabulous payments received by corporation executives in 1929. Albert H. Wiggin, of the Chase National Bank, no longer draws $1,092,000 salary and $275,000 bonuses drawn for the last five and a half years that he was connected with the bank. The $3,500,000 bonuses paid Charles E. Mitchell, former chairman of the board of the National City Bank from 1927 through 1929, are no longer paid. The $1,635,753 salary and bonus received by E. G. Grace, of Bethlehem Steel Corporation in 1929 has dropped

to a mere $180,000 in 1934. (See appendix B for information concerning compensation of salaries and bonuses of some of America's largest corporation officials from 1928 through 1933.) In some cases these officials received higher salaries in 1933 than they did in 1928 and 1929, although in most cases a decrease is shown.

HUGE SALARIES KEPT SECRET

These large corporations were required by recent legislation to report their salaries, bonuses, and stockholdings to the Federal Securities and Exchange Commission. Many of them requested the Commission not to publish the amounts of salaries paid to executives. Until recently the Commission did not publish salaries when requested to keep them secret. A few days ago some of the amounts formerly kept secret were made public.

Chairman Carle C. Conway, of Continental Can Co., received $72,000.

President Oscar C. Huffman of the same company received $72,000.

Chairman Frank G. Shattuck, of Frank G. Shattuck Co., $41,840.

President Gerald Shattuck of the same restaurant company, $16,129.

President M. H. Karker, of Jewel Tea Co., received $87,860.

Vice President F. M. Kasch of the same company received $22,105.

President Morton J. May, of May Department Stores, received $100,075.

Vice President Nathan L. Dauby of the same firm $137,409.

Chairman Samuel J. Bloomingdale, of Bloomingdale Bros., received $75,000.

President Michael Schaap of the same company received $75,000.

Vice President Harry A. Hatry of the same firm received $75,000.

Vice President Hiram C. Bloomingdale of the same firm $50,000.

Twentieth Century-Fox Film Corporation recently registered two security issues with the Securities Exchange Commission showing 7-year contracts calling for annual payments of approximately $200,000 to President Sidney R. Kent, $250,000 to Vice President Darryl Zanuck, and $125,000 to Chairman Joseph M. Schenck (Time, Sept. 2, 1935).

FABULOUS RICHES OF 1935

A decrease in profits since 1929 by no means indicates that millionaires and multimillionaires are relics of the past.

Salaries and bonuses are one form of income. Another form comes from dividends on stock. In 1935 individual stockholdings alone of John D. Rockefeller, Jr., amounted to $212,000,000. Samuel H. Kress, chairman of the board of the chain-store organization carrying his name, holds $44,000,000 worth of stock. S. S. Kresge, chairman of the large variety chain-store concern, holds $28,000,000 worth of stock in his company; and, by the way, the press has just reported that Kresge has lengthened the working day of his employees by 1 hour since the Supreme Court decision declaring the National Industrial Recovery Act unconstitutional.

These stock holdings were reported to the Federal Securities and Exchange Commission in accordance with the Securities Exchange Act of 1934 requiring that every owner, directly or indirectly, of over 10 percent of the stock, and every director or official must file the amount of his holdings at the time of registration of his stocks; the individual cases are recorded by Barron's National Financial Weekly for February 11, 1935. (See appendix C for complete list of holdings.)

PROFITS ON UPSWING

The bottom year in profits was reached in 1932, when 418 corporations showed profits of $49,000,000 as against $3,051,000,000 for 1929. In the year 1933 profits increased to $605,000,000, and the estimated profits for 1934 amount to $911,000,000. (Standard Statistics, quoted in Monthly Survey of Business, January 1935.) These profits refer to the larger industrial, utility, and railroad corporations.

THE EXCLUSIVE BILLION-DOLLAR CLUB

There are 23 concerns in America's billion-dollar club. Each of these concerns is worth over a billion dollars, and their combined assets amount to more than $42,000,000,000. Fifteen of the twenty-three have greater assets than at the end of 1933 and 16 show a gain over 1929.

A newcomer in last year's billion-dollar club is Associated Gas & Electric, the company owned lock, stock, and barrel by Howard C. Hopson, who, according to the recent Senate lobby investigation, drew a profit of over $2,000,000 last year while small stockholders held the bag.

Among these giant corporations are 6 railroads, 5 insurance companies, 5 public utilities, 4 banks, 1 oil company, 1 auto manufacturer, and 1 steel corporation. Metropolitan Life Insurance leads the list. In 1934 its assets were over $4,000,000,000.

Company	Dec. 31, 1934	Dec. 31, 1933
Metropolitan Life	$4,031,108,152	$3,980,761,191
American Telephone & Telegraph	3,034,636,813	3,078,568,666
Prudential Life	2,966,245,956	2,835,007,097
Southern Pacific	2,307,790,182	2,330,717,354
Pennsylvania R. R	2,282,171,369	2,181,636,896
New York Life	2,109,505,224	2,010,943,112
United States Steel	2,084,112,287	2,102,896,880
Chase National Bank	1,999,050,847	1,715,188,303
Standard Oil (New Jersey)	1,941,700,974	1,912,234,670
New York Central	1,830,138,278	1,825,792,703
Equitable Life	1,657,301,146	1,520,707,378
National City Bank (New York)	1,640,110,831	1,386,839,011
Guaranty Trust (New York)	1,577,090,788	1,419,533,813
Consolidated Gas of New York (Consolidated system)	1,363,241,978	1,352,365,966
Atchison, Topeka & Santa Fe	1,271,982,682	1,271,026,075
Cities Service	1,269,626,752	1,281,987,981
General Motors	1,268,532,026	1,183,674,005
Baltimore & Ohio	1,215,560,128	1,220,833,814
Union Pacific	1,175,762,559	1,175,941,555
Mutual Life (New York)	1,160,509,652	1,119,855,726
Bank of America	1,167,754,468	1,005,676,187
Commonwealth & Southern	1,119,287,227	1,128,501,779
Northwestern Mutual Life	1,018,384,037	998,295,364
Associated Gas & Electric	1,011,271,849	959,277,379
Total	42,491,894,155	[1] 40,878,283,965

[1] Washington News Aug. 16, 1935.

HIGHER DIVIDENDS IN 1934 THAN IN 1933

The value of these immense stock holdings is growing. The National City Bank of New York has compiled the total profits, less deficits, of 840 manufacturing and merchandise companies for 1934 and found that profits rose 43 percent from 1933 to 1934. (Journal of Commerce, Mar. 4, 1935, p. 6.)

Another summary, published in the New York Times for January 1, 1935, shows that dividend payments of 1,253 companies totaled $270,043,068 in 1934 as against $229,787,322 for 992 corporations in 1933, an increase of $40,255,746 paid out to stockholders in banks and insurance companies, chain stores, department stores, public utilities, and 10 other classes of companies. (See appendix S.)

WHO RECEIVES THESE DIVIDENDS? WHO PAYS?

Large dividends do not mean prosperity for the common people. When dividends are paid, someone pays them, and only a small percentage of our people receive the benefits. From 1929 to 1932 the percentage of dividends received by individuals with net incomes above $5,000 ranged from 58 percent to 71 percent. (Report on the National Income, 1929 to 1932, S. Doc. 124, 73d Cong., 2d sess., p. 40.) Only about 4,500,000 of our population of 127,000,000, or 4 out of every 127, receive incomes of $5,000 and over. Increased dividends are to the benefit of that less than 4 percent. The rest of us pay higher prices for the food we eat, the clothes we wear, the gas and electricity we use, in order that these dividends might be paid.

EVEN SMALL INVESTORS DO NOT BENEFIT FROM PROFITS

The recent Senate lobby investigation hearings have clearly shown that even the average investor does not profit from the prosperity of large holding companies. By creating a complicated system of holding companies and service companies pyramided on top of each other, the profits belonging to investors and workers of Associated Gas & Electric Co.

were squeezed out of that company and dumped into another one, with the result that Howard C. Hopson made a profit of over $2,000,000 while small investors received no profit on their stock. At the same time the small investor helps to pay Hopson his "service" company income by the exorbitant bills the investor pays each month for his own public-utility services in his home and in his business.

Many people who own a few shares of stock in some large corporation do not know that their loss in paying higher prices is greater than their gain in dividends.

This is especially true of public utilities, which cost the average citizen more each year than he pays in the form of taxes for many branches of Federal, State, and local government. The citizen of New York who paid $365 a year in taxes in 1929 paid his share for the upkeep of the Army, Navy, Coast Guard, Weather Bureau, United States highways, the State university, hospitals, prisons, almshouses, bridges, parks, streets, lights, police, water, street cleaning, schools, libraries, fire department, garbage collection, sewage disposal, playgrounds, and clinics. For another $365 he received his electricity, telephone, gas, and his automobile gasoline and oil from private corporations. ("Rich Man, Poor Man", Stuart Chase, Henry Pratt Fairchild, Harry A. Overstreet, People's League for Economic Security.)

EXORBITANT PUBLIC-UTILITY RATES OF PRIVATE CONCERNS

Government authorities have furnished me with figures showing just how much Minnesota citizens are overcharged for their light and power service, compared with rates of publicly owned plants in the Tennessee Valley Authority and in Tacoma, Wash.; Ontario and Winnipeg, Canada.

Rates applicable	Estimated annual revenue	Annual saving	Percent of saving
Present Minnesota charges	[1] $27,724,109		
T. V. A. rates for Minnesota service	[1] 14,267,990	$13,456,119	48.5
Tacoma rates for Minnesota service	[1] 14,202,882	13,521,227	48.7
Ontario rates for Minnesota service	[1] 13,705,000	14,019,109	50.6
Winnipeg rates for Minnesota service	[1] 11,337,109	16,387,000	59.1

[1] Light and power.

INSIDERS' DIVIDENDS, 1934

What real good does an addition to a fortune already sufficient prove? Not any. Could the great man, by having his fortune increased, increase also his appetites, then precedence might be attended with real amusement.—*Goldsmith.*

While the small investor holds worthless stock in some corporations, the profits of insiders in others mount. In 1934 C. B. Bohn, of Bohn Aluminum & Brass Corporation, received $119,556 dividends on 39,852 shares of stock. Eversley Childs, of Bon Ami Co., received $271,000 on 67,750 shares. G. M. Moffett, of Corn Products Refining Co., received $201,675 on 67,225 shares of stock. E. du Pont, of the E. I. Du Pont de Nemours & Co., received $286,759 on 92,503 shares of stock. C. Copeland, of the same company, received $186,000 on 60,000 shares, and L. du Pont received $130,308 on 42,035 shares. C. F. Kettering, of General Motors, received $670,105 on 446,737 shares of stock. H. Havemeyer, of Great Western Sugar, received $555,948 on 231,645 shares of stock. S. S. Kresge received $1,028,787 dividends on 1,285,984 shares of stock in his company. Samuel H. Kress drew $1,700,595 dividends from 680,238 shares of stock in his company. J. D. Rockefeller, Jr., drew $2,678,027 on his 2,142,422 shares in Standard Oil of New Jersey and an additional $3,068,622 from his 5,114,370 shares in Socony-Vacuum Oil Co.

These fabulous 1934 profits are the estimated dividends compiled by Labor Research Association, New York City, from data supplied by corporations to the Securities and Exchange Commission up to February 6, 1935. (See appendix U.)

PROFITS OF 1935

Labor Research Association has computed another table on dividends paid certain steel- and metal-company executives only on the stocks of their own company. This compilation is based on reports by the companies to the Securities & Exchange Commission up to February 6, 1935. It also shows the estimated profits from shares held in 1935. (See appendix V.)

A MILLION PARASITES

In 1929 there were about 2,000,000 income recipients who were not reported as being gainfully employed, and most of these were living on incomes from investments. A total of $8,000,000,000 was paid in 1929 to individuals and corporations in interest and dividends. (America's Capacity to Consume, Brookings Institution.)

MILLIONAIRE HEIRS AND HEIRESSES

If the overgrown wealth of an individual be deemed dangerous to the State, the best corrective is the law of equal inheritance to all in equal degree; and the better, as this enforces a law of nature * * *.—*Thomas Jefferson.*

This country has its full quota of young people who inherited great riches they never earned. The late Smith Reynolds, for instance, inherited something like $30,000,000, and since his death newspapers have printed hundreds of stories about the litigation over his estate. The 5-and-10-cent-store heiress, Barbara Hutton, has two foreign titles to her discredit and through her large sums of American money which should have been given to underpaid Woolworth store employees has been thrown in the laps of titled foreigners.

Our young Republic * * * should prevent its citizens from becoming so established in wealth and power as to be thought worthy of alliance by marriage with the nieces, sisters, etc., of kings.—*Thomas Jefferson.*

A new addition to the young six-figure annual-income group is little 14-year-old Diana Duff Frazier, daughter of the late Frank Duff Frazier, who receives $108,000 a year and is to have an estimated income of $150,000 a year when she becomes of age.

Fifty million dollars in gifts were made by one or more persons living or having their places of business in the Third New York Internal Revenue District last year to avoid payment of estate taxes in New York State, which are higher than gift taxes. It is believed that the gifts were not made to charities or public institutions, as most such gifts are exempt from taxation. (The New York Times, Mar. 19, 1935.)

INTEREST: INCOME FOR IDLE DOLLARS

High salaries and huge dividends are two forms of income which can be taxed for the benefit of all the people. Interest is another source of funds. Dividends are paid on money invested in stocks. Interest is paid on money invested in bonds or loaned for many purposes, both public and private.

Here is an example of the many cases where large sums of money are paid by the governments, State, local, and National, in the form of interest to money lenders:

The comptroller of the State of New York will sell at his office at Albany, N. Y., June 28, 1934, at 1 o'clock p. m., $30,000,000 emergency unemployment relief serial bonds of the State of New York, dated July 1, 1934, and maturing $3,000,000 annually July 1, 1935, to 1944, inclusive; principal and semiannual interest January 1 and July 1 payable in lawful money of the United States of America, at the Bank of the Manhattan Co., 40 Wall Street, New York City. Exempt from all Federal and New York State income taxes. Bidders for these bonds will be required to name the rate of interest which the bonds are to bear, not exceeding 4 percent per annum. * * * The net debt of the State of New York on June 15, 1934, amounted to $520,272,827.40. * * *

The notice appeared in the Annalist for June 22, 1934. This is an instance which happened to come to my notice, in which income for idle dollars is being offered in order to create relief for idle men. Tax-exempt securities are issued to relieve unemployment—at 4-percent interest to the bondholders.

PLENTY OF FUNDS AVAILABLE FOR INTEREST-BEARING GOVERNMENT SECURITIES

When the United States Government offers interest-bearing Treasury bills for investment the question, Where will you get the money? is never asked. The Treasury Department knows, from years of experience, that every issue it offers to the public is snapped up overnight and oversubscribed from two to eight times and more. Only a few weeks ago the Treasury offered two series of Treasury bills dated June 2, 1935, offered June 21, 1935. An amount of about $100,000,000 was asked and $272,908,000 was applied; $100,010,000 was accepted. (Washington Post, June 25, 1935.)

The Treasury Department has furnished me with a list of offerings of public-debt securities from July 1, 1933, to May 31, 1935. There are approximately 130 issues and every single one was oversubscribed. (See appendixes D and E.)

INCOME FROM INTEREST ALMOST REACHES 1929 LEVEL

Executive salaries and bonuses took some drop after 1929; dividends reached a comparatively low bottom and have again begun to climb; wages have been greatly reduced, and labor has certainly suffered most of all—but the percentage of interest paid to dollars invested remains practically the same as it was at the peak of the boom, and in many classes of industry it takes a greater toll than ever before.

INTEREST PAID BY RAILROADS TOPS 1929 FIGURE

In the railroad-transportation industry, for instance, the accrued interest on funded and unfunded debt increased from $583,109,000 in 1929 to $607,289,000 in 1933. Using the year 1920 as the 100-percent year, the interest payments have increased from 100 percent in 1920 and 109 percent in 1929 to 113.5 percent in 1933. (From Report on Wages and Salaries, Federal Coordinator of Transportation, May 1935. See appendix W for details.)

TOTAL INTEREST PAYMENTS FOR ALL INDUSTRIES 96.7 PERCENT OF 1929

Considering as 100 percent the wages paid in 1929, wages dropped from 100 percent to 39.8 percent in 1932. Dividends dropped to 43.4 percent of the 1929 amount. Interest payments dropped only to 96.7 percent of the 1929 amount.

This is the total for many selected industries, including mining, manufacturing, construction, steam railroads, Pullman, railway express, and water transportation. In many industries the percentage of interest payments was upward. In the electric light, power, and gas industries interest payments were 123.9 percent of the 1929 figure, while salaries and wages were 72 percent. In the transportation field interest payments in 1932 were 103.3 percent of the 1929 figure, while wages dropped to 48.8 percent. In the communications industry interest payments were 121.8 percent of the 1929 figure, while salaries and wages dropped to 75.6 percent. In the telephone industry alone interest payments in 1932 were 119.8 percent of the 1929 figures. Dividends in the telephone industry grew to 147.7 percent of the 1929 figure, while salaries and wages were chopped to 77.7 percent. (National Income, 1929–32, S. Doc. 124, 73d Cong., 2d sess.)

INTEREST ON PUBLIC DEBT RISES

Congressman McFARLANE has placed in the CONGRESSIONAL RECORD under date of May 17 a year-by-year analysis of interest on the public debt, showing that the burden has increased from $678,330,400 in 1929 to $837,000,000 in 1935. (See appendix F for tables of Congressman McFARLANE on public debt.)

DIVIDENDS AND INTEREST AT THE EXPENSE OF LABOR AND FARMER

This is the mirror of wealth in America. These are the profits of executives and investors. How have the farmer and the laborer shared in its distribution? They are the producers of this wealth.

While food prices have risen 25 percent in the past 2 years, average weekly wages have risen 8 percent. This is an example of how dividends are created at the expense of labor. There can be no rise in living standards if living costs rise faster than wages. This unequal rise in wages and living costs has been going on steadily since January 1933. Beside food prices, other elements enter into the family budget, such as rent, light, and heat, house furnishings, car fare, and so forth. Many of these did not rise as rapidly as food prices. According to the American Federation of Labor, living costs rose 11 percent from January 1933 to January 1935. This is more than the increase in wages. It is clear that the last 2 years have not raised the general standard of living for workers. Instead, the average worker who has a job is actually worse off in real income than he was 2 years ago, and prices were rising higher in the first half of 1935 than they were at the end of 1934. (Monthly Survey of Business, March 1935.)

Leaving unemployment entirely out of the picture, labor is suffering heavily from the depression, while profits of industry increase. Profits of 840 companies increased from $471,000,000 in 1933 to $673,000,000 in 1934, according to a study of the National City Bank. (Monthly Survey of Business, March 1935.)

RECENT INCREASES IN TOTAL LABOR INCOME

According to the August 1935, issue of Survey of Current Business, 67 percent of the total income for 1934 was paid out to labor, as against 65.5 percent for 1933. This apparently indicates an increase in the percentage of total income paid by industry to labor. Actually, all but one-tenth of 1 percent of the increase is accounted for by work-relief wages paid by the Government to the unemployed.

WAGE EARNERS' SHARE OF EACH DOLLAR CREATED BY MANUFACTURE

The wage earner's share in the wealth created by manufacture has declined for nearly a century. In 1849 the wage earner received 51 percent of each dollar created. In 1919 he received 42 percent and in 1933 he received 36 percent. (Monthly Survey of Business, A. F. of L., February 1935.)

On the other hand, the share going to profits and overhead increased from one-half to nearly two-thirds of the total during the same period. Increases in overhead have been largely due to increased interest payments, upkeep of machinery, and high salaries to management. From 1919 to 1933, while the workers' share dropped from 42 percent to 36 percent, the average workers' producing capacity almost doubled; production per worker per hour in our manufacturing industries increased 71 percent. The amount each worker produces is steadily increasing. The proportion of the product their wages can buy is steadily decreasing. Clearly, labor has not received the benefits that they should have received from technological improvements and increased efficiency in production.

INDUSTRY DEPENDENT UPON LABOR FOR PROFIT

Yet industry depends upon the purchases of labor for its own profits. In 1849 our industries were not equipped to produce for the mass of wage earners. Today industry has placed on the market over 21,500,000 passenger automobiles, 20,000,000 radios, 10,000,000 home telephones, and other comforts and luxuries which the workers are able to produce and which they should enjoy.

Since there are only 160,000 wealthy families in the United States with incomes over $25,000 a year and less than 7,756,000 moderately well-to-do families with incomes of $2,500 to $25,000 a year, industry is dependent upon the lower income groups—the 19,558,000 families with incomes under $2,500 a year—to buy the products that industries turn out. (Monthly Survey of Business, A. F. of L., February 1935.)

LABOR'S LOSSES DURING THE DEPRESSION

Industrial leaders have apparently not realized their dependence upon labor for profit. Otherwise, an intelligent industrialist would supply labor with sufficient income to buy back the products produced. One trouble is that industrialists compete with each other. If one of them adopts a high wage policy, he is penalized by others who do not do likewise. We need the help of organized labor to force all industrialists to maintain wage scales that will permit labor to buy back the products of its toil. According to the January issue of Survey of Current Business, the total income paid to labor dropped from $52,700,000,000 in 1929 to $29,300,000,000 in 1933.

Labor loses $60,900,000,000 in 5 years

Year	Total income	Loss from 1929	Accumulated loss
1929	$52,700,000,000		
1930	48,400,000,000	$4,300,000,000	$4,300,000,000
1931	40,700,000,000	12,000,000,000	16,300,000,000
1932	31,500,000,000	21,200,000,000	37,500,000,000
1933	29,300,000,000	23,400,000,000	60,900,000,000

The total loss for labor during 5 years of depression is $60,900,000,000. The Department of Commerce has shown in its study of the national income (S. Doc. 124, 73d Cong., 2d sess.) that labor has lost a much larger percent of its earned income than capital has lost in interest charges.

Capital has been sustained by drawing both on current income and on accumulated surplus. Capital has its

unemployment insurance in the form of accumulated surpluses saved for the rainy day of capital. In 1928 the corporate surplus, representing the accumulation by corporations of funds which had not been distributed to labor and capital amounted to $47,000,000,000, and even in 1932 it was over thirty-six billions (H. Rept. 418, 74th Cong., 1st sess.). This surplus was not produced by capital alone. Mainly it was produced by labor. It is made possible by the cooperation of capital and labor, and certainly it should be available for labor's insurance against a rainy day. Labor has a prior claim to it. But this fact is not recognized by industrial leaders, and capital has been permitted to draw on the surplus, while labor has lost its $60,900,000,000 in income. No one asked whether or not labor could afford this loss.

INCREASE IN HIGH INCOMES COMPARED WITH LABOR'S LOSSES

While labor has lost $60,900,000,000 many salary incomes in the higher figures have been increased. The American Federation of Labor made a survey of workers' incomes compared with high incomes and corporation profits in the manufacturing wines, utilities, trade, hotels, laundries, dry cleaning, railroads, and industries. The workers' incomes decreased from $13,331,082,000 in 1932 to $12,832,521,000 in 1933, a decrease of $498,561,000. High incomes of $100,000 a year and over increased from $373,806,000 in 1932 to $463,004,000 in 1933, an increase of $89,198,000. The total of all incomes over $25,000 a year increased by $128,000,000 from 1932 to 1933. Our total national income was 42 percent below 1929; workers' income was 49 percent lower. (Monthly Survey of Business, December 1934.)

These are not exceptional cases of the great disparity between the income of officials and workers. In each industry a similar disparity will be found. (See appendix G.) In the electric apparatus and supplies industry the average salary for 12 officials was $54,374 each in 1931 compared with average yearly earnings of wage earners in the same industry of $1,135. In 1933 the officers' salaries were cut to an average of $39,173 compared with $885 for the wage earners. This group of electric apparatus and supplies industries includes General Electric, Western Electric, Westinghouse Electric, Tung-Sol Lamp Works, and Zenith Radio Co.[1]

MEAT-PACKING INDUSTRY

In the meat-packing industry the average executive salary for Armour & Co., Wilson & Co., Swift & Co., and Cudahy Packing Co. for 1929 was $57,500, compared with wage earners' average of $1,260. In the motor-vehicle industry, including the makers of Auburn, Hudson, Mack, White, Packard, and Pierce Arrow cars, the average for six officials was $189,083 each in 1929, compared with wage earners' average of $1,162.[1]

In the rubber tires and tubes industry the average of 20 officials of Firestone, Goodyear, and Goodrich companies was $34,844 each in 1931, compared with $1,283 paid to wage earners.[1]

In the motor-vehicle bodies and parts industry, the average for 15 officials' salaries in 1931 was $73,968 each, compared with $1,286 each for wage earners in that industry.[1]

In the boots and shoes industry the average for six officials was $45,949 in 1933, compared with $744 for wage earners.[1]

In the food industries the average for 25 officials in 1933 was $53,292 each, compared with $931 for wage earners. The high cost of food in that year was certainly not caused by this wage scale.[1]

In the agricultural implements industry (Oliver Farm Equipment Co., International Harvester Co., Deere & Co.) the average for six officials for 1933 was $42,795 each, compared with $854 each for wage earners in that industry.[1]

In the oil industry the average for 40 officials was $77,097 each in 1931, compared with $1,561 for wage earners.[1]

[1] See appendix H for tables. Executives' salaries are taken from Federal Trade Commission reports as they appeared in the Annalist, June 22, 1934, and in New York Times during February and March 1934. Wage earners' yearly earnings for same years computed from reports of U. S. Census of Manufactures. Compiled by Labor Research Association, New York City.

TOBACCO MILLIONS

In the tobacco manufacturing industry the average for nine officials in 1931 was $232,086 each, compared with average yearly earnings of $695 for wage earners in that industry.[1]

The total compensation paid to officers of Consolidated Cigar Corporation in 5 years (1928–32) was $1,938,317. The total compensation paid to officers of Liggett & Meyers Tobacco Co. in 5 years (1928–32) was $5,415,292.

THESE COMPANY OFFICIALS PROFITED AT THE EXPENSE OF LABOR

Labor Research Association has given me specific examples of huge corporations whose officials profited at the expense of their wage earners. Their figures are taken from Federal Trade Commission reports made public in March 1934 on salaries, bonuses, and other compensation received by officers of some of the leading companies in the country.

INTERNATIONAL HARVESTER CO.

International Harvester Co. paid out over $6,500,000 in salaries and other compensation to a handful of officials in the 5 years 1928–32. During the same years workers who had been earning $35 and $38 a week were cut to as low as $20. In 1933 the president and first vice president of the company together received $91,000 in salaries, while Stanley McCormick, heir to millions reaped from this company, was awarded $103,000 for living expenses to cover the first 6 months, an average of $563 a day. Meanwhile workers were forced to contribute $1 each a month in support of the community fund. Now is the time to build a national farmer-labor party. Labor conquers everything. A national labor party will save our country from impending ruin.

WRIGHT AERONAUTICAL CO.

Wright Aeronautical Corporation cut wages of some 500 Paterson, N. J., machinists 30 percent within a 6-week period in 1930, the same year in which its president was handed a $24,600 salary. This company is controlled by the Curtiss-Wright Corporation, whose chairman of the board of directors netted over $357,000 in salaries from 1928 to 1932, inclusive. In 1933 he received another $67,500, while workers at the Buffalo, N. Y., plant, for example, were getting a $1.25 a week cut through being reclassified prior to the final working out of the industry's N. R. A. code.

In the 4 years 1928–32 four officials of Union Carbide & Carbon Corporation divided salaries of $820,000 between them. The number of workers on the pay roll in March 1931 at the Niagara Falls, N. Y., plant was reported at 600 to 700, having dropped from 1,500 normally employed.

TEN-CENT STORE PROFITS

F. W. Woolworth Co. was paying girls in New York City wages of $11 a week in 1932. During the same year the president of this 5-and-10-cent chain alone drew $637,170 as a bonus, the same amount as he had been given the previous year.

R. H. Macy & Co. paid its president and vice president, the Straus brothers, a total of $1,562,000 in the years 1928–33 in salaries and bonuses. In 1933, they and three other officials together received a total of $383,000 in salaries, while their employees were urged to contribute 2 percent of their meager earnings to the Citizens Welfare Committee to provide unemployment relief.

S. S. Kresge Co., despite the $15,000 salary paid to the chairman of the board of directors in 1933, and salaries and bonuses amounting to over $1,750,000 paid two officials between 1928 and 1932, had girls working during the 1933 Christmas season for 58 hours at $10.50 a week in New York City. The N. R. A. blanket code called for $14 for a 40-hour week.

UTILITY PROFITS

Westinghouse Electric & Manufacturing Co. in June 1933, during the strike at the company's plant at East Springfield and Chicopee, Mass., paid about 60 percent of the workers

[1] See appendix H for tables. Executives' salaries are taken from Federal Trade Commission reports as they appeared in the Annalist, June 22, 1934, and in New York Times during February and March 1934. Wage earners' yearly earnings for same years computed from reports of U. S. Census of Manufacturers. Compiled by Labor Research Association, New York City.

less than $95 a month. The salary of the chairman of the board of directors, however, was increased to $73,181 in 1933, or $6,391 over 1932.

Western Electric Co. announced a wage cut of 10 percent for all employees on April 1, 1933, and that workers would have to take an additional week's vacation without pay in the interests of "further spreading available work." In other words, the stagger plan was being put into effect. The company's president also took a wage cut during the year, from $77,541 in 1932 to $66,207 in 1933. His 1928–31 average annual salary was $87,443.

General Electric Co., by maintaining many of the most notorious speed-up systems in the country, welfare schemes and company unions, was enabled to pay Owen D. Young, Gerard Swope, and a string of lesser officials a total of nearly $7,300,000 in salaries and other compensation between 1928 and 1932.

Owens-Illinois Glass Co. increased the salary of its president from $59,166 in 1932 to $100,000 in 1933, when he also became general manager. The firm speeded up workers at Gas City, Ind., where girls who taped boxes after they are filled with glasses had to work so fast that their hands would bleed.

Even in 1929 workers at Long-Bell Lumber Corporation, Longview, Wash., were operating on curtailed schedules for 3 or 4 days a week, and whole families forced to subsist on $14.40 a week or less. In that year the chairman of the board drew a cool $60,000 as his salary, the same amount as in 1928.

MAIL ORDER HOUSES

Sears, Roebuck & Co., in January 1932, announced pay cuts ranging from 5 to 10 percent, in a number of its branches, which followed cuts of 10 to 20 percent the previous year. In this way the vice president was able to maintain his $75,000 a year salary right through 1931, when he received an additional $54,500 as a bonus. As chairman of the board in 1932, the same official received a salary of $64,182 which was increased to $81,818 in 1933. The president of the company was presented with a salary and bonus of nearly $260,000 for 1931 and 1932.

Montgomery Ward & Co. was scored by the State industrial commission of Colorado for paying its Denver girl employees as low as $8 a week in 1931. In that very year its president netted $98,749 and one of the vice presidents $61,458 as salary.

Anaconda Copper Mining Co. "could not afford to run its mines in 1932" and many of its workers in Montana were forced to live on charity. Workers known as radicals were denied relief. The salary drawn down by the president in that year, however, amounted to nearly a quarter of a million dollars, while the chairman of the board received $214,000 in the same year.

OIL PROFITS WRUNG FROM LABOR

Consolidated Oil Corporation, formerly the Sinclair Consolidated Oil Corporation, in which Harry Sinclair of "Teapot Dome" notoriety is the leading light, cut wages 10 percent in the spring of 1931, shortly after Hoover's conference pledging employers to desist from wage cutting. But during the year, the company paid to its own officers $512,000 in salaries plus bonuses and other compensation of over $1,500,000.

Standard Oil of New Jersey, of which W. C. Teagle is president, in 1932 instituted a widely publicized stagger plan and passed the hint on to other corporations. Teagle's salary was boosted from $72,000 to $102,000 in 1933.

International Paper Co., controlled by the International Paper & Power Co., gave its president salary and bonus for 1929 $80,000; in 1930 the same official received $87,500. This was increased so that in 1931 his salary alone amounted to $121,000 and in 1932 $104,000. In the latter year workers of the Cornerbrook, Newfoundland, plant struck against the imposition of a rationalization plan which made six workers employed on paper machines lose their jobs and speeded up those remaining.

Radio Corporation of America in 1933 moved its Cleveland plant to Harrison, N. J., so that over 1,000 of its employees in Cleveland lost their jobs. James G. Harbord, president and chairman of the board of directors, however, received a salary of $48,000 in 1933, the same as in the previous year. This was $6,000 more than in 1931. The vice president and general manager in 1933 netted a salary of $51,000.

American Tobacco Co. and Liggett & Myers Tobacco Co. employ several thousand Negro women workers at Richmond, Va. In 1930 many were working 10 hours a day, 55 to 60 hours a week, at wages ranging down to 10 and 12 cents an hour. The $316,000 in salaries to three American Tobacco Co. officials in 1930 were the highest of any salaries paid them during the 1928–33 period. In the same year these three officers got bonuses totaling over $1,850,000. Liggett & Myers remuneration to four of its officers during the same year aggregated nearly $850,000.

WAGE CUTS AND SALARIES OF UNITED STATES STEEL

United States Steel Corporation decreed a 10-percent wage cut in 1931, affecting approximately 2,000,000 workers, half of whom were in related industries, and paid out salaries of $635,000 that year to five of its officials.

Bethlehem Steel Corporation, which directly and indirectly has been nibbling at wages of its workers throughout the crisis years, increased the salary of Charles M. Schwab from $150,000 annually in 1928 and 1929 to $250,000 a year for the 1930–33 period, inclusive. And from 1928 to 1931, E. G. Grace, president, received in bonuses alone some $3,657,000.

Briggs Manufacturing Co., of Detroit, Mich., cut wages from 15 to 50 percent in 1930. In the same year it paid its first vice president and general manager salary and bonus of $123,400, the highest he received for any year between 1929 and 1932.

Nash Motor Co., of Kenosha, Wis., in 1928 contributed to the local employers' slush fund directed toward driving out the A. F. of L. Hosiery Workers' Union leading the strike. Such salaries as the following were paid during the same year: $267,000 each to two vice presidents, $166,000 to a third, and $146,000 to a fourth vice president. (These individual company reports on salaries and labor conditions compiled by Labor Research Association, New York City.)

THE FARMERS' INCOME

This is the trend of labor's income during the depression. Congressman CHARLES J. COLDEN has obtained statistics on farm income which he placed in the CONGRESSIONAL RECORD under date of April 16, 1935. These figures show that about 30,000,000 people, or nearly 25 percent of our population, lived on farms in 1929. The average income per person on the farms throughout the United States was $272, or $22.75 per month. South Carolina stood at the bottom of the list, with approximately one-tenth of the income of the farmers of California, or $129 for 1929—$10.75 per month per person.

In 12 Southern States farmers averaged $162 per person, or $13.50 per month, for 1929. In only 11 States did the income of farm population exceed $500 per year, or $41.67 per month, per person.

New York farmers had an income of a little less than $500, and the farmers of Iowa and Missouri did not reach $250 per person per year, or $20.83 per month. These incomes include rental value of houses and food raised and consumed by the farmer, and 1929 was a prosperous year compared with the 3 years that followed. Congressman COLDEN quotes from America's Capacity to Consume, published by Brookings Institution.

INCOME PER FARM

The total net agricultural income of farm operators in 1929 was $5,954,000,000, or about $950 per farm. However, included in this amount is the income of some 56,000 manager-operated farms owned either by corporations or individuals who are not farmers by occupation. These 56,000 farms operated by farm managers made up a large proportion of the larger farming units. The average value of land and buildings for these farms operated by farm managers in 1929 was $40,052, while the average for all farms put together was only $7,614. The average value of farm products for the farm-manager units amounted to more than $7,000 per farm, compared with $1,850 per farm for other units.

PRICES RECEIVED AND PRICES PAID BY FARMERS

Congressman CANNON of Missouri, in his speech of March 15, 1935, shows that the national income for 1919, as reported by the Department of Agriculture was approximately $60,000,000,000. Of this $60,000,000,000, farmers received $17,000,000,000. Today, Congressman CANNON states, the national income is about $52,000,000,000, and agriculture receives only $7,000,000,000.

As the farmers' income went down, his costs of production went up. Hogs, sheep, wheat, corn, milk, and other farm products went down, and wagons, telephone service, binders, cultivators, fertilizer, and other farm necessities went up. Here are the prices for 1914 compared with 1934. (From Statistical and Historical Research, compiled from records of Division of Crop and Livestock Estimates.)

Item	1914	1934
Hogs	$7.57	$4.25
Wagons	73.25	108.92
Sheep	4.79	2.96
Telephone, per month	1.00	2.50
Wheat	.87	.70
Binder	136.50	233.29
Corn	.72	.61
Cultivator	31.70	55.55
Milk	1.49	1.01
Fertilizer	17.50	23.60

THE FARMER'S DEPRESSION STARTED IN 1920

Depression for the farmers started in 1920 instead of 1929. One cause of the 1920 farm slide downward was the action taken by the Federal Reserve Board in May 1920 in raising the discount rate. Through this raise in the rate and propaganda put out by the Federal Reserve Board, the Federal Reserve banks, and the member banks a period of drastic deflation was begun. Outstanding loans were forced in. This meant that the farmers had to meet their obligations at once. In order to do this they were forced to sell at a furious rate. This selling caused a break in market prices that could not be stopped, and by 1921 the full effect of the Federal Reserve Board order was felt by the farmers. Their doom was sealed, and nothing done by Congress since has balanced the effect of the 1920 crash.

ONE MILLION FARM FORECLOSURES IN 8 YEARS

A million farm foreclosures for the 8 years, 1926 through 1933—that is the record as shown by United States Department of Agriculture statistics. Year-by-year foreclosures were:

Farm foreclosures, 1926–34

1926	104,400
1927	109,200
1928	105,600
1929	88,800
1930	94,200
1931	112,200
1932	170,400
1933	232,800
1934	168,000
Total	1,185,600

Since 1920, 40 percent of all farm homes in America were either foreclosed, transferred to settle debts, or lost under delinquent tax sales. The actual figures on the number of farm foreclosures and transfers per 1,000 farms have been furnished me by the Department of Agriculture for the years 1932, 1933, 1934, and 1935. I am placing these in the appendix. (Based on H. Doc. 9, 73d Cong., 1st sess. See appendix I for tables.)

THE FARM TAX BURDEN

On every $100 of farm property in the pre-war period there was levied a tax of $0.55. That rate has increased until the tax on the same value of property is $1.50, or an increase of nearly 300 percent. In 1930 it took four times as many units of farm production to pay taxes as it did in 1914. By 1933 more than 15 farms per thousand were being lost through tax sales. Taxes per acre of farm land increased from 24 cents in 1914 to 58 cents in 1929, an increase of 141 percent.

Congressman BURDICK placed this information in the CONGRESSIONAL RECORD for August 6, 1935, together with a table showing how the pre-war tax burden has constantly increased. In 1932 there was a slight drop, but the tax burden still remains over two times as much as in the pre-war period.

1900	$262,000,000
1910	268,000,000
1911	275,000,000
1912	278,000,000
1913	268,000,000
1914	292,000,000
1915	298,000,000
1916	304,000,000
1917	310,000,000
1918	345,000,000
1919	380,000,000
1920	452,000,000
1921	633,000,000
1922	678,000,000
1923	718,000,000
1924	727,000,000
1925	729,000,000
1926	738,000,000
1927	754,000,000
1928	766,000,000
1929	777,000,000
1930	777,000,000
1931	730,000,000
1932	629,000,000

At the same time the value of farm property fell from $79,000,000,000 in 1919 to $37,027,000,000 in 1932, or a net loss of over $41,000,000,000. In 1928 the bankruptcy rate among farmers was nine times what it was in the pre-war period.

FARMERS' HOLIDAY ASSOCIATIONS

These are some of the reasons why the Farmers' Holiday Association formed organizations in 20 States to resist mortgage sales. Seventy thousand members joined the organization in North Dakota, and foreclosures began to drop. Twenty-six States now have mortgage moratorium laws. But this is a national problem. National action is necessary to save farms from foreclosure. Year by year the percentage of tenant farmers to the total number of farmers is increasing. In 1920 the percentage of tenants to all engaged in farming was 38; in 1930, 42; in 1932, 46; in 1934, 49. This is for the Nation as a whole. (Hon. USHER L. BURDICK, CONGRESSIONAL RECORD, Aug. 6, 1935.)

In the agricultural States of North Dakota and South Dakota tenant farming has increased until today over 60 percent of all farms are farmed by tenants.

GOVERNMENT DECLARES BANKERS' MORATORIUM, FARM MORATORIUM DECLARED UNCONSTITUTIONAL

Far from "foreclosing" on Federal Reserve bankers who borrowed money from their own institutions, Congress on June 11, 1935, adopted a resolution giving to officers of Federal Reserve member banks another 3 years from June 16, 1935, in which to repay outstanding personal loans from their own institutions. The bankers' moratorium seems to be constitutional, not so the farmers' moratorium, that is unconstitutional.

Under the 1933 Banking Act loans by banks to their executive officers were banned, and borrowers were ordered to liquidate such loans within 2 years. The 2 years expired on June 16, 1935, and the time was then extended 3 years. Officers of these Federal Reserve banks still owe about $90,000,000 of direct and indirect personal loans. The New York Times for June 12, 1935, stated that without this extension scores of borrowers would face heavy fines and jail sentences.

In 1934 the Frazier-Lemke farm mortgage moratorium law was declared unconstitutional. We then passed another farm-mortgage moratorium law this session—an attempt to meet the farmers' crisis. We have not yet passed the measure most needed to save our rural homes, the Frazier-Lemke Farm Refinancing Act.

TAX BURDEN NOW BORNE BY LOWER INCOME GROUPS

Considering these huge losses to farmers and working people of the lower income classes, the duty of the National Government is to shift the burden of Government from the shoulders of the lower income groups—from the farmers and the laboring people—to the higher income classes. This has not been done. In fact, there has been a tendency to load

an even greater burden upon the already stooping shoulders of labor and the farmers. Gestures toward taxing the superrich will not do—our tax law must be thoroughly revised.

The tax burden of the country, as far as Federal revenues are concerned, has been placed in an ever-increasing proportion on the shoulders of the general mass of consumers. The income tax should be a tax on those who can afford to pay. Indirect taxes—customs, duties, excise taxes, the processing tax—are consumption taxes, and they are shifted by those upon whom they are imposed, through additions to the price of commodities, on to the masses of the people. We all know that all such taxes, such as the sales tax, fall heaviest on the shoulders of the poor.

NEW YORK TIMES COMMENTS ON THIS TREND

A New York Times editorial of July 11, 1935, comments on the "striking change in the various sources from which (revenue) * * * is derived." The article states that in 1930, when the Budget was last balanced, 80 percent of all internal-revenue receipts came from personal and corporate income taxes, as a table which I am placing in the appendix shows:

> The comparable figure for the year 1934 is only 33 percent. Other sources * * * have come to the fore. They include liquor taxes, processing taxes, and various excise taxes first imposed in 1932 on the sale of automobiles, radio sets, and a long list of other manufactured articles.
>
> In other words, the bulk of the Government's revenue is now derived, not from income taxes paid directly * * * but from a large number of miscellaneous levies paid indirectly. * * * Constantly throughout the year as he (the man with low income) pays a cent or more a gallon tax on gasoline, 6 cents on a package of cigarettes, a few cents as a processing tax concealed in the price of a cotton shirt or a cut of meat, 5 percent on a cake of toilet soap, or 10 percent on a ticket to a movie, he is contributing to the revenue of the Federal Government.

The proportion of tax for the man of low income has increased from 21 percent in 1930 to 67 percent in 1935. This does not include the State and local sales taxes enacted in the past year or two. The Federal, State, and local indirect taxes combined have imposed an unequal burden on the average American. (See appendix X for table showing shift of tax burden to lower income classes.)

TAX EVASION OF THE RICH

Congressional inquiries of recent years have brought to light many cases of tax evasion and avoidance—split ups of total income among members of the family so as to escape the higher tax rates; offsetting capital gains by actual or fictitious capital losses; investing surplus funds in tax-exempt securities. These avenues of escape are not available to the citizen of smaller income, to the professional and fixed-salary workers, should these people wish to avoid meeting their obligations to the Government. In this way those of lower incomes have had their tax burden increased, while the recipients of higher income have shifted, split, avoided, or evaded their taxes.

CONTINUED UNEMPLOYMENT, INCREASED POVERTY, RESULTING FROM FAILURE TO CORRECT THESE INJUSTICES

We have permitted these great differences between incomes of farmers and laborers, on the one hand, and executives and parasites, on the other, to exist. We have permitted these injustices to continue during more than 5 years of depression. We did not compel those who control the wealth and receive the income to bear their just share of the burden. More and more the burden of government is being borne by working people of the lower income classes. Our income for idle dollars is out of all proportion to our relief for poverty-stricken millions.

What has been the result of this policy? The Nation's workers have not been paid enough to buy back what they produced. The record shows that workers and farmers have suffered far more than those who profit from the efforts of those who labor. There is still the army of eleven to fifteen million or more unemployed or part-time employed, the relief army of twenty-two million plus, and there are the hardships—the lost homes, the broken families, the privations and the sufferings of the unemployed or the part-time employed in the past 5 years. Let us hold up the mirror to that picture of poverty and destitution and see what we find.

What has been the result of this policy of forcing the poor to take care of the poor and letting bonds and interest take care of the rich? We have seen how well bonds and interest and high salaries and bonuses and dividends have taken care of the superrich. What about the other side of the picture?

ELEVEN TO FIFTEEN MILLION UNEMPLOYED

Unemployment continues. No official Government statistics on unemployment exist. Private agencies estimate all the way from nearly ten to over fourteen million totally unemployed. Now that this menacing army of unemployed has walked the streets for 5 years, many people have begun to accept the situation as a permanent part of our national life and have ceased to become alarmed about it. They become alarmed, rather, about antisocial or red activities. These are not the fundamental causes for alarm. They are only the inevitable result of prolonged and hopeless destitution in a land of plenty. The few hundred thousand people put temporarily to work by various Government agencies have scarcely made a dent in the staggering totals of the unemployed. (See appendixes J, K, and Y for unemployment estimates of American Federation of Labor, National Industrial Conference Board, and Alexander Hamilton Institute.)

Five or six million young people have grown up since the depression began. To them the army of the unemployed has always been with us, and they grow up with the fear that they too may be forced to take their places among the unemployed—and many of them do.

These estimates of the unemployed do not include many of the bankrupt merchants, lawyers without clients, doctors without patients, engineers and other professional people who are self-employed but have no income. Neither are the part-time workers included—those who are employed a few days a week by industry and are still in need of relief. Unofficial estimates of unemployment, full time and part time combined, run as high as sixteen to twenty million.

THE MEANING OF UNEMPLOYMENT

To many people unemployment is nothing more than a characteristic of our national life. The number of unemployed is only the recital of statistics. Millions is a common expression. A recital of the 22,000,000 people on relief (Monthly Survey of Business, April 1935) is slightly more impressive. The crisis is not over. The number on relief has been steadily increasing since the beginning of 1934.

Even this does not bring home to the people the personal picture of poverty and destitution suffered by more than a sixth of our people. It tells nothing of the mental sufferings of a father unable to provide food for his undernourished children; of the 200,000 homeless boys and girls wandering about the country like tramps, without self-respect or a regard for decency; of the hopeless squalor and endless fear that produces jagged nerves and outrageous tempers and finally leads to broken homes, crime, murder, and suicide. This is the real meaning of the words, "eleven to fourteen million unemployed, twenty-two million on relief." (See appendix L for details on number on relief by years, months, and States.)

LONG YEARS OF UNEMPLOYMENT CAUSE RELIEF LINES TO GROW LONGER

In spite of small employment gains during some months, relief rolls have been steadily increasing. More than a million cases have been added since July 1934. Studies in a half dozen cities show that many of these relief clients are newcomers. Twenty-eight percent of Detroit's relief population and 59 percent of the relief population in Omaha are seeking relief for the first time. (Monthly Survey of Business, April 1935.) This means that years of unemployment have exhausted their resources and reserves and finally driven them to relief.

Pride is swallowed after months of hunger. Even now about half the unemployed (in New York) are still managing to keep off relief. Unless unemployment is reduced immediately and to a much lower figure than it is today, relief lines can be expected to lengthen indefinitely.

WHAT KIND OF PEOPLE MAKE UP RELIEF POPULATION

"They just don't want to work" expresses an attitude based on ignorance. The Federal Emergency Relief Administration records show that of the families on relief, 83 per-

cent have at least one member able and eager to work; of those able to work, 66 percent held their last job for 5 years or more. Many of those now coming to relief for the first time—from 15 to 25 percent—are professional men and women, clerical workers, managers of industrial concerns. (United States Department of Labor report of study in Bridgeport, Conn.)

Federal Relief Administration officials estimate that 5,000,000 adults who could qualify for relief are not receiving it. Of these, 2,000,000 are single and 3,000,000 are married, with an average of three dependents. This means a total of 14,000,000 people stay off relief largely through relatives and friends.

PROFESSIONAL PEOPLE UNEMPLOYED AND ON RELIEF

In 1934 Columbia University made a study showing 95 percent of graduates in architecture are not able to find jobs; 85 percent of graduate engineers and 65 percent of the chemical engineers are in the same situation. In May 1934 thousands of professional and business people were on relief, and these figures do not by any means represent all professional people in need. Professional people are the last to go for relief. Of the professional and industrial people on relief there were:

Bankers	2,300
Manufacturers	4,500
Managers in manufacturing	3,300
Storekeepers	47,400
Building contractors	12,500
Architects and designers	6,050
Musicians	12,400
Physicians	270
Dentists	410
Teachers	18,820
Engineers and chemists	7,100
Clergymen	2,500
Lawyers	700

GOVERNMENT RELIEF REGARDED AS TEMPORARY PROBLEM, NOT SOCIAL RESPONSIBILITY

Relief policies have grown out of the emergency. For the first several months of the depression relief was considered a temporary problem, not a social responsibility. The first great relief effort was to save banks, railroads, and industries. Relief to workers has by no means equaled the sums paid out for relief to banks and industry.

BANKS, RAILROADS, AND INDUSTRY "ON RELIEF"

We do not commonly consider that the directors or stockholders of a bankrupt railroad are on relief when the railroad obtains a loan from the R. F. C. and continues to borrow from the Government for the reason that it is unable to pay back the loan. Actually there is no difference between the railroad official and the man in the bread line from the standpoint of dependence upon the Government. In one case there is the mark of wealth and respectability and in the other the mark of poverty and shame. The worker is far more entitled to his relief than the railroad, the bank, or the industry is entitled to its millions.

Up to March 31, 1935, Federal Government expenditures for business relief in the depression amounted to $5,677,000,000; for farmers, $1,480,000,000; for the unemployed, including part of the drought relief to farm families, $5,366,000,000. Of the farm relief, $728,000,000 was collected and paid in processing taxes, refunding a large portion of the farm benefits. (Monthly Survey of Business, April 1935.)

Today the number of people on relief about equals the entire country's population in 1845—one-sixth of the population today. Contributions of private charity amount to 2 percent of the total relief payments. Before the present crisis private charity furnished 25 percent of relief funds. Private charity always breaks down when relief is needed the most.

PRIVATE CHARITY IN THE DEPRESSION

Community-chest fund totals have steadily decreased since 1932. Last year, although the number of subscribers to community chests increased by approximately 300,000 in 102 cities, the total amount raised decreased by $6,000,000. This is evidence of the statement that more and more the poor are taking care of the poor. The amounts collected by community chests in 102 cities from 1929 to 1934 are (Today, Jan. 12, 1935):

	Subscribers	Amount raised
1929	3,318,628	$43,284,131
1932	3,380,650	61,447,310
1933	2,754,272	45,197,008
1934	3,021,662	39,230,594

Funds spent on family welfare dropped from $6,272,311 in 1933 to $4,958,458 in 1934, a 20 percent decline. Community chests fared better than other private charities.

A complete report on community chest activities in 400 cities, published in United States News for December 24, 1934, indicates that contributions dropped 13 percent from normal during the depression. The total contributions for benevolent purposes, as recorded in income-tax returns, showed a 53-percent cut. The total community chest contributions for 400 cities amounted to $77,644,000 in 1932, $70,639,000 in 1933, and $70,000,000 in 1934.

POVERTY AMONG PEOPLE NOT ON RELIEF

To say that 14,000,000 people stay off relief through the aid of neighbors and friends is another recital of figures. Look into the household of a family that needs relief and is too proud or too persevering to apply for it, and you will find a picture of worry, self-denial, failing hope, and despair.

There is a family in New York City not on relief—a father, mother, 11-year-old daughter, and two sons, aged 10 and 8. (Case Studies of Unemployment, National Federation of Settlements.) This family is known to the Union Settlement House in New York, where they used to come for community gatherings and participate in settlement-house programs. For the last 8 months the family has been coming less and less frequently to the settlement, and the mother gave this explanation:

Ever since last May I work so hard and so long at the factory that I cannot go to clubs and classes any more. My daughter does some of the work that I used to do, so she can't go either, with her lessons getting harder and everything. I've always helped out some, sewing coats at home or half-time in the factory. But this year my husband has been off since May. Only 5 days' work since May, right in the good season, too, when we count on buying clothes and saving a little. So now I work all day long. I'm glad to do it. He has always brought home every dollar he's earned, and so good to the children, and just crazy when they're sick or when they don't seem to do well.

I could earn much more money if I went down town to work. But I don't want to let the children run wild, with nothing hot for lunch or anything. This boss, he knows we women don't want to leave our families and go way down there, so he says, "Take what I pay or get out."

Asked whether she could earn enough to pay the rent and buy food and coal, the mother replied:

No; I can't. For these four rooms we pay $20 a month. I make $12 a week. That's all we have. But you know what we do. If we pay the rent and there isn't enough left, you know what we do? If we're going to live honest, you know what we do?

Here the daughter explained—

We eat little; that's what we do.
Yes—

The mother said—

that's the only place we can cut down. I buy a quart of loose milk every morning. The children have this with breakfast; I usually cook cereal, too. Then what milk is left they can have at noon, maybe mixed with cocoa and water, for something warm.

Then at night we have something that fills our stomachs up. I can get 4 pounds of greens for 15 cents, and that does fine for a meal. I haven't been buying eggs or meat this winter. From the time my babies were weaned they always had one egg a day. Now my daughter is getting so thin and white, my husband says we'll have to manage that egg again somehow. * * * No, I don't mind eating light—it just makes me kinda cold sometimes. But it's the children.

I got some trouble too that pulls me down. The doctor said I should rest or have an operation. But I haven't any time or any money. I stay up till 1, 2, 3 o'clock every night trying to keep the house clean and the children's clothes fit to wear to school. Maybe next summer, if he gets a job, I'll have a chance to rest up.

The flat was cold and the floor drafty. The parents were wearing coats or sweaters turned up at the neck and

the children had only cotton stockings and thin shoes. The mother explained:

When it comes very cold, we have to spend the money for coal, and then I just don't know what to do for food.

PROUD AMERICANS REFUSE CHARITY

Another case, reported by the East Side House, New York City (Case Studies of Unemployment), is that of an officer in the intelligence department of the American Army during the World War. This Government employee resigned his job to become sales manager of a large and nationally famous system of chain stores, at $100 a week. Two years later the company went bankrupt and he has never since held a steady job. His family was moved across the city into the humblest of flats. They broke off forever from their circle of friends. The wife was given part-time work in a nursery, receiving $6 weekly. She has held temporary jobs of this kind off and on. Before and after the birth of the second child she stayed at home, taking in embroidery work and working so hard at it that her eyes were permanently weakened.

Still this family refuses charity and preserves its pride. The wife is thin almost to the point of emaciation, and so nervous that she cannot help crying when speaking of her affairs. Her day starts at 7:30 a. m. when she reports at the day nursery of the settlement house, where her children stay until supper time. During her lunch hour she does her marketing and housework.

At 5:30 she calls for her four children and gets them supper and puts them to bed. After that she does her washing, ironing, mending, and so forth, and sometimes tutors pupils in the evening. The house is clean, and this woman is doing her level best to make a home, but she is never free from the dread of certain unemployment with the accompanying anxiety and hardship. For 5 years her husband has been under the care of a nerve specialist, and has been a semi-invalid dependent upon his wife for support. He has made a few fruitless efforts to provide for his wife and children by trying to sell various commodities, but only on a commission basis, with small remuneration.

INSTALLATION OF NEW MACHINERY BRINGS POVERTY

Here is another family suffering from the effects of technological improvements, designed to free the worker from wage slavery. It is reported by Ellis Memorial, Boston, Mass. The father was working full time earning about $25 a week, when the depression came on. He had worked for 13 years in the same foundry. Rent was paid promptly; no bills were incurred; and even savings had been laid by for this man and his wife and six children.

Then new machinery was installed in the foundry, resulting in part-time work, with each man working 2, 3, or 4 days a week. Income was cut to $10, $15, or $20 a week.

Savings were entirely used to supplement the curtailed income. The rent runs overdue, but it is always paid within a few days, at the expense of food and fuel. The mother is planning to cash in the small insurance which she has carried for 5 years on four of the children. She had done some work. She had hoped to get the younger children in a day nursery and take a factory job, but her pregnancy prevented that. The family has received no aid, being too proud to ask for it.

Their diet has suffered; macaroni and bread form the main diet, and milk, vegetables, and fruit have been drastically reduced. The mother says: "If there isn't enough money for 2 quarts of milk, we get along with 1."

MALNUTRITION

The flat is poorly heated and the children are very inadequately clothed. The mother gets second-hand clothing for the children who are in school. The younger ones are almost without clothes. The older children walked at a normal age, but the baby who was born after the reduction in the family income, was nearly 2 years old when he walked. Even yet his legs are badly bowed. A definite diagnosis of malnutrition has been made for him as well as for another of the younger children. Colds are almost chronic, especially among the younger children who have been subjected to the reduced budget for most of their lives. The mother has been in poorer condition during this pregnancy than others and must now accept free medical care. She is growing depressed, irritable, and impatient, and unreasonable in her demands on the children although she is ordinarily of a happy disposition.

The family atmosphere is generally harmonious. The standards are set by the father, and the mother willingly falls in line. If present conditions continue it seems likely that the continued inadequate diet will undermine the family health. For the older children, at least, there will be no special period of training for work, and no higher education. They will be put into industry as soon as the law allows.

HE'D RATHER DIE THAN ASK FOR RELIEF

Here is one more case of a family not on relief. This case is reported by St. Martha's House in Philadelphia. ("Case Studies of Unemployment." National Federation of Settlements.)

It is the same story. The husband, who was earning $40 a week with a refrigerator company, was laid off because of depression. Savings have gone. Engagement ring and watch have been pawned. They owe the grocer, the coal man, the baker, the landlord. Membership in a sick-benefit society was canceled. The wife is sewing at home.

There is much evidence of undernourishment, and one son is on the verge of tuberculosis. The mother was instructed by the doctor to give this son the right kind of food, but she had no money with which to buy the right kind of food. Yet, the husband "would rather die than ask for assistance, as once you start getting help it gives you a different feeling and is liable to make you lose your initiative." The wife says, "It takes you out of society to receive help. It gives people a down feeling about you."

THE EXTENT OF UNDERCONSUMPTION IN AMERICA

These are examples of poverty and destitution among people not on relief.

The wide-spread extent of underconsumption of food, clothing, fuel, and shelter is little realized.

The unfulfilled consumptive desires of the American people are large enough to absorb a productive output many times that achieved in the peak year 1929. Even in lines of basic necessities great wants among the masses of the people go unsatisfied. The trouble is clearly not lack of desire but lack of purchasing power. (America's Capacity to Consume.)

UNDERCONSUMPTION OF FOOD

These few actual cases of undernourishment can be multiplied by thousands—even millions—to create the picture of undernourished America today. Thousands of mothers and fathers have had the experience told in these few words of a woman in Philadelphia who said to a settlement house worker:

Last year my little girl died of measles and pneumonia. The doctor said that she was too weak to stand against it. I couldn't help feeling that if he'd been working all winter she'd have been stronger and maybe not died. But, of course, you never know about them things.

Food was trimmed in 47 cases out of 150 reported by the National Federation of Settlements in their publication, Case Studies of Unemployment. Twenty-five middle-class families in Hartford, Conn., went on relief rations to determine the physical effects of a relief diet. Every family reported loss of weight and constant unsatisfied hunger.

MORE THAN HALF OUR CITY PEOPLE ON SUBSISTENCE DIET IN 1929

When the Red Cross rushes food to the sufferers of an earthquake or a flood, the victims of the disaster receive an emergency diet. In 1929, 12 out of every 100 city families lived on this diet all the time, and 62 out of every 100—more than half our city people—lived on a subsistence diet. In 1929, our richest year, most of our people did not have enough to eat, according to the United States Department of Agriculture standards. One-sixth of our nonfarm families spent only $350 a year for food in that year of high prices. (Rich Man Poor Man, Stuart Chase, Henry Pratt Fairchild, Harry A. Overstreet, The People's League for Economic Security.)

A study was recently made by the Social Service Division of the United States Children's Bureau of 260 families, including both relief and nonrelief households, in Atlanta, Memphis, Racine, Terre Haute, and Washington, D. C.

These Government investigators found that in 20 percent of the families the diet consisted of bread, beans, and potatoes; in 61 percent there was lack of sufficient vegetables containing essential diet elements; and worst of all, in a land where milk is poured into gutters to keep up its price, it was found that 43 percent of the children in the families for whom reports were obtained had no milk at all either at home or at school.

WHY UNDERCONSUMPTION? FAMILY INCOME TOO LOW

In 1929 nearly 6,000,000 families, or more than 21 percent of the total, had incomes less than $1,000.

About 12,000,000 families, or more than 42 percent, had incomes less than $1,500.

Nearly 20,000,000 families, or 71 percent, had incomes less than $2,500.

Only a little over 2,000,000 families, or 8 percent, had incomes in excess of $5,000.

About 600,000 families, or 2.3 percent, had incomes in excess of $10,000.

In 1929 nonfarm families with incomes below $1,000 (about 2.7 million, or 12 percent of all nonfarm families) spent about $350 for food. Nonfarm families with incomes from $1,000 to $1,500 (about 4.7 million, or 22 percent of the total) spent about $500 for food. Not until an income of about $3,000 was reached could the family spend as much as $800 for food; and only those with incomes in excess of $5,000 spent as much as $950. This means that 16,000,000 nonfarm families, or 74 percent, did not have sufficient income in 1929 to spend as much as $500 on food. Nineteen million families, or 90 percent, were not in a position to spend as much as $950 a year on food. ("America's Capacity to Consume.")

WHAT IS AN ADEQUATE DIET?

When we consider that 74 percent of our nonfarm families could not afford to spend as much as $500 for food in 1929, we want to know whether or not these families were provided with an adequate diet. According to the standards of the United States Department of Agriculture, they were not. The Department's study (Diets at Four Levels of Nutritive Content and Cost, U. S. Department of Agriculture Circular No. 296) lists 4 types of diet at 4 different costs:

	Per year
First, restricted diet for emergency use	$350
Second, adequate diet at minimum cost	500
Third, adequate diet at moderate cost	800
Fourth, liberal diet	950

This means that 74 percent of the nonfarm families did not have sufficient income in 1929 for the adequate diet at minimum cost.

FORECLOSURES AND EVICTIONS CONTINUE

Underconsumption, particularly undernourishment, is one result of unemployment and poverty. Another source of worry and despair comes from the never-ending struggle to keep a home.

Reliable Government statistics are not available in the field of evictions. In Baltimore in October 1931, 650 eviction notices were being served by the people's court each week. In Buffalo 268 petitions for evictions were filed in November 1930, and 190 final orders were issued by the judge; 306 petitions were filed in November 1931, and 282 final orders were issued. In Cleveland evictions increased from 1,959 in 1927 to 5,777 in 1931. In New York City, 1 judge had 425 eviction cases before him in 1 day. Twenty-six percent more warrants were issued in New York City in November 1931 than in November 1930, and 59 percent more than in November 1929. These scattered figures give some idea of the number of evictions in this country.

(James Mickel Williams, Human Aspects of Unemployment and Relief.)

THE FEAR OF EVICTION

The unemployed are always in fear of eviction. Notices are usually served a month before evictions are actually made. During that time the family is prepared to be put out in the street. Eviction may occur at any time after the 30 days are up, and the family therefore lives with goods packed up, ready for the inevitable. Very little publicity is given the entire proceedings, unless as a result of the eviction one member of the family commits some crime worthy of a sensational newspaper write-up.

In some cases a nearby church or flophouse is ready to receive the evicted family, and bare floors are used as beds. Sometimes a van can be secured from a welfare agency, and the family lives in the van until other accommodations can be found. Sometimes the eviction occurs while children are at school, and when the children return they find they have no home. Rain, snow, ice, and sleet make no difference. No matter if a child is sick in bed with fever or cold, or if a mother is pregnant. The eviction must take place. Is it any wonder that a pitched battle occurred against police who insisted that a sick child be removed from a bed so that the furniture might be moved onto the street?

(James Mickel Williams, Human Aspects of Unemployment and Relief.)

EVICTION SYMPATHIZERS IN CHICAGO TAKE ACTION

In the hearings on the Lundeen unemployment, old-age, and social-insurance bill, H. R. 2827, this spring it developed that an unemployed organization in Chicago became aroused to the point where its members banded together and forcibly opened homes where families had been evicted.

They placed the families back in their homes, leaving a sign on the door instructing the landlord to apply at the city welfare department for his rent.

CITY HOME FORECLOSURES

The extent of farm foreclosures has already been mentioned. Foreclosures in the city also continue. Here is a typical case, reported by Irene Kaufman Settlement, Pittsburgh, Pa. ("Case Studies of Unemployment").

Mr. De Macio was employed as assistant to a pipe cutter in one of the mills and earned $40 per week at the time of his marriage. His wife was employed by the city at $18.50 per week. They saved enough of their earnings to purchase a small home for $6,000, paying $3,000 in cash. Part of the home was rented for $25 per month.

About 18 months after their marriage Mr. De Macio lost his job because modern machinery was installed in his department and the number of men was reduced. Three were able to do the work that 10 did before. He had held his job for 5 years. He secured temporary employment after that, off and on. His wife was no longer working, and about that time the first child was born. The child was placed in a nursery. The mother went out canvassing for women's apparel. The father was willing to work at any wage but could find nothing steady. Mrs. De Macio's physical condition made it necessary for her to remain home much of the time. They decided to go into the grocery business. To do this they borrowed on their life insurance. Mrs. De Macio pawned her diamond ring and sold the living-room furniture. The living room was used for the grocery store, and the family lived in two rear rooms. Taxes and interest were not paid. The mother's health broke down from financial worry and strain. She contracted pneumonia and was in the hospital for several weeks, where a second child was born. The grocery store was not a financial success, owing to lack of care and the fact that it was on a side street with competition from a chain store around the corner. Creditors closed the store. A year later the mortgagors foreclosed on the property and the family lost everything, including the furniture.

At this time Mr. De Macio secured an apparently steady job and quarters were rented in a cheap neighborhood. Furniture was bought from an installment house, and things looked bright for 7 months, when Mr. De Macio was laid off again. Again the mother took up canvassing. A third child was born. They were unable to meet payments on the furniture. They could not pay the rent. The installment house seized the furniture, leaving only a mattress, broken chairs, and a hot plate.

When this report was made to the settlement house the father had again secured employment, the mother had placed all three children in a day nursery, and had again resumed canvassing. The father is depressed and discouraged from poverty and undernourishment. He is below normal weight. He has lost interest in the home and feels that no effort is

worth while. The wife is run down, nervous, and irritable, and says that she and her husband have frequent quarrels, although her husband is doing all he can. Mrs. De Macio stated:

I haven't had money for a newspaper for 2 years. We had to give up all our recreation, not even to go to a movie, and you know how we both like good music. I often wonder if we will ever be able to get back to our own home, or will we get old and have nothing to show for our struggle.

TWO MILLION TWO HUNDRED THOUSAND URBAN HOMES FORECLOSED

This is a sample of the personal experience of 2,200,000 American home owners up to June 16, 1933, and foreclosures at that time were continuing at the rate of 25,000 a month. (Today, June 9, 1934, New Homes for America, by Donald Wilhelm.)

The urban mortgage debt at the beginning of the depression was $21,000,000,000. It represents the largest single classification of debts in our economic systems—two and one-half times as large as the farm mortgage debt burden which has already been mentioned. It is larger than the State and municipal indebtedness, larger than the railroad indebtedness, and larger than industrial indebtedness. (Flexible Foreclosures, by Frank Watson, Assistant General Counsel, Federal Housing Administration, in State Government, December 1934.)

THIRD OF NATION IS POORLY HOUSED

Advisers to the resettlement and housing conference called by Rexford Guy Tugwell, Under Secretary of Agriculture, agreed in July 1935 that more than one-third of the Nation is inadequately housed, and that the Government is the only agency equipped to initiate a cure. (Washington Post, July 2, 1935.) The conclusion that one-third of our population is improperly housed was based on studies by the real property inventory and farm housing survey of the Federal Government. This clearly indicates underconsumption in the field of housing.

RESULTS OF UNDERCONSUMPTION ON HEALTH

Unemployment strikes at the health of a family in two ways. In the first place the family has no income to pay for the medical service it would normally require. And in the second place the underconsumption of food, clothing, and fuel forced upon the family by reduced income inevitably produces undernourishment and illness requiring the further services of a physician. Even in 1929 the per capita cost of adequate medical care was far above the capacity of families earning less than $2,000, which families constitute 50 percent of the whole population. The American public in 1929 paid a total of $3,656,000,000 for medical care, including $1,000,000,000 to private physicians, $445,000,000 for dentistry, $656,000,000 for hospital operating expenses, $715,000,000 for drugs, and $125,000,000 for services of medical cults. This was 4 percent of the total income of the country, and the per capita cost was $30.

It is impossible for at least 90 percent of the families to lay aside any reasonable amount of money which will assure payment for all needed medical care, and half of the families cannot even afford the average per capita cost of $30 per year. With families of $2,000 income or less, nearly four times as many failed to get medical or dental care as was the case with families of $10,000 incomes. The cost of hospital care, even of ward beds, is above the paying capacity of the average client.

HOSPITALS CLOSED WHILE PEOPLE NEED MEDICAL CARE

Many hospitals have closed, and more have retrenched, and there is even a question that the private hospital system can survive. In the meantime incomes of physicians declined 17 percent by 1930 and more rapidly since. Recently the Yellow Cab Co. placed 500 physicians and lawyers in its list of chauffeurs. There is the paradox today of idle hospital beds in struggling institutions, idle and poverty-stricken physicians, and an ever-increasing number of idle sick unable to pay for medical care (see Medicine and Depression, James Ewing, M. D., in Federation Bulletin of State Medical Boards of the United States, 1934, p. 44).

MORE SICKNESS AMONG FAMILIES HIT HARDEST BY DEPRESSION

The highest sickness rate in 1933 occurred in families suffering the most severe decline in income from 1929 to 1932, according to Edgar Sydenstricker, director of research of the Milbank Memorial Fund, and chief statistician of the United States Public Health Service. (Annals of American Academy of Pol. & Soc. Science, November 1934, p. 183.)

According to Dr. Sydenstricker, the disabling sickness rate is 50 percent higher among these people than of their more fortunate neighbors whose economic status was not greatly reduced.

Unemployed families are sick to a far greater extent than families whose working members are employed, even when unemployment due to ill health is excluded.

DEATH RATE INCREASES AMONG UNEMPLOYED

The death rate for 1929 to 1932 declined in families with full-time employment, but increased 20 percent in families with no employed members or only part-time wage earners.

WORKERS OF EVERY TRADE AND PROFESSION MEET TRAGEDIES OF UNEMPLOYMENT

A study of the endless individual cases of unemployment and resulting destitution shows that every trade and profession has been hit. Large numbers of willing workers have been thrown out of jobs they held for years because of increased efficiency and mechanization in their lines. There is the man who for years made a good living by expert blending of inks. He started at $21.50 and was receiving $37 a week when discharged because the company had taken on a new process that blended inks by machine. Now his children are wearing last year's bathing suits for underwear.

There is the married woman stenographer who was the breadwinner of a family, laid off by merging of her company with a larger firm. Her two boys are in a boarding school at the expense of relatives, the home is broken up, and no one knows whether the family will ever be reunited.

There is the fruit peddler who finds that shrinking incomes have cut fruit and vegetables out of the diet of thousands of American families.

There is the skilled carpenter who becomes a drayman, a common laborer, a street cleaner, then one of the great army of the unemployed, and finally a transient.

There is the jolly Irish woman who finally must accept a job of night cleaning in an office building at $11 a week while her husband is unemployed. Finally this woman, who is 5 feet 5 inches tall, shrinks to a bare hundred pounds, and her three children are seriously underweight from malnutrition. When the crisis came and she found herself flat on her back she got out of bed against doctors' orders to resume her heavy cleaning job, explaining, "I just had to."

There are the parents of talented children whose aptitude for music, dancing, or writing is early evident, faced with the necessity of sinking those talents behind factory lathes in order that the younger children can be saved from starvation.

There are the camps of unwanted miners and their families, huddled together on a hill, where there is not enough money to keep people alive because they die so fast. (Peanut Hill, by Leland J. Gordon, in The Nation, Mar. 6, 1935.) They cannot move. There is no place to go.

STARVING PEOPLE SEARCH FOR FOOD

There are the city garbage dumps where human beings, crazed with destitution, can be found eating garbage. The All American Technological Society appointed a special committee on garbage dumps. The committee's report states:

Around the truck which was unloading garbage and other refuse were about 35 men, women, and children. As soon as the truck pulled away from the pile all of them started digging with sticks, some with their hands, grabbing bits of food and vegetables. (Report of the special committee on garbage dumps, University of Chicago, 1932, printed in Capitalism and Its Culture, by Jerome Davis, 1935.)

OVER THE HILL TO THE POORHOUSE

Over the hill to the poorhouse I'm trudgin' my weary way—
I a woman of 70, and only a trifle gray—
I, who am smart an' chipper, for all the years I've told,
As many another woman that's only half as old.
—*Will Carleton.*

There are 7,500,000 people in this country past 65, half of whom, it is estimated, are dependent on charity, relief, or the help of relatives.

The poor farm—

Says the editor of the Washington News, June 18, 1935—

is this rich country's strangest anachronism. It is a survival of the days of England's poor laws in the early sixteen hundreds, and in many States it has remained unchanged from the Republic's beginning. While 38 foreign countries and 34 States now provide pensions for indigent aged, most of them inadequate, States and counties still herd elders into wretched homes. In these places of punishment there is no distinction between the veterans of labor and the veterans of dissipation and vice. Comrades in disgrace with ex-drunkards and ex-criminals, with epileptics, dope addicts, and feeble-minded, self-respecting men and women must suffer banishment from their loved ones and undergo loneliness, deprivation, and humiliation. For what? For the sin of poverty. In a land where security in old age is in the lap of fickle fortune the poor farm may become anybody's home.

The Social Security Act recently passed by Congress by no means provides genuine social security for the aged. The amounts to be appropriated are pitiably insufficient and are dependent upon a like appropriation by every State.

CHILDREN IN THE DEPRESSION

Along with the aged the children suffer—from undernourishment and poverty at home; from retrenched education at school. We are taking it out on our children. They are paying for our financial follies—for our absurd adventures into the wars and quarrels of Europe and Asia.

DEPRESSION SCHOOLS LACK RECREATION SPOTS

The Washington press recently carried the story of the retiring of Miss M. Gertrude Young from the teaching staff of Washington (D. C.) schools after about 50 years of faithful service. Miss Young stated upon retiring (Washington News, Aug. 16, 1935):

Within a stone's throw of the Capitol of the United States thousands of children have nowhere to play except the streets. I've seen a boy arrested for throwing a ball across the street. The other day a 16-year-old boy I've known since he started to school was arrested in one of the parks for gambling. He's a nice boy. I don't believe he'd have been gambling in a public park if northeast Washington had proper play spaces and swimming pools.

We can't even let the children play on Peabody School ground after school hours, because the space is so small that they break windows with their balls and property owners complain.

CHILDREN EXPOSED TO CONTAGIOUS DISEASE

Miss Young also pointed out the danger to other children from contagious diseases spread by boys and girls who are sick and come back to school before the danger period is past:

School doctors come on Mondays and Wednesdays. If a child is out and reports back on Thursday, for instance, he can be a menace to the whole school until Monday afternoon, if he is allowed to enter without inspection. I believe I've saved thousands of children from disease by refusing to let them come back until I've made them stick out their tongues and inspected their throats.

CHILDREN SEPARATED FROM HOMES BECAUSE OF POVERTY

There are approximately 50,000,000 children in the United States. In October 1933 there were 5,184,272 children under 16 in 3,134,678 families on relief. In June 1934 there were 7,000,000 children under 16 in 3,835,000 families on relief, and there has been a steady increase since. (Children in the New Deal, J. Prentice Murphy, executive secretary Seybert Institution and Children's Bureau of Philadelphia, member of Pennsylvania State Welfare Commission, in Annals of American Academy of Political and Social Science, November 1934, p. 121.)

Since 1929, 2,000,000 children passed through or are now in the care of mothers' aid and specialized child-caring agencies. Four hundred thousand children are in the care of 1,900 public and private children's agencies. Three hundred thousand children are living with their mothers on mothers' aid. Two hundred thousand children pass through juvenile courts each year. Sixty-five thousand are in industrial schools and reformatories, and to a very large extent they come out of and return to families on relief. Four hundred thousand dependent and neglected children are under the care of 2,000 child-welfare agencies. In the matter of health, children have taken a bad beating during the depression. (J. Prentice Murphy.)

TWO HUNDRED THOUSAND BOY AND GIRL TRAMPS OF AMERICA

Children's Bureau investigations reveal 200,000 boy and girl tramps of America. With many of these there is no patriotism, no morals, no discipline. They are fast swelling the army of professional transients. Thomas Minehan, of the University of Minnesota staff, set out on a trip for the purpose of meeting with these boy and girl tramps. The result was that he found himself unable to paint the picture of these children's lives by reciting the bare statistics of their meanderings. Each individual case is a personal tragedy. Out of 450 boy tramps Mr. Minehan found 384 left home because of hard times. Out of 496 cases only 7 said that there was plenty at home to live on. In 388 cases of the 496 the breadwinner was unemployed, and in 69 cases the family was on relief. These 200,000 boy and girl tramps of America are joining the 1,500,000 to 4,000,000 transients who were formerly respectable migratory workers and whose enforced idleness is turning them into professionals. (Thomas Minehan, Boy and Girl Tramps of America.)

NATIONAL YOUTH ADMINISTRATION WILL REACH ONLY PART OF NEEDY YOUTHS

A conservative estimate of young people in need was recently made by Frances Perkins, Secretary of Labor, when she stated that from two to three million Americans between 18 and 24 were jobless, besides those in school and those cared for in such projects as C. C. C. and transient camps. The National Youth Administration is to relieve only a few of the more distressing cases. Miss Katherine F. Lenroot, Chief of the Children's Bureau, recently stated (Washington Daily News, June 28, 1935):

We have in youthful delinquents and the transients a tremendous problem, from the point of view of numbers, cost, potential menace to public safety, and appalling waste of human resources.

Boys and girls, jobless and away from home, are on the road bumming, hiking, riding the freights, in search of work and adventure, or are cared for in transient camps or shelters. Close to 60,000 boys and girls under 21 are being received every year in jails, workhouses, reformatories, and penitentiaries.

Million of boys and girls are entering manhood and womanhood without jobs or prospects, and tens of thousands of them are escaping intolerable conditions at home by leading nomadic existences or receiving care in transient shelters and camps.

The wonder is, not that crime challenges our attention, but rather that the vast majority of boys, girls, men, and women are so law-abiding. It is impossible to predict, however, the extent to which the damage suffered during these depression years will yield a future harvest of social inadequacy, vagrancy, and criminality.

YOUNG CRIMINALS

Criminality is often seen among poverty-stricken children. Every day the press tells a new story of child degradation and crime as a direct result of unemployment. Here is an article from the Washington Daily News, June 18, 1935:

"THREE LITTLE BOOTBLACKS STEAL GUN AND KILL A MAN"

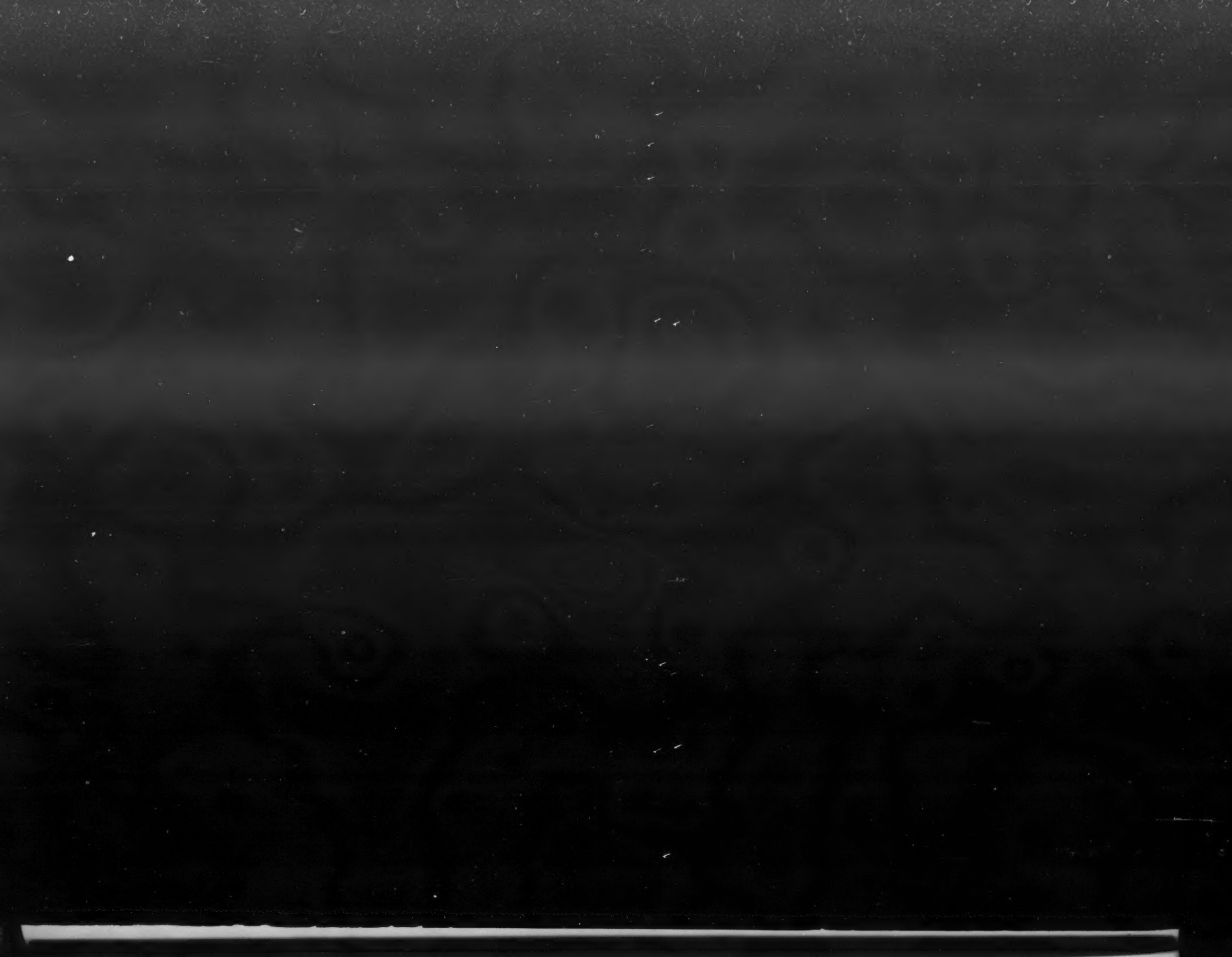
New York State undertook to punish three boys, two of them 13 and one 11, for the crime of murder. They stole a policeman's revolver and killed a man because he didn't hand over his purse quickly. The story continues, until we read:

The brothers are the sons of an unemployed bricklayer. Their mother died 2 years ago, and they have three brothers and sisters.

These children were all working for a living, and heard of easier ways to make money. They thought it was worth the try. They did not want to work. They wanted to go out and play. One of them objected strenuously to being cooped up in jail. "What's the idea?" he said, "I want to go out and play."

DIRE AND LASTING RESULTS OF WIDE-SPREAD DESTITUTION

These are evidences of wide-spread destitution and poverty. This is the mirror of poverty today, side by side with the mirror of wealth. Obviously these poverty-stricken millions are suffering great injustices from circumstances over which they have no control. But the problem is deeper than that of rendering justice to the present down-trodden people. There are more far-reaching results of permitting entrenched wealth to revel in parasitic existence side by side with the most wide-spread, degrading poverty that millions



of our people have ever known. We ought to balance these two pictures in our minds and think what their continued existence may mean to the future of America; not merely the present, but the future.

Is the problem of relief and unemployment merely one of arousing humanitarian instincts? That has been the basis of private charity. But private charity has failed, failed miserably in the crisis. Is there not a more menacing danger than the individual tragedies suffered by nearly half of our people? Is there a danger from these extremes that confronts all of our people? That is a question for the Federal Government to consider. The future health or the life of the Nation concerns us not only as humanitarians but also as representatives of all the people.

DANGERS TO DEMOCRACY

We may brush aside all thoughts of humanitarianism and justice and consider the problem of wealth and poverty from a strictly practical standpoint. There are two kinds of dangers to a democracy in which is permitted the existence, side by side, of fabulous individual wealth and wide-spread mass poverty. One danger comes from the control of a few wealthy people over national life and government. The other is from the violence of outraged and poverty-stricken masses. The danger from wealth is the peaceful, gradual, underhanded transition from democracy into a state of oligarchy or fascism.

The danger from poverty is the sudden, noisy, and forceful overthrow of democracy by a pauper class. In the case of both poverty-stricken and wealthy, there is a possibility of physical, mental, and spiritual deterioration. Both superrich and destitute lose sight of human values and faith in democratic institutions. The brotherhood of man is forgotten by the superrich in their struggle for wealth and power, and by the destitute in their struggle for life.

The rumblings of both dangers can now be heard.

UNREST MAY LEAD TO VIOLENCE

Unrest is a growing danger to the life of democracy. We must not overlook the warnings. Under the heading "Labor Unrest Gains Steadily Over Country", the New York World-Telegram, July 31, 1935, tells of the rising tide of strikes and labor unrest. In a book entitled "America Faces the Barricades", published in July of this year, John L. Spivak reports on his travels from coast to coast. He spoke with hundreds of men on the street—laborers, farmers, agricultural workers, labor leaders, business men. "I returned from my survey convinced that we are in for a period of great unrest, organized and unorganized revolts, and bloodshed", he writes.

MISSOURI MOB BEATS TWO AGENTS OF MORTGAGEE

"Missouri Mob Beats Two Agents of Mortgagee" is a headline in the Washington Post for August 17, 1935. Angry mobs of destitute people will not forever stand idly by and watch their friends and neighbors be thrown into the streets by eviction or foreclosures. In this case 200 farmers took part in an assault upon a United States marshal at Plattsburg, beat two mortgage company representatives and blocked a scheduled mortgage foreclosure. Incidents of this kind are common in the West. Often the mob cooperates with the farmer who is scheduled to lose his home and buys up the entire farm property for a few dollars or a few cents, returning it to the farmer. The sheriff is helpless to stop the mock foreclosure sale. He is forced to continue it.

VIOLENCE WILL ENFORCE HIGHER LAW IF GOVERNMENT FAILS

Angry mobs of people can easily be convinced by the oratory of their leader and their own reasoning that the higher law must be enforced if Government fails to enforce it. If Government does not prevent foreclosures and evictions, the higher law, by which an oppressed group of people guide their actions, will prevent it.

If Government does not guarantee adequate security to the unemployed and their families, they will invoke the higher law of self-preservation and demand security. Self-preservation has always been the first law of life. When a government does not provide security to all of its citizens they will sooner or later invoke the law of self-preservation and place the life of that government in jeopardy. The strength of a government can be no greater than the love of its people for their country.

MAKING THE UNEMPLOYED UNEMPLOYABLE

Another national danger which this country may face with continued unemployment and poverty is the permanent degradation of our people. There is a possibility of creating a permanent unemployed class through poor nutrition for people on relief rolls, according to Dr. Walter R. Campbell, of Toronto, in his report to the American and Canadian Medical Associations meeting at Atlantic City in June 1935 (Washington Post, June 15, 1935).

Dr. Campbell explains that the relief diet contains an excess of carbohydrate, which often leads to obesity and mental apathy.

PSYCHOLOGICAL EFFECTS OF POVERTY DETERIORATE THE RACE

In many cases already mentioned and thousands of others throughout the country there are psychological effects of unemployment and its resulting poverty and fear that permanently handicap not only the breadwinner of the family but also his children and others dependent upon him. In many cases children are born under the most unfavorable circumstances, undernourished before birth and after. These conditions may affect their entire lives and the lives of their children after them. Some of the dangerous psychological effects are discouragement and anxiety, often with its resulting resentment and antisocial attitudes; drinking, cruelty toward wife and children, irritation, lowered morale and loss of self-respect, humiliation and the development of an inferiority complex; and, finally, crimes—stealing, forgery, or suicide and murder. Every day the papers carry accounts of just such cases as these. Only a few days ago (Washington News, Aug. 21, 1935) there appeared a headline:

"MOTHER 'SO HAPPY' SHE DROWNED HER SON"

Murder was charged against a woman of Newburgh, N. Y., 27 years of age, who said she was "Oh, so happy" that she drowned her 2-year-old son by holding him under water in a creek, because she "couldn't feed the kid regular."

"Everything was swell", she said, "the first few years. Fred made good money. Dorothy came first—she's 7 now. Two years ago, when Jim came, it looked like we were awful lucky. Fred wasn't getting work so regular, but we got along. Fred began to feel bad. The doctor said it was tuberculosis. We spent lots of money on milk and eggs and medicines, and Fred could not work in dark projection booths. Well, Fred died 6 months ago. That was tough. Dorothy went to his folks' home. I got a job in a restaurant and kept Jim, but I lost the job. I couldn't feed the kid regular, and I couldn't take proper care of him. I couldn't bear it."

"REFUSED A NICKEL, MAN KILLS WOMAN"

"Refused a nickel, man kills woman", says another headline (Washington Post, July 6, 1935). The account states that an overalled Negro shuffled up to the woman and her escort and asked: "Can you spare a nickel, buddy?" The answer was, "No." The outraged panhandler whipped out a long knife, seriously wounded the man, and killed the woman.

"NINE-FLOOR LEAP FATAL TO JOBLESS WOMAN"

We have thievery, murder, and suicide every day, as the direct result of unemployment.

Here is another story of a distracted young woman who won a hysterical suicide race with two roommates to the roof of their apartment building and jumped nine floors to a cement pavement. She had sought Government work and could not find it. (Washington Post, Aug. 5, 1935.) Since 1929 the suicide rate has increased until 1933. It increased from 14 percent per 100,000 in 1929 to 17.4 percent per 100,000 in 1932. In 1933 it went down to 15.9 percent per 100,000,

The urban rate is 2 percent higher than the average for the country as a whole. (Washington Post, Apr. 5, 1935.)

TO BE OR NOT TO BE

Suicides come as the result of both extreme wealth and extreme poverty. Mental depression and ill health, loss of jobs, bring suicides to the poverty-stricken, while loss of fortunes, stock-market crashes, and exposure of crooked acrobatic high financing cause suicides among the rich. The suicide rate rises and falls with the flow of business cycles, according to statisticians of the Metropolitan Life Insurance Co.

CRIMES OF THE SUPER-RICH

These are the tragedies of poverty-stricken citizens who are the victims of depression. These are some of the national dangers of poverty. The possible deterioration of the race endangers the health of America and makes the problem a national one from more than a humanitarian standpoint. The possibilities of crime and deterioration on the other side of the picture are equally as impressive. Entrenched wealth often causes its owners to lose sight of human values. Deceit, trickery, robbery, and even murder are dignified under different names.

Communism is a hateful thing. * * * But the communism of combined wealth and capital * * * is not less dangerous than the communism of oppressed poverty and toil. (Grover Cleveland.)

THE PUJO INVESTIGATION OF THE MONEY TRUST

We have recently witnessed a spectacular exposé of the notorious Power Trust lobby. The exposure of Power Trust lobbying tactics at this late date is ironical. The same crooked tactics and traitorous lack of regard for American citizens was uncovered over 20 years ago by the Pujo investigation sponsored by Minnesota's most distinguished Congressman, Charles A. Lindbergh. Already the Power Trust had been formed and was well on its way toward centralizating and monopolizing the control of every phase of American life.

Had the Pujo investigation been completed instead of cut short when its startling investigations were made, we might have prevented some of the disasters that have befallen us. As it is, the prophecies of Congressman Charles A. Lindbergh concerning the Money Trust have been fulfilled.

SENATOR NORRIS FIGHTS THE POWER TRUST

Probably no other trust in America is better known than the Power Trust. Progressive-minded individuals, if they do not know of the ramifications of the Power Trust, have at least heard of it. As the years passed electric light and power corporations dissolved, only to be reborn with new names and the same interlocking control. The tentacles of the Power Trust reach out into every community in the United States. They control not only financial manipulations but schools, newspapers, politics, and social life as well.

No Member of Congress has done more to expose these subversive activities of the Power Trust than Senator NORRIS, whose speeches of July 13 and 14, 1932, and February 22 and 23, 1933, on The Spider Web of Wall Street are well worth reading. Senator NORRIS has publicized the investigations of the Federal Trade Commission. He has tried to bring home to the American people the wide-spread influence of the Power Trust through their trade organization, the National Electric Light Association.

CRIMES UNDER THE LAW

This trust looked after the nominations and elections of public officials of every kind, from Presidential candidates to school board members. Their secret agents were more dangerous than the spies of an enemy country. There was no defense against them, and their presence was not even known or suspected. They had women agents who addressed meetings of women's clubs. Professors in colleges were employed under the secret pay of this trust. Newspapers were bought; millions of dollars were invested for the purchase of newspapers. The press was also controlled by advertising matter. Even churches and pulpits were invaded, and the schools were at the mercy of the Power Trust—the minds of children were shaped along lines that would induce them to acquire the Power Trust viewpoint.

SAME POWER TRUST OFFICIALS HEAD REFORMED ORGANIZATION

The activities of the National Electric Light Association were exposed. The shocking lawful crimes which it had committed began to bring the power industry into disrepute. Quickly the association was dissolved. Another organization was formed—the Edison Electric Institute—with the same president who headed the old one. These are the tactics of the Power Trust. The same officials were transferred to the new organization, some in the same capacity, some in different capacities, and virtually the same organization which set aside $400,000 to handle the United States Senate at one session continued under a new name.

With this $400,000 they tried to defeat the Boulder Dam bill, the Muscle Shoals bill, and other legislation, and their efforts were successful for many years.

This year the Power Trust has spent more than ever before—nearly a million dollars was spent by one utility concern—to influence legislation at the expense of the consumers.

ACROBATIC HIGH FINANCING

As money grows, care and greed for greater riches follow after (Horace).

A profit of $27,000,000 was received by Consolidated Gas System in New York from an investment of $29,300,000, according to information revealed recently by an investigating committee of the New York State Legislature. The cash investment of $29,300,000 was made in the Westchester Lighting Co., a company formed in 1900 by the merging of 14 small companies with capital stock worth $3,403,550. At the time of the merger the Westchester company assumed the obligations of the smaller companies and issued securities of its own with a face value of $14,177,600 in exchange for the stock of the smaller companies. There was no surplus to justify the $10,000,000 increase and no new plants were added. The Westchester company was controlled by the United Gas Improvement Co., of Philadelphia.

Then in 1904 the United Gas Improvement Co. sold the Westchester Lighting Corporation to Consolidated Gas by a clever maneuver that increased the capital stock of the Westchester company from $19,000,000 to $31,500,000 without any physical addition to the plant. This was accomplished by the formation of a 24-hour corporation known as the "New York & Westchester Lighting Co.", to which all physical properties were transferred.

This new corporation issued $12,500,000 of bonds to the United Gas Improvement Co. to pay for the property. The United Gas Improvement Co. then transferred all the stock of the Westchester Lighting Co. to the Consolidated Gas Co., the sole consideration being the guaranteeing by the Consolidated of all obligations of the Westchester company. The dummy company was then merged back into the Westchester company and the $12,500,000 bonds became the obligation of the Westchester Lighting Co. guaranteed by Consolidated Gas. In this way the fixed capital grew from $19,000,000 to $31,500,000 by the addition of $12,500,000 bonds. That happened in 1904.

Then from 1925 to 1934 the Consolidated Gas system wrung a $27,000,000 profit from the subsidiary which it controlled (Westchester Lighting Co.) on a $29,000,000 investment. (New York Times, June 12, 1935.)

No wonder it is said that a criminal is an individual with predatory interests but without sufficient capital to start a corporation.

THE AIR TRUST

My colleague, Congressman MCFARLANE, has published in the CONGRESSIONAL RECORD of April 9, 1934, evidence showing that four large holding companies control very largely the air industry of America, including transportation, manufacture, and mail. The corporations he lists are the North American Aviation, Inc., the Bendix Aviation Corporation, the United Aircraft & Transport Corporation, and the Curtis-Wright Corporation. The companies controlled by each

of these four corporations, as listed by Congressman McFARLANE, are shown in the appendix. (See appendix M.)

ANTISOCIAL ATTITUDES OF THE FINANCIAL OLIGARCHY

The antisocial acts of desperate and outraged poverty-stricken people are more than matched by antisocial attitudes of our corrupt financial oligarchy. Their acrobatic high financing in itself is antisocial. Perhaps even more dangerous to the future of democracy are the antisocial attitudes which these financial acrobats cherish toward their less fortunate brothers. Witness a book which recently came to my office through the mail with the compliments of some of Ohio's big-business men, from:

The president of Hercules Motors Corporation, Canton; the president of Canton Stamping & Enameling Co.; the president of the Draper Manufacturing Co., Cleveland; the president of Apex Electric Manufacturing Co., Cleveland; the chairman of the P. A. Geier Co., Cleveland; the treasurer and general manager of Reeves Manufacturing Co., Dover; the president of Luntz Iron & Steel Co., who is also president of the Canton (Ohio) Chamber of Commerce.

The name "Representative ERNEST LUNDEEN" was inscribed in ink on the first page.

"THE PROBLEM OF POVERTY"—TOO MANY POOR, LET THEM DIE

The Problem of Poverty, by John Rustgard, is the title of the book received. It is subtitled, A Trenchant Analysis of Modern "Liberalism" in Politics.

This book advocates solving the problem of poverty by "eliminating" the "unfit", not by humane application of eugenics, but right here and now by refusing public and private relief to those in need—those "depraved individuals who infest some sections of our cities", who are "incapable of experiencing such emotions as sympathy or mercy." Big business of Ohio has the effrontery to advocate in one breath eliminating poverty by letting people starve and in the next breath to denounce people who are incapable of sympathy or mercy. And these hardened individuals are posing as leaders of a Christian nation, followers of Him who said:

If thou wilt be perfect, go and sell that thou hast and give to the poor. (Matt. XIX: 21st verse.)

What a far cry from Christian teaching is the axiom laid down by John Rustgard and approved by Ohio big business:

* * * If a person is socially fit, he will have friends or relatives at hand glad to render assistance. If he has no such, the chances are he is worthy of none. (John Rustgard, The Problem of Poverty, p. 159.)

Jesus had no friends or relatives at hand to render him assistance in his hour of need. He was a carpenter, who knew the sweat of labor's brow.

DOUBLE STANDARD OF MORALITY FOR EMPLOYER AND WORKER

The climax in our development of a class of superwealth and a class of oppressed poverty has been reached in the gradual evolution of a double standard of morality for the employer and the worker. This double standard has been prepared by Jerome Davis and published in his book, Capitalism and Its Culture, pages 503–504:

The employer	*The worker*
1. Usually given vacations with pay.	1. Usually given vacations without pay.
2. Paid during ordinary illness.	2. Not paid during ordinary illness.
3. In depression salary tardily reduced and usually slightly.	3. In depression wages reduced quickly and usually drastically.
4. Has some right to job and usually receives long advance notice before discharge.	4. Has no right to his job and usually has little or no advance notice of lay-off.
5. Legitimate to employ a spy organization to watch the worker.	5. Illegitimate to use spy organization to watch the employer.
6. Legitimate to curtail or stop production.	6. Illegitimate to reduce production or to practice cacanny or "soldiering."
7. Sabotage or destruction of product justifiable.	7. Sabotage or the destruction of product unethical.
8. All profits possible legally to extract from the public justifiable.	8. Demand for high wages considered unethical and "communistic."
9. To organize with other employers justifiable.	9. To organize with other workers bitterly opposed by many employers and a frequent cause of discharge.
10. Perfectly proper to be represented by highly paid outside counsel from any part of the Nation.	10. Questionable to employ outside "organizers", commonly called "outside agitators."
11. Monopolistic control of natural resources or products considered shrewd business skill.	11. Monopolistic control of "closed shop" or permitting only union men to work considered questionable.

This is the double standard of morality between workers and employers that has been adopted by some antisocially minded industrial leaders.

RELIEF CLIENTS FORCED TO STAY ON RELIEF PERMANENTLY

Another example of antisocial attitudes among the superwealthy is illustrated by Erle P. Halliburton, a millionaire oil man of Duncan, Okla., who, according to the Washington Post of June 29, 1935, launched a one-man fight against what he calls "the dole." He announced that in the future no person would be employed in the Halliburton Oil Well Cementing Co. who has accepted relief.

I see no reason why any company should employ a person who has been accepting the dole when there still are thousands of people who refuse to accept charity at the expense of the taxpayers and are certainly more deserving than those willing to sell their vote for bare subsistence, Halliburton said.

More than a thousand men are employed by his various enterprises, ranging from a Honduras gold-mining colony to a race track. The hard-hearted, short-sighted attitude of Ohio big business also exists in Oklahoma.

BORN 30 YEARS TOO LATE

Certainly—

Halliburton was quoted as saying,

any man who wants to work can take the modern methods of the present day and earn for himself a better living with less effort than the same man could have earned for himself 30 years ago.

He proposes to solve the relief problem by forcing poverty-stricken millions to stay on relief or starve.

Ill fares the land, to hastening ills a pray,
Where wealth accumulates, and men decay.
—*Goldsmith.*

THE MONEY TRUST

A financial oligarchy has entrenched itself in America. Chain stores and chain banks are destroying the independent merchant. Industry and finance have passed far beyond the control of any State. The members of our financial oligarchy are adopting antisocial attitudes toward the common people. They form "economy leagues" and "liberty leagues" under the guise of so-called "patriotism." They carry on a loud-mouthed, swaggering campaign against "un-Americanism" to send the American people off on a wild-goose chase against the elusive "red" while they continue their plunder.

Wealth heaped on wealth, nor truth nor safety buys;
The dangers gather as the treasures rise.
—*Dr. Johnson.*

THE ALTERNATIVE FOR WEALTH AND POVERTY

Faced with these national dangers from both wealth and poverty, what will America do? Shall we permit the forces of poverty and wealth to battle it out until one or the other is finally supreme? Or shall we utilize the great productive capacity of this Nation to satisfy the needs of the poor and prevent the exploitation and control of the super-rich?

PRESENT POTENTIAL INCOME $4,370 PER FAMILY

An estimate of the income each family might enjoy if America's productive capacity were put to use has been set at $4,370. This estimate is the result of a national survey called the "national survey of potential product capacity", set up over a year ago by the Civil Works Administration, under the sponsorship of the New York Housing Authority. The Chart of Plenty, published as a result of this survey, is a revealing document, available at public libraries.

OVERPRODUCTION AT THE PRESENT TIME IMPOSSIBLE

The fact is, according to economists of Brookings Institution, the United States has not reached a stage of economic development in which it is possible to produce more than the American people can consume.

Actual goods and services produced in 1929 had a value of about $81,000,000,000. The potential production—with existing methods—equaled about 20 percent more than actual production, or 97 billion.

Actual production of consumption goods in 1929 equaled approximately 70 billion, and potential production of consumption goods equaled about 86 billion.

Raising all family incomes below $2,500 to $2,500, with no changes above that level, would increase actual consumption by more than sixteen billion.

Adding $1,000 to every family income below $10,000 would increase consumption by almost twenty-seven billion.

These small increases—making no allowance for increased consumption by 9,000,000 individuals not attached to families—would create a consumptive demand greater than the potential productive capacity of the Nation in 1929. Apparently we have not reached the stage of superabundance. We need not curtail production and destroy food and clothing. (America's Capacity to Consume.)

ADEQUATE DIET FOR ALL, WITH PROPER DISTRIBUTION OF INCOME

To reach the "liberal diet" standards for all our people would require an increase in the production of all kinds of consumers' goods and services by 70 or 80 percent. Even if no family with an income of $5,000 in 1929 were to receive more than it did then, it would be necessary to increase the value of food production at 1929 prices by about 40 percent. Cereals would be reduced, and meat, dairy products, and fruits and vegetables increased. With an income sufficient to afford the "liberal diet" standards, the value of shelter and home maintenance would be doubled, and the value of clothing would be more than doubled. The authors of America's Capacity to Consume say that such an increase in production is beyond the capacity of our economic system today, even though with a complete utilization of our productive efforts, and with plants operating at capacity we could have produced 19 percent more than we did in 1929. This increased productivity would have—

Permitted enlarging the budgets of 15,000,000 families to the extent of $1,000 each, adding goods and services to an amount of $765 (on a 1929 price level) to every family having an income of $2,500 or less in that year, producing $608 worth of additional well-being for every family up to the $5,000 level, raising the incomes of 16.4 million families whose incomes were less than $2,000 up to that level, increasing all family incomes below the $3,500 level by 42 percent, adding $545 to the income of every family of two or more persons, or giving $125 to every man, woman, and child in the country. (America's Capacity to Consume, p. 32 of digest made by Brookings Institution.)

AMERICA'S CONSUMING CAPACITY APPLIED TO HOMES

In the so-called "prosperous" years 1923 to 1928, 440,800 new homes were built each year. In 1933 only 25,880 homes were built, and in 1934, 22,240 were built. Home building in depression years was reduced to one-twentieth of normal. There is today a shortage of about 5,000,000 homes, according to the American Federation of Labor's Survey of Business, and the editors of Fortune claim that 20,000,000 new houses are needed to meet ordinary health and decency standards. They state that 90 percent of farm houses, 80 percent of village homes, and 35 percent of city houses lack toilets, and almost as many lack running water. (Housing America, by the editors of Fortune.)

If we were to fill this housing shortage, together with shortages of food, clothing, and other necessities, and industrial equipment to produce these consumers' goods, we would have enough work to keep our heavy industries running 25 percent above normal for 10 years, according to the Cleveland Trust Co. estimate. These shortages would provide work for all the unemployed, assuming the necessary adjustments in work hours were made, according to the American Federation of Labor. (Monthly Survey of Business, January 1935.)

SOURCES OF FUNDS FOR RELIEF OF POVERTY

There are many sources of funds which could be used for the relief of unemployment and poverty. The administration tax bill touches only a very small fraction of funds available. That was only a gesture. British rates above $5,000 will produce results.

INCOME TAXES OF INDIVIDUALS

If the United States were to apply merely the tax rates of Great Britain upon all individual incomes of $5,000 or over, a considerable sum would be available. These rates in 1928 would have yielded the Federal Government $5,750,000,000 as against slightly over $1,000,000,000 actually collected. In 1932, a year of low income, we would have collected on the same basis $1,128,000,000 as against actual receipts of $324,000,000.

CORPORATION INCOME TAXES

Compared with other countries also our corporation tax is very low. Taking a flat rate of 25 percent, we would have raised in 1928 the amount of $2,600,000,000 instead of $1,200,000,000.

INHERITANCE OR ESTATES

The United States is also very lenient in the matter of inheritance or estate taxes. In 1928 on a total declared gross estate of three and one-half billion dollars the total collected by Federal and State taxes was only $42,000,000, or a little over 1 percent. If an average of 25 percent were taken this would have been raised in 1928 to $888,000,000.

TAX-EXEMPT SECURITIES

Exact figures on the total amount available from taxing tax-exempt securities are not available, but here is an important source of large additional returns which should be available. It is estimated that about $40,000,000,000 is now represented in Federal, State, and municipal securities that are exempt from taxation. (Hon. JOHN HOUSTON, speech, CONGRESSIONAL RECORD, Apr. 12, 1935.)

In this connection I have introduced a measure, House Joint Resolution No. 341, introduced June 29, 1935, providing for a constitutional amendment to permit the taxation of tax-exempt securities. (See appendix Z.)

TAX ON CORPORATE SURPLUS

In 1929 the corporate surplus, representing accumulation by corporations of funds which had not been distributed to labor and capital, amounted to $47,000,000,000, and in 1932 the surplus amounted to over $36,000,000,000. Here is another source of funds for taxation. (See appendix N for tables of Dr. Joseph M. Gilman, economist of the College of the City of New York, showing funds that could be raised from these sources of taxation on wealth. From hearings on Lundeen workers' unemployment, old age, and social insurance bill, H. R. 2827.)

EXCESS-PROFITS TAX

Congressman AYERS, on April 15, 1935, placed in the CONGRESSIONAL RECORD estimates of amounts that might have been raised by a continuation of the war-time excess-profits tax rates. The statement, prepared by the Joint Committee on Internal Revenue Taxation, Mr. L. H. Parker, chief of staff, shows that an additional amount of $6,666,173,000 might have been raised in this manner from individual incomes in the years 1919 through 1927. A total of $10,636,024,000 additional might have been raised in this manner under the income and excess-profits taxes which obtained on corporations in 1918. (See appendix O.)

BRITISH INCOME-TAX RATES

The Joint Committee on Internal Revenue Taxation has also furnished me with a table showing surtax net income rates at the present time compared with rates in the administration tax bill under consideration, and another scale of rates which approximate the British rates, except in the very highest brackets, where an amount higher than British rates is suggested.

Increases must be made on all incomes over $5,000 in order to make the measure a revenue-producing bill. The rates might be raised even higher in the upper brackets, but at

least this proposal is an improvement over the bill which we are now considering. (See appendix P.)

TO FORM A MORE PERFECT UNION

Far from violating constitutional principles the proposal to utilize the tremendous productive power of this country for the benefit of all the people recognizes the dangers of wealth and poverty to democratic institutions and provides for the fulfillment of the preamble to the Constitution of the United States:

• • • To form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity. • • •

THE WEALTH OF AMERICA

We, the people, have within the borders of this country 1,000,000,000 acres of farm land; 500,000,000 acres of forests; 100,000,000 acres of coal, copper, iron, and minerals; 34,000,000 acres of rivers and lakes. We have 100,000,000 acres of urban territory; 6,500,000 farms; 185,000,000 livestock; 500,000,000 domestic fowls; 16,000 cities; 37,000,000 buildings; 127,000,000 machines—locomotives, turbines, automobiles, tractors, trucks, lathes, looms, and so forth; 700,000,000 installed horsepower; 2,000,000 miles of rural roads; 750,000 miles of surfaced highways; 250,000 miles of railroads; 59,000 miles of navigable waterways; 736,000 miles of pipe lines; 160,000 miles of electric transmission lines; 88,000,000 miles of telephone, telegraph, and cable lines. (Robert R. Doane, author of the Measurement of American Wealth, quoted in Capitalism and Its Culture, p. 148.)

And this is not all of the wealth of America!

HOW MUCH WILL IT COST?

How much will it cost? Where will you get the money? These questions are asked whenever it is proposed to relieve distress among the masses.

Is it possible that a nation creditor to half the world and claiming more natural resources than any other country—is it possible to say that such a nation cannot provide adequate food, clothing, and shelter to the producers of its fabulous wealth? We have just canceled $12,087,667,000 in foreign debts. I am glad I had no part in that; in fact, I warned against these loans here on the floor of Congress on April 6, 1917.

WE STAND NOW UPON THE BRINK OF AN ABYSS

We have produced so much food and clothing that the National Government is restricting production. Yet today more than one-sixth of our people are on relief. Between twenty-two and thirty million have become dependent upon Government aid because of unemployment. Millions of American farmers, farm tenants, and share-croppers are losing their means of livelihood, crushed under unbearable debt burdens. Thousands of educational institutions, recreational and cultural facilities have been closed. Millions of our people are denied their very basic cultural requirements and even the bare necessities of life. A day may come in the not distant future when the patience of our long-suffering people is exhausted. I warn you now, my colleagues and fellow citizens, do not press your advantage in finance and money too far. The storm may yet break upon your heads, for, verily, we stand now upon the brink of an abyss.

IT CAN BE DONE

A dying man does not ask how much it will cost to save his life. Do you ask how much it will cost to save the life of your son or daughter? Your question is not, "How much will it cost?" but "Can it be done?" If it can be done, you order it done, and immediately. And you thank God it can be done. You do not care about the cost. It is worth whatever it costs to save the life of your child.

THE AMERICAN REPUBLIC MUST BE SAVED

You ask me, "How much will it cost to give security to our people?" And I say to you that we must calm this wail of anguish that cries out from the soul of America. We must dry this ocean of tears. I say to the Money Trust of this country, you who control 90 percent of our wealth: Are your salaries, your bonuses, your dividends more precious to you than the life blood of this Nation? You dragged the American flag into the blood and quarrels of Europe, you sacrificed our men upon your altars of profit. I appeal to your patriotism, if patriotism can live in an atmosphere of money madness. I appeal to you to save your country before it is too late; and, by the way, save yourselves, lest you be overwhelmed by the wrath and the fury of the coming storm. Some day you will pay, and pay double, and the Members of this House know that you can pay. It can be done. It must be done, regardless of cost, to save the life of America.

APPENDIX A

Aggregate savings of families, by income groups, 1929

Income class (in dollars)	Number of families	Aggregate savings	
		In millions of dollars	As a percentage of total
Under 0	120,000	−1,588	−10
0 to 1,000	5,779,000	−550	−5
1,000 to 2,000	10,455,000	801	5
2,000 to 3,000	5,192,000	1,490	10
3,000 to 4,000	2,440,000	1,319	9
4,000 to 5,000	1,232,000	998	7
5,000 to 10,000	1,625,000	2,549	17
10,000 to 20,000	412,000	2,003	13
20,000 to 50,000	156,000	1,836	12
50,000 to 100,000	39,000	1,165	8
100,000 and over	24,000	5,116	34
All classes	27,474,000	15,139	100

Source: America's capacity to consume.

APPENDIX B

[Willard Brown in the Annalist, Friday, June 22, 1934]

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*

SUMMARY OF ALL GROUPS

	Presidents'[1] salary and bonus	Net income	Dividends	Percent of net income	
				Salary	Dividends
Automobile	$4,773,114	$1,121,186,692	$138,960,129	3.9	114.8
Aviation	1,767,693	8,859,055	3,137,872	18.7	35.4
Chemical	2,653,870	482,276,176	419,807,353	.6	87.0
Food	4,367,617	416,536,040	333,169,376	1.0	80.0
Mining	3,731,277	285,081,632	304,079,276	1.3	106.7
Motion picture	3,242,837	38,938,267	48,137,298	8.3	123.6
Oil	2,825,717	535,300,277	545,432,916	.5	101.9
Retail	6,825,641	327,937,303	234,710,758	2.1	71.7
Steel	6,441,656	429,140,078	431,357,038	1.5	100.5
Tire	815,125	14,717,006	42,453,313	5.5	288.5
Tobacco	6,386,434	372,818,671	291,098,536	1.7	78.2
Utilities	3,454,396	1,868,041,283	1,440,504,888	.2	77.1
Total	47,285,377	4,900,832,480	4,232,848,803	1.0	86.4

[See footnotes at end of table]

APPENDIX B—Continued

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*—Continued

STEEL

	Salary and bonus		Net income	Dividends paid	Percent of net income		
	President	Total officers			President's salary	Officers' salary	Dividends
Bethlehem:							
1928	$843,445	$2,283,097	$18,585,922	$8,642,500	4.5	12.3	46.4
1929	1,635,753	3,972,930	42,242,980	22,600,000	3.9	9.4	53.6
1930	1,028,591	2,572,469	23,843,406	26,200,000	4.3	10.8	110.0
1931	287,796	1,216,457	115,745	13,295,000	250.0		
1932	180,000	1,056,060	−19,404,431	1,645,000			
1933	180,000		−8,735,723				
1928–33	4,155,585		56,647,899	72,382,500	7.0		127.8
Otis Steel:							
1928	64,999		3,370,982	821,109	1.9		24.4
1929	89,999		3,687,690	1,869,974	2.4		50.7
1930	99,999		868,730	2,381,520	11.5		275.0
1931	65,533		−1,571,342	402,494			
1932	38,749		−2,830,155				
1933			[3] −1,509,528				
1928–32	359,279		3,525,905	5,475,097	10.4		155.3
United States Steel:							
1928	222,726		114,173,775	75,033,322	.2		65.6
1929	260,061		197,592,060	86,068,717	.1		115.1
1930	248,082		104,421,571	85,585,474	.2		82.3
1931	194,850		13,038,141	62,203,627	1.5		476.0
1932	156,638		−71,175,705	20,716,163			
1933			[3] −36,501,123	[3] 7,205,622			
1928–32	1,082,349		358,048,842	331,607,303	.3		92.6
Youngstown:							
1928	225,000	632,266	10,446,336	5,910,938	2.2	6.1	57.2
1929	100,000	395,000	21,564,174	6,325,000	.5	1.0	29.4
1930	250,000	769,000	7,036,133	6,835,000	3.6	10.9	97.0
1931	191,666	598,916	−7,040,900	2,625,000			
1932	47,777	313,352	−13,272,783	206,250			
1933	30,000	263,569	−7,815,528				
1928–33	844,443		10,917,432	21,892,188	7.7		210.7
Total:							
1928	1,356,172		146,577,015	90,407,869	.9		61.7
1929	2,085,813		265,086,904	118,863,691	.8		44.8
1930	1,626,662		136,168,840	120,991,994	1.2		88.9
1931	739,845		4,541,644	78,526,121	16.3		
1932	423,164		−106,683,074	22,567,413			
1933	210,000		−16,551,251				
1928–33	6,441,656		429,140,078	431,357,088	1.5		100.5

MOTION PICTURE

Fox:							
1928			[3] $5,957,218	[3] $3,217,741			54.0
1929	$129,747		15,081,660	3,682,440	0.9		24.5
1930	459,665		9,205,435	10,102,240	5.0		109.8
1931	269,747		−5,560,305	4,104,035			
1932	162,014		−16,964,498				
1933	250,000						
1929–32	1,021,173		1,762,292	17,888,715	58.0		1,015.0
Paramount:							
1928	372,389	$1,921,040	8,713,063	5,671,797	4.3	22.1	65.0
1929	887,500	4,062,700	15,544,544	7,330,222	5.7	26.1	47.2
1930	358,614	1,993,809	18,381,178	12,141,035	2.0	10.8	66.1
1931	113,618	941,988	6,345,488	5,105,529	1.8	14.8	80.4
1932	[3] 96,031	731,975					
1933							
1928–31	1,732,121		48,984,273	30,248,583	3.5		61.8
R. K. O.:							
1928			−45,744				
1929	135,826		1,669,564		8.1		
1930	172,697		3,385,628		5.1		
1931	100,580		−5,660,770				
1932	80,440		−11,156,976				
1933							
1929–32	489,543		−11,762,554				
Total:							
1928	372,389		8,667,319	5,671,797	4.3		65.5
1929	1,153,073		32,295,768	11,012,662	3.6		34.2
1930	990,976		30,972,241	22,243,275	3.2		71.8
1931	483,945		−4,875,587	9,209,564			
1932	242,454		−28,121,474				
1933	250,000						
1928–32	3,242,837		38,938,267	48,137,298	8.3		123.6

[See footnotes at end of table]

APPENDIX B—Continued

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*—Continued

AVIATION

	Salary and bonus		Net income	Dividends paid	Percent of net income		
	President	Total officers			President's salary	Officers' salary	Dividends
Curtiss-Wright:							
1928							
1929	$24,850		−$668,532				
1930	9,930		−9,012,920				
1931	25,700		−4,126,060				
1932	40,980		−595,574				
1933	25,000		135,896		18.4		
1928–33	126,460		−14,268,190				
United Aircraft:							
1928	420,665		4,641,434		9.1		
1929	420,665	$1,383,580	8,966,032	$671,617	4.7	15.4	7.5
1930	248,712	1,447,679	3,302,207	720,000	7.4	43.8	18.8
1931	246,755	1,354,595	2,907,543	720,000	8.5	46.6	24.8
1932	193,700	1,123,267	1,687,633	580,005	11.5	66.9	34.4
1933	110,646		1,622,361	446,250	6.8		27.5
1929–33	1,641,233		23,127,245	3,137,872	7.1		13.6
Total:							
1928	420,665		4,641,434		9.1		
1929	445,515		8,297,500	671,617	5.4		8.1
1930	258,642		−5,710,713	720,000			
1931	272,455		−1,218,512	720,000			
1932	234,770		1,091,059	580,005	21.5		53.2
1933	135,646		1,758,257	446,250	5.7		25.4
1928–33	1,767,693		8,859,055	3,137,872	18.7		35.4

AUTOMOBILE

Auburn:							
1928	$138,371		$1,425,223	$528,412	9.7		37.1
1929	386,672		3,603,200	644,785	10.7		17.9
1930	743,230		1,018,331	763,871	73.0		75.0
1931	795,079		3,579,849	824,005	22.2		23.0
1932	10,602		−974,751	835,431			
1933	22,500		−2,307,973	553,177			
1928–33	2,096,454		6,343,879	4,149,681	33.0		65.3
Hudson:							
1928	150,000		13,457,363	8,178,863	1.1		60.7
1929	125,000		11,594,855	8,179,800	1.1		70.7
1930	122,633		324,656	6,518,390	37.8		
1931	113,636		−1,991,199	1,596,660			
1932	97,576		−5,429,351				
1933	76,800		−4,409,929				
1928–33	685,645		13,546,395	24,473,713	5.1		180.6
Mack:							
1928	51,350		5,915,301	4,443,988	.9		75.0
1929	101,150		6,841,089	4,533,750	1.5		66.3
1930	48,216		2,007,603	4,163,178	2.4		207.4
1931	40,650		−3,032,410	1,680,330			
1932	33,080		−1,479,598	692,263			
1933	32,400		−947,909	664,998			
1928–33	305,846		9,304,059	16,178,507	3.3		173.8
Nash:							
1928	267,162		20,820,085	16,380,000	1.3		78.4
1929	122,863		18,013,781	16,380,000	.7		91.0
1930	301,143		7,601,164	13,650,000	2.6		179.6
1931			[3] 4,807,681	[3] 9,555,000			199.0
1932			[3] 1,029,552	[3] 4,095,000			393.0
1933			[3]−1,188,863	[3] 1,984,650			
1928–30	591,173		46,435,030	46,410,000	1.3		100.0
Packard:							
1928	239,639	$845,179	21,885,416	12,442,912	1.1	2.9	56.8
1929	256,940	752,185	25,183,256	17,234,244	1.0	3.0	68.7
1930	143,405	410,815	9,034,220	9,741,305	1.6	4.5	108.0
1931	93,999	280,719	−2,909,117	6,745,653			
1932	63,458	207,216	−6,824,312				
1933	30,000	166,531	107,081		28.1	155.5	
1928–33	827,441		46,476,544	46,164,115	1.8		99.5
Pierce-Arrow:							
1928	50,000		−1,293,025				
1929	60,000		2,566,112	352,500	2.3		13.8
1930	60,000		1,317,071	548,625	4.6		41.6
1931	49,722		−476,943	576,338			
1932	45,833		−3,032,430	106,650			
1928–32	265,555		−919,215	1,584,113			

[See footnotes at end of table]

APPENDIX B—Continued

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*—Continued

AUTOMOBILE—continued

	Salary and bonus		Net income	Dividends paid	Percent of net income		
	President	Total officers			President's salary	Officers' salary	Dividends
Total:							
1928	$896,522		$92,210,363	$41,974,175	1.4		67.5
1929	1,052,625		67,802,273	47,325,079	1.5		69.8
1930	1,318,632		21,303,048	35,385,370	6.2		166.0
1931	1,093,086		−4,829,820	11,422,986			
1932	250,549		−17,740,442	1,634,344			
1933	161,700		−7,556,730	1,218,175			
1928–33	4,773,114		121,186,692	138,960,129	3.9		114.8
UTILITY							
American Telephone & Telegraph:							
1928	$184,476	$798,357	$143,170,491	$103,821,440	0.13	0.55	72.5
1929	212,500	824,764	166,189,758	116,378,771	.13	.50	70.0
1930	150,000	806,052	165,544,707	139,238,073	.14	.54	84.1
1931	250,000	839,330	166,666,534	163,588,474	.15	.50	98.2
1932	236,111	789,253	145,906,090	167,954,604	.16	.54	115.1
1933	210,069	701,815	137,456,776	167,960,475	.15	.51	122.2
1928–33	1,343,156		924,934,356	858,941,837	.15		92.9
Electric Bond & Share group:							
1928	250,000		100,699,000	56,583,797	.25		56.6
1929	250,000		142,626,000	68,301,768	.17		47.8
1930	275,000		160,901,000	87,483,357	.17		54.4
1931	125,000		134,654,000	78,955,808	.09		58.7
1932	107,500		100,014,000	55,848,960	.11		55.8
1933	90,000		85,542,000	41,781,586	.11		48.9
1928–33	1,097,500		724,436,000	388,955,185	.15		53.7
International Telephone & Telegraph:							
1928	75,320	545,795	14,598,337	8,173,740	.5	3.7	56.0
1929	75,300	619,880	17,732,159	10,853,419	.4	3.5	61.2
1930	75,240	664,548	13,750,133	12,868,409	.5	4.8	93.6
1931	60,380	589,697	7,654,001	8,960,288	.8	7.6	117.1
1932	51,538	553,433	−3,934,960				
1933	48,585		694,126				
1928–33	386,363		50,491,796	40,855,856	.8		80.9
Public Service of New Jersey:							
1928	104,105	249,477	22,948,060	17,864,620	.5	1.1	77.7
1929	125,294	296,054	28,518,829	25,388,908	.4	1.0	89.0
1930	125,479	298,389	29,663,071	26,621,523	.4	1.0	89.9
1931	100,309	244,894	30,353,029	28,053,449	.3	.8	92.4
1932	97,190	237,391	28,898,253	28,012,961	.3	.8	97.0
1933	75,000		27,797,889	25,810,549	.3		92.8
1928–33	627,377		168,179,131	151,752,010	.4		90.2
Total:							
1928	613,901		281,413,888	186,443,597	.7		65.2
1929	663,094		355,066,746	220,922,866	.5		61.5
1930	725,719		369,858,911	266,211,362	.5		64.7
1931	535,689		339,327,564	279,558,019	.5		85.0
1932	492,339		270,883,383	251,816,434	.7		100.0
1933	423,654		251,490,791	235,552,610	.5		90.6
1928–33	3,454,396		1,868,041,283	1,440,504,888	.2		77.1
TIRE							
Firestone:							
1928	$100,000		$7,072,014	$5,336,834	1.4		75.5
1929	100,000		7,726,871	4,537,397	1.3		58.7
1930	90,333		1,541,034	6,111,223	5.9		397.0
1931	71,400		6,028,631	5,508,425	1.2		91.3
1932	64,800		5,151,978	5,065,356	1.3		98.3
1933	[3] 71,280		[3] 2,397,060	[3] 3,852,306			160.8
1928–32	426,533		27,520,528	26,559,225	1.5		96.5
Goodrich:							
1928	101,000		3,513,023	4,344,434	2.9		123.8
1929	75,120		7,446,310	6,018,014	1.0		81.0
1930	75,240		−8,374,148	4,448,810			
1931	76,262		−8,906,567	1,082,830			
1932	60,970		−6,582,140				
1933			[3] 2,272,514				
1928–32	388,592		−12,903,522	15,894,088			
Total:							
1928	201,000		10,585,037	9,681,268	1.9		91.5
1929	175,120		15,173,181	10,555,411	1.2		69.9
1930	165,573		−6,833,114	10,560,033			
1931	147,662		−2,777,936	6,591,255			
1932	125,770		−1,430,162	5,065,356			
1933							
1928–32	815,125		14,717,006	42,453,313	5.5		288.5

[See footnotes at end of table]

APPENDIX B—Continued

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*—Continued

CHEMICAL

	Salary and bonus		Net income	Dividends paid	Percent of net income		
	President	Total officers			President's salary	Officers' salary	Dividends
Air reduction:							
1928	$60,615		$3,208,993	$2,050,399	1.9		62.5
1929	420,665	$1,383,580	8,966,032	671,617	4.7	15.5	7.5
1930	103,187		5,250,379	3,661,807	1.9		69.7
1931	95,085		3,815,410	3,785,783	2.5		99.4
1932	49,122		2,293,761	2,528,855	2.1		110.0
1933	45,845		3,192,732	3,154,819	1.4		99.5
1928–33	430,308		23,734,271	18,409,812	1.8		77.6
Commercial solvents:							
1928	40,500		2,929,420	1,750,274	1.4		59.8
1929	85,700		3,667,403	1,957,855	2.3		53.3
1930	73,933		2,717,001	2,481,948	2.7		91.3
1931	65,660		2,118,318	2,530,002	3.1		120.0
1932	50,890		1,282,343	1,518,125	3.9		118.0
1933			[2] 2,327,847	[2] 1,549,845			65.9
1928–32	316,683		12,714,435	10,238,204	2.5		80.6
Du Pont:							
1928	99,999	1,614,461	64,097,798	55,020,228	.2	2.5	85.8
1929	99,999	1,705,799	78,171,730	66,034,319	.1	2.2	84.5
1930	99,999	1,181,198	55,962,010	52,061,813	.2	2.1	93.0
1931	98,333	1,101,322	53,190,060	50,264,155	.2	2.1	94.5
1932	84,750	682,874	26,234,779	36,469,229	.4	2.6	139.0
1933	99,999		38,895,330	36,790,618	.3		94.4
1928–33	583,079		316,551,707	296,640,362	.2		93.8
Mathieson:							
1928	89,072		2,091,402	1,055,967	4.2		50.4
1929	96,690		2,324,276	1,308,268	4.2		56.2
1930	96,782		2,096,007	1,474,012	4.8		70.4
1931	97,095		1,394,107	1,473,808	7.0		106.0
1932	89,970		729,505	1,225,931	12.3		168.0
1933	86,400		1,224,078	1,101,866	7.1		89.9
1928–33	556,009		9,859,375	7,639,852	5.6		77.5
Monsanto:							
1928	13,000		948,313	275,000	1.4		29.0
1929	30,438		1,145,297	382,938	2.7		33.4
1930	31,056		732,684	515,561	4.3		70.3
1931	33,481		1,280,783	535,273	2.6		41.8
1932	28,640		1,012,698	533,008	2.8		52.8
1933	36,626		2,221,207	867,811	1.6		39.0
1928–33	173,241		7,340,982	3,109,591	2.4		42.4
Union Carbide:							
1928	150,600		30,577,383	16,235,208	.5		53.2
1929	151,000		35,427,025	20,736,658	.4		58.5
1930	150,800		28,041,426	23,395,734	.4		83.3
1931	142,150		18,029,522	23,401,932	.8		130.0
1932			[3] 8,581,426	[3] 12,601,040			147.0
1933			[3] 16,563,618	[3] 8,908,013			53.8
1928–31	594,550		112,075,356	83,769,532	.5		74.7
Total:							
1928	453,786		103,853,309	76,387,076	.5		73.5
1929	540,281		120,708,727	93,648,097	.5		92.5
1930	555,757		94,799,507	83,590,965	.6		88.3
1931	531,804		79,828,200	81,990,953	.6		102.8
1932	303,372		31,553,086	42,275,148	.8		135.6
1933	268,870		45,533,347	41,915,114	.5		94.5
1928–33	2,653,870		482,276,176	419,807,353	.6		87.0
TOBACCO							
American snuff:							
1928	$78,700		$2,178,535	$1,777,168	3.6		81.5
1929	70,119		2,109,581	1,777,168	3.3		84.2
1930	64,575		1,893,049	1,667,168	3.4		87.8
1931	60,009		1,916,132	1,667,168	3.1		87.0
1932	61,549		1,818,025	1,667,168	3.4		91.7
1933	50,000		2,002,003	1,623,029	2.5		81.2
1928–33	384,952		11,917,415	10,178,869	3.2		85.4
American tobacco:							
1928	355,203	$1,534,194	25,014,434	18,785,154	1.4	6.1	75.0
1929	605,613	1,973,964	30,178,604	24,253,518	2.0	6.5	80.5
1930	1,010,567	3,456,604	43,294,669	32,455,966	2.3	8.0	75.0
1931	1,051,630	3,619,937	46,189,741	31,507,363	2.3	7.8	68.4
1932	825,607	2,281,402	43,267,094	31,607,517	1.9	5.3	73.0
1933	120,000		17,401,208	26,881,131	.7		154.6
1928–33	3,968,620		205,345,740	165,490,649	1.9		80.8

[See footnotes at end of table]

APPENDIX B—Continued

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*—Continued

TOBACCO—continued

	Salary and bonus		Net income	Dividends paid	Percent of net income		
	President	Total officers			President's salary	Officers' salary	Dividends
General Cigar:							
1928	$178,361		$3,140,459	$1,980,000	5.7		63.0
1929	232,383		4,295,961	2,061,794	5.4		48.0
1930	141,513		3,201,522	2,306,336	4.4		72.0
1931	110,261		2,720,667	2,241,928	4.0		82.5
1932	63,944		2,058,370	2,241,928	3.1		109.0
1933			[1] 721,520	[1] 2,241,928			311.0
1928–32	726,462		15,416,979	10,831,986	4.7		70.3
Liggett & Myers:							
1928	294,442	$1,175,770	19,408,644	14,647,177	1.2	6.1	75.4
1929	270,671	1,394,436	22,017,128	14,647,177	1.2	6.0	66.5
1930	206,192	1,287,653	24,002,315	16,215,176	1.2	5.4	67.5
1931	86,956	796,165	23,121,382	17,260,582	.4	3.4	74.7
1932	149,059	821,338	23,075,213	17,260,602	.6	3.6	74.8
1933	89,080	507,386	16,731,175	17,234,001	.5	3.0	103.1
1928–33	1,126,400		128,355,857	97,264,715	.9		75.7
P. Lorillard:							
1928			[1] 1,817,428	[1] 791,532			43.6
1929			[1] 1,336,656	[1] 791,532			59.2
1930			[1] 3,614,363	[1] 791,532			21.9
1931	60,000		4,846,373	1,364,563	1.2		28.2
1932	60,000		4,556,052	3,006,960	1.3		65.9
1933	60,000		2,380,255	2,960,794	2.5		124.3
1931–33	180,000		11,782,680	7,332,317	1.5		62.2
Total:							
1928	846,706		49,742,072	37,189,499	2.1		75.4
1929	1,178,786		58,601,274	42,739,657	2.1		73.5
1930	1,512,847		72,391,555	52,644,646	2.2		73.1
1931	1,368,856		78,794,295	54,041,604	2.5		70.2
1932	1,160,159		74,774,744	55,784,175	2.1		75.2
1933	319,080		38,514,731	48,998,955	1.0		144.0
1928–33	6,386,434		372,813,671	291,098,536	1.7		78.2
RETAIL							
Associated Dry Goods:							
1928	$200,000		$3,393,149	$3,496,853	5.9		103.2
1929	200,000		3,304,986	2,788,786	6.1		84.6
1930	150,000		2,467,459	2,750,762	6.1		111.1
1931	82,917		563,734	2,163,891	14.7		383.8
1932	64,875		−1,939,914	320,142			
1933	59,221		202,154		29.3		
1928–33	747,013		7,991,568	11,520,434	9.3		144.2
Bloomingdale:							
1928	[2] 75,000						
1929	[2] 75,000						
1930	75,000		56,190	225,610	134.0		401.5
1931	75,000		3,269	225,610			
1932	67,644		170,328	221,053	40.0		130.0
1933	75,000		319,116	214,837	23.5		67.4
1930–33	292,644		548,903	887,110	53.3		161.6
Macy:							
1928	139,998		7,566,198	2,021,098	1.9		26.0
1929	139,240		8,737,671	3,618,938	1.6		41.4
1930	137,571		6,510,983	4,106,739	2.1		63.0
1931	137,110		5,199,540	4,312,525	2.6		83.0
1932	126,902		3,287,151	3,018,664	3.9		91.7
1933	118,475		3,034,622	3,287,151	3.9		108.5
1928–33	799,296		34,336,160	20,365,115	2.3		59.2
Safeway:							
1928			[2] 3,505,098	[1] 1,441,212			40.7
1929	62,051		6,147,313	2,168,908	1.0		35.4
1930	106,880		3,749,901	3,470,909	2.8		92.5
1931	72,876		5,415,590	4,451,590	1.3		82.4
1932	90,708		4,390,227	4,613,832	2.0		105.0
1933	35,000		4,289,635	3,400,921	.8		79.2
1929–33	367,515		23,992,666	18,106,160	1.5		75.5
Sears, Roebuck:							
1928	328,567	$2,151,036	26,907,902	10,525,910	1.2	8.0	39.5
1929	250,320	766,372	30,057,652	10,924,902	.8	2.6	36.4
1930	250,000	795,346	14,308,897	11,528,960	1.7	5.5	80.6
1931	176,000	591,573	12,169,672	12,104,704	1.4	4.9	100.0
1932	83,688	360,977	−2,543,651	6,147,453			
1933	81,818		11,249,295		.7		
1928–33	1,170,393		92,149,767	51,231,939	1.3		55.5
Woolworth:							
1928	752,199	2,791,216	35,385,606	19,500,000	2.1	7.9	55.2
1929	726,957	2,849,639	35,664,253	23,400,000	2.0	7.8	65.6
1930	696,294	2,470,322	34,736,249	23,400,000	2.0	7.1	67.4
1931	637,170	2,125,309	41,051,126	42,900,000	1.6	5.2	105.0
1932	637,170	1,708,492	22,101,005	23,400,000	2.9	7.7	106.0
1933			[2] 28,690,884	[2] 32,288,678			81.2
1928–32	3,448,780		168,918,239	132,600,000	2.0		78.5

[See footnotes at end of table]

APPENDIX B—Continued

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*—Continued

RETAIL—continued

	Salary and bonus		Net income	Dividends paid	Percent of net income		
	President	Total officers			President's salary	Officers' salary	Dividends
Total:							
1928	$1,420,764		$73,252,850	$35,543,861	2.0		48.5
1929	1,378,568		83,911,875	42,901,534	1.7		51.2
1930	1,414,735		61,829,679	45,482,980	2.4		73.4
1931	1,181,073		64,382,931	66,158,320	1.9		103.0
1932	1,060,987		25,465,146	37,721,154	4.2		148.5
1933	369,514		19,094,822	6,902,909	.7		
1928–33	6,825,641		327,937,303	234,710,758	2.1		71.7
MINING							
American Smelting & Refining:							
1928	$108,000	$599,549	$18,586,204	$8,989,820	0.6	3.2	48.4
1929	123,000	651,645	21,831,583	10,819,760	.6	3.0	49.6
1930	124,000	681,800	11,098,751	11,528,007	103.9	6.2	103.9
1931	112,750	569,833	874,976	8,359,927	12.9	65.2	958.0
1932	100,600	465,813	−4,506,175	1,375,000			
1933			[3] 6,010,384	[3] 866,250			14.4
1928–32	568,350		47,885,339	41,072,604	1.2		85.8
Anaconda:							
1928	408,868	1,161,656	24,174,779	14,419,084	2.0	4.8	59.8
1929	348,610	925,662	69,115,730	53,567,278	.5	1.3	77.6
1930	348,131	923,955	18,362,276	34,314,426	1.9	5.0	186.8
1931	323,215	862,820	−3,168,523	[4] 680,637			
1932	252,670	678,444	−16,855,871	851			
1933	208,402		6,822,115				
1928–33	1,949,896		84,806,276	108,982,246	2.4		128.4
Kennecott:							
1928	50,620		45,651,533	27,272,074	.1		59.7
1929	50,740		52,066,365	43,960,691	.1		84.4
1930	100,660		15,585,737	28,171,425	.6		181.0
1931	97,246		3,848,828	10,568,829	2.6		275.0
1932	90,520		−6,995,489	106,710			
1933	75,000		2,307,734		3.3		
1928–33	464,786		112,464,708	110,079,729	.4		97.8
National Lead:							
1928	69,300		5,872,496	3,874,549	1.2		66.0
1929	92,400		10,222,897	3,874,549	.9		37.9
1930	69,300		4,675,098	4,804,042	1.5		102.7
1931	61,215		4,022,421	3,952,006	1.5		98.4
1932	51,051		3,301,612	3,874,549	1.5		117.5
1933	27,776		3,828,329	3,281,189	.7		85.7
1928–33	371,042		31,922,852	23,659,884	1.2		74.1
St. Joseph Lead:							
1928	75,000		4,490,973	5,851,377	1.7		130.0
1929	75,000		7,466,003	5,851,400	1.0		78.4
1930	75,000		1,509,991	5,851,386	5.0		388.0
1931	63,750		−1,409,353	2,438,080			
1932	55,000		−2,894,022	292,570			
1933	33,453		−1,161,136				
1928–33	377,203		8,002,456	20,284,813	4.7		253.0
Total:							
1928	771,788		98,775,985	60,406,854	.8		61.3
1929	689,750		160,702,578	118,073,678	.5		73.5
1930	717,091		51,231,853	84,668,376	1.6		182.0
1931	658,176		4,168,349	31,999,499			
1932	549,841		−27,949,945	5,649,680			
1933	344,631		−1,847,188	3,281,189	124.2		259.0
1928–33	3,731,277		285,081,632	304,079,276	1.3		106.7
FOOD							
Borden:							
1928	$139,500		$11,354,331	$5,217,945	1.2		45.8
1929	160,700		20,403,725	10,047,637	.8		49.2
1930	176,490		21,681,214	12,079,139	.8		55.4
1931	180,030		16,812,209	13,143,118	1.1		78.2
1932	108,350		7,524,489	10,993,620	1.4		145.5
1933	100,000		4,646,443	7,034,746	2.2		151.5
1928–33	865,160		82,422,471	58,516,205	1.1		71.1
Corn Products:							
1928	275,096		13,192,974	10,605,000	2.1		80.4
1929	302,542		16,309,652	11,870,000	1.9		72.8
1930	273,705		14,067,689	11,870,000	1.9		84.4
1931	189,333		10,709,775	10,605,000	1.8		99.0
1932	151,700		8,761,639	9,340,000	1.7		106.8
1933	180,500		11,504,941	10,697,480	1.6		92.8
1928–33	1,372,877		74,546,670	64,987,480	1.8		87.2

[See footnotes at end of table]

APPENDIX B—Continued

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*—Continued

FOOD—continued

	Salary and bonus		Net income	Dividends paid	Percent of net income		
	President	Total officers			President's salary	Officers' salary	Dividends
General Foods:							
1928	$124,615		$14,555,683	$10,100,907	0.9		69.4
1929	206,324		19,422,314	14,878,231	1.1		76.6
1930	172,801		19,085,595	15,851,423	.9		83.1
1931	141,550		18,153,719	15,767,147	.8		86.9
1932	70,695		10,343,882	13,167,787	.7		127.2
1933	69,575		11,052,948	9,462,669	.6		85.7
1928–33	785,550		92,594,141	79,218,164	.8		85.5
National Dairy:							
1928	45,654		16,010,169	5,440,164	.3		34.0
1929	109,332		21,576,177	8,051,702	.5		37.3
1930	109,055		20,254,326	13,285,662	.5		50.6
1931	187,947		22,547,974	16,967,479	.8		75.2
1932	171,099		12,537,380	15,134,443	1.4		120.8
1933	108,000		7,051,872	8,222,627	1.5		116.6
1928–33	731,087		105,977,898	67,102,078	.7		63.3
Standard Brands:							
1928	[1] 179,403						
1929	[1] 180,884		[1] 18,344,391		1.0		
1930	181,034		16,402,254	19,034,853	1.1		116.0
1931	177,200		14,542,320	16,031,339	1.2		110.0
1932	127,600		15,001,491	15,133,069	.9		101.0
1933	127,099		15,048,795	13,146,188	.8		87.3
1930–33	612,834		60,994,860	63,345,449	1.0		104.0
Total:							
1928	584,955		55,113,157	31,363,109	1.3		66.4
1929	772,899		77,711,868	44,847,570	1.0		52.0
1930	913,175		97,491,078	72,121,077	1.0		74.1
1931	849,069		82,766,057	72,514,083	1.1		87.6
1932	635,444		54,168,851	63,708,919	1.2		118.0
1933	584,675		49,618,713	48,553,711	1.0		98.0
1928–33	4,367,617		416,536,040	333,169,376	1.0		80.0
	OIL						
Atlantic Refining:							
1928	$75,000		$16,848,808	$3,400,000	0.5		20.0
1929	100,000		17,332,417	5,707,676	.6		32.9
1930	100,000		2,742,688	5,386,300	4.0		19.6
1931	100,000		513,750	2,696,642	19.4		524.0
1932	85,000		3,918,021	2,696,642	2.2		68.5
1933	80,000		6,556,377	2,670,611	1.2		40.7
1928–33	540,000		47,912,061	22,557,871	1.1		47.0
Phillips Petroleum:							
1928	60,000		5,960,171	4,786,432	1.0		80.3
1929	60,080		13,212,592	8,562,816	.5		64.8
1930	60,320		3,040,630	6,444,430	2.0		211.0
1931	51,940		−5,576,409				
1932	48,280		775,766		6.2		
1933	48,000		1,500,695		3.2		
1928–33	328,620		18,913,445	19,793,678	1.7		104.6
Standard Oil of California:							
1928	100,000	$530,000	46,083,818	37,782,294	.2	1.2	82.0
1929	100,000	591,333	46,633,490	37,782,295	.2	1.3	81.0
1930	150,000	683,000	37,575,301	38,537,950	.4	1.8	102.0
1931	150,000	646,000	14,559,593	32,757,250	1.0	4.4	225.0
1932	150,000	646,000	14,014,992	26,205,800	1.1	4.6	187.0
1933	136,368		7,560,902	16,378,625	1.8		216.5
1928–33	786,368		166,528,096	189,444,214	.5		113.8
Standard Oil of New Jersey:							
1928	125,000	1,236,048	108,485,686	36,533,117	.1	1.1	33.7
1929	125,000	2,174,639	120,912,794	46,519,705	.1	1.8	38.5
1930	125,000	2,302,736	42,150,663	50,929,686	.3	5.5	121.8
1931	125,000	1,659,801	8,704,758	51,205,436	1.4	19.1	589.2
1932	73,295	1,194,217	282,865	50,628,442	25.6	422.2	
1933	102,272		25,084,310	31,990,916	.4		127.8
1928–33	675,567		305,621,076	267,857,301	.2		87.6
Shell Union:							
1928	79,000		20,305,021	14,000,000	.4		70.0
1929	100,000		17,573,249	19,330,985	.6		110.0
1930	100,000		−5,095,574	11,348,867			
1931	107,232		−27,008,310	1,100,000			
1932	48,930		−4,288,496				
1933	102,272		25,084,310				
1928–33	495,162		−3,674,401	45,779,852			

[See footnotes at end of table]

APPENDIX B—Continued

TABLE I.—*Salaries and bonuses paid by 53 industrial and public-utility companies, 1928–33*—Continued

OIL—continued

	Salary and bonus		Net income	Dividends paid	Percent of net income		
	President	Total officers			President's salary	Officers' salary	Dividends
Total:							
1928	$439,000		$197,773,504	$96,551,843	0.2		48.8
1929	485,080		215,664,542	117,903,477	.2		54.8
1930	535,320		80,513,708	112,647,233	.7		139.8
1931	534,172		−8,806,618	87,759,328			
1932	405,505		14,703,148	79,530,883	3.0		542.0
1933	426,640		35,451,996	51,040,152	2.3		121.8
1928–33	2,825,717		535,300,277	545,432,916	.5		101.9

[1] Or chief executive.
[2] Not included in industry totals because of incomplete data.

APPENDIX C

[From Barron's, The National Financial Weekly, Feb. 11, 1935]

Name	Company	Number of shares	Dec. 31, 1934 market value
Ahrens, Theo., dir	Am. Rad. & St. S	41,133	$637,562
Do	do	†1,750	236,250
Aldred, J. E., dir	Gillette S. R	*52,531	735,434
Baker, George F., dir	U. S. Steel	34,071	1,328,769
Do	N. Y. Central	35,100	709,775
Do	Pullman, Inc	25,250	1,195,678
Bache, J. S., v. p	Chrysler	#11,600	482,850
Baldwin, L. N., chmn	Equit. Off. Bldg	90,229	451,145
Bohn, Chas. B., pres	Bohn. Al. & Br	39,852	2,356,250
Breed, Wm. C., dir	Natl. Dist. Prod	13,700	383,313
Carpenter, W. S., Jr., v. p	E. I. Du Pont de N	21,850	2,166,806
Childs, Eversley, chmn	Bon Ami	*67,750	2,777,750
Do	do	‡500	47,000
Cohn, Harry, stkhdr	Columbia Pct. Co	♭53,574	2,062,599
Do	do	967	37,713
Colgate, Henry A., dir	Colg.-Palm.-Peet	50,707	1,052,335
Do	do	‡1,500	151,125
Colgate, Robt. B., v. p	do	36,000	634,500
Colgate, Russell, dir	do	107,160	1,888,695
Do	do	†3,066	308,900
Colgate, S. Bayard, pres	do	50,327	886,013
Do	do	†1,621	163,316
Cannon, C. A., pres	Cannon Mills	193,443	6,480,341
Conway, Carl C., dir	U. S. Rubber	5,000	83,125
Copeland, Chas., secretary	E. I. Du Pont de N	60,000	5,977,500
Crosley, Powel, Jr., pr. & tr	Crosley Radio	159,699	2,155,937
Cudahy, E. A., chmn	Cudahy Packing	68,294	3,209,818
Dawes, Ed. L., dir	Am Rad. & St. S	127,844	1,981,582
Doughty, A. J., v. p	Burroughs Add. M	73,130	1,115,232
du Pont, Eugene, dir	E. I. Du Pont de N	71,124	6,801,233
du Pont, Eugene E., dir	do	102,003	9,754,037
du Pont, Henry B., dir	do	5,742	549,079
du Pont, Irenee, v. chmn	do	37,000	3,538,125
du Pont, Lammot, pres	do	40,535	3,876,159
du Pont, Pierre S., chmn	do	33,352	3,189,285
du Pont, Lammot, chmn	General Mot	*49,100	1,675,538
du Pont, Pierre S., dir	do	♦10,000	1,085,000
Do	do	10,800	427,950
Endicott, Wendell, dir	Sears, Roebuck	35,349	1,343,262
Epstein, Max, chmn	Gen. Am. Trans	5,750	239,343
Foy, Byron C., v. p	Chrysler	3,650	383,250
Gardner, Geo. P., dir	Am. Tel. & Tel	9,100	768,950
Hazelton, B. F., Jr., v. p	Owens-Ill. Glass	20,494	486,733
Hendler, M. L., dir	Borden Co	21,095	326,973
Hodges, Chas. H., v. p	Am. Rad. & St. San	37,954	237,213
Hoyt, R. F., v. p	Atl. G. & W. I. S. S	†1,000	9,000
Do	do	16,000	499,500
Hutchinson, B. E., v. p. and tr	Chrysler	16,000	666,000
Keller, K. T., v. p	do	*369,563	12,611,337
Kettering, C. F., v. p	General Mot	91,320	4,931,280
Knox, Seymour H., dir	F. W. Woolworth	1,285,984	27,970,152
Kresge, S. S., chmn	S. S. Kresge	62,426	4,026,477
Kress, Rush H., v. p	S. H. Kress	680,238	43,875,351
Kress, Samuel H., chmn	do	/301,813	3,546,303
Do	do	73,802	1,356,112
Lee, Geo. C., dir	Nash. Mot	14,174	563,417
Liggett, L. K., dir	Comm'l Cred	8,503	273,159
MacNichol, G. P., Jr., v. p	Libbey-Owens-Ford	18,600	288,300
McKinney, N. C., dir	Am. Rad. & St. San	†827	111,645
Do	do	26,621	635,576
McLaughlin, R. S., stkhdr	Intl. Nickel	†1,200	148,800
Do	do	56	5,768
Melville, F., Jr., chmn	Melville Shoe		

APPENDIX C—Continued

[From Barron's, The National Financial Weekly, Feb. 11, 1935]

Name	Company	Number of shares	Dec. 31, 1934, market value
Melville, P., Jr., chmn	Melville Shoe	♭55,103	$137,758
Do	do	60,750	2,433,156
Miniger, C. O., chmn	Elec. Auto-Lite	41,525	1,188,596
Do	do	†2,902	314,867
Moffett, Geo. M., dir	Coml. Solvents	13,230	286,099
Moffett, Geo. M., pres	Corn Prod. Rfg	67,225	4,386,431
Morse, Perley, v. p	Addresso-Multi	82,125	687,796
Nast, Alex. D., v. p	Coml. Inv. Tr	21,583	1,251,814
Do	do	♦1,286	146,604
Newberry, C. T., chmn	J. J. Newberry	101,025	4,445,100
Patterson, R. L., pres	Am. Mach. & Fdry	50,506	11,175,660
Penney, J. C., dir	J. C. Penney Co	54,412	3,808,840
Porter, Seton, pres	Natl. Distil. Prod	13,483	379,209
Rockefeller, J. D., Jr., stkhdr	S. Oil of Cal	1,331,828	44,284,310
Do	S. Oil of N. J	2,142,422	92,659,752
Do	Socony-Vacuum	5,114,370	75,426,957
Shattuck, F. G., chmn	F. G. Shattuck	52,906	482,767
Slocum, Mrs. G. S., stkhldr	A. O. Smith	62,786	1,876,731
Spiegel, M. J., chmn	Spiegel May St	41,100	3,113,325
Stone, C. A., chmn	Stone & Webster	146,014	711,819
Straus, Percy S., pres	R. H. Macy & Co	251,435	11,063,140
Sussman, Otto, chmn	Am. Metals Co	16,288	254,500
Do	do	†700	50,400
Talbott, H. E., Jr., dir	Elec. Auto-Lite	14,112	403,956
Ticknor, Wm. D., pres	Coml. Solvents	4,790	103,564
Timken, W. R., v. p	Timken Rol. B	299,962	10,461,175
Vanderbilt, J. B., v. p	Penick & Ford	63,773	4,137,273
Walgreen, C. R., stkhdr	F. W. Woolworth	47,671	2,574,234
Walgreen, C. R., Jr., stkhdr	do	15,395	831,330
Walker, Elisha, dir	Armour of Ill	18,900	106,312
Do	do	♭5,000	338,750
Wathen, O. H., v. p	Natl. Distil. Prod	10,422	293,188
Wathen, R. E., dir	do	55,642	1,564,931
Weir, E. T., Chmn	Natl. Steel	52,056	2,577,967
Weiskopf, D., v. p	Natl. Dist. Prod	32,055	901,547
Wiggin, A. H., dir	Am. Locomotive	10,175	194,053
Do	do	†3,950	20,738
Do	Am. Woolen	†4,000	37,000
Williams, H., chmn	No. Amer. Co	197,376	2,639,248
Williams, J. B., v. p	Curtis Pub. Co	38,668	816,682
Wilshire, Jos., pres	Stand. Brands	51,225	941,259
Wrigley, P. K., pres	Wm. Wrigley, Jr	119,682	9,110,792
Zeder, Fred M., stkhdr	Chrysler	14,000	582,750

† Preferred.
* 33,678 shares are personal holdings; 18,853 shares prorata interest in shares held by Aldred & Co.
Also director of Wenonah Development Co. which holds 108,001 shares.
* Class B.
‡ Class A.
♭ Voting-trust certificate.
* General Motors Securities Co., controlled by E. I. Du Pont de Nemours & Co., Inc., holds 11,928,052 common shares of General Motors.
♦ $5 preferred
* Includes 20,168 shares of General Motors set aside for the Charles F. Kettering Foundation, and 80% interest in 426,629 General Motors shares held by C. F. Kettering, Inc., which also includes in its portfolio 3,500 shares of General Management Corp. stock and 135,271 shares of General Motors Securities Co. stock.
/ Special preferred.
* 6 percent preferred.
♭ $6 preferred.

APPENDIX D

U. S. Treasury Department offerings of public debt securities, fiscal year 1934, from July 1, 1933, to June 30, 1934

Title of issue or series	Issue date	Maturity date	Rate of interest [1]	Amount subscribed	Amount issued
			Percent		
Treasury bills, 91 days	July 5, 1933	Oct. 4, 1933	0.282	$242,687,000	$100,010,000
Do	July 12, 1933	Oct. 11, 1933	.359	230,281,000	75,453,000
Do	July 19, 1933	Oct. 18, 1933	.392	226,835,000	75,172,000
Do	July 26, 1933	Oct. 25, 1933	.373	259,858,000	80,122,000
Do	Aug. 2, 1933	Nov. 1, 1933	.345	201,409,000	60,096,000
Do	Aug. 9, 1933	Nov. 8, 1933	.319	263,679,000	75,143,000
Treasury notes, B–1935	Aug. 15, 1933	Aug. 1, 1935	1½	1,577,189,300	353,865,000
Treasury bonds of 1941	do	Aug. 1, 1941	3¼	3,224,379,150	835,043,100
Treasury bills, 91 days	Aug. 16, 1933	Nov. 15, 1933	.263	251,341,000	75,100,000
Do	Aug. 23, 1933	Nov. 22, 1933	.218	296,370,000	60,200,000
Do	Aug. 30, 1933	Nov. 29, 1933	.137	403,192,000	100,296,000
Do	Sept. 6, 1933	Dec. 6, 1933	.116	272,935,000	75,039,000
Certificates of indebtedness, TJ–1934	Sept. 15, 1933	June 15, 1934	¾	174,905,500	[2] 174,905,500
Treasury bills, 91 days	Sept. 20, 1933	Dec. 20, 1933	.106	256,720,000	100,015,000
Do	Sept. 27, 1933	Dec. 27, 1933	.097	196,624,000	75,082,000
Do	Oct. 4, 1933	Jan. 3, 1934	.102	247,660,000	100,050,000
Do	Oct. 11, 1933	Jan. 10, 1934	.117	136,598,000	75,020,000
Treasury bonds of 1943–45	Oct. 15, 1933	Oct. 15, 1943–45	4¼–3¼	2,889,902,500	[3] 1,401,138,500
Treasury bills, 91 days	Oct. 18, 1933	Jan. 17, 1934	.127	190,718,000	75,523,000
Do	Oct. 25, 1933	Jan. 24, 1934	.169	168,678,000	80,034,000
Do	Nov. 1, 1933	Jan. 31, 1934	.216	232,713,000	60,180,000
Do	Nov. 8, 1933	Feb. 7, 1934	.236	181,265,000	75,335,000
Do	Nov. 15, 1933	Feb. 14, 1934	.308	170,682,000	75,295,000
Do	Nov. 22, 1933	Feb. 21, 1934	.426	207,445,000	60,063,000
Do	Nov. 29, 1933	Feb. 28, 1934	.429	187,069,000	100,027,000
Do	Dec. 6, 1933	Mar. 7, 1934	.604	182,760,000	100,050,000
Certificates of indebtedness, TD–1934	Dec. 15, 1933	Dec. 15, 1934	2¼	2,806,779,500	992,496,500
Treasury bills, 91 days	Dec. 20, 1933	Mar. 21, 1934	.735	282,143,000	100,263,000
Do	Dec. 27, 1933	Mar. 28, 1934	.729	271,832,000	100,890,000
Do	Jan. 3, 1934	Apr. 4, 1934	.621	384,619,000	100,990,000
Do	Jan. 10, 1934	Apr. 11, 1934	.622	252,825,000	100,050,000
Do	Jan. 17, 1934	Apr. 18, 1934	.670	289,397,000	125,340,000
Do	Jan. 24, 1934	Apr. 25, 1934	.669	303,560,000	125,126,000
Certificates of indebtedness, TS–1934	Jan. 29, 1934	Sept. 15, 1934	1½	1,360,564,500	524,748,500
Treasury notes, C–1935	do	Mar. 15, 1935	2½	3,424,212,200	528,101,600
Treasury bills, 91 days	Jan. 31, 1934	May 2, 1934	.717	381,422,000	150,320,000
Do	Feb. 7, 1934	May 9, 1934	.656	302,858,000	125,493,000
Treasury bills:					
182 days	Feb. 14, 1934	Aug. 8, 1934	.942	244,427,000	50,078,000
91 days	do	May 16, 1934	.662	230,078,000	75,007,000
182 days	do	Aug. 15, 1934	.988	178,326,000	75,044,000
Treasury notes:					
D–1935	Feb. 19, 1934	Dec. 15, 1935	2½	1,332,409,900	418,291,900
C–1937	do	Feb. 15, 1937	3	2,285,754,500	428,730,700
Treasury bills:					
91 days	Feb. 21, 1934	May 23, 1934	.575	307,110,000	74,955,000
182 days	Feb. 28, 1934	Aug. 29, 1934	.617	420,115,000	75,088,000
Do	Mar. 7, 1934	Sept. 5, 1934	.434	393,054,000	100,236,000
Treasury notes, C–1938	Mar. 15, 1934	Mar. 15, 1938	3	455,175,500	[3] 455,175,500
Treasury bills:					
91 days	Mar. 21, 1934	June 20, 1934	.089	344,987,000	100,110,000
Do	Mar. 28, 1934	June 27, 1934	.080	194,789,000	50,091,000
182 days	do	Sept. 20, 1934	.190	138,221,000	50,525,000
90 days	Apr. 4, 1934	July 3, 1934	.077	184,356,000	50,151,000
182 days	do	Oct. 3, 1934	.194	117,990,000	50,098,000
91 days	Apr. 11, 1934	July 11, 1934	.073	182,226,000	50,257,000
182 days	do	Oct. 10, 1934	.182	147,811,000	50,225,000
Treasury bonds, 1944–46	Apr. 16, 1934	Apr. 15, 1944–46	3¼	1,061,960,500	[3] 1,061,960,500
Treasury bills:					
91 days	Apr. 18, 1934	July 18, 1934	.079	164,508,000	75,047,000
182 days	do	Oct. 17, 1934	.187	150,815,000	50,033,000
91 days	Apr. 25, 1934	July 25, 1934	.078	184,572,000	75,325,000
182 days	do	Oct. 24, 1934	.185	145,331,000	50,040,000
91 days	May 2, 1934	Aug. 1, 1934	.074	193,076,000	75,056,000
182 days	do	Oct. 31, 1934	.162	198,699,000	50,037,000
91 days	May 9, 1934	Aug. 8, 1934	.068	156,841,000	75,114,000
182 days	do	Nov. 7, 1934	.146	199,266,000	50,173,000
91 days	May 16, 1934	Aug. 15, 1934	.063	172,335,000	50,254,000
182 days	do	Nov. 14, 1934	.140	153,648,000	50,080,000
91 days	May 23, 1934	Aug. 22, 1934	.058	190,788,000	50,457,000
182 days	do	Nov. 21, 1934	.127	164,466,000	50,140,000
Treasury bonds, 1946–48	June 15, 1934	June 15, 1946–48	3	3,003,620,600	[4] 824,508,050
Treasury notes, A–1939	do	June 15, 1939	2½	4,931,780,600	528,521,700
Treasury bills:					
182 days	June 20, 1934	Dec. 19, 1934	.074	234,994,000	75,226,000
182 days	June 27, 1934	Dec. 26, 1934	.067	251,941,000	75,353,000

[1] Treasury bills are issued on a discount basis, and the rate shown is computed on bank discount basis.
[2] Issued on exchange.
[3] $500,421,950 for cash and $900,716,550 on exchange.
[4] $335,549,450 for cash and $488,958,600 on exchange.

APPENDIX E

U. S. Treasury Department offerings of public debt securities, fiscal year 1935, from July 1, 1934, to May 31, 1935

Title of issue or series	Issue date	Maturity date	Rate of interest [1]	Amount subscribed	Amount issued
			Percent		
Treasury bills:					
183 days	July 3, 1934	Jan. 2, 1935	0.070	$205,138,000	$75,167,000
182 days	July 11, 1934	Jan. 9, 1935	.068	208,743,000	75,235,000
Do	July 18, 1934	Jan. 16, 1935	.069	207,015,000	75,144,000
Do	July 25, 1934	Jan. 23, 1935	.067	167,856,000	75,200,000
Do	Aug. 1, 1934	Jan. 30, 1935	.085	115,497,000	75,025,000
Do	Aug. 8, 1934	Feb. 6, 1935	.115	108,633,000	75,327,000
Do	Aug. 15, 1934	Feb. 13, 1935	.248	201,491,000	75,320,000
Do	Aug. 22, 1934	Feb. 20, 1935	.227	254,800,000	75,090,000
Do	Aug. 29, 1934	Feb. 27, 1935	.219	299,185,000	75,065,000
Do	Sept. 5, 1934	Mar. 6, 1935	.181	342,426,000	75,290,000
Do	Sept. 12, 1934	Mar. 13, 1935	.226	244,980,000	75,365,000
Treasury notes:					
D–1936	Sept. 15, 1934	Sept. 15, 1936	1½	514,066,000	[2] 514,066,000
D–1938	do	Sept. 15, 1938	2½	596,416,100	[2] 596,416,100
Treasury bonds, 1944–46	Sept. 10, 1934 [3]	Apr. 15, 1944–46	3¼	456,898,300	[4] 456,898,300
Treasury bills:					
182 days	Sept. 19, 1934	Mar. 20, 1935	.282	150,849,000	75,041,000
Do	Sept. 26, 1934	Mar. 27, 1935	.286	194,268,000	75,023,000
Do	Oct. 3, 1934	Apr. 3, 1935	.284	243,169,000	75,038,000
Do	Oct. 10, 1934	Apr. 10, 1935	.236	232,204,000	75,360,000
Do	Oct. 17, 1934	Apr. 17, 1935	.200	237,719,000	75,248,000
Do	Oct. 24, 1934	Apr. 24, 1935	.198	205,632,000	75,102,000
Do	Oct. 31, 1934	May 1, 1935	.189	198,826,000	75,015,000
Do	Nov. 7, 1934	May 8, 1935	.212	168,030,000	75,075,000
Do	Nov. 14, 1934	May 15, 1935	.220	199,237,000	75,045,000
Do	Nov. 21, 1934	May 22, 1935	.209	208,855,000	75,168,000
Do	Nov. 28, 1934	May 29, 1935	.225	314,910,000	75,287,000
Treasury notes, A–1939	Dec. 3, 1934 [2]	June 15, 1939	2½	765,192,500	[4] 765,192,500
Treasury bills:					
182 days	Dec. 5, 1934	June 5, 1935	.219	236,905,000	75,139,000
Do	Dec. 12, 1934	June 12, 1935	.198	302,273,000	75,079,000
Treasury bonds, 1949–52	Dec. 15, 1934	Dec. 15, 1949–52	3½	2,334,469,500	491,389,100
Treasury notes, E–1936	do	June 15, 1936	1½	3,246,269,400	686,673,400
Treasury bills:					
182 days	Dec. 19, 1934	June 19, 1935	.153	333,129,000	75,030,000
Do	Dec. 26, 1934	June 26, 1935	.116	229,299,000	75,300,000
Do	Jan. 2, 1935	July 3, 1935	.101	214,130,000	75,150,000
Do	Jan. 9, 1935	July 10, 1935	.116	141,685,000	75,185,000
Do	Jan. 16, 1935	July 17, 1935	.145	142,359,000	75,079,000
Do	Jan. 23, 1935	July 24, 1935	.145	232,573,000	75,129,000
Do	Jan. 30, 1935	July 31, 1935	.136	203,618,000	75,106,000
Do	Feb. 6, 1935	Aug. 7, 1935	.120	262,985,000	75,185,000
Do	Feb. 13, 1935	Aug. 14, 1935	.110	196,853,000	75,112,000
Do	Feb. 20, 1935	Aug. 21, 1935	.117	156,544,000	75,024,000
182 days	Feb. 27, 1935	Aug. 28, 1935	.108	120,712,000	50,054,000
273 days	do	Nov. 27, 1935	.166	165,180,000	50,185,000
182 days	Mar. 6, 1935	Sept. 4, 1935	.100	152,020,000	50,114,000
273 days	do	Dec. 4, 1935	.147	157,560,000	50,072,000
182 days	Mar. 13, 1935	Sept. 11, 1935	.094	129,722,000	50,052,000
273 days	do	Dec. 11, 1935	.141	120,615,000	50,149,000
Treasury notes, A–1940	Mar. 15, 1935	Mar. 15, 1940	1½	513,884,200	[2] 513,884,200
Treasury bonds, 1955–60	do	Mar. 15, 1955–60	2⅞	1,559,569,300	[2] 1,559,569,300
Treasury bills:					
182 days	Mar. 20, 1935	Sept. 18, 1935	.094	104,570,000	50,125,000
273 days	do	Dec. 18, 1935	.147	67,406,000	50,006,000
182 days	Mar. 27, 1935	Sept. 25, 1935	.109	108,329,000	50,079,000
272 days	do	Dec. 24, 1935	.180	117,186,000	50,071,000
Do	Apr. 3, 1935	Dec. 31, 1935	.157	119,428,000	50,018,000
273 days	Apr. 10, 1935	Jan. 8, 1936	.176	109,147,000	50,062,000
Do	Apr. 17, 1935	Jan. 15, 1936	.176	124,413,000	50,020,000
Treasury bonds, 1955–60	Apr. 22, 1935 [3]	Mar. 15, 1955–60	2⅞	715,572,400	[4] 715,572,400
Treasury notes, A–1940	do [3]	Mar. 15, 1940	1½	863,194,750	[4] 863,194,750
Treasury bills:					
273 days	Apr. 24, 1935	Jan. 22, 1936	.160	115,059,000	50,155,000
Do	May 1, 1935	Jan. 29, 1936	.153	213,212,000	50,085,000
Do	May 8, 1935	Feb. 5, 1936	.152	165,006,000	50,091,000
272 days	May 15, 1935	Feb. 11, 1936	.143	160,256,000	50,255,000
133 days	May 22, 1935	Oct. 2, 1935	.088	109,289,000	50,063,000
273 days	do	Feb. 19, 1936	.146	114,552,000	50,020,000
Treasury bonds, 1946–48	May 27, 1935 [3]	June 15, 1946–48	3	270,077,000	[3] 98,708,000
Treasury bills:					
133 days	May 29, 1935	Oct. 9, 1935	.095	70,001,000	50,021,000
273 days	do	Feb. 26, 1936	.137	118,922,000	50,037,000

[1] Treasury bills are issued on a discount basis, and the rate shown is computed on bank discount basis.
[2] Issued on exchange.
[3] Date of circular offering additional issue.
[4] Additional; issued only on exchange.
[5] Additional issue.

APPENDIX F

Interest on the public debt

Fiscal year:	
1917	$24,742,702
1918	189,743,277
1919	619,215,569
1920	1,020,251,622
1921	999,144,731
1922	991,000,759
1923	1,055,923,690
1924	940,602,913
1925	881,806,662
1926	831,937,700
1927	787,019,578
1928	731,764,476
1929	678,330,400
1930	659,347,613
1931	611,559,704
1932	599,276,631
1933	689,365,106
1934	756,617,000
1935	837,000,000

(Speech of Hon. W. D. MCFARLANE, CONGRESSIONAL RECORD, May 17, 1935.)

APPENDIX G

[From The New Republic, July 10, 1935]

SOME SALARIES AND WAGES

The table that appears below has been compiled by The New Republic from two sets of official figures in Washington. The figures for officials' salaries are drawn from the records of the Securities Exchange Commission. Those for the wages in the same industries are taken from the Trend of Employment compiled by the Bureau of Labor Statistics of the United States Department of Labor.

The individual named in the second column is in most cases the chairman or president of the company. He is usually, but not always, the individual receiving the highest salary. It should be noted that the figures for 1933 and 1934 are not strictly comparable, since the latter covers total compensation, including bonuses, etc.

The weekly wages given for December 1933, and for December 1934, are in each case for the industry in which the major part of the company's business lies.

Name of company	Name of officer	His total compensation in 1934	His yearly salary in 1933	Approximate weekly wage in same industry, December 1934	Approximate weekly wage in same industry, December 1933
Addressograph-Multigraph Co.	J. E. Rogers	$40,800	$40,800	$23	$20
Air Reduction Co., Inc.	C. E. Adams	76,289	45,725	24	23
Alpha Portland Cement	G. S. Brown	32,249	36,000	17	15
American Commercial Alcohol Corporation.	R. R. Brown	50,797	21,000	24	23
American Hide & Leather Co.	C. F. Danner	18,806	15,000	20	20
American Machine & Foundry Co.	R. L. Patterson	40,000	40,000	20	18
American Metal Co.	H. K. Hochschild.	24,000	----------	20	17
American Radiator & Standard Sanitary Corporation.	C. M. Woolley	48,000	24,000	19	14
American Rolling Mill	G. Verity	63,000	63,000	19	17
American Safety Razor	M. Dammann	59,740	54,000	20	19
American Smelting & Refining Co.	S. Guggenheim	50,000	40,000	20	17
American Snuff	M. J. Condon	64,256	50,000	14	13
American Steel Foundries	G. E. Scott	32,400	32,400	22	19
American Telephone & Telegraph.	W. S. Gifford	206,250	----------	27	26
American Woolen Co.	L. J. Noah	85,300	85,000	17	16
American Zinc, Lead & Smelting.	H. I. Young	25,385	20,000	20	17
Anaconda Copper Mining Co.	C. F. Kelley	92,666	208,402	21	20
Anchor Cap Corporation	I. R. Stewart	46,644	31,725	----------	----------
Armstrong Cork	H. W. Prentiss	48,000	----------	----------	----------
Beechnut Packing Co.	B. Arkell	20,800	20,800	13	----------
Best & Co.	P. LeBoutillier	130,095	60,000	19	18
Bethlehem Steel Corporation	Charles M. Schwab.	250,000	250,000	19	17
Blaw-Knox Co.	A. C. Lehman	33,500	36,000	24	22
Caterpillar Tractor Co.	B. C. Heacock	32,066	28,800	25	19
Certain-teed Products Corporation.	G. M. Brown	24,000	32,400	----------	----------
Cluett-Peabody & Co., Inc.	C. R. Palmer	47,166	43,500	12	11
Coca-Cola Co.	R. W. Woodruff	100,500	75,000	27	28
Crown-Zellerbach Corporation.	L. Bloch	67,500	67,500	19	17
Curtiss-Wright Corporation	T. A. Morgan	25,560	25,000	25	24
Diamond Match Co.	W. A. Fairburn	100,000	100,000	----------	----------
Distillers & Brewers Corporation.	S. Ungeleider	37,500	----------	27	26
Eastman Kodak	F. W. Lovejoy	90,903	----------	----------	----------
Fairbanks, Morse & Co.	R. H. Morse	62,500	58,500	24	22
General American Transportation Corporation.	M. Epstein	60,000	60,000	----------	----------
Gillette Safety Razor Co.	S. C. Stampleman.	$60,000	$60,000	$20	$19
B. F. Goodrich Co.	J. D. Tew	60,142	60,142	26	20
Goodyear Tire & Rubber Co.	P. W. Litchfield	81,000	81,000	26	20
Grand Rapids Varnish Corporation.	W. E. Brown	25,000	----------	21	20
W. T. Grant	B. A. Rowe	56,071	36,000	19	18
Great Western Sugar Co.	W. D. Lippitt	53,363	50,000	15	18
Hercules Powder Co.	R. H. Dunham	55,000	31,183	22	19
Hershey Chocolate Corporation.	W. F. R. Murrie	91,550	66,550	16	15
Ingersoll-Rand	G. Doubleday	78,000	78,000	----------	----------
Inland Steel Co.	L. E. Block	48,750	45,000	19	17
Interlake Iron Corporation	C. D. Caldwell	41,424	41,424	21	20
International Business Machines Corporation.	T. J. Watson	[1]365,358	60,000	26	25
Island Creek Coal Co.	T. B. Davis	42,430	43,558	18	17
Jones & Laughlin Steel Corporation.	G. G. Crawford	250,000	250,000	19	17
Lehigh Coal & Navigation Co.	S. D. Warriner	39,700	----------	24	23
Libby-Owens-Ford Glass Co.	J. D. Biggers	40,000	36,000	19	18
Long-Bell Lumber	M. B. Nelson	14,250	14,250	14	13
Ludlum Steel Co.	H. G. Batcheller	45,775	20,945	19	17
Marshall Field & Co.	J. McKinley	60,000	60,000	19	18
Mid-Continent Petroleum Co.	J. France	81,000	81,000	26	26
Midland Steel Products Co.	E. J. Kulas	25,000	22,500	19	17
Mohawk Carpet Mills	A. W. Shuttleworth.	50,000	50,000	18	16
Montgomery Ward & Co., Inc.	S. L. Avery	100,000	100,000	19	18
National Cash Register Co.	E. A. Deeds	75,000	75,000	26	25
National Distillers Products Corporation.	S. Porter	75,400	75,000	27	28
National Lead Co.	W. H. Croft	[1]88,013	15,000	20	17
National Tea Co.	G. Rasmussen	60,000	60,000	19	18
New York Air Brake Co.	L. R. Burch	36,000	36,000	----------	----------
New York Shipbuilding Corporation.	J. F. Metten	31,000	----------	23	21
Otis Elevator Co.	J. H. Van Alstyne.	65,371	48,600	22	18
Otis Steel Co.	J. E. Montgomery.	35,000	23,000	19	17
Owens-Illinois Glass Co.	W. E. Levis	100,000	100,000	19	18
Packard Motor Car Co.	A. MacCauley	40,329	----------	25	19
Pan American Airways	J. T. Trippe	17,300	17,100	----------	----------
Pan-American Petroleum Co.	L. Blaustein	65,250	65,000	26	26
Penick & Ford	A. W. H. Lenders	52,175	38,000	21	20
J. C. Penney Co.	J. C. Penney	42,133	10,000	19	18
Pennsylvania Power & Light Co.	J. S. Wise	27,639	----------	29	28
Peoples Drug Co.	M. G. Gibbs	50,000	40,000	19	18
Pet Milk Co.	W. T. Nardin	50,456	36,000	13	----------
Phelps-Dodge Corporation	L. S. Cates	76,440	75,000	21	20
Philadelphia & Reading Coal & Iron Co.	A. J. Maloney	60,000	60,000	24	23
Phillips-Jones Corporation	A. S. Phillips	44,119	36,000	12	11
Pittsburgh Coal Co.	J. D. A. Morrow	[2]34,128	24,772	24	23
Pullman, Inc.	D. A. Crawford	65,484	----------	19	17
Radio Corporation of America	D. Sarnoff	52,330	----------	27	26
Raybestos Manhattan	S. Simpson	39,825	39,600	----------	----------
Real Silk Hosiery Mills, Inc.	G. A. Efroymson.	25,000	25,000	16	14
Remington-Rand, Inc.	J. H. Rand, Jr.	94,120	60,000	26	25
R. J. Reynolds Tobacco Co.	S. Clay Williams.	60,000	18,000	14	13
Schenley Distillers Corporation	Grover Whalen	78,186	----------	27	28
Schulte Retail Stores Corporation.	L. Goldvogel	30,300	----------	19	18
Sears, Roebuck & Co.	L. J. Rosenwald	85,139	61,363	19	18
Simmons Co.	G. G. Simmons	32,400	32,400	----------	----------
Skelly Oil Co.	W. G. Skelly	48,000	48,000	26	26
Standard Oil of Indiana	E. G. Seubert	117,000	----------	19	17
Standard Oil of Kansas	C. H. Wrightman.	46,000	36,000	26	26
Stewart-Warner	J. E. Otis, Jr.	30,000	29,000	26	25
Studebaker Corporation	P. G. Hoffman	50,000	----------	25	19
Tidewater Oil	W. F. Humphrey	[1]60,000	18,000	26	26
United Aircraft Corporation	D. Brown	15,000	45,000	----------	----------
United Biscuit Co. of America	K. F. MacLellan	36,000	10,200	21	21
United Drug Co.	L. K. Liggett	62,000	----------	19	18
United States Industrial Alcohol.	C. E. Adams	36,300	34,200	24	23
United States Rubber Co.	F. B. Davis	125,219	----------	26	20
United States Smelting, Refining & Mining Co.	C. A. Hight	55,210	40,000	20	17
United States Tobacco Co.	J. M. De Voe	[2]62,820	58,522	14	13
Vanadium Corporation of America.	A. A. Corey, Jr.	42,535	30,000	20	18
Walworth Co.	H. Coonley	25,475	25,000	24	22
Warren Bros. Co.	C. R. Gow	16,000	----------	----------	----------
Westinghouse Electric & Manufacturing Co.	A. W. Robertson	78,805	75,181	23	18
Wheeling Steel Corporation	W. H. Holloway	44,486	27,945	19	17
Wright Aeronautical Corporation.	G. W. Vaugh	23,424	20,256	25	24

[1] Includes other compensation.
[2] Plus stock bonus.

APPENDIX H

EXECUTIVES' COMPENSATION, CONTRASTED WITH WAGES, 1931 AND 1933

In the following tables, the 1931 and 1933 compensation of company executives in certain industries is contrasted with average yearly earnings of wage earners in the same industries. (Executives' salaries are taken from Federal Trade Commission reports as they appeared in The Annalist, June 22, 1934, and in New York Times during February and March, 1934. Wage earners' yearly earnings for same years are computed from reports of the U. S. Census of Manufactures, by dividing the average number employed during each year into the total wages paid.)

ELECTRIC APPARATUS AND SUPPLIES

Company	1931	1933
General Electric Co. (2 officials)	[1] $147,088	$144,616
Tung-Sol Lamp Works (president)	57,000	38,400
Western Electric Co. (2 officials)	148,385	110,345
Zenith Radio Co. (vice president)	18,967	12,788
Westinghouse Electric & Manufacturing Co. (5 officials)	281,055	163,935
Total	652,495	470,084
Average (12 officials)	54,374	39,173
Average yearly earnings of wage earners, in electrical machinery apparatus and supplies	1,135	885

[1] For the year 1932, since 1931 was not available.

MEAT PACKING

	Compensation 1929
Armour & Co., F. E. White	$125,000
Wilson & Co., Thomas E. Wilson	125,000
Swift & Co.:	
Louis Swift	50,000
Edward F. Swift	40,000
Charles H. Swift	30,000
G. F. Swift	30,000
H. H. Swift	25,000
Cudahy Packing Co.:	
E. A. Cudahy	50,000
E. A. Cudahy, Jr	50,000
G. C. Shepard	50,000
Total	575,000
Average (10 officials)	57,500
Average earnings of wage earners in meat packing, wholesale, 1929	1,260

MOTOR VEHICLES

	President's compensation	
	1931	1933
Auburn	$795,079	$22,500
Hudson	113,636	76,800
Mack	40,650	32,400
White Motor Co.	41,433	39,000
Packard	93,999	30,000
Pierce-Arrow	49,722	
Total	1,134,519	200,700
Average:		
6 officials	189,083	
5 officials		40,140
Average yearly earnings of wage earners in motor-vehicle industry	1,162	1,000

RUBBER TIRES AND TUBES

Firestone Tire & Rubber Co. (2 officials)	$124,950	$124,740
Goodyear Tire & Rubber Co. (10 officials)	286,864	[2] 233,140
B. F. Goodrich Co. (8 officials)	285,177	190,494
Total	696,991	548,374
Average:		
20 officials	34,844	
19 officials		28,335
Average yearly earnings of wage earners in rubber tires and tubes	1,283	1,033

MOTOR VEHICLE BODIES AND PARTS

Kelsey-Hayes Wheel Co. (2 officials)	$81,666	$62,000
Murray Corporation (president)	56,434	37,000
American Radiator & Standard Sanitary Corporation (3 officials)	78,309	63,980
E. G. Budd Manufacturing Co. (president)	50,100	32,000
Electric Auto-Lite Co. (president)	428,843	[3] 51,065
Briggs Manufacturing Co. (general manager)	70,769	[3] 45,425
Budd Wheel (president)	92,100	32,000
Spicer Manufacturing Co. (president)	100,000	75,000
Timken Roller Bearing (3 officials)	103,332	41,999
L. A. Young Spring & Wire (president)	47,916	45,000
Total	1,109,529	434,404
Average (15 officials)	73,968	28,960
Average yearly earnings of wage earners in motor-vehicle bodies and parts	1,286	1,018

[2] 9 officials.
[3] For 1932. The 1933 figure was not available.

BOOTS AND SHOES

	Executives' compensation	
	1931	1933
Endicott-Johnson (president)	$58,818	$52,500
Melville Shoe Corporation (chairman of the board)	50,000	52,500
Florsheim Shoe Co. (4 officials)	239,207	170,697
Total	348,025	275,697
Average (6 officials)	58,004	45,949
Average yearly earnings of wage earners, in boots and shoes	900	744

FOOD INDUSTRIES

National Dairy Products (2 officials)	$238,637	$148,000
National Tea Co. (2 officials)	104,999	71,700
Pet Milk Co. (vice president)	55,005	36,000
Frank G. Shattuck Co. (chairman of board)	66,000	50,400
General Baking Co. (2 officials)	100,000	100,000
Hershey Chocolate Corporation (chairman of board)	66,550	66,550
Loose-Wiles Biscuit Co. (2 officials)	96,000	96,400
Loft, Inc. (president)	88,053	35,000
Kroger Grocery & Baking Co. (3 officials)	409,174	92,500
American Sugar Refining Co. (2 officials)	142,680	119,300
Borden Co. (president)	180,030	100,000
General Foods (president)	141,559	69,375
Standard Brands (6 officials)	505,700	367,000
Total	2,195,387	1,342,315
Average (25 officials)	87,815	53,292
Average yearly earnings of wage earners:		
All food industries	1,142	931
Bread and bakery products	1,307	1,078

OIL

Standard Oil Co. of New York (10 officials) [4]	$867,452	[5] $479,745
Consolidated Oil (4 officials)	300,871	318,870
Pan American Petroleum & Transport (president)	83,500	65,000
Phillips Petroleum Co. (president)	51,990	48,000
Pure Oil Co. (5 officials)	207,166	176,471
Seaboard Oil Co. (president)	72,437	40,000
Shell Union Oil Corporation (president)	107,232	48,930
Atlantic Refining Co. (2 officials)	175,000	146,000
Standard Oil Co. of New Jersey (7 officials) [6]	595,500	512,268
Standard Oil Co. of California (5 officials) [7]	430,000	390,918
Sun Oil Co. (3 officials)	192,749	180,000
Total	3,083,897	2,400,202
Average:		
40 officials	77,097	
37 officials		64,870
Average yearly earnings of wage earners, in petroleum refining	1,561	1,282

AGRICULTURAL IMPLEMENTS

Oliver Farm Equipment Co. (president)	$116,177	$107,130
International Harvester Co. (5 officials) [8]	286,149	91,401
Deere & Co. (3 officials)	83,257	[9] 58,240
Total	485,583	256,771
Average:		
9 officials	53,953	
6 officials		42,795
Average yearly earnings of wage earners, in agricultural implements	1,089	854

TOBACCO MANUFACTURES

American Tobacco Co. (3 officials) [10]	$1,779,037	[11] $220,000
P. Lorillard Co. (president)	60,000	60,000
Bayuk Cigars (chairman of board)	31,237	25,000
American Snuff Co. (president)	60,009	50,000
United States Tobacco Co. (2 officials)	105,809	[12] 68,522
Universal Leaf Tobacco Co. (president)	52,687	20,000
Total	2,088,779	443,522
Average:		
9 officials	232,086	
8 officials		55,440
Average yearly earnings of wage earners in tobacco manufactures	696	583

[4] Company paid total compensation of $4,752,067 in the 6 years 1928–33, the average per year being $73,109 for an average of 10¼ officials, according to Labor Research Association.
[5] 7 officials.
[6] Total compensation paid to officers in the 5 years 1928–32 was $8,868,219.
[7] Total compensation paid to officers in the 5 years 1928–32 was $3,096,333.
[8] Total compensation to an average of 5¾ officials was $5,714,621 for the 6 years 1928–32, or $168,077 each per year.
[9] 2 officials.
[10] Total compensation in 6 years 1928–33 amounted to $7,729,193, an average of $386,360 for 3½ men per year.
[11] 2 officials.
[12] For 1 official the 1932 compensation is given.

NOTE.—Total compensation paid to officers of Consolidated Cigar Corporation in the 5 years 1928–32 was $1,938,317. Total compensation paid to officers of Liggett & Myers Tobacco Co. in the 5 years 1928–32 was $5,415,292.

From Labor Research Association, New York City.

APPENDIX I

TABLE I.—*Number of farms per 1,000 of all farms changing ownership by various methods, by geographic divisions, 12 months ended Mar. 15, 1932–35*

(U. S. Department of Agriculture)

Type of sale and year	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific	United States
Voluntary sales:										
1932	24.8	20.4	16.8	14.2	12.3	17.2	15.4	17.6	22.3	16.2
1933	22.5	21.0	15.6	13.8	15.3	18.9	17.6	16.8	21.3	16.8
1934	19.9	20.1	16.5	15.5	17.6	19.1	18.8	17.5	20.9	17.8
1935	19.7	19.1	18.7	17.7	18.5	22.1	18.8	20.2	25.0	19.4
Forced sales and related defaults (delinquent taxes):										
1932	5.2	5.6	6.5	8.7	21.0	26.0	13.2	16.5	10.8	13.3
1933	6.6	8.7	5.6	10.5	27.3	27.1	16.0	19.2	8.1	15.3
1934	7.3	8.2	4.2	6.5	18.2	20.2	12.2	15.4	6.5	11.1
1935	6.8	7.7	2.7	6.0	10.8	12.0	5.9	12.0	4.8	7.3
Foreclosure of mortgage bankruptcy, etc.: [1]										
1932	10.3	12.4	27.8	43.8	26.1	24.6	27.0	27.0	26.8	28.4
1933	13.2	19.6	38.3	61.5	32.2	36.4	35.2	33.6	36.0	38.8
1934	12.8	18.0	27.8	44.4	22.5	24.7	22.1	28.7	30.6	28.0
1935	12.1	16.2	20.8	34.6	13.7	18.6	17.0	23.7	19.8	21.0
Total forced sales:										
1932	15.5	18.0	34.3	52.5	47.1	50.6	40.2	43.5	37.6	41.7
1933	19.8	28.3	43.9	72.0	59.5	63.5	51.2	52.8	44.1	54.1
1934	20.1	26.2	32.0	50.9	40.7	44.9	34.3	44.1	37.1	39.1
1935	18.9	23.9	23.5	40.6	24.5	30.6	22.9	35.7	24.6	28.3

[1] Including loss of title by default of contract, sales to avoid foreclosure, and surrender of title or other transfers to avoid foreclosure.

TABLE II.—*Total number of farms per 1,000 of all farms transferred by forced sales for the years ending March 15, 1926–35, inclusive*

(U. S. Department of Agriculture)

Geographic division	Forced sales (1926–35)		
	For delinquent taxes	For foreclosure of mortgage, bankruptcy, etc.	All forced sales
New England	48.1	94.9	143.0
Middle Atlantic	51.3	119.4	170.7
East North Central	43.0	216.1	259.1
West North Central	59.7	336.2	395.9
South Atlantic	126.8	187.2	314.0
East South Central	119.4	185.5	304.9
West South Central	71.3	188.8	260.1
Mountain	130.2	275.7	405.9
Pacific	55.1	206.6	261.7
United States	78.7	218.6	297.3

Based on preceding table.

APPENDIX J

Alexander Hamilton Institute, Astor Place, New York City

Unemployment calculation

Total unemployment

Date	January	February	March	April	May	June
1929	5,223,000	5,050,000	4,514,000	3,947,000	3,476,000	3,089,000
1930	5,450,000	5,689,000	5,803,000	5,552,000	5,719,000	6,197,000
1931	10,273,000	10,387,000	10,318,000	9,992,000	10,083,000	10,314,000
1932	13,760,000	13,879,000	14,053,000	14,314,000	14,734,000	15,137,000
1933	16,358,000	16,393,000	16,814,000	16,391,000	16,037,000	15,291,000
1934	14,154,000	13,621,000	13,044,000	12,668,000	12,398,000	12,469,000
1935	13,720,000	13,335,000	13,108,000	12,768,000	12,838,000	----------

APPENDIX J—Continued

Unemployment calculation—Continued

Total unemployment—Continued

Date	July	August	September	October	November	December
1929	2,942,000	2,624,000	2,539,000	2,485,000	3,319,000	4,034,000
1930	6,848,000	7,430,000	7,507,000	7,730,000	8,474,000	8,982,000
1931	10,902,000	11,286,000	11,323,000	11,657,000	12,254,000	12,519,000
1932	15,663,000	15,650,000	15,047,000	14,879,000	15,294,000	15,423,000
1933	14,727,000	13,707,000	12,913,000	12,810,000	13,235,000	13,352,000
1934	13,161,000	13,281,000	13,506,000	13,244,000	13,430,000	13,012,000
1935	----------	----------	----------	----------	----------	----------

APPENDIX K

National Industrial Conference Board revised unemployment estimates, by months 1930–35

	1930	1931	1932	1933	1934	1935
January	----------	6,667,000	9,996,000	12,755,000	10,538,000	10,142,000
February	----------	6,794,000	10,103,000	12,782,000	9,873,000	9,885,000
March	----------	6,799,000	10,293,000	13,300,000	9,394,000	9,752,000
April	[1] 3,188,000	6,661,000	10,754,000	12,993,000	9,318,000	9,621,000
May	3,245,000	6,842,000	11,090,000	12,699,000	9,201,000	9,711,000
June	3,678,000	7,165,000	11,596,000	12,034,000	9,252,000	----------
July	4,321,000	7,673,000	12,152,000	11,584,000	9,826,000	----------
August	4,590,000	7,939,000	12,207,000	10,731,000	9,990,000	----------
September	4,502,000	8,044,000	11,850,000	9,920,000	10,217,000	----------
October	4,777,000	8,473,000	11,691,000	9,924,000	9,908,000	----------
November	5,404,000	9,001,000	11,996,000	10,398,000	10,065,000	----------
December	5,674,000	9,182,000	12,113,000	10,334,000	9,740,000	----------
Annual average	[2] 4,375,000	7,603,000	11,320,000	11,621,000	9,777,000	----------

[1] United States Census of Unemployment, classes A and B. [2] 9 months.

Source: Conference Board Bulletin, Mar. 10, 1935.

APPENDIX L

TABLE I.—*Families and persons receiving emergency relief from Federal Emergency Relief Administration, continental United States*

Months	Resident families and persons receiving relief under the general relief and special programs					Transients (mid-month census)
	Families	Single persons [1]	Total families and single persons	Total persons	Percent of total population [2]	
1933						
January	[3] 3,850,000	(4)	(4)	(4)	(4)	(4)
February	[3] 4,140,000	(4)	(4)	(4)	(4)	(4)
March	[3] 4,560,000	(4)	(4)	(4)	(4)	(4)
April	4,475,322	(4)	(4)	(4)	(4)	(4)
May	4,252,443	(4)	(4)	(4)	(4)	(4)
June	3,789,026	(4)	(4)	(4)	(4)	(4)
July	3,451,874	[3] 455,000	3,906,874	[3] 15,282,000	12	(4)
August	3,351,810	[3] 412,000	3,763,810	[3] 15,077,000	12	(4)
September	2,984,975	[3] 403,000	3,387,975	[3] 13,338,000	11	(4)
October	3,010,516	[3] 436,000	3,446,516	[3] 13,618,000	11	(4)
November	3,365,114	461,315	3,826,429	15,060,465	12	(4)
December [5]	2,631,020	438,431	3,069,451	11,664,860	10	(4)
1934						
January [5]	2,486,274	456,469	2,942,743	11,066,598	9	(4)
February [5]	2,599,975	532,036	3,132,011	11,627,415	9	126,873
March [5]	3,070,855	563,138	3,633,993	13,494,282	11	145,119
April	3,847,235	590,007	4,437,242	16,840,389	14	164,244
May	3,828,824	616,388	4,445,212	17,280,329	14	174,138
June	3,777,298	561,526	4,338,824	16,927,059	14	187,282
July	3,862,316	542,225	4,404,541	17,274,840	14	195,051
August	4,062,134	570,549	4,632,683	18,212,220	15	206,173
September	4,094,695	658,329	4,753,024	18,414,242	15	221,734
October	4,094,912	721,972	4,816,884	18,403,805	15	235,903
November	4,217,769	772,280	4,990,049	18,951,594	15	266,790
December	4,463,880	799,341	5,263,221	20,047,049	16	288,955
1935						
January	4,618,099	850,605	5,468,704	20,670,553	17	297,058
February	4,574,427	864,079	5,438,506	20,551,199	17	300,460
March	4,584,657	879,033	5,463,690	20,538,072	17	299,509

[1] Beginning with October 1933, these figures include all teachers employed under the emergency education program.

[2] Based on 1930 census of population. [3] Partially estimated. [4] Not available.

[5] Does not include families or persons transferred from emergency-relief rolls to Civil Works Administration pay rolls.

Source: Division of Research, Statistics and Finance May 14, 1935.

TABLE II.—*Obligations incurred for emergency relief*[1] *from all public funds by State and local relief administrations in the continental United States, January 1933 through March 1935*

SOURCE OF FUNDS

[As reported to the Federal Emergency Relief Administration]

Month and year	Total	Obligations incurred for emergency relief					
		Federal funds		State funds		Local funds	
		Amount	Percent	Amount	Percent	Amount	Percent
1933							
January	$60,827,161	$31,175,001	51.3	$8,898,289	14.6	$20,753,871	34.1
February	67,375,423	39,850,236	59.1	5,921,376	8.8	21,603,811	32.1
March	81,205,631	51,355,220	63.2	5,212,394	6.4	24,638,017	30.4
April	73,010,801	45,373,969	62.1	8,182,878	11.2	19,453,954	26.7
May	70,806,338	48,803,457	68.9	5,017,248	7.1	16,985,633	24.0
June	66,339,207	42,523,715	64.1	8,038,873	12.1	15,776,619	23.8
July	60,155,874	37,482,328	62.3	7,576,555	12.6	15,096,991	25.1
August	61,470,496	39,781,831	64.7	8,726,266	14.2	12,962,399	21.1
September	59,346,338	36,289,188	61.1	11,093,955	18.7	11,963,195	20.2
October	64,888,913	40,415,353	62.3	10,186,795	15.7	14,286,765	22.0
November	70,810,514	39,796,429	56.2	16,948,693	23.9	14,065,392	19.9
December	56,526,331	27,755,056	49.1	17,457,662	30.9	11,313,613	30.0
Total, 1933	792,763,027	480,601,783	60.6	113,260,964	14.3	198,900,290	25.1
1934							
January	53,880,834	29,065,737	53.9	15,282,651	28.4	9,532,446	17.7
February	57,668,213	26,462,858	45.9	21,188,183	36.7	10,017,172	17.4
March	69,812,828	32,522,396	46.6	24,914,349	35.7	12,376,083	17.7
April	113,307,086	82,209,551	72.6	17,067,881	15.1	13,939,654	12.3
May [2]	128,286,411	95,543,165	74.5	12,668,471	9.9	20,074,775	15.6
June [2]	125,356,110	91,997,405	73.4	11,800,249	9.4	21,558,456	17.2
July [2]	130,940,918	95,157,609	72.7	12,668,006	9.7	23,115,303	17.6
August [2]	149,165,043	112,707,389	75.6	12,119,947	8.1	24,337,707	16.3
September [2]	141,477,262	108,315,795	76.6	11,323,182	8.0	21,838,285	15.4
October [2]	156,366,546	121,871,019	77.9	13,534,476	8.7	20,961,051	13.4
November [2]	172,265,000	133,864,693	77.7	16,745,287	9.7	21,655,020	12.6
December [2]	179,499,845	138,780,017	77.3	16,093,236	9.0	24,626,592	13.7
Total, 1934 [2]	1,478,026,096	1,068,587,634	72.3	185,405,918	12.5	224,032,544	15.2
1935							
January	196,669,380	152,179,019	77.4	19,038,356	9.7	25,452,005	12.9
February	180,938,899	142,423,510	78.7	16,241,897	9.0	22,273,492	12.3
March [2]	188,049,354	146,061,834	77.6	18,377,987	9.8	23,609,533	12.6
Grand total [2] (27 months)	2,836,446,756	1,989,853,780	70.2	352,325,142	12.4	494,267,834	17.4

[1] Includes obligations incurred for relief extended under the general relief program, under all special programs, and for administration; beginning April 1934 these figures also include purchases of materials, supplies, and equipment, rentals of equipment (such as team and truck hire), earnings of nonrelief persons employed, and other expenses incident to the work program.

[2] Break-down partially estimated.

Source: Division of Research, Statistics, and Finance, May 14, 1935.

APPENDIX M

"THE AIR TRUST"

(From speech of Hon. W. D. McFARLANE, CONGRESSIONAL RECORD, Apr. 9, 1934)

Exhibit A

	1928	1929	1930	1931	1932
NORTH AMERICAN AVIATION, INC.					
Directors' fees	$2,000	$7,150.00	(1)	(1)	(1)
Vice president		1,458.31	$1,666.64		$15,999.96
Secretary-treasurer		14,416.64	4,999.92	$4,999.92	3,666.64
Assistant secretary-treasurer		3,391.66	2,038.32	6,312.50	4,962.50
Chairman		(1)	(1)	(1)	46,666.65
President		(1)	(1)	(1)	2,333.32
Sperry Gyro Scope Co., Inc.:					
President			20,000.00	9,999.96	14,300.00
Vice president			17,000.00	22,711.55	7,600.00
Treasurer			3,000.00	3,000.00	2,260.00
Secretary			9,000.00	9,000.00	8,580.00
Assistant treasurer			6,000.00	11,700.00	9,084.00
Assistant treasurer and auditor			(1)	(1)	5,595.00
Treasurer and assistant secretary			(1)	(1)	1,500.00
Chairmen			(1)	(1)	4,500.00
Eastern Air Transport:					
President			10,000.00	15,000.00	13,000.00
Vice president			10,999.98	15,000.00	13,000.00
Assistant secretary and treasurer			4,660.02	5,500.02	5,600.00
Vice chairman of board			(1)	(1)	1,333.33
Ford Instrument Co.:					
Secretary-treasurer			3,000.00	9,000.00	6,500.00
President			94,241.39	75,516.92	37,500.00
Assistant secretary-treasurer			16,898.52	5,200.00	4,435.64
Vice presidents			(1)	21,500.00	16,500.00

[1] Salary not shown on income-tax return.

APPENDIX M—Continued

Exhibit A—Continued

	1928	1929	1930	1931	1932
NORTH AMERICAN AVIATION, INC.—continued					
B/J Aircraft Co.:					
Vice president			$5,555.58	$10,187.50	$9,546.88
Assistant secretary			(1)	716.62	2,624.98
Secretary-treasurer			(1)	(1)	2,170.46
Assistant secretary-treasurer			(1)	(1)	2,362.50
President			(1)	(1)	9,062.46
Condor Corporation:					
Treasurer					2,666.56
Assistant treasurer					1,600.00
BENDIX AVIATION CORPORATION					
President			50,000.00	50,000.00	45,520.84
Vice president			15,000.00	3,750.00	16,875.00
Treasurer			19,800.00	16,750.00	(1)
Secretary			6,000.00	6,000.00	5,757.50
Assistant treasurer			(1)	4,400.00	4,568.44
Bendix Brake Co.:					
All		$17,084.08			
Vice president			21,999.96	25,749.99	4,500.00
Delco Aviation Corporation:					
All		4,227.00			
President			7,500.00	7,500.00	937.50
Assistant secretary			(1)	(1)	786.54
American Propeller Co.:					
All		4,000.00			
Vice president			8,000.00	(1)	(1)
Pioneer Instrument Co.:					
All		19,450.00			
President			24,000.00	24,000.00	(1)
Vice president			6,800.00	8,675.00	8,958.24
Treasurer			4,900.00	5,099.64	(1)
Secretary			4,272.50	1,976.00	(1)
Secretary-assistant treasurer				175.00	(1)

APPENDIX M—Continued
Exhibit A—Continued

	1928	1929	1930	1931	1932
BENDIX AVIATION CORPORATION—continued					
Pioneer Instrument Co.—Continued					
Assistant treasurer-secretary			(1)	(1)	$5,758.70
Chairmen			(1)	(1)	7,000.00
Scintilla Magneto Co.:					
All		$21,375.23			
Vice president			$21,500.00	$21,166.64	18,833.28
Secretary-treasurer			6,000.00	6,000.00	5,912.50
Eclipse Machine Co.:					
All		47,399.94			
President			36,999.96	36,999.96	31,604.16
Vice president			31,999.92	31,999.92	27,333.33
Secretary-treasurer			17,916.66	9,999.96	9,999.96
Bendix Cowdrey Brake Tester, Inc.:					
Vice president			8,617.50	8,220.00	1,270.00
Bendix Stromberg Carburetor Co.:					
President			34,999.92	8,749.98	(1)
Vice president			25,250.00	28,500.00	5,000.00
Secretary			2,187.50	(1)	(1)
Assistant secretary			4,400.00	4,500.00	800.00
Bragg Kliesrath Corporation:					
Vice president			14,454.00	15,600.00	2,600.00
Assistant treasurer			4,830.00	4,680.00	740.00
Chas. Cory Corporation:					
Vice president			4,800.00	(1)	(1)
Treasurer			2,520.00	(1)	(1)
Assistant treasurer			(1)	3,600.00	3,225.00
Aircraft Control Corporation:					
President			4,999.98	9,615.50	833.34
Vice president			4,999.98	9,615.50	(1)
Eclipse Aviation Corporation:					
President			23,000.00	25,000.00	24,638.50
Vice president			15,000.00	15,000.00	14,812.50
Treasurer			6,883.34	6,937.50	7,421.88
Hydrolic Brake Co.:					
President			11,550.00	15,000.00	13,125.00
Vice president			2,405.00	15,000.00	13,125.00
Assistant treasurer			(1)	4,490.00	3,665.00
Julian P. Frieze & Sons, Inc.:					
President			5,000.00	9,589.99	1,812.48
Vice president			5,000.00	10,000.00	9,046.53
Assistant secretary			(1)	(1)	1,436.50
Brandis & Sons, Inc.: President				817.29	
Bendix Service Corporation:					
Secretary				3,192.00	
Assistant treasurer				3,375.00	
Bendix Products Corporation:					
Vice president					32,206.25
Molded Insulation Co.: President					1,817.36
UNITED AIRCRAFT & TRANSPORT CORPORATION					
Chairman		37,500.07	(1)	(1)	(1)
President		35,000.07	216,122.27	98,750.10	80,416.78
Secretary-treasurer		4,375.03	5,000.04	4,937.70	4,750.32
Comptroller		8,200.03	16,500.03	27,250.20	23,583.39
Vice president		14,000.00	9,166.68		
Assistant comptroller		(1)	(1)	7,887.34	8,008.38
United Aircraft & Transport of Connecticut:					
Vice president			14,000.02	24,725.10	49,466.87
President			(1)	146,025.49	47,500.32
Pratt-Whitney Aircraft Co.:					
President		380,668.04	30,000.04	79,080.90	35,333.40
Secretary-treasurer		78,582.74	34,600.00	39,435.36	23,000.00
Vice president		191,081.43	112,230.96	13,500.00	(1)
Assistant secretary-treasurer		7,020.00			
Chairman		(1)	(1)	(1)	50,000.13
Boeing Airplane Co.:					
Chairman		27,000.00	26,000.00	(1)	(1)
President		12,500.00	27,538.42	39,200.44	28,000.00
Vice president		20,000.00	23,657.24	30,263.09	20,000.00
Treasurer		5,000.00	7,785.52	4,695.55	6,000.00
Chief engineer		7,000.00	(1)	(1)	(1)
Assistant to president		7,500.00	(1)	(1)	(1)
Secretary		(1)	900.00	3,750.00	2,100.00
Chance Vaught Corporation:					
President		52,981.12	(1)	12,500.00	33,500.00
Vice president		22,331.45	38,100.00	20,006.72	10,200.00
Secretary		3,500.07	2,000.04	(1)	2,800.00
Assistant secretary		(1)	(1)	4,566.70	(1)
Assistant treasurer		(1)	(1)	5,400.00	5,400.00
Chairman		(1)	(1)	(1)	14,583.38
Sikorsky Aviation Corporation:					
President		6,602.40	16,416.61	14,975.00	9,000.00
Vice president		12,153.66	48,550.00	13,500.00	9,000.00
Secretary-treasurer		(1)	11,500.00	(1)	(1)
Assistant secretary		(1)	(1)	6,390.00	5,400.00
Northrot Aircraft Corporation, Ltd.:					
President		2,234.90	5,100.00	8,000.00	
Vice president		2,234.90	5,100.00	8,000.00	

[1] Salary not shown on income-tax return.

APPENDIX M—Continued
Exhibit A—Continued

	1928	1929	1930	1931	1932
UNITED AIRCRAFT & TRANSPORT CORPORATION—con.					
Starman Aircraft Co.:					
President		$1,500.00	$6,000.00	$6,000.00	$1,500.00
Vice president		1,500.00	6,000.00	11,499.98	4,200.00
Treasurer		900.00	6,000.00	(1)	4,650.00
Secretary		(1)	5,000.00	(1)	(1)
Hamilton Standard Propeller Corporation:					
President		3,858.00	16,559.27	13,353.75	10,000.00
Vice president		185.00	9,528.56	15,239.96	3,500.00
Chairman		6,500.01	9,999.96	11,853.76	(1)
Secretary		(1)	6,669.94	4,499.94	3,958.30
Treasurer		(1)	4,945.25	4,499.94	2,083.30
Hamilton Manufacturing Co.:					
President		17,470.84			
Secretary		180.00			
Boeing Air Transport, Inc.:					
President		12,500.00	12,000.00	19,875.00	19,493.98
Vice president		10,000.00	11,000.00	18,500.00	26,000.04
Secretary		695.19	900.00	3,317.50	225.00
Treasurer		2,500.00	3,000.00	4,624.98	5,625.00
Chairman		27,000.00	2,600.00	(1)	(1)
Assistant treasurer		(1)	(1)	2,932.50	5,171.86
Assistant secretary		(1)	(1)	(1)	2,250.00
Stout Air Service, Inc.:					
Vice president		5,100.00	6,800.00		
Secretary		250.00	2,675.00		
United Aircraft Exports, Inc.:					
President		14,836.66	34,873.46	25,887.60	21,114.67
Vice president		(1)	(1)	7,400.04	5,700.06
Treasurer		(1)	2,000.04	(1)	(1)
Assistant comptroller		(1)	(1)	2,000.16	1,100.08
Assistant to president		(1)	(1)	(1)	3,229.96
National Air Transport:					
President			16,666.70	7,875.00	19,496.93
Vice president			11,250.00	37,900.00	25,499.99
Secretary-treasurer			(1)	2,625.00	5,950.00
Assistant secretary			(1)	787.50	2,250.00
Assistant treasurer			(1)	7,400.00	5,171.87
Varney Airlines Inc.:					
President			12,500.00	2,625.00	6,498.99
Vice president			4,150.00	35,900.00	13,400.00
Secretary-treasurer			(1)	875.00	1,950.00
Assistant secretary			(1)	262.50	750.00
Assistant treasurer			(1)	850.00	1,723.96
Chairman			(1)	(1)	24,999.95
United Airports of California, Ltd.:					
President			9,999.97	4,999.98	(1)
Vice president			(1)	3,350.00	4,200.00
Secretary			(1)	(1)	2,700.00
United Airports of Connecticut, Inc.: All			4,750.06		
Pacific Air Transport:					
President				8,625.00	6,498.99
Vice president				10,000.00	12,500.00
Secretary-treasurer				3,624.98	1,950.00
Assistant secretary				1,102.50	750.00
Assistant treasurer				3,952.44	1,733.96
Hamilton Standard Propeller Co.:					
Chairman				3,750.00	
President				3,000.00	
Vice president				2,100.00	
Secretary				1,249.98	
Treasurer				1,249.98	
CURTISS-WRIGHT CORPORATION					
Chairman			89,940.00	(1)	(1)
President			10,050.00	(1)	(1)
Vice president and executive secretary			25,613.33	(1)	(1)
Vice president			45,553.35	(1)	(1)
Secretary			7,000.00	(1)	(1)
Treasurer			11,300.00	(1)	(1)
Assistant treasurer			7,349.00	(1)	(1)
Curtiss Airplane & Motor Co., Inc.:					
Vice president			14,750.00	(1)	(1)
Vice president and chief engineer			14,750.00	(1)	(1)
Vice president and treasurer			11,800.00	(1)	(1)
Assistant secretary and treasurer			7,375.00	(1)	(1)
Vice president and secretary			3,750.00	(1)	(1)
Wright Aeronautical Corporation:					
President			18,339.20	(1)	(1)
Vice president			10,416.00	(1)	(1)
Treasurer			8,800.00	(1)	(1)
Assistant treasurer			4,048.00	(1)	(1)
Assistant secretary			1,518.00	(1)	(1)
Keystone Aircraft Corporation:					
President			15,000.00	(1)	(1)
Vice president			15,833.36	(1)	(1)
Treasurer			9,000.00	(1)	(1)

[1] Salary not shown on income-tax return.

APPENDIX M—Continued

Exhibit A—Continued

	1928	1929	1930	1931	1932
CURTISS WRIGHT CORPORATION—continued					
Curtiss-Wright Airplane Co. of Delaware:					
President			$2,416.64	(1)	(1)
Vice president			3,425.00	(1)	(1)
Assistant treasurer			5,005.70	(1)	(1)
Factory manager			3,850.00	(1)	(1)
Curtiss-Wright Airplane Co., Missouri:					
President			7,416.56	(1)	(1)
Vice president			3,425.00	(1)	(1)
Treasurer			6,874.98	(1)	(1)
Moth Aircraft Corporation:					
President			1,000.00	(1)	(1)
Vice president			625.00	(1)	(1)
Curtiss-Wright Airports Corporation:					
Vice president			6,583.28	(1)	(1)
Treasurer			875.00	(1)	(1)
Assistant treasurer			875.00	(1)	(1)
New York Air Terminals, Inc.: Assistant treasurer and manager			3,000.00	(1)	(1)
New York & Suburban Air Lines, Inc.: Vice president			3,333.32	(1)	(1)

[1] Salary not shown on income-tax return.

	Tax assessed consolidated returns	Approximate tax separate returns	Difference	Loss to United States due to consolidated returns
Bendix Aviation Corporation:				
1929	$388,298.43	$429,949.83	$41,645.40	
1930	103,264.18	339,183.00	235,918.82	
1931	None	281,433.30	281,433.30	
1932	None	66,865.97	66,865.97	
Total				$625,863.49
Curtiss-Wright Corporation:				
1930	None	51,815.90	51,815.90	
1931	None	None		
1932	None	49,893.41	49,893.41	
Total				101,709.31
North American Aviation Inc.:				
None consolidated:				
1928	798.90	798.90		
1929	148,074.20	148,074.20		
Consolidated:				
1930	115,119.54	184,949.86	69,830.32	
1931	None	68,330.37	68,330.37	
1932	None	12,820.06	12,820.06	
Total				150,980.75
United Aircraft & Transport Corporation:				
1929	1,027,501.56	1,069,436.39	41,943.83	
1930	378,866.32	678,326.71	299,460.39	
1931	262,282.32	608,212.54	345,930.22	
1932	315,105.84	482,730.69	167,624.85	
Total				854,959.29
Aviation Corporation:				
1929	None	142,645.36	142,645.36	
1930	None	99,144.96	99,144.96	
1931	None	71,664.12	71,664.12	
Total				313,454.44
Total loss of revenue to Government due to companies having Government contracts filing consolidated income-tax returns (the 1918 law required separate return and payment of tax on all Government contracts)				2,046,967.28

Total compensation to officers as shown by the income-tax returns

Bendix Aviation Corporation:	
1929	$115,486.25
1930	466,176.30
1931	543,414.87
1932	322,496.85
North American Aviation, Inc.:	
1928	2,000.00
1929	26,416.61
1930	214,760.35
1931	215,444.99
1932	254,940.88
Curtiss-Wright Corporation:	
1930	380,576.72
1931	(1)
1932	(1)
United Aircraft & Transport Corporation:	
1929	1,042,441.41
1930	879,536.07
1931	906,499.71
1932	725,662.91

APPENDIX N

Revenue which could have been raised in 1928

[Tables from Dr. Joseph M. Gilman, College of the City of New York]

	Total net income reported	Tax rate	Revenue available
I. INDIVIDUAL RETURNS			
Income classes:		*Percent*	
$5,000–$10,000	$4,282,520,000	16	$685,203,000
$10,000–$15,000	1,953,395,000	22	429,747,000
$15,000–$20,000	1,218,787,000	24	292,509,000
$20,000–$25,000	865,670,000	30	259,701,000
$25,000–$50,000	2,326,503,000	35	814,276,000
$50,000–$100,000	1,857,878,000	40	743,151,000
$100,000–$250,000	1,745,403,000	45	785,431,000
$250,000–$500,000	926,079,000	55	509,343,000
$500,000–$1,000,000	670,861,000	65	436,060,000
$1,000,000–$5,000,000 and over	1,108,863,000	75	831,647,000
Total available			5,787,068,000
Tax collected			1,164,254,000
Additional revenue			4,622,814,000
II. CORPORATION RETURNS			
Income classes:			
Under $1,000–$2,999	181,420,000	10	18,142,000
$3,000–$4,999	119,482,000	15	17,922,000
$5,000–$9,999	211,525,000	25	52,881,000
$10,000–$24,999	467,606,000	25	116,901,000
$25,000–$99,999	1,055,074,000	25	263,768,000
$100,000–$499,999	1,753,943,000	25	438,485,000
$500,000 under $1,000,000	898,405,000	25	224,601,000
$1,000,000 under $5,000,000	2,119,926,000	25	529,981,000
$5,000,000 and over	3,810,359,000	25	952,589,000
Total			2,615,273,000
Tax collected			1,184,000,000
Additional returns			1,431,273,000

Returns of corporations submitting balance sheets, 1928 (all returns): [1]

Tax-exempt securities	$10,116,160,404
Surplus	52,069,292,140
Net surplus (after deduction of deficit)	47,156,183,422

TAX INCOME, 1932

The following table shows the available revenue from individual incomes for 1932:

	Total net income reported	Tax rate	Revenue available
I. INDIVIDUAL RETURNS			
Income classes:		*Percent*	
$5,000–$10,000	$1,677,039,000	16	$268,326,000
$10,000–$15,000	595,573,000	22	131,026,000
$15,000–$20,000	329,512,000	24	79,083,000
$20,000–$25,000	235,312,000	30	70,594,000
$25,000–$50,000	629,638,000	35	220,373,000
$50,000–$100,000	393,206,000	40	157,282,000
$100,000–$250,000	216,625,000	45	97,481,000
$250,000–$500,000	73,747,000	55	39,561,000
$500,000–$1,000,000	57,874,000	65	37,618,000
$1,000,000–$5,000,000 and over	35,239,000	75	26,429,000
Total available			1,127,773,000
Income tax collected			324,745,000
Additional revenue			803,028,000

[1] Not shown.

[1] Statistics of Income, 1928, p. 22.

AVAILABLE INCOME FROM CORPORATE INCOMES, 1932

1. Returns of corporations submitting balance sheets for 1932 (all returns): [1]	
Cash (in till or deposits in bank)	$15,917,202,000
Investments, tax-exempt	11,916,864,000
Investments other than tax-exempt	76,630,257,000
Surplus and undivided profits	45,663,746,000
Net surplus (less deficit of $9,584,221,000)	36,079,525,000
2. Returns of corporations showing net incomes (1932):	
Total gross income	[2] 31,707,963,000
Total net income	[2] 2,153,113,000
Income tax	245,689,000
Available revenue at flat 25-percent rate	538,278,000

TAX INCOME, 1933

	Total net income reported	Tax rate	Revenue available
I. INDIVIDUAL RETURNS			
Income classes:		Percent	
$5,000–$10,000	$1,477,827,000	16	$236,452,000
$10,000–$15,000	559,850,000	22	123,167,000
$15,000–$20,000	310,246,000	24	74,459,000
$20,000–$25,000	225,778,000	30	68,033,000
$25,000–$50,000	621,182,000	35	217,414,000
$50,000–$100,000	394,766,000	40	157,906,000
$100,000–$250,000	240,681,000	45	108,306,000
$250,000–$500,000	81,253,000	55	44,689,000
$500,000–$1,000,000	59,511,000	65	37,682,000
$1,000,000–$5,000,000 and over	81,559,000	75	61,169,000
Total			1,129,277,000
Tax collected			372,968,000
Additional revenue			756,309,000

[1] Statistics of Income, 1932, p. 160. [2] Statistics of Income, 1932.

II. CORPORATION RETURNS (TAX INCOME, 1933)

Total net income reported	$2,506,078,279
Income tax	347,649,990
Excess-profits tax	6,266,721
Total	[1] 353,916,361
Available revenue at flat 25-percent rate	626,520,000

The following tables show revenue available from estate taxes:

ESTATE TAX AS SOURCE OF REVENUE

	Jan. 1–Dec. 31, 1928	Jan. 1–Dec. 31, 1933	Jan. 1–Dec. 31, 1933
Gross estate	$3,554,270,000	$2,830,388,000	$2,060,956,000
Tax paid	$41,959,000	$23,674,000	$61,415,000
Percent to gross	1.1	0.8	2.9
Net estate	$1,992,503,000	$1,423,437,000	$828,302,000
Tax paid	$41,959,000	$23,674,000	$61,415,000
Percent to net	2.1	1.7	7.4

REVENUE AVAILABLE

	Average 25 percent	Average 50 percent	Average 75 percent
Gross estate:			
1928	$888,567,000	$1,777,135,000	$2,665,701,000
1932	707,597,000	1,415,194,000	2,122,791,000
1933	515,239,000	1,030,478,000	1,545,717,000
Net estate:			
1928	498,126,000	996,252,000	1,494,378,000
1932	355,859,000	711,718,000	1,067,577,000
1933	207,075,000	407,150,000	621,225,000

Comparison of American and European income-tax rates

[Conversion units: 1 pound=$4.86; France, 1 franc=$0.0392; Germany, 1 mark=$0.2382]

	Percent of tax to net income			
	United States	Britain	France	Germany
$1,000	0	0.88	3.38	7.90
$2,000	0	5.57	8.51	15.84
$3,000	0.07	10.38	12.20	18.11
$5,000	2.00	14.22	17.15	21.59
$7,500	3.40	16.29	22.02	26.02
$10,000	4.80	18.62	25.25	29.89
$15,000	6.80	22.95	31.26	34.46
$25,000	10.08	29.47	38.04	39.78
$50,000	17.20	39.30	47.43	45.13
$100,000	30.01	48.10	53.65	47.44
$500,000	52.72	61.58	53.93	49.49
$1,000,000	57.11	63.91	53.97	49.74

Source: New Republic, Jan. 24, 1934.

[1] 14.1 percent.

American and European death taxes

[Source: Preliminary report of Subcommittee on the Committee on Ways and Means, relative to Federal and State taxation and duplication therein (1933), p. 237]

	United States	Britain
$1,000	0	1
$5,000	0	3
$10,000	0	3
$15,000	0	3
$25,000	0	4
$50,000	0	5
$100,000	1.5	9
$150,000	3.33	12
$200,000	4.75	14
$300,000	6.50	17
$400,000	7.62	19
$500,000	8.50	21
$600,000	9.25	23
$800,000	10.56	25
$1,000,000	11.75	27
$2,000,000	15.77	33
$3,000,000	18.45	37
$5,000,000	22.99	41
$10,000,000	30.94	51

Conversion: £1=$4.86.

APPENDIX O

Estimate of additional revenue that would have been derived under the income and excess profits tax rates, etc.

CORPORATIONS—INCOME AND EXCESS PROFITS TAXES

Year	Actual net income	Theoretical net income	Actual tax	Theoretical tax	Excess
1918	$8,361,511,000		$3,158,764,000		
1919	9,411,418,000	$8,031,704,000	2,175,342,000	$3,034,137,000	$858,795,000
1920	7,902,655,000	6,542,608,000	1,625,235,000	2,471,601,000	846,366,000
1921	4,336,048,000	3,399,895,000	701,576,000	1,284,378,000	582,802,000
1922	6,963,811,000	5,222,858,000	783,776,000	1,973,060,000	1,189,284,000
1923	8,321,529,000	6,241,147,000	937,106,000	2,357,743,000	1,420,637,000
1924	7,586,652,000	5,689,989,000	881,550,000	2,149,530,000	1,267,980,000
1925	9,583,684,000	7,187,763,000	1,170,331,000	2,715,350,000	1,545,019,000
1926	9,673,403,000	7,255,052,000	1,229,797,000	2,740,770,000	1,510,973,000
Total	63,779,200,000	49,571,016,000	9,504,713,000	18,726,569,000	9,221,853,000
1927	8,981,884,000	6,736,413,000	1,130,674,000	2,544,842,000	1,414,168,000
Total	72,761,084,000	56,307,429,000	10,635,387,000	21,271,411,000	10,636,024,000

Public debt June 30, 1926		$19,643,000,000
Additional revenue if rates continued through 1926	$15,122,476,000	
Probable saving in interest by annual payment of such additional revenue on public debt	2,450,000,000	
		17,572,476,000
Balance of debt, 1926		2,070,524,000
Public debt June 30, 1927		18,510,000,000
Additional revenue if rates continued through 1927	17,302,197,000	
Probable saving of interest by annual payment of such additional revenue on public debt	2,750,000,000	
		20,052,197,000
Surplus after complete payment of public debt		1,542,197,000

NOTE.—It is assumed that business profits (net income) would not have been depressed by the high tax.

(This statement prepared by the Joint Committee on Internal Revenue Taxation. Mr. L. H. Parker, Chief of Staff.)

APPENDIX P

Surtax net income	Proposal to apply British rates on incomes $6,000 and over whenever British rates exceed rates proposed in H. R. 8974		Proposal in H. R. 8974		Existing law	
	Percent	Total surtax	Percent	Total surtax	Percent	Total surtax
$0 to $4,000		0		0		0
$4,000 to $6,000	4	$80	4	$80	4	$80
$6,000 to $8,000	8	240	5	180	5	180
$8,000 to $10,000	12	480	6	300	6	300
$10,000 to $12,000	14	760	7	440	7	440
$12,000 to $14,000	16	1,080	8	600	8	600
$14,000 to $16,000	20	1,480	9	780	9	780
$16,000 to $18,000	22	1,920	11	1,000	11	1,000
$18,000 to $20,000	24	2,400	13	1,260	13	1,260
$20,000 to $22,000	26	2,920	15	1,560	15	1,560
$22,000 to $26,000	28	4,040	17	2,240	17	2,240
$26,000 to $32,000	30	5,840	19	3,380	19	3,380
$32,000 to $38,000	32	7,760	21	4,640	21	4,640

APPENDIX P—Continued

Surtax net income	Proposal to apply British rates on incomes $6,000 and over whenever British rates exceed rates proposed in H. R. 8974		Proposal in H. R. 8974		Existing law	
	Percent	Total surtax	Percent	Total surtax	Percent	Total surtax
$38,000 to $44,000	34	$9,860	24	$6,080	24	$6,080
$44,000 to $50,000	36	11,960	27	7,700	27	7,700
$50,000 to $56,000	38	14,240	31	9,560	30	9,500
$56,000 to $62,000	42	16,760	35	11,660	33	11,480
$62,000 to $68,000	44	19,400	39	14,000	36	13,640
$68,000 to $74,000	46	22,160	43	16,580	39	15,980
$74,000 to $80,000	48	25,040	47	19,400	42	18,500
$80,000 to $90,000	50	30,040	51	24,500	45	23,000
$90,000 to $100,000	53	35,340	55	30,000	50	28,000
$100,000 to $150,000	56	63,340	58	59,000	52	54,000
$150,000 to $200,000	59	92,840	60	89,000	53	80,500
$200,000 to $250,000	62	123,840	62	120,000	54	107,500
$250,000 to $300,000	64	155,840	64	152,000	54	134,500
$300,000 to $400,000	66	221,840	66	218,000	55	189,500
$400,000 to $500,000	68	289,840	68	286,000	56	245,500
$500,000 to $750,000	70	464,840	70	461,000	57	388,000
$750,000 to $1,000,000	72	644,840	72	641,000	58	533,000
$1,000,000 to $2,000,000	73	1,374,840	73	1,371,000	59	1,123,000
$2,000,000 to $5,000,000	74	3,594,840	74	3,591,000	59	2,893,000
$5,000,000 up	75		75		59	

Source: Joint Committee on Internal Revenue.

APPENDIX R

Comparison of net income returns for 1932 and 1933 [1]

Net income classes	Number of returns	
	1932	1933
Up to $5,000	3,420,995	[2] 3,339,602
$5,000 to $10,000	237,273	[2] 219,735
$10,000 to $25,000	77,045	[2] 74,626
$25,000 to $50,000	17,658	18,168
$50,000 to $100,000	5,644	5,927
$100,000 to $150,000	962	1,085
$150,000 to $300,000	589	693
$300,000 to $500,000	136	139
$500,000 to $1,000,000	80	84
Over $1,000,000	20	46
Total returns filed to Aug. 31, 1932	3,760,402	
Total returns filed to Aug. 31, 1933		3,660,105

[1] Prepared by the research division of the Interprofessional Association for Social Insurance on the basis of the preliminary report entitled "Statistics of Income for 1933", submitted to the Hon. H. Morgenthau, Jr., Secretary of the Treasury, on Dec. 3, 1934.

[2] Incomes of less than $25,000 declined in number of returns from 1932 to 1933. All income classes above $25,000 increased in number of returns. Net incomes of $1,000,000 or over increased 130 percent in number of returns.

APPENDIX S

Dividends of 1,253 corporations

(New York Times, Jan. 1, 1935)

	1934	1933
Banks and insurance	$38,293,283	$37,793,630
Chain stores	9,942,616	3,404,894
Coppers	309,000	1,335,730
Department stores	850,195	1,656,736
Food and packing	14,476,770	11,907,050
Mail order	173,090	518,455
Motors	190,045	282,854
Motors equipment	3,938,464	1,117,315
Oils	5,642,615	5,734,855
Public utilities	76,928,164	67,331,202
Railroads	22,670,088	26,971,481
Railroad equipment	4,382,814	1,809,130
Steels	997,253	1,370,272
Tobaccos	11,479,256	13,979,013
Miscellaneous	79,768,415	54,574,715
Total	270,043,008	229,787,322
Number corporations	1,253	992

APPENDIX T

(New York Times, Dec. 14, 1934)

PERSONS WITH MILLION WAR YEAR INCOMES

WASHINGTON, December 13.—The list of individuals whose annual income was $1,000,000 or over in any of the years from 1915 to 1920, inclusive, made public today by the Senate Munitions committee, was as follows:

Ahnelt, William P., Deal, N. J.
Andrus, J. E., Yonkers, 1915–16–17.
Arbuckle, Christina, New York City, 1915–16–17–18–19–20.
Armstrong, W. M., and wife, Los Angeles, 1919.
Astor, John Jacob, New York City, 1920.
Astor, Vincent, New York City, 1915–16–17–18–19.
Astor, Waldorf, New York City, 1917 and 1920.
Baker, George F., New York City, 1915–16–17–18.
Bauernschmidt, Fred, Baltimore, 1918.
Beebe, Junius, Wakefield, Mass., 1919.
Beebe, Marcus, Boston, 1919.
Benedum, M. L., Pittsburgh, 1919.
Berwind, Edward J., New York City, 1915–16–17–18.
Bingham, Harry Payne, New York City, 1917.
Bingham, William, 2d, Cleveland, 1917.
Blossom, Elizabeth B., Cleveland, 1917.
Blum, Herbert J., Chicago, 1919.
Blunt, Cecil Charles, Paris, 1917.
Bolton, Frances P., Cleveland, 1917.
Bostwick, Helen C., New York City, 1915–16–17–18–19.
Bourne, F. G., New York City, 1915–16–17–18.
Brady, James C., Albany, 1915–16–17.
Brown, W. Harry, Pittsburgh, 1917.
Candler, Asa G., Atlanta, 1915–16–17.
Cannon, James W., Concord, N. C., 1916 and 1920.
Carnegie, Andrew, Hoboken, 1915–16–17.
[Hoboken is supposed to be headquarters for the Carnegie estate.]
Chapman, James A., Tulsa, 1917.
Chapman, P. A., Waxhachie, Tex., 1916–17.
Ciotti, Andrew, Baltimore, 1919.
Clark, Wm. A., New York City, 1915–16–17–18.
Cochran, Alex Smith, New York City, 1915–16–17–18.
Converse, Edmund C., Greenwich, Conn., 1915–16–17–18.
Couzens, James, Detroit, 1915, 1917, and 1919.
Cowles, Russel A., New York City, 1916–17.
Crane, R. T., Jr., Chicago, 1920.
Curran, Maurice J., Andover, Mass., 1917.
Curtis, Cyrus H. K., Wyncote, Pa., 1915–16–17–18–19.
Cutten, Arthur W., Chicago, 1916–17.
Davison, Henry P., New York, 1915–16–17.
Dearborn, George S., New York City, 1916–17.
Delamar, Joseph R., New York City, 1915–16–17.
Dodge, Cleveland H., New York, 1915–16–17–18.
Dodge, Horace E., Grosse Point, Mich., 1919.
Dodge, John F., Detroit, 1919.
Dodge, Mary M. H. (Miss), New York, 1916–17.
Douglas, James, New York, 1915–16–17.
Duisberg, Carl, Leverkusen, Germany, 1918.
Duke, James B., Somerville, N. J., 1916–17–18.
du Pont, Alfred I., Wilmington, 1915–16–17–18–19.
du Pont, Mrs. Francis G. (Elsie W.), Wilmington, 1916–17.
du Pont, Henry F., Winterthur, Del., 1916–17.
du Pont, Pierre S., Wilmington, 1915–16–17–18–19.
du Pont, Thomas Coleman, Wilmington, 1915–16–17.
du Pont, William, Wilmington, 1915–16–17–18.
Durant, William C., Deal, N. J., 1916 and 1919.
Eastman, George, Rochester, 1915–16–17–18–19–20.
Ehret, George, Sr., New York, 1915–16–17–19.
Elkins, George W., Philadelphia, 1916–17.
Endicott, Henry B., Dedham, Mass., 1916 and 1918.
Epstein, Jacob, Baltimore, 1916–17.
Ford, Edsel Bryant, Detroit, 1920.
Ford, Henry, Dearborn, 1915–16–17–18–19–20.
Forstmann, Julius, Passaic, 1916 and 1919–20.
Frelinghuysen, Adaline H., New York, 1917–18–19–20.
Frick, Henry C., Pittsburgh, 1915–16–17–18.
Friedenheit, Isaac, New York, 1916–17.
Gates, Dellora R., New York, 1916–17.
Goelet, Robert Walton, New York, 1915–16–17.
Grace, Eugene G., Bethlehem, 1916–17–18.
Gray, David, Grosse Pointe Farms, Mich., 1919.
Gray, Paul R., Detroit, 1919.
Grny, Philip H., Detroit, 1919.
Green, Edward H. R., Terrell, Texas, 1917–18–19.
Grundy, Joseph R., Bristol, Pa., 1918–19.
Hanna, H. Melville, New York, 1917.
Harkness, Anna M., New York, 1915–16–17–18–19–20.
Harkness, Edward S., New York, 1915–16–17–18–19–20.
Harkness, William L., New York, 1915–16–17–18–19.
Harriman, Mary W., Arden, Orange County, N. Y., 1915–16–17–18.
Havemeyer, Horace, New York, 1917–18–19–20.
Hayden, Charles, New York, 1915–16–19.
Hildrup, William T., Jr., Harrisburg, 1916–17.
Houser, M. H., Portland, Oreg., 1917.
Howard, Charles S., San Francisco ,1918–19–20.
Howard, Fannie May, San Francisco, 1920.
Huntington, Arabella D., New York, 1920.
James, Arthur Curtiss, New York, 1915–16–17–18–19–20.
Jamison, Mrs. Catherine, New York, 1915–16–17–18–19–20.
Jamison, William A., New York, 1917–19.
Johnson, Eldridge R., Moorestown, N. J., 1915–16–17–19–20.
Johnson, George F., Endicott, N. Y., 1916–18.
Julliard, A. D., New York, 1916–17–18–19.
Kales, Alice G., Detroit, 1919.
Kirkland, J. L., Wheeling, W. Va., 1919.
Lamborn, Arthur H., Upper Montclair, N. J., 1917–19.

Lamont, Thomas W., New York City, 1915-16-17.
Lantz, J. B., Arkansas City, Kans., 1919.
Lapham, Lewis H., New York, 1916-17.
Leggett, David G., New York, 1917-18.
Lewis, Arthur R., New York, 1917.
Livermore, J. L., New York, 1916-17.
Mariand, E. W., Ponca City, Okla., 1919.
Mather, Samuel, Cleveland, 1916-17-18-19.
Matthiessen, Frederick W., Chicago, 1916-17.
McFadden, George, Philadelphia, 1918-19.
McFarlin, R. H., San Antonio, 1916-17.
McLean, James, New York, 1916-17.
McLean, William L., Philadelphia, 1919.
McNeely, George H., Haverford, Pa., 1919.
Mellon, A. W., Pittsburgh, 1915-16-17-18-19-20.
Metcalf, Manton B., New York, 1917.
Metz, Herman A., New York, 1915 and 1917.
Mills, Ogden L., New York, 1915-16-17-18.
Monell, Ambrose, Tuxedo Park, N. Y., 1916-17.
Moore, William H., New York, 1915-16-17.
Morgan, J. P., New York, 1915-16-17-18.
Morgan, William A., Buffalo, 1916-17.
Morrell, A., Tuxedo Park, 1917.
McVoy, Eugene J., Chicago, 1917.
Nichols, William H., New York, 1917.
Oliver, Edith A., Pittsburgh, 1917.
Osborn, Alice D., New York, 1916-17.
Palmer, Edgar, New York, 1917.
Palmer, Zilph Hayes, New York, 1915-16-17.
Parriott, F. B., Pittsburgh, 1919.
Patten, James A., Evanston, 1915-16-17.
Plant, Morton F., New York, 1915-16-17.
Price, Michael G., Philadelphia, 1919.
Prentiss, Francis P., Cleveland, 1917.
Rackham, Horace H., Detroit, 1919.
Rainey, Paul J., New York, 1918.
Rainey, Roy Alvin, New York, 1918.
Rea, Edith Oliver (Mrs.), Pittsburgh, 1917.
Reid, Mrs. Elizabeth Mills, Purchase, N. Y., 1915-16-17-18.
Rice, Eleanor Elkins, Newport, 1916-17-18.
Robinson, Lucius W., Punxsutawney, Pa., 1917.
Rockefeller, John D., New York, 1915-16-17-18-19-20.
Rockefeller, John D., Jr., New York, 1916-17-18-19-20.
Rockefeller, William, New York, 1915-16-17.
Roebling, Charles G., New York, 1915-16-17-18.
Roebling, Washington A., Trenton, 1915-16-17-18.
Rogers, Mrs. Grace Rainey, New York, 1918.
Rosenbloom, Sol., Pittsburgh, 1917-18-19-20.
Rosenwald, Julius, Chicago, 1915-16-17-18-19-20.
Ryan, Thomas F., New York, 1915-16-17.
Sayles, Frank A., Pawtucket, R. I., 1915-16-17-18-19.
Schiff, Jacob H., New York, 1915-16-17-18.
Severance, John L., Cleveland, 1917.
Shaffer, Charles B., Chicago, 1916-19.
Sinclair, H. F., New York, 1916-17.
Smathers, Elmer E., New York, 1916-19.
Snyder, W. P., Pittsburgh, 1916-17.
Starkey, W. P., Harrisburg, 1916-17.
Steele, Charles, New York, 1915-16-17-18.
Stillman, James, New York, 1915-16-17-19.
Stone, Galen L., Brookline, Mass., 1915-16-19.
Stotesbury, Edward T., Philadelphia, 1915-16-17-18.
Straight, Mrs. Dorothy Whitney, New York, 1915-16-17-18.
Strong, Henry A., Rochester, 1915-16-17.
Taylor, Henry A. C., New York, 1915-16-17-18.
Tracy, David E., Harrisburg, 1916-17.
Twombley, Florence A. V., New York, 1915-16-17-18.
Ulman, J. Stevens, New York, 1916-17.
Vanderbilt, Frederick W., New York, 1915-16-17-18.
Vanderbilt, William K., New York, 1915-16-17-18-20.
Vincenti, Charles, Baltimore, 1919.
Walters, Henry, Baltimore, 1916-17-18-19-20.
Webb, Charles J., Philadelphia, 1918.
Webb, Electra H., New York, 1918-19-20.
Wellington, William H., Boston, 1918.
Whelan, George J., New York, 1919.
Whitman, William, Brookline, Mass., 1920.
Whitney, Harry Payne, New York, 1915-16-17-18.
Whitney, Payne, New York, 1915-16-17-18-20-20.
Widener, Joseph E., Elkins Park, Pa., 1916-17-18.
Wilks, H. Sylvia A. H. G., New York, 1917-18.
Willys, John N., Toledo, 1915-16-17.
Winthrop, Kate W., New York, 1915-16-17-18.
Wood, William M., Andover, Mass., 1918.
Woolworth, F. W., New York, 1915-16-17.
Wrigley, William Jr., Chicago, 1917.

APPENDIX U

Insiders dividends, 1934

Company	Officer	Shares held	Received in 1934
Allegheny Steel Corp	H. E. Sheldon, president	84,056	63,042
American Stores	Sam Robinson, president, director.	78,805	39,402
American Telegraph & Telephone.	G. P. Gardner, director	3,650	32,850
American Water Works & Electric.	S. Porter, director	30,058	30,058
Armour & Co	Elisha Walker, director	18,900	28,350
Bohn Aluminum & Brass Corporation.	C. B. Bohn, president, director.	39,852	119,556
Bon Ami Co	Eversley Childs, chairman.	67,750	271,000
Borden Co	M. L. Hendler, director	20,494	32,790
Briggs & Stratton Corporation	S. F. Briggs	51,350	74,458
Burroughs Adding Machine	A. J. Doughty, vice president, director.	73,130	$47,534
Celanese Corporation of America	D. G. Geddes, director	8,500	59,500
Columbian Carbon	F. F. Curtse, president, director.	13,500	45,900

APPENDIX U—Continued

Insiders dividends, 1934—Continued

Company	Officer	Shares held	Received in 1934
Columbia Pictures Corporation	Harry Cohn, director	53,574	$26,787
Consolidated Gas (N. Y.)	L. M. Greer, trustee	15,300	34,425
Commercial Investment Trust	Alex D. Nast, Sr., vice president.	21,583	43,166
Continental Can Co., Inc	Thomas G. Cranwell, director.	22,316	70,253
Corn Products Refining	G. M. Moffett, president	67,225	201,675
E. I. du Pont de Nemours & Co	E. du Pont, director	92,503	286,759
Do	C. Copeland, secretary	60,000	180,000
Do	L. du Pont, president	42,035	130,308
Freeport Texas Co	J. H. Whitney, director	18,450	36,900
General American Transport	Max Epstein, chairman	35,349	35,349
General Mills	J. F. Bell, director	20,314	60,942
General Motors Corporation	C. F. Kettering	446,737	670,105
Do	Pierre S. du Pont	121,632	182,448
Gillette Safety Razor	H. J. Gaisman, director	36,600	36,600
Great Western Sugar Co	H. Havemeyer, director	231,645	555,948
Harbison Walker Refractories	H. W. Croft, chairman	46,610	29,131
Hercules Powder	J. T. Skelly, vice president, director.	17,000	59,500
S. S. Kresge Co	S. S. Kresge, chairman	1,285,984	1,028,787
Do	Charles B. VanDusen, president.	64,102	51,281
Do	R. R. Williams, vice-president.	46,563	37,250
S. H. Kress & Co	Samuel H. Kress, chairman.	680,238	1,700,595
Do	Rush H. Kress, director, vice-president.	62,426	166,095
Loose-Wiles Biscuit Co	Ella C. Loose, director	30,250	60,500
R. H. Macy & Co	P. S. Strauss, president	251,335	502,670
Do	J. I. Strauss, vice president.	15,564	31,128
Melville Shoe	F. Melville, Jr., chairman	60,750	109,350
International Business Machine	E. Hewitt, director	18,105	108,630
Do	A. Ward Ford, director	14,890	89,340
Do	C. S. Smithers, director	12,044	72,264
Kendall Co	Henry P. Kendall, president.	162,089	89,149
Minneapolis-Honeywell Regulator.	W. R. Sweate, chairman	16,747	50,241
Do	M. C. Honeywell, director.	12,828	38,484
Nash Motors Co	G. C. Lee, director	77,089	57,817
National Dairy Products	H. W. Breyer, Jr., director.	5,060	34,996
J. J. Newberry Co	C. T. Newberry, chairman.	101,025	80,820
J. C. Penney Co	J. C. Penney, director	24,430	107,492
Peoples Drug Stores	M. G. Gibbs, president, director.	97,422	146,133
Plymouth Oil Co	M. L. Benedum	129,476	97,107
Do	W. M. Henderson	52,903	39,678
Pullman, Inc	George F. Baker	25,250	75,750
Scott Paper Co	Edward S. Wagner, vice president.	32,583	80,643
Do	Thomas B. McCabe, president.	32,583	80,643
Simms Petroleum Co	J. J. Raskob	51,900	28,545
Socony-Vacuum Oil Co	J. D. Rockefeller, Jr	5,114,370	3,068,622
South Porto Rico Sugar Co	H. Havemeyer, director	29,584	71,001
Spencer Kellogg & Sons	H. Kellogg, president	57,100	75,035
Standard Brands, Inc	J. Wilshire, president	51,225	51,225
Standard Oil of Kansas	B. Wrightsman	39,600	79,200
Standard Oil of New Jersey	J. D. Rockefeller, Jr	2,142,422	2,678,027
Sun Oil Co	A. E. Pew, Jr	38,563	38,563
Do	J. H. Pew, president	175,718	175,718
Do	J. N. Pew, vice president	161,361	161,361
Timken Roller Bearing	W. R. Timken, vice president.	299,952	344,956
Trico Products Corp	I. Harris, director	29,131	72,827
Do	S. H. Evans, secretary	17,456	43,640
Underwood-Elliott-Fisher	K. B. Schley, director	17,670	28,713
United Carbon Co	Oscar Nelson, president	18,303	34,226
Walgreen Co	C. R. Walgreen, president, director.	48,671	48,671
Wm. Wrigley Jr. Co	Phillip K. Wrigley, president, director.	119,682	479,925

Labor Research Association, New York City.

APPENDIX V

Dividends of certain executives in 1934 on basis of stocks held in steel and metal companies

Company	Officer	Received in 1934	Shares held [1]	Would receive 1935
Allegheny Steel Corporation	H. E. Sheldon, president	$63,042	84,056	$84,056
American Machine & Foundry.	R. L. Patterson, president, director.	40,453	50,566	40,453
Bohn Aluminum & Brass Corporation.	C. B. Bohn, president, director.	119,556	39,852	119,556
Borg Warner (auto accessories).	D. D. Francis	13,250	10,600	15,900
Briggs & Stratton Corporation (auto accessories).	S. F. Briggs	74,458	51,350	154,050
Continental Can Co., Inc	Thomas G. Cranwell, director.	48,351	22,316	53,558
Do	Carle C. Conway, chairman.	47,938	22,125	53,100

[Footnote at end of table]

APPENDIX V—Continued

Dividends of certain executives in 1934 on the basis of stocks held in steel and metal companies—Continued

Company	Officer	Received in 1934	Shares held	Would receive 1935
Electric Auto-Lite (auto accessories)	C. O. Miniger, chairman	[2] $30,314	[3] 41,552	$30,314
General Electric Co	G. P. Gardner, director	48,182	80,303	48,182
General Motors Corporation	C. F. Kettering	[4] 670,105	446,737	446,737
Do	Pierre S. duPont	[4] 182,448	121,632	121,632
Do	Lammot duPont	[4] 73,650	49,100	49,100
Mesta Machine Co	J. C. Horning, director	14,742	10,920	16,380
Do	Lorenz Iverson, president	89,685	67,100	99,650
Do	F. A. Mesta, vice president	28,893	21,403	32,105
National Steel Corporation	E. T. Weir, chairman	52,066	52,066	[5] 58,574
Pullman, Inc	George F. Baker, director	75,750	25,250	75,750
Timken Roller Bearing Co	W. R. Timken, vice president	374,953	299,962	299,962
Trico Products Corporation	T. Harris, director	72,828	29,131	72,828
Young Spring & Wire Corporation	L. A. Young, president, trustee, director	140,107	140,107	140,107
Westinghouse Air Brake Co	F. Byers, director	15,194	20,259	10,130

[1] December 1934.
[2] Preferred only.
[3] Common; also holds 2,902 shares preferred.
[4] Includes extra payment.
[5] Includes extra authorized January 1935.

Labor Research Association, New York City.

APPENDIX W

Class I railways[1] *(excluding switching and terminal companies)*

OPERATING REVENUE, ACCRUED INTEREST ON FUNDED AND UNFUNDED DEBT, DIVIDEND APPROPRIATIONS, AND COMPENSATION OF RAILROAD EMPLOYEES

Year	Operating revenue (thousands)	Accrued interest and dividend appropriations			Employees compensation (thousands)
		Interest (thousands)	Dividends (thousands)	Total (thousands)	
1920	$6,178,121	$535,178	$325,791	$860,964	$3,681,801
1921	5,516,598	557,911	453,082	1,010,993	2,765,218
1922	5,559,093	552,009	334,546	886,555	2,640,817
1923	6,289,580	555,183	405,191	960,374	3,004,072
1924	5,921,406	585,436	379,459	964,895	2,825,775
1925	6,122,510	582,118	404,540	986,658	2,860,600
1926	6,382,940	581,139	467,493	1,048,632	2,946,114
1927	6,136,300	587,062	561,928	1,148,994	2,910,183
1928	6,111,736	581,172	504,372	1,085,544	2,826,590
1929	6,279,521	583,109	555,602	1,138,801	2,896,566
1930	5,281,197	591,219	596,505	1,189,724	2,550,789
1931	4,188,343	601,449	397,611	999,060	2,004,904
1932	3,126,760	607,398	147,450	754,848	1,512,816
1933	3,095,404	607,289	156,065	763,355	1,403,841

[1] Includes nonoperating lessor companies subsidiary to class I companies.

APPENDIX W—Continued

Class I railways (excluding switching and terminal companies)

INDEX NUMBERS

Year	Operating revenue (thousands)	Accrued interest and dividend appropriations			Employees compensation (thousands)
		Interest (thousands)	Dividends (thousands)	Total (thousands)	
1920	$100.0	$100.0	$100.0	$100.0	$100.0
1921	89.3	104.2	139.1	117.4	75.1
1922	90.0	103.1	102.7	103.0	71.7
1923	101.8	103.7	124.4	111.5	81.6
1924	95.8	109.4	116.5	112.1	76.7
1925	99.1	108.8	124.2	114.6	77.7
1926	103.3	108.6	143.5	121.8	80.0
1927	99.3	109.7	172.5	133.5	79.0
1928	98.9	108.6	154.8	126.1	76.8
1929	101.6	109.0	170.6	132.3	78.7
1930	85.5	110.5	183.7	138.2	69.3
1931	67.8	112.4	122.0	116.0	56.9
1932	52.2	113.5	45.3	87.7	41.1
1933	50.1	113.5	47.9	88.7	38.1

RATIO OF EMPLOYEES' COMPENSATION, ACCRUED INTEREST ON FUNDED AND UNFUNDED DEBT, AND DIVIDEND APPROPRIATIONS TO GROSS OPERATING REVENUE

Year	Employees' compensation		Accrued interest		Dividend appropriations		Total accrued interest and dividend appropriations	
	Ratio	Index no.	Ratio	Index no.	Ratio	Index no.	Ratio	Index no.
1920	0.596	100.0	0.087	100.0	0.053	100.0	0.139	100.0
1921	.501	84.1	.101	116.7	.082	154.7	.183	131.7
1922	.475	79.7	.099	114.7	.060	113.2	.159	114.4
1923	.478	80.2	.088	102.0	.064	120.8	.153	110.1
1924	.477	80.1	.099	114.2	.064	120.8	.163	117.3
1925	.467	78.4	.095	109.8	.066	124.5	.161	115.8
1926	.462	77.5	.091	105.2	.073	137.7	.164	118.0
1927	.474	79.6	.096	110.5	.092	173.6	.187	134.5
1928	.463	77.6	.095	109.8	.083	156.6	.178	128.1
1929	.461	77.4	.093	107.3	.088	166.0	.181	130.2
1930	.483	81.1	.112	129.2	.113	213.2	.225	161.9
1931	.500	83.9	.144	165.8	.095	179.2	.239	171.9
1932	.484	81.2	.194	224.4	.047	88.7	.241	173.4
1933	.454	76.1	.196	226.6	.050	94.3	.247	177.7

Source: Report on Wages and Salaries, Federal Coordinator of Transportation, May 1935.

APPENDIX X

Internal revenue of the United States Government by classes of tax for the fiscal years 1930–35

Class of tax	1930		1931		1932	
	Amount	Percent	Amount	Percent	Amount	Percent
Corporate income	$1,233,000,000	41.5	$1,026,000,000	42.3	$630,000,000	40.4
Individual income	1,147,000,000	37.8	834,000,000	34.3	427,000,000	27.4
Total income	2,410,000,000	79.7	1,860,000,000	76.6	1,057,000,000	67.8
Indirect taxes	630,000,000	20.7	568,000,000	23.4	501,000,000	32.2
Total revenue	3,040,000,000	100	2,428,000,000	100	1,558,000,000	100

Class of tax	1933		1934		1935	
	Amount	Percent	Amount	Percent	Amount	Percent
Corporate income	$394,000,000	24.3	$398,000,000	14.9	$573,000,000	17.4
Individual income	353,000,000	21.8	420,000,000	15.7	526,000,000	15.9
Total income	747,000,000	46.1	818,000,000	30.6	1,099,000,000	33.3
Indirect taxes	873,000,000	53.9	1,484,000,000	55.5	1,671,000,000	50.7
Processing taxes			371,000,000	13.9	526,000,000	16.0
Total revenue	1,620,000,000	100	2,673,000,000	100	3,297,000,000	100

From Interprofessional Association of Social Insurance, New York City. In "indirect" taxes are included the small amounts of estates and gift taxes.

APPENDIX Y

American Federation of Labor unemployed estimates

	Total unemployment estimate of total number unemployed in the United States	Trade-union unemployment percent of membership unemployed (weighted)
1930—January	3,216,000	12.5
February	3,565,000	14.0
March	3,843,000	13.6
April	3,188,000	13.3
May	3,090,000	13.3
June	3,250,000	14.3
July	3,714,000	15.7
August	4,101,000	16.0
September	4,150,000	14.6
October	4,639,000	14.1
November	5,364,000	15.9
December	5,541,000	16.6
1931—January	7,160,000	19.8
February	7,345,000	19.0
March	7,008,000	18.1
April	6,739,000	17.6
May	6,750,000	17.1
June	6,541,000	18.2
July	7,198,000	18.8
August	7,357,000	19.2
September	7,303,000	19.4
October	7,778,000	19.5
November	8,699,000	20.1
December	8,908,000	21.8
1932—January	10,197,000	23.1
February	10,486,000	23.0
March	10,739,000	22.5
April	10,990,000	22.8
May	11,470,000	22.8
June	11,853,000	23.6
July	12,300,000	25.4
August	12,344,000	25.1
September	11,767,000	24.8
October	11,586,000	23.9
November	12,008,000	24.2
December	12,124,000	24.9
1933—January	13,100,000	25.8
February	13,294,000	26.0
March	13,689,000	26.6
April	13,256,000	26.1
May	12,896,000	25.8
June	12,204,000	25.5
July	11,793,000	24.1
August	10,969,000	23.7
September	10,108,000	22.4
October	10,122,000	21.7
November	10,651,000	22.0
December	10,769,000	22.8
1934—January	11,755,000	22.6
February	11,443,000	22.0
March	10,849,000	21.3
April	10,551,000	20.7
May	10,248,000	20.0
June	10,310,000	19.6
July	10,793,000	20.8
August	10,821,000	21.6
September	10,950,000	20.3
October	10,706,000	20.0
November	11,102,000	21.1
December	11,018,000	21.2

Unemployment in May 1935 exceeded 11,000,000. (Partially revised figures not comparable with above.)

APPENDIX Z

House Joint Resolution 341

(Introduced by Mr. LUNDEEN June 29, 1935)

Joint resolution proposing an amendment to the Constitution of the United States to permit the taxation of tax-exempt securities

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution, which shall be a valid part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. The Congress of the United States and the legislature of any State shall have the power, after the ratification of this article, to lay and collect taxes on gains, profits, and incomes, from whatever source derived, including gains, profits, and incomes derived from securities issued, whether before or after the ratification of this amendment, under the authority of the United States, the authority of any of the several States, and the authority of any subsidiary government of any State, including municipalities.

"SEC. 2. This article shall be inoperative unless it shall have been ratified by three-fourths of the several States within three years from the date of submission hereof to the States by Congress."

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I did not think the genial and courteous gentleman from New York [Mr. WADSWORTH] could be so cruel to our friends, Mr. HUEY LONG and CHARLIE TRUAX, as to publicly denude their pet hobby with incontrovertible facts. The facts presented by the gentleman from New York did undress the "share the wealthers", and I think the gentleman from Ohio [Mr. TRUAX] will feel better after he reads those facts and thinks about them.

The gentleman from Michigan [Mr. MCLEOD], in the opening sentence of his speech, struck the keynote of the present situation. He said that on the 4th of March, 1933, this Government faced the greatest crisis in its history. That is true. He ought to have left that out, because it reminds the people of the United States of all that went before, of the 4 years of Hooverism, and of what the greatest economist who ever sat on the Republican side of the House, Mr. Will Wood, of Indiana, once said about that same gentleman. You will find in the RECORD that he said that Mr. Hoover was the most extravagant piece of furniture with which this Government had ever been afflicted.

President Hoover brought on the extravagance era of this Nation. Four years with over $5,000,000,000 deficit, an average of considerably over a billion dollars deficit a year during his administration, and we who remember the history that preceded cannot forget all of that terrible orgy of graft and corruption, when a Republican Secretary of the Navy was kicked out of office for improper action in the Teapot Dome scandal; when a Republican Secretary of the Interior accepted a bribe of $100,000 of spot cash money carried in a little black satchel here in Washington, and was finally sent to the penitentiary.

We also remember that a Republican Treasury Department under Mellon handed back to rich Republican favorite millionaires the people's tax money, which they had spent much tax money to collect, in the amount of hundreds of millions of dollars in rebates on income taxes.

That was the beginning of the downfall, thrift, and happiness in this Government and all of the wasteful spending in Washington that started the great spending program. It started with President Hoover building that great white-elephant Commerce Building down there covering three blocks, where they tore down and junked expensive fine buildings worth millions of dollars in order to put that oversized structure in their place, and it now takes an Indian guide almost to help the employees find their way about it without getting lost.

The last 3 years of President Hoover's administration showed a deficit of $5,059,540,262. For the year 1931 the deficit was $902,317,845. For the year 1932 the deficit was $2,880,184,249. For the year 1933 the deficit was $1,277,038,168, thus making a total deficit of $5,059,540,262 for the last 3 years of President Hoover's administration.

Mr. EKWALL. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. With their special elevators——

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. BLANTON. Building that unwieldly oversize Commerce Building was the beginning of Government extravagance—with their special private elevators for high-hat officials there, and specially built limousines with high tops in them for the high-top silk hats of Postmaster General Browns.

Mr. EKWALL. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. We have not forgotten that.

The CHAIRMAN. Does the gentleman from Texas yield?

Mr. BLANTON. I am sorry, but I cannot yield in 2 minutes. That was what we Democrats, with 15,000,000 heads of families out of jobs, faced; that was the crisis we faced on March 4, 1933.

I hope that this depression will soon be over, and we can get back to the proposition of abolishing all of these alphabet bureaus. I want to see the time come soon when this Government will return to the alphabet all of the 26 letters that we have borrowed from it, with which to designate bureaus. I want us to cut down the expenses of this Government, I want to see every unnecessary bureau abolished, the hundreds of them that are rising up here, like toadstools. I want us

to get back to fundamentals, and I believe that just as soon as we can get out of this depression and get on our feet, the President in the White House and his administration and the Democratic Congress are going to abolish more bureaus overnight than you Republican brethren ever dreamed of doing.

Mr. HOFFMAN. When?

Mr. BLANTON. Wait until we get back here next year and you will see some good work in that direction. You will see Mr. BUCHANAN, the great and able Chairman of the Committee on Appropriations, look carefully at every single estimate, and they will have to show him it is necessary for the people before he places any sum whatsoever in an appropriation bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 6 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I deeply regret that my good friend, Mr. BLANTON, from Texas, freely admits that the gentleman from New York [Mr. WADSWORTH], has denuded—I think that was the term he used——

Mr. BLANTON. Undressed is a better word.

Mr. TRUAX. Undressed the program of HUEY LONG and myself. In reply to the gentleman I say that that program has been repeatedly denuded by more illustrious gentlemen than those mentioned, if such a thing is possible. I dislike to repeat that old parable that figures do not lie, but that some people do figure wrong, or words to that effect. I admit that if the redistribution was to be done by the gentleman from New York, that $5.80 per person would be quite generous in his opinion. Whenever this program is really undressed and held up to 95 percent of the American people who are today without income, without jobs, without property, I want the undressing to be done by a friend of this program, and not by one who may be unfavorably affected by the adoption of such a tax-the-rich program in this country.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. Not now.

Mr. HOFFMAN. Just for a question.

Mr. TRUAX. In a moment. Mr. Chairman, we hear a lot of platitudes here from the Republican side. You older Members have heard those same platitudes for a good many years. We hear from a distinguished Member from New York, on the Republican side, that President Roosevelt and the Democratic Party destroyed the credit of the United States of America. Can you imagine anything so utterly grotesque? Why, my friends, you farmers all know that you cannot kill an animal that is already dead. You cannot destroy the credit of the United States when that credit was utterly destroyed and prone and prostrate when Herbert Hoover walked out of the White House on March 4, 1932.

Oh, what a feeble thing the memory of man sometimes is! Do not you remember, as I remember, the 10,000 banks that closed their doors before Mr. Hoover retired? As soon as President Roosevelt was inaugurated he spent all the day Sunday with his advisers, and on Monday morning at 3 o'clock there appeared in a special edition of the Washington newspapers his pronouncement and manifesto that all of the banks should close for 10 days; that the shipment of gold from this country should cease forthwith; that boats and vessels should be stopped and searched for gold and that gold should be seized. Why talk about destroying credit? You had not only destroyed the credit, but you were delivering the country unto its foreign enemies. [Applause.]

In Cleveland, Ohio, at the Federal Reserve bank there were trucks backed up at the curb. Those trucks were guarded by soldiers, and men were walking in and out of the vaults of the Federal Reserve bank, carrying gold to the trucks and transporting it away; yet you have the audacity, you have the gall, to say that we destroyed credit when we abandoned the gold standard and forbade you from suing the Government to recover on sales. Why, these Republican gentlemen say we are going to "soak the rich", yet in the same breath they say that this bill will not yield additional revenue. I call their attention to the fact that in 1934 we collected $1,000,000,000 more revenue than in 1933; and we collected nearly $2,000,000,000 more than you collected in 1932.

Now, as to this program, for 8 years I have advocated that all incomes be limited to $50,000 a year. I still advocate that, and shall offer an amendment to accomplish that purpose. [Applause.]

Ridicule is always the defensive weapon of the selfish, the greedy, and the fool. Confront him with facts and he replies with evasion and distortion. Pin him with logic and he answers with ridicule. The only argument offered to us thus far in opposition to this bill by Republican members of the Ways and Means Committee and Republican politicians and Republican aspirants for the Presidency is denial, evasion, and ridicule. This is the same argument used by the wealthy city plutocratic newspapers. It is the same argument used by the rich and near-rich who will be unfavorably affected by this legislation. As the crooked, plundering public-utility holding companies conveniently coined that catch phrase "death clause", so these aristocrats of wealth have coined those catchy phrases "soak the rich", "penalize thrift", and "soak the thrifty", and sundry and divers excuses, alibis, and falsehoods.

We find in the Republican minority attack on the tax bill the following:

> That it is nothing but a political gesture seems to be universally conceded. That it will fail to raise any appreciable amount of revenue cannot be denied.

Yet they are forced to admit that this new bill will raise at least $275,000,000 or $300,000,000 and in a prosperous year perhaps $400,000,000. Of course, these old-guard reactionaries consider the foregoing sums, no doubt, as mere pin money, trifling amounts.

They further state:

> The extravagance and wasteful expenditures of the Democratic administration cannot be met merely by "soaking the rich."

You will note that only a few lines ahead of this they say that it is a "political gesture" and will "fail to raise any appreciable amount of revenue." Then in the very same breath they again contradict themselves by saying "the bill borders on the point of actual confiscation", and yet will mean "but $2.25 for each of our 120,000,000 people." Oh, consistency, what a priceless jewel art thou! I beg of you to find it in any of the statements of the minority members of the Ways and Means Committee.

Henry Ford, the billionaire automobile manufacturer, who started in life as a poor, humble workman and who celebrated his seventy-second birthday on July 30, in his declining years has gone plutocratic. Says Henry, in a newspaper interview:

> The proposed share-the-wealth taxes will not share the wealth, and there are no rich to "soak." They are a figment of political imagination on the one hand and a new form of destruction on the other.

May I not suggest, dear Henry, that the French royalists and tories of the seventeenth century had figments of imagination to such a marked extent that while wallowing in luxury, extravagance, and ill-gotten wealth they told the common people "to eat grass" and were guillotined and their heads severed and paraded to serve as gory reminders to those who had been trampled underfoot, impoverished, underfed, and underclothed.

These money kings who lorded it over their peasants and subjects during the imperial reign of the Romanoff Tsars without doubt experienced horrible figments of imagination and illusions as they were being lined up in front of a stone wall preparatory to being shot down, and their enormous riches redistributed by the method then in vogue in Soviet Russia.

We find that the Wall Street bankers, those who would have been insolvent months ago except for the heroic assistance of Franklin D. Roosevelt and the Seventy-third Congress and many of whose officials should be behind the iron bars of the penitentiary instead of the brass wickets of the banks have this interesting contribution to offer:

> We oppose this new tax program first of all on the ground that its enactment would threaten the orderly and efficient operation

of our present industrial system. The inherent justice of share-the-wealth programs is a question of social philosophy on which opinions will always differ. But the practical effects of such measures on the operation of our competitive industrial system constitute an economic problem in which some analysis is possible.

Shame on you, brigands and prostitutes of an unsound banking and currency system. If the common people of this country ever rise in their might and wrath, the banking system would be taken over by the Government and you would indeed be lucky to secure positions as clerks, tellers, and cashiers.

That erstwhile somewhat prominent national figure, but now considerably shopworn and threadbare, Mr. Bainbridge Colby, once Secretary of State in the Wilson Cabinet, vouchsafes:

The tax proposals Congress is now compelled to wrestle with are grotesque from the standpoint of any rational taxation. One might describe the whole incident of this belated program as the answer of a startled and timorous demagogy in Washington to the brazen and conscious demagogy of the Kingfish.

The newspaper which carries Colby's statement refers to him as a prominent Democrat. I deny the charge. He is a prominent Democrat today as John W. Davis is a prominent Democrat, as John J. Raskob is a prominent Democrat. These men are Democrats for revenue only. They could not use President Roosevelt, and he could not use them. They have consistently been against the President and will continue to be against him. They believe in a government of the rich, for the rich, and by the rich.

That great Republican White House hope, the distinguished Senator from Michigan, with the three-syllable name has searched vigorously for words to brand the tax program "a pell-mell scheme of political boondoggling and petty shadow-boxing." May I say that this Senator, that this gentleman, with all his bluster, with all his propaganda and publicity in the kept press, is but another Hoover model. If you know not the definition of the word "model", look it up in the dictionary, and you will find it defined "a small imitation of the real thing." Instead of this tax bill being referred to as "shadow boxing", it is the first of a series of knockout punches to the overgrown malefactors of great wealth—the millionaire playboys of the idle rich.

A certain plutocratic newspaper owned by a multimillionaire in an editorial running the full width of his newspaper and about 6 or 8 inches deep, among other things says:

It will dignify HUEY LONG and give his extreme proposals the force of Government approval.

More power to Huey. He certainly is on the right side when he advocates sharing the wealth, decentralization of vast wealth, and providing every common man and woman with a job and a home.

This plutocratic paper further says that—

The childish arguments about breaking up colossal fortunes, acceptable as they are likely to be to the unthinking, are shot through with practical difficulties. * * * The mere process of tax collection is likely to completely bolshevize American economic life.

Why, my dear friends, do you not know that the concentration of wealth in the hands of the overprivileged few and their stubborn refusal to part with any of it, their hoggishness and insane desire not only to retain what they have but to accumulate more has done more to nearly bolshevize all America than all other factors combined?

In conclusion may I pay tribute to the President of the United States, Hon. Franklin D. Roosevelt, for his courageous stand in the face of a fusillade and barrage of lies, calumny, slander, and smut flung out in a foul and despicable and brazen attempt to save their own selfish hides in identically the same fashion as the lowly skunk looses his stinkpot in the faces of courageous attackers.

May I also commend and congratulate the House Ways and Means Committee and its tireless and inexhaustible chairman, the gentleman from North Carolina, the Honorable ROBERT L. DOUGHTON. Contrary to the misstatements of the minority of the committee, this bill was written by the committee itself. The bill as written provides that 79 percent of all incomes over $50,000 shall be paid into the Government. This amount does not reach my own desires, which are 99 percent. But I remind you that it is only 20 percent short of that full amount which reactionaries and conservatives label as confiscation. It is a splendid start in the right direction. If we can start now with 79 percent, who is there to stand up and proclaim today that the remaining 20 percent will not be reached during the next session of Congress?

As conclusive and incontrovertible evidence to the doubting Thomases, the professional politicians, and the quadrennial aspirants for the Presidency I offer the following statistics from the 1935 report of the Secretary of the Treasury:

Total amount collected by taxes through the Bureau of Internal Revenue

1931	$3,189,638,632
1932	2,005,725,437
1933	2,079,696,742
1934	3,115,554,050
1935 (estimate)	3,711,000,000
1936 (estimate)	3,991,904,639

NOTE.—Exclusive of the present tax bill now under consideration estimated to yield $275,000,000.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRUAX] has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN of Pennsylvania. Mr. Chairman, this bill, like many other bills which our progressive and humane President has presented to Congress, will, if enacted into law, give some relief to the poor of our country. The amount of money asked for in this bill, in my opinion, is insufficient. It is our duty as Representatives of the people to do all in our power to sponsor and support legislation which will alleviate the unnecessary suffering of the people of our country. I do not believe that any man, whether he be a Republican, Democrat, Farmer-Laborite, or Progressive, should oppose this bill [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, two or three generations ago this country brought forth that strange mixture of business man and charlatan known as "P. T. Barnum", whose most famous remark was that "the American people like to be humbugged." So far as I know, he left no descendants; but he has had many successors, and some of them have gone into politics. The bill we now have before us is more deceptive, more fantastic, more grotesque than any side-show exhibit with which the great showman ever taxed the credulity of the American public.

This measure was heralded as one that would "spread the wealth", lift the poor out of their penury, make "every man a king", and keep the wayward State of Louisiana, which had shown some signs of returning to the Democratic Party next year, from leaving the new-deal reservation and running off with the intriguing leader, whom the rules and precedents of the House do not permit me to name.

Just how much wealth will this tax bill spread? Its most optimistic supporters say it will raise $275,000,000. There are 125,000,000 of us among whom to spread it. Being naturally inquisitive—and also somewhat acquisitive—I sat down last night and did some figuring and found that my share would be $2.20. I decided not to telegraph the good news home, fearing the family might turn extravagant, not knowing that I had spent it all in sending the telegram.

I then did some more figuring, and concluded that neither I nor any of the other deserving poor would get even the paltry $2.20. The President has already seen to that. It will take the whole $275,000,000 to pay 1 year's interest on the deficit he has created or to keep the Army and the Navy going for 3 months at the present rate of expenditures for military and naval armaments. He has succeeded in spending $24,000,000,000 in 3 years; at the pace he has set the proceeds of the taxes we are now levying will keep the wolf from the door for exactly 13 days 2 hours 19 minutes and 43 seconds. I was too rusty in mathematics to figure out where and how we shall find the money to keep the Gov-

ernment going during the remaining 352 days of the year, but undoubtedly Felix Frankfurter's precocious sophomores can supply a ready answer.

Admittedly there is one point that I overlooked in my computation. Henry Ford celebrated his seventy-second birthday the other day. He has overlived his allotted three score years and ten, and it may be assumed, unless he is as perverse in his determination to live on as John D. Rockefeller, that in the course of not too many years the revenue collectors will be celebrating his funeral. The motor magnate owns the Rouge River plant, capable of turning out a million automobiles a year, some mines, railroads, warehouses, lake steamers, and assembly plants, presumably two or three homes, and a whole village of antiques. The value of it all was once estimated at $1,000,000,000, but that was before the depression. Making allowance for the liberality with which men estimate values for purposes other than taxation, and assuming that Henry Ford's property has shrunk since 1929 in the same proportion as yours and mine, it is likely that his estate will be inventoried at half a billion dollars. Whether it will be worth that much or not depends upon whether, without Henry Ford's directing genius back of it, the plant will continue to earn profits in a highly competitive field. Ten years hence the Rouge River plant may be a factory or it may be junk. Assuming that it will still be a well-managed, highly efficient manufacturing enterprise, how much inheritance-tax revenue will the Government get and how will it proceed to get it?

It is, of course, likely that Mr. Ford has been advised by good lawyers, just as smart as any connected with the Internal Revenue Department, and that he has followed their advice. In that case the rates provided in the present bill will not cause his heirs and executors much embarrassment. But let us assume that he has not disposed of any of his property and that upon his death it descends to Edsel. First comes the State of Michigan and imposes an inheritance tax; then comes the United States Government with an estate tax, against which is allowed a credit of 80 percent of the State inheritance tax paid; and, finally, the United States Government comes again and exacts a Federal inheritance tax. The State and Federal death taxes imposed by existing law would take approximately $300,000,000, leaving to the heir $200,000,000, which by the operation of the pending measure would be reduced by 75 percent to $50,000,000.

Lest I be misunderstood, let me say that I feel no solicitude for Edsel Ford. I would shed no tears if he had only $5,000,000, or half a million, left of his father's $500,000,000. But the question I want to direct to the sponsors of this bill is, How will they proceed to collect $450,000,000 in taxes out of a $500,000,000 estate?

Let us be practical, let us be analytical, let us use our heads, and not be swept off our feet by hysteria. Let us keep our sense of proportion, although men in high places apparently have lost theirs. Some must think straight, some must keep their heads cool and their eyes clear.

Obviously the only way the Government can collect $450,000,000 out of a $500,000,000 estate is to pay the heir his $50,000,000 and keep the property. That procedure would furnish a short cut to socialism; it would in the course of a few years put Uncle Sam into every kind of business in the country; it would destroy economic individualism; it would substitute the Communist manifesto for the American Constitution.

On principle I believe in a high inheritance tax; I believe in the highest inheritance tax that can be collected without disrupting our economic system. But I do not want roast pig badly enough to burn down the house in order to get it, and I would suggest that before we add substantially to death taxes that are already, in the highest brackets, the heaviest in the world, we should give more thought to what we are doing than the Committee on Ways and Means has been able to give to this bill since the President presented his message on June 19.

I assume that the lash wielded at the White House will force this bill through Congress and that it will become a law. The unthinking will applaud and will bestow their votes as a reward. But I make this prediction, and men reading the RECORD 10 years hence will know whether what I said was true, that the net result of the enactment of this measure will be a greater concentration of wealth than any this Nation has yet experienced. Ghouls will prowl among the assets of the dead. Great corporations will be formed to buy tax-distressed estates for a song. These corporations, not the intended recipients of the share-the-wealth program, will be the real heirs, the residuary legatees of the fortunes of America; and their chief stockholders, their directing geniuses, their ultimate owners, will probably reside outside our borders, beyond the jurisdiction of our probate courts, in countries having more moderate tax laws, under governments motivated by good judgment rather than by unreasoning revenge. Thus the wealth of the United States will be siphoned off and used to enrich and invigorate other nations, while our own industry, denied the lifegiving element that once caused it to flourish and grow, will languish and atrophy. Only one thing can prevent that consummation—an emphatic rejection by the American people of the false philosophy of the present administration, and their reassertion of the principles which made this Nation strong and great.

When the President sent to the Congress the astounding message in which he ran up the white flag and capitulated to Louisiana, he astonished the Nation by advancing one sound idea. He proposed that the Constitution be so amended as to make income from Federal, State, and municipal securities taxable. Two years ago I introduced a resolution submitting such an amendment, as did other Members of this House. At first word came from the Treasury Department that the adoption of such a resolution would interfere with the administration's financial plans. Then, quite abruptly, the Secretary of the Treasury appeared before a committee of the House and announced a reversal of that position, presenting an argument that was singularly characteristic in that it disclosed that the speaker did not know much about the subject he was discussing. So persuasive was his argument in favor of the proposed reform that the committee at once proceeded to bury the bill.

With others I was quite hopeful when on June 19 the President made the taxation of tax exempts a part of his "must" program; a peremptory command from the throne must needs be heeded. But although the tax bill designed to spread the wealth is before us, no one, so far as I have been able to learn, has heard what has become of the bill that was intended to force out of their bomb-proof retreats the Shylocks who live on interest collected from the taxpayers. The situation suggests some questions. When is a "must" bill not a "must" bill? Is there a solicitude for those who clip coupons that is denied those who assume the hazards of business by investing in common stocks? Is interest more sacred than dividends? Is the man who finances socialistic enterprises like T. V. A. entitled to more consideration than he who risks his money, despite the onslaughts of an unfriendly administration, on such capitalistic enterprises as mills, mines, stores, farms, and factories?

Let me call to the attention of you of the majority that a law placing upon income from Government securities the same tax as other income pays would yield almost twice as much revenue as the present measure. Let me call to your attention that unless you tax income from tax exempts, your plan to prevent the accumulation of huge fortunes by taxation will miscarry, for men of great wealth will only put more of their capital in Government bonds and thus avoid the tax. Let me call to your attention that if you place a heavier penalty on those who assume the risks of business while continuing to exempt those who seek refuge behind the breastworks of Government credit, you will not only postpone indefinitely the recovery for which you hope but you will irreparably injure the morale and the character of the American people, making them a nation of shirkers instead of one of workers.

I believe in a more equitable distribution of wealth and in the efficacy of taxation as a means to accomplish it, but

I respectfully suggest that the method which you are pursuing will not produce the results you seek. Your present program, instead of spreading wealth, will further concentrate it.

Segregate earned and unearned income for purposes of taxation, and place a heavier burden upon the latter and thus help to relieve the burden upon the former, and you will encourage the entrepreneur and discourage the hoarder.

Revive industry by making it more profitable to take the risks of business than to hold a mortgage on the plant.

Graduate taxes on interest income on the basis of the rate of interest rather than on the basis of the amount of interest collected and thus use the taxing power to force such a reduction in interest rates as will restore the ratio of debtor income to creditor income which prevailed before the climactic readjustment of 1929 forced debtor income down.

Follow this program and you will place several billions of additional buying power in the hands of the debtor group, whose inability to buy caused the present business paralysis and put 11,000,000 men out of work. Do it, and you will spread more wealth among the people of the country every year than will all your futile and fatuous programs of made work; do it, and you will enrich those who labor, plan, direct, and take risks, without drawing upon the National Treasury, without further unbalancing the Budget, without bringing the Government nearer to the brink of bankruptcy.

The plan embodied in the bill we are now considering operates in favor of the speculator, the usurer, and the parasite; it serves the idle owner of sterile wealth and places the curse of futility upon all who work; it leaves the Nation sliding down a steep decline to insolvency, inflation, and repudiation.

I am informed that in another body an effort will be made to amend the bill so as to make it truly a revenue measure. With that effort I am in sympathy, for I am convinced that when profligate and excessive spending leaves a nation confronted with the dilemma of inflation or burdensome taxation the lesser of the two evils is taxation. Taxation will take a large part of what we have; inflation would take it all. Soon we shall have brought home to us that we cannot spend extravagantly without being taxed excessively, that we cannot dance without squaring accounts with the fiddler.

Some day every voter in the country will become tax conscious. When that time comes politicians will no longer be able to buy the people's favor with the people's money. In the past, as someone has said, the surest way to win political promotion has been to vote for all appropriations and against all taxes. During the time I have been in Congress I have voted against measures representing about $14,000,000,000 in expenditures, and it is my present purpose to tempt the fates further by supporting such amendments as may be proposed that will tend to make this bill a Budget-balancing measure.

In order to meet the present fiscal emergency it will be necessary, in my opinion, to increase taxes; not only on incomes of $1,000,000 and over, as the President suggested, or on $50,000 and over, as the committee has recommended, but on all incomes over $5,000. It will be necessary to lower exemptions, especially those of single persons without dependents.

Any excess of income over $1,000,000 is now taxed at 63 percent. There should be no quarrel with the proposal to increase the rate in that bracket. Nor should there be any serious objection to boosting the levy on incomes exceeding $50,000. But if we stop there we shall get only $45,000,000 a year in additional revenue. There were in 1933 only 46 persons in the country who earned $1,000,000 or more, and the aggregate income of those earning $50,000 or more is not great enough to supply more than a small fraction of the money which the Government requires even if we took it all. Before we recover from the spending spree of the past 3 years every person in the United States will have a headache. There is only one formula that will insure national solvency, and that formula combines rigid economy and painful taxes.

The framing of a tax bill that will meet our present needs, and at the same time distribute the burden fairly, is a herculean task. It involves too much investigation and study to be accomplished during the dog days of a spent session. It is unfortunate that the exigencies of politics should require us to take snap judgment and to pass a measure which will satisfy neither those who want to balance the Budget nor those who wish to spread wealth.

There is an intriguing appeal in the idea of narrowing, so far as it can be done, the gap between wealth and poverty. Every humane and right-thinking man hopes and plans for that day of greater social justice when few shall be too rich and none too poor. But while we hope and plan and work toward that end let us save the people the disillusionment that will surely be theirs if they accept salvation at the hands of those who are now engaged in selling them a gold brick.

As a corollary to Barnum's cynical comment on the gullibility of the American people, let me cite the wiser, sounder, truer words of Abraham Lincoln:

> You can fool all the people a part of the time and a part of the people all the time, but you can't fool all the people all the time.

[Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. CHRISTIANSON] has expired.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Chairman, this is not a revenue measure. It is not even a tax bill. We all know it. It was conceived in politics and its whole purpose is political. It does not even begin to start to meet the deficit. If it were a revenue measure it ought to raise some revenue. We all know that the bulk of the taxable income is below the level of this bill. It is from the $5,000 to $50,000 incomes, not touched by this bill at all. I hope that a motion to recommit will be made that will extend the base of this bill into the revenue-producing incomes.

I think this bill started off as a sort of smart-aleck stunt, and they got their foot into it. They tripped, and now they have to go through with it. If it were sincere, if its purpose were genuine, and if it is because of the necessity of raising more money, why did you not bring this bill in in January when you brought in the $4,000,000,000 works program? You knew you were going to have to pay for that some day. Why did you not bring in a revenue measure as a companion to the expenditure bill? Why the bum's rush now, trying to put this thing through in a couple of days without proper hearing, without giving the country itself an opportunity to study the bill and its effect?

I think probably from the standpoint of political expediency it would be smart to vote for this bill. However, the time has come when we have to rise with principle above politics. The bill is unscientific. It is unworkable, and I think we all know it. It is a joke. I am going to vote against this bill mainly because it cannot possibly work, and I think most of you know why it cannot work. So long as you leave the opening for evading the tax through the continuing of tax-exempt securities, you will defeat the purpose of any revenue measure limited to the higher brackets.

We have constantly had before committees of Congress the question of eliminating tax exemption. I introduced such a constitutional amendment 5 years ago, but never have been able to get a hearing on it from any committee. There is on the desk now a discharge petition presented by the gentleman from New York [Mr. BACON] to bring to the floor of the House House Joint Resolution 66 to eliminate tax exemption. The President said in his message that we ought to do something about tax exemption. Here is your chance to support the President. Sign that discharge petition and vote out tax exemption. We know that if you wanted to eliminate tax exemption you could do it in 5 minutes by permitting the Judiciary Committee to hold hearings on a bill and report it out. You would not even need a discharge petition.

Mr. McCORMACK. Mr. Chairman, if the gentleman will yield, he must realize that it would take quite a length of time to put in operation a measure taking away the exemption privilege from State and Federal bonds.

Mr. MAAS. I am talking about starting the process, so we can make such a bill effective sometime.

Mr. MICHENER and Mr. HOEPPEL rose.

Mr. MAAS. Mr. Chairman, I yield first to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. There are a number of these resolutions pending before the Judiciary Committee. Hearings were set, Governors of all the States were notified, seven Governors accepted, and we were proceeding with the hearings, when all of a sudden the hearings were called off because it was said, as I was informed, that it might interfere with the financing of Government obligations at this time; and we have not been permitted to hold hearings on the subject the President mentioned in his message several weeks later. The President insists on the abolition of tax-free securities, yet the committee is not permitted to proceed to bring that about.

Mr. MAAS. I thank the gentleman. He and the rest of us know that you could bring up such a measure at any time. We had up the proposition of eliminating tax exemption on the bill providing for the last issue of bonds, but it was voted down under orders.

There has been a great deal of talk today about the greatest crisis this country has ever faced. It was a great crisis, and we Republicans went along with the President on his experimental program, as has been said, to prevent a possible revolution in this country. That program has been proved to be a failure as an economic plan. It has served its purpose as a stopgap.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 1 additional minute to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. I think we all realize that something had to be done and had to be done in a hurry, and it had to be drastic. It was done; and while the things that were done stopped the gap, as economic measures they were unsound. We are off in the wrong direction. Let us have courage enough to get back down to fundamentals and start back in the right direction.

I am willing to follow you and follow the President, if you will give us a program that will be sound and fundamental and that can be permanent.

You talk about the great crisis; we had another great crisis, a Civil War. We were lifted out of that by a Republican administration. If you continue this policy of taxing the revenue-producing States of the North and spending it in the South, there will be another movement for secession, but this time it will be the North from the South.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, this bill—

First. Strikes at the philosophy and foundation of all surplus-over-use property.

Second. Will operate to destroy mass production, producer specialization, and low-cost goods.

Third. The destruction of mass production and producer specialization must lead to high unit costs, low consumption, decreased level of individual possessions, and increased poverty.

Fourth. The bill penalizes bigness. It may destroy bigness. Under our form of government and economic procedure, bigness left free to run riot will destroy our form of government, pauperize our people, and then die of its own sins. Correctly controlled and managed, bigness can, through its agencies of service, bring to the mass of our people comforts they have never dreamed of.

Fifth. This bill will drive surplus over use out of the channels of production and into tax-exempt bonds. In sheer self-defense people of property will have to seek this refuge.

Sixth. If people are to be returned to their jobs, present tax laws will raise all the revenue the Federal Government will require, with emergency funds no longer necessary. Conversely, a continued policy of nonproduction and unemployment will require billions through taxation, and this will go on until all surplus-over-use property has been consumed, and then we will go back to production. People cannot eat, wear, or be sheltered by taxes. Growing children must have food and clothing, and that calls for production.

Seventh. The forcing of liquidation of small estates will drive into the hands of richer people the small estates.

Eighth. Hastily drawn, this bill is unsound and is not good for our people.

BILLIONS OF PROPERTIES TO BE PURCHASED IN FUTURE

Mr. Chairman, my opposition to this bill arises from reasons other than partisan politics. The questions involved here are too broad, too high, too deep; they reach out and touch too many millions of people; they directly affect the welfare of too many children who are sure to come into this world as future citizens of this great country for this question to take on the cloak of a partisan political discussion insofar as I am concerned.

In the chemical world we accept the philosophy that every material substance is composed of one or more chemical elements. Down through the centuries the conception of elements was very uncertain among the students of chemistry until the time of Boyle in 1627–91. Since Boyle the list of chemical elements has undergone a long process of revision and extension. In other words, researchers in this field have never ceased in their efforts to more thoroughly discover and put into use all those elements which play such an important part in the determination of the truths surrounding the field of material substance.

Mr. Chairman, when we begin discussing a Federal tax measure we enter the field of economics. At that time we begin to deal with the subject of income and outgo as measured by dollars and cents. We do not stop there. We become enmeshed, consciously or unconsciously, in every economic element which has to do with the social and economic problems and conditions affecting the lives of a highly civilized group of people living under a democratic or republican farm of government such as we enjoy today. This bill (H. R. 8974) brings us face to face with every economic element which mankind has ever known enough about to comprehend down to this very hour.

Every form of property known to our present civilization is involved in this bill—its original production as brought together by man's efforts; its fabrication; its use; and, finally, its disposition. Man's accumulative instincts—his desire to produce something and call it his own versus the willingness of another man to let nature take its course, live off the fat of the land, letting those who do work feed him who does not labor through the collection of taxes by a Federal power—are involved in this bill. We dare not consider this bill in a shallow manner. Its provisions go down deep into the very foundation of the social system under which our people have grown up. Under our social system if a man is very fortunate he may, in his productive years, have divided unto him out of that which he produces a sufficient amount measured in dollars to pay his living expenses, educate his children, travel some, pay for his home, and set aside, say, $10,000. In the course of 30 or 40 years he accumulates and sets aside $10,000—surplus over use—which he hopes will prevent the necessity of his having to depend upon the county, the State, or the Federal dole. This simple but very difficult accumulation process is deeply involved in this bill. In analyzing and considering this bill we are, whether we like it or not, brought face to face with the proposition: Shall a man be thrifty, accumulate a surplus over use, save for a rainy day, and through his production thus managed keep off the necessity of Federal assistance, or shall he consume everything divided unto him as he goes along and when the rainy day arrives look to Government for food, shelter, and medical attention? Furthermore, if a man is to be thrifty and accumulate, necessarily he must be allowed to produce, for in the absence of production there can be no accumulation.

Mr. Chairman, this bill will, in my opinion, interfere with production. That, to me, is enough to justify my opposition to the bill. Furthermore, the provisions of this bill, in my opinion, mark a definite change in governmental policy. I think it is a definite and further extension of Government into the economic life of the Nation. If it does contain a definite change in governmental policy, that change should be well considered so that we may, as best we can, determine whether that change is good or bad. This bill does not even indicate that the financial needs of the Federal Government have been taken into consideration. If in the field of political economy and governmental management our able-bodied and trained workers are to be put back to work and given a fair share of the dollar or exchange value of that which they produce, then this Government will need billions of dollars annually less than it needs today. That need will be decreased simply because the people who are now being fed, clothed, and sheltered by Government will again be permitted to assume that responsibility themselves and Federal outgo will diminish accordingly. Again, if our able-bodied men are to be permitted to earn their way, maintain self-respect, and provide for their loved ones and thus live normal, happy lives—I say in that event the present tax laws will bring into the Federal Treasury more money than will be required to meet the Federal outgo and provide for the interest charges and sinking fund necessary for the payment of the present Federal indebtedness. Furthermore, the social-security bill, which is now about to become law, contains taxing features which must necessarily be considered along with this bill. Not only these two bills but any other bills which involve the question of taxation must be considered together, if passed before or are under consideration for passage at the same time. What administration Senate leaders will do to this bill I do not know. But I do know that, based on the information which has been made available to House Members, this bill has not had the consideration the people of this country have a right to demand be given to a measure of this nature and extent.

Mr. Chairman, we live in an age of producer specialization. At the present hour we live in an age of want. It is an hour of tragedy for the people of America. A war is on. We are engulfed in it up to our very eyeballs. Hungry people, idle people, dispossessed people, discouraged people—people who have lost their jobs, their homes, their farms, their little business, and their big business. The staggering loss of self-respect which is being forced upon our people is appalling. It is all wrong. It cannot be justified. There is no excuse for it. The spirits of people are being broken and their very souls are being crushed out of them. The past reward—limited as it was—of their production and their enterprise has been taken away from them by some power, by some unseen enemy which they cannot comprehend. These unfortunate people have fine souls, are intelligent, as energetic as anyone. They desire to produce, to save, to consume. They want life. They want liberty. They want to pursue happiness, even as you and I. Daily we claim our form of government guarantees to them life, liberty, and the pursuit of happiness.

Mr. Chairman, we, the Members of this Congress, in some way must back up that guaranty. When we see life, liberty, and happiness going, what is there left for us to cling to? It is too easy to say "We will come out of this depression." May I ask, Is it not true that we have been entering this present condition since people in the United States began to accumulate the ownership of property in excess of their own use? Have we during the entire period come out? Is it not true that at the end of each economic cycle the return to ownership has been greater, the economic status of the average man has become progressively less desirable? Is it not true that all of this has happened even with the additional production made possible by machinery? Is it not true that during all these years Government, State, and private debts have continuously mounted and ownership has become more and more centralized? If all or even a large part of this be true, pray tell me what is the trouble?

This age of producer specialization is made possible, it comes about, through bigness—bigness of plants, of massed capital and men, management and exchange. Has this tax bill been designed to kill bigness? Is it designed for the purpose of placing a heavy penalty on the large aggregation of machinery and capital which enables thousands of men to meet under one roof and specialize in production of goods in mass form that can be sold to other specialized producer-consumers at low prices? Whether this bill kills or whether it merely penalizes—if it does either—thus directly resulting in the increase of unemployment, the increase of Federal outgo for the purpose of feeding and sheltering the idle, the increase of poverty among our people—Mr. Chairman, if this bill is designed for purposes of this nature, then I must oppose it.

Will any Member of this House dare tell me unemployment can be decreased by penalizing our large employers of specialized producers? Is that the way out? Can consumers' goods be produced at less cost in small shops than in large factories? Can we now break away from all the bigness we have heretofore built up? Can we decentralize rapidly and quickly enough to place men back to work on a living basis before our whole scheme of governmental and economic procedure would collapse? These questions are involved in this tax bill. Months ago, when the social-security bill was under consideration, I brought up the question of the relationship of Government bonds to that of social-insurance reserves. That question is involved in this tax bill. Now, if our governmental policy is to be changed in another respect—that of leading people into a way of living wherein they depend upon the Federal Government's warehouse for their supply of food and clothing instead of upon their own efforts and production—in that case this tax bill will fit very nicely into the provisions of the social-security bill. In the last-mentioned bill it is provided that all insurance reserves shall be invested in Government obligations. That requirement, together with the taxing provisions of this bill, renews my previous argument with reference to competitive activities to secure possession of Government securities. The Secretary of the Treasury will require bonds for the investment of his insurance reserves. This will call for billions of securities, far beyond our present Federal debt. Feeding people through Federal funds will create the Government debt. Furthermore, if the provisions of this tax bill are enacted into law it will be the tendency for those people with property in the form of surplus over use to invest that surplus in Federal obligations in order to be in a liquid position to the end their estate can meet the inheritance and gift penalties prescribed by this bill.

Liquidity will be their only defense. The social security provisions that the Secretary must invest insurance reserves in Federal obligations will create a ready market for the bonds issued by the Government and held by estates for payment of tax purposes. Therefore, it appears to me that surplus over use will be diverted from the usual and normal channels of investment and production and invested in Government bonds. Such an application of surplus-over-use purchasing power will set in motion tremendous forces the effect of which no man's mind can comprehend at this time. If these very governmental obligations are to remain exempt from taxation the whole procedure becomes appalling.

Mr. Chairman, I repeat that this is not a partisan question or problem insofar as I am concerned. Some might suppose that I, as a Republican, would oppose this bill from a purely automatic party prejudice and desire to oppose and find flaws in every act of the Democratic Party. The Republicans live in a republic. The Democrats live in what is accepted to be a democracy. It is too bad for our citizens if there are any Members here, either Republicans or Democrats, who will vote on important issues simply because of their political connections rather than on a basis of merit. The very words "republic" and "democracy" are commonly used interchangeably to denote exactly the same thing. In fact, today I do not believe that either the Democratic Party or the Republican Party can claim to be—under the accepted definitions—either conservative or liberal, and I further believe this is general knowledge throughout the length and

breadth of this whole country. I raise the question—is it not true that personal advantage, financial or otherwise, is the only real sensible reason for firm adherence to either political party today? A question of this nature is not very palatable to politicians, but I believe it is an honest question to raise just at this time. There may be other reasons, but if so to what extent do they go and how important are they?

In this discussion I am speaking as a Representative in Congress, not claiming even to represent the thought of any group of my district, or the thought of my district as a whole, but I speak as their elected Representative, with definite rights and responsibilities which that election has given me, and with full acceptance of that responsibility. In my opinion, I speak for the best interest of that group of people who have sent me here instead of coming themselves. When they sent me here, elected me to represent them, they said to me in effect this: "You know our situation here. Go to Washington and find out what you think should be done and do it in our name." They have the right to send another in my place at each recurring election. That is representative government, in my judgment. It is an orderly, democratic, and sensible government plan. I do not believe there is another system as good.

Today I do not claim that my district favors or understands the necessity for my present decision in this present instance. There has been no time in which to advise or counsel with them. Political events are moving too swiftly for such deliberation. At the same time this is my responsibility which I accepted and which they in their sane minds gave to me, to act for them according to my judgment, with the fuller information that I have here, and in my absence from them.

Under such a condition, I believe I should be false to my trust to submit to any influence or pressure of any group of any class against my own opinion and judgment. In my opinion, had they wanted me to so submit they would not have sent me. They would have sent one from that other class, or some other individual. This is a time for clear public understandings. It is time for a definite program and policy to the end that if the policy or definite program is found to be wrong, to be taking an improper course, that course can be changed.

I am not too sympathetic to the discomforts and complaints of some of our Members who want to get away from Congress, who insist that we adjourn and go home. It is a moot question, whether more good would flow from a hasty adjournment, after rushing through improperly considered legislation, than will come if we remain here until these matters can be closed up in an orderly way and for the good of our people.

I am more interested in the social and economic welfare of my people than I am in my political fences. If my people are contented, happy, and employed in the pursuits of life, my political fortune is of small consequence. If, from a political standpoint, we fail in our duty and they remain hungry, desperate, and unemployed—that, I say, will further jeopardize our constitutional and democratic government and a political fortune will be of no more value than their homes are at a time when jobs and homes are not to be had and when it is impossible to maintain title to their property. The preservation of our Constitution and our form of government necessarily includes the right and privilege of our people to life, liberty, and the pursuit of happiness.

This bill provides for the collection of taxes from private citizens by the Federal Government. What if there were no Government to so tax? What if our people no longer had surplus-over-use goods to be taxed? We talk against Federal regulation in fields of transportation, securities, and so forth. If people no longer had surplus-over-use goods there would be little demand for transportation. They would walk the footpaths, carrying their meager possessions with them, and beset by a thousand perils that are not even imagined by our people of today. Reading, observation, and experience held me to believe that I am not merely dreaming, not aimlessly speaking here.

This Congress votes a Public Works bill of more than $4,000,000,000. Voted for the purpose of employing people who have no surplus-over-use goods. Voted to sell bonds to those who have such a surplus to the end Government may have buying credit with which to provide for hungry people who would much prefer to feed themselves through their own efforts. Voted this appropriation of more than $4,000,000,000, and after it is voted the administration is actually afraid to spend the appropriation. The administration is afraid to spend the money, because after having spent it there will be as great or greater need for another four billions than there was for the first. Afraid to spend the money, because after it is spent the money will be beyond recall and then—and then the administration, this present one or the next, will have to proceed to assess taxes, to take away from those who have surplus over use that which they have and in a form as here proposed to the end that Government debt may be erased. This bill deals with this problem of spending and taxgathering.

Mr. Chairman, there exists today an emergency in this country. It is as great as it was 3 or 4 or 5 years ago. This bill is a barometer, indicating in a very rough manner the storm that is gathering. This emergency equals, in my opinion, any emergency which has threatened the life of this Nation.

Economic difficulties are to a nation what disease is to the individual. Nations die from them. War is the swift accident which may take the nation to the pearly gates in several pieces; but disease is equally to be feared. Economic ills of a nation may be likened to creeping paralysis on the human body.

The life of the individual is hardly sufficient to furnish him with a personal experience to cope with such emergencies as the diseases of nations. Each step of the decline comes slowly; the entire picture is never visible; the steps of the decline are not particularly apparent and at no time in its early stages does correction appear to be an urgent matter, and at no time in its last stages has correction ever appeared possible. Beyond a certain point in that decline history leads us to doubt the possibility of correction.

In my opinion, as a nation, we have not yet reached the point where correction of our economic errors is not possible. As a nation, a social group, an economic entity—it may be called by many names—many signs indicate an approach to that point. Most Members of Congress, Cabinet members, and the President himself, have come to accept the steady drift to that point. This is evidenced by the acts of Congress, the President's recommendations, and his present program. It is further evidenced by this bill.

I know that many of the people living in my district are impoverished and growing more desperate. I think this is true with many other districts. To me this is a ridiculous situation. It is unnecessary and yet it is becoming more desperate day by day. Industrious, able, educated, kind, law-abiding people these are and they have all that people need to attain prosperity, yet desperate and on relief. We are not ignorant of governmental and economic problems. We know such a situation must not exist indefinitely.

Old economic elements must be weighed in the balance. New economic elements must be considered. In perusing the pages of hearings on the social-security and the tax bill I found certain testimony which opened up to me new lines of thought. Contacting one of the witnesses, I had occasion to carefully read a book entitled "Industrial Control for People." I here quote a letter which I received from that author:

JULY 18, 1935.

Hon. FRED L. CRAWFORD,
House of Representatives, Washington.

DEAR MR. CRAWFORD: I am very glad that you enjoyed my book on industrial control, and it occurs to me that your apparent understanding and appreciation of the things which I covered will place you in a very desirable position to strike into the heart of this present situation in a manner resembling the divine wrath.

February 15 of this year I appeared before the Senate Committee on Finance while it was holding hearings on the Economic Security Act and took them into a chapter of economics which I did not dare to include in the first 96 pages. The drawings which

I used to illustrate my testimony at that time were again used a week ago, July 10, when I appeared before the Committee on Ways and Means of the House. I made a very short verbal statement, limited by the 12 m. adjournment, but in that 10 minutes I said a couple of things which have possibly never been said before in history; certainly not in American history. The verbal statement is not so important as a brief which contains the first publication of a new economic element and which possibly has not been printed as yet, but which will be a part of the hearings.

The clerk of the Ways and Means Committee, Mr. Huffman, has several extra copies of the illustrations, and I know he will be glad to let your secretary have a complete set—there are seven pages of the illustrations; the first five pages were referred to in the Senate statement of February 15, which doubtless has not come to your attention, but which, I am sure, will interest you. The Ways and Means brief will doubtless be available the first part of the week, about the 22d.

Sincerely,

E. W. WILLIAMS.

A new economic element. An economic disaster unparalleled in its peril; and here someone said words like these. Simple words in those 96 pages are an explanation of a multitude of problems which business men should read, comprehend, think out.

It is apparent nothing less than a new economic element can end this desperation, this present national peril.

The records of the hearings in which my unknown correspondent had appeared as a witness are available to you—a new economic element in black and white which, if accepted, will create a necessity for the rewriting of all economic texts, if not much of the law which has been accepted as the alpha and omega of equity. As simply and plainly as the English language could be expected to permit him, before congressional committees, he had explained this startling new and vital relation between people and property. The Congress many times has sent the American people to war, but now, and in the last few elections, the American people have sent the Congress to war; and I cannot picture in my mind the possibility of the Congress and the United States Government accomplishing less than the people have always accomplished.

The preservation of property rights is a duty and a responsibility of the Congress. But property rights do not and must not include the right to unbridled power to wreck a governmental structure and rob at will the people and the Government itself. Property rights are dependent upon the people, and power in a democracy must come from them and be responsible to them. Economic power in the past has not come from them and has denied any responsibility to them. It has been an irresponsible power possessed by a few. Such an irresponsible power was not the intent of those who wrote the Constitution of the United States. Its presence in the United States is being questioned from a constitutional standpoint.

There are blind spots in economics, as in other fields. It seems to me that if anyone knows more than anyone else about this particular economic blind spot, it must be this unknown writer. He has torn down bulwarks of fundamental ignorance and dishonesty which have grown up over a long period of time in this and every other modern country; and, further, he has surveyed with care and exactness new paths which should be carefully considered by every Member of this Congress.

I say myself that it is desperately necessary that we do more than talk, and consider, and ruminate, and play politics, and plan new political fences at this time. It must be clear to everyone that the responsibility for action is solely with this Congress; the responsibility cannot be escaped. The early Congresses, in their determination to found an enduring government, decided upon a democracy. We must preserve that democracy. If I had feared to take steps as definite and far-reaching as theirs, I should not have come to Congress, but would have stayed at my business.

I do not look upon this Congress as either less able or more able than the earlier Congresses. Today we have as our heritage a long experience and a long history of government, which was lacking them, and I think we justly may consider ourselves more equipped by this long experience and history than those first Congresses, and should be able to better care for our responsibility.

No other body than this Congress has this responsibility. It is necessary that we lead this Nation immediately from its desperate and deplorable condition. I say we should not hesitate, as individuals or as public servants, to end a period of injustice to our productive people and to the young men and women of the Nation and to the Nation's children. Blind spots must be found and eliminated.

Mr. Chairman, in plain words, this matter of property rights must be settled now. Admitting that they are fundamental in the American system of government, I do not believe there is any better system of government. But there are speed laws to protect people from property on wheels, and there must be protection for the American people from the misuse of all types of ownership. The protection and the existence of property rights depends upon every man in the street and every boy in school and everyone in these United States of America; but I do not believe that these millions of people can be called upon in justice to protect property rights which are not just nor wise property rights and which harm those who protect them.

Property rights have been redefined by the uncovering of this new element, and the meaning of this is that what were property rights yesterday are property wrongs today.

An economic wrong has been uncovered in the same manner that a governmental wrong was uncovered and defined when the people of this Nation first decided upon self-government and sent their representatives to accomplish their purposes. There was the same type of action which I say we are called to accomplish today—to correct permanently the economic wrong, which is being done.

I commend this subject to the prompt attention of the Congress, in order that the law under consideration and the laws which stand today on statute books may not represent wasted effort. People who are productive must be freed from the economic injustice and poverty and unemployment and desperation which haunt and harass them today, which, I say now, all are conditions that can be ended by this Congress, and which the Constitution, to my view, says must and always will be the responsibility of the House of Representatives. These conditions, I know now, have sprung one and all from the same evil and hidden source, which must not be permitted to continue. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 9 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I want to call the attention of my colleagues at this time to an amendment that I shall offer to this bill at the proper time. I want to read it into the RECORD for your consideration:

That there shall be levied, collected, and paid by individuals, partnerships, and corporations, irrespective of and in addition to the income tax they are subject to under the existing law, or any amendment thereof, a special tax of 1 cent on each dollar of gross income.

I want to consider for a moment just what that means. We had in 1930, and I am taking that year as a normal year, 518,000 corporations which reported their incomes.

The total number of corporations entirely inactive at that time was 55,700. The total number of corporations doing business and paying taxes was 221,420. The total number of corporations doing business but not paying income taxes was 241,416.

The total amount of income reported by the corporations paying income taxes was $89,561,000,000. The total income reported by corporations doing business but not paying income taxes was $46,501,000,000. The total amount of income therefore reported by corporations doing business in this country at that time was $136,062,000,000.

Now, Mr. Chairman, let us consider the income taxes of individuals.

The total number of individuals who reported incomes that year was 3,707,000. The total number of those paying income taxes was 2,037,000, and the number reporting incomes, but not paying, was 1,669,000.

The total amount of income reported by individuals was $22,412,000,000. The total amount of income reported by the 2,037,000 income-tax payers was $13,692,000,000. The total amount of income on which the 1,669,000 individuals

reported, but upon which they paid no income taxes, was $8,719,000,000.

The total income of all corporations was $136,000,000,000. If you put a 1-cent gross income tax on that it will raise $1,360,000,000.

The total amount reported by all individuals was $22,412,000,000. A 1-cent tax on that would raise $224,000,000. The total gain in income taxes over the present system, therefore, would be, corporations, $1,360,000,000; individuals, $224,000,000; total of individuals and corporations together, $1,584,000,000.

The total income tax actually paid in 1930 by corporations was $711,000,000; by individuals, $476,000,000; or a total for both corporations and individuals, $1,188,000,000. To that add the 1 percent, or $1,584,000,000, and you would have had a net income for that year of $2,773,000,000.

The salaries paid to their officers by those 221,000 corporations which paid an income tax amounted to $1,801,000,000. The salaries of the officers of the 241,000 corporations that paid no income tax at all amounted to $1,337,000,000, and this group includes nearly all the small corporations. Anyone ought to see where the money really is going. A 1-cent income tax would take $465,000,000—about one-third what they are paying their officers to make no profit for them.

There is this great advantage to a gross income tax: You cannot cover it up. Any business that cannot pay 1 percent of its gross income ought not to be permitted to compete under ordinary conditions with a legitimate business in this country.

Mr. Chairman, I have made these introductory remarks because I want to call the attention of the House to the fact that we are not only going to pay a 1-percent gross income tax but we are going to pay vastly more than that—much more income taxes than we have ever paid before. We are going to be compelled to do that. We are not going to get by with what we call a "work-relief program." This is a step in the right direction, but it does not go far enough.

The next session of this body will be called upon to go into our pockets and provide a job for every man and woman who wants to work, and pay a man's pay for a man's work, because only by doing that can we restore the national income.

The national income in 1928–29 was about $90,000,000,000 each year.

At that time 2,000,000 men were already unwillingly idle. If we put every man and every woman to work who wants to work, at the end of the first year, as we are going to do, our national income will be at the rate of more than $100,000,000,000 a year. Out of that $100,000,000,000 we not only should but must take whatever amount is necessary to make that prosperity continuous. The first step in any business is to see to it that the business is in such shape as to be a continuing proposition. The same thing is true also of government. It must be a continuing prosperity, not a piece of prosperity that comes now and fades tomorrow, then comes back partly the next day, only to ruin us the fourth day. There is no excuse for a panic or depression in this great, rich country. There is no excuse for permitting an idle man who wants to work.

Mr. Chairman, frankly I advocate going down into our pockets to the extent of $10,000,000,000 each year if necessary, for 2 years, until the country is back on its feet again and in position to pay taxes and make for a permanent prosperity in the United States of America. That is exactly what we are going to do. I call your attention to this. It is not a prophecy; it is a certainty we are facing.

Those who believe that the rich are paying too much ought to turn to the World Almanac and there observe that every year from the time we enacted the income-tax law to the present moment the wealthy people of this country have given away vastly more in gifts than all the people together have paid in individual income taxes. In some of the years it has amounted to several times as much.

In this connection let us note that this very year of 1930 that all individuals together paid only $476,000,000 income taxes, and the large gifts amounted to $2,122,450,000, nearly four and one-half times as much as the total individual income taxes for the same year. And note also that the large gifts, leaving out all gifts for relief and ordinary charity, were nearly twice as much as the combined corporation and individual income taxes—$1,188,000,000—for the same year.

I here append the total income taxes, corporation and individual, and total large gifts over a 10-year period for your consideration, and suggest that the excess of gifts over total income taxes ought to be enlightening.

Total income taxes, corporation and individual, combined for 10-year period 1922 to 1931, both inclusive

1922	$2,086,918,465
1923	1,691,089,535
1924	1,841,759,317
1925	1,761,659,049
1926	1,974,104,141
1927	2,219,952,444
1928	2,174,573,103
1929	2,331,274,429
1930	2,410,259,230
1931	1,860,040,497
Total	20,351,630,219

Gifts for 10-year period 1922 to 1931, both inclusive, made up only of larger gifts

1922	$1,787,760,000
1923	1,859,310,000
1924	2,000,320,000
1925	2,068,570,000
1926	2,192,680,000
1927	2,219,700,000
1928	2,330,600,000
1929	2,450,720,000
1930	2,122,450,000
1931	1,500,000,000
Total	20,532,110,000
Total gifts	20,532,110,000
Total income taxes	20,351,630,219
Excess of gifts over taxes	180,479,781

We have a national complex against paying taxes. We must come to understand that we must pay taxes in proportion to the service we demand of government. We must recognize the right of men to labor, and the duty of the Government to provide that opportunity where ordinary business fails to provide it. We must comprehend the fact that since the end of free land men can no longer provide their own jobs, and we must act on that for the right and benefit of the great majority.

As long as our people are able to make gifts to the extent of four times as much as they pay in taxes they have no justifiable remonstrance coming against high tax rates.

We are going to put all our men to work that want to work. We are not going to stop short of that. Why? In the first place, because it is a necessity, and in the second place because the old Declaration of Independence gives us the absolute duty to do this, because it says:

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights—

Let me repeat that—

> to secure these rights, governments are instituted among men.

The government, therefore, that does not secure these rights to its people to that extent falls short of its object and duty. A government today that permits 10,000,000 people in the United States to remain idle is certainly not fulfilling its duty. It is, in fact, missing its first and supreme object—that of affording the opportunity to maintain life when regular industry fails.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield to my friend from New York.

Mr. FITZPATRICK. No matter how much money we appropriate, unless we make a proper distribution of labor by lessening the hours of labor, we cannot get over this depression.

Mr. KELLER. I quite agree with the gentleman.

Mr. FITZPATRICK. This is the only permanent cure.

Mr. KELLER. The gentleman is right insofar as he goes. But there are three or four other things we must also do, and I wish I had the time to include them here today. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, it seems to me we have the cart before the horse here this afternoon. The first thing we should do should be to stop the issuance of tax-exempt securities. [Applause.] In the Sixty-eighth Congress the Republicans passed through this House a constitutional amendment to do this very thing. The gentleman from Massachusetts [Mr. TREADWAY] has introduced the identical resolution that we passed in the Sixty-eighth Congress, and I have a petition on the Clerk's desk to discharge the Committee on the Judiciary from the further consideration of this resolution, and I invite the Members of the House, if they really want to do away with the issuance of tax-exempt securities, to step up to the Clerk's desk and sign this petition.

Mr. Chairman, there are $33,000,000,000 worth of tax-exempt securities outstanding in the United States today, and this administration since it came into power has issued over $5,000,000,000 worth of such tax-exempt securities. If the President means what he said in his last message to Congress, why does he allow his Secretary of the Treasury to continue to issue tax-exempt securities?

The Judiciary Committee ought to report out a constitutional amendment at once to stop the further issuance of tax-exempt securities.

Mr. TREADWAY. Mr. Chairman, I yield the balance of the time to myself.

Mr. Chairman, I may say in closing the debate on this side of the House that I have listened very intently to all the addresses delivered by our friends on the Democratic side and I have the honest conviction that we have never had before this House an important bill that has been less discussed or explained by the proponents of it than the tax bill here today. The Democrats have gone into ancient history and repeated story after story that appeared in the press or occurred on the floor of the House here, but they have failed ignominiously to offer any reasons whatsoever for the passage of this bill here today.

Mr. Chairman, very frequently humorists say very truthful things. No better truths have been given us than those of Josh Billings, Mark Twain, and Will Rogers. I want to close my remarks with a little humorous extract. It is entitled:

THE NEW TAX BILL

The share-the-wealth or vacuum-cleaner-in-every-estate bill is now before Congress, and it appears to do everything but look under the rugs and shake out the trousers for cigar coupons.

What it does to you while you are alive is plenty, but it is after you are dead that the tax collectors begin to warm up to their work.

Under its terms a funeral becomes a Federal picnic.

A widow is lucky if she escapes a Federal summons, a congressional inquiry, an attachment of the estate, and confiscation of the larger floral tributes.

A beneficiary becomes just a candidate for the dry cleaners, with an obligatory provision that he supply his own soap.

An heir becomes a person presumed to be guilty until proven destitute.

An estate becomes merely something with which the boys from the Internal Revenue Office can play year-around hockey.

And when a man makes a will he will be simply expressing a hope for the best rather than a last will and testament.

"I give and bequeath" will be just a comedy line written in so the tax collectors will not criticize the document on the ground it was not funny enough.

Taxes on estates will begin at 4 percent and run up to 75 percent. Run is hardly the word; it's really a pole vault.

There is an exemption of $50,000 if received by relatives of close blood who vote right and don't write letters to the editor criticizing the administration.

Uncle Sam now comes grinning to the grave, rubbing his hands gleefully, and urging the bearers to make it snappy, so he can get back to the house and begin rummaging under the mattresses.

[Laughter.]

Truth is frequently covered with humor, and no better description of the demerits of this tax bill, to my mind, has appeared than the one I have just read. I wish the Democratic side of the House had provided us with as much information about the bill as did the humorist in this morning's press. [Laughter and applause.]

Mr. DOUGHTON. Mr. Chairman, I yield the balance of the time to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, the gentleman from Massachusetts [Mr. TREADWAY] has just referred to lack of debate on the merits of the bill. The accusation which he makes applies to the Republican Members, because during the speeches of practically all the Republican Members, with the exception of the distinguished gentleman from New York [Mr. WADSWORTH] and the distinguished gentleman from Michigan [Mr. WOODRUFF], there has been a bitter attack upon the policies and the program of the present administration.

The gentleman from Massachusetts [Mr. TREADWAY] himself has made no attack against any particular provision of the bill. All we have heard is a general attack, with no specific accusation or specific attack as to why any Member who has spoken on the Republican side disagrees with any particular provision of the bill.

There is no charge that the inheritance taxes are not reasonable. The provisions of the inheritance taxes specifically have in mind the preservation of the family life of America, one of the objectives of the present administration. We exempt not only $50,000 specifically to every member of the family—husband, wife, mother, father, child, and grandchild—but we also exempt to the wife and the husband their right of courtesy and dower or their statutory rights in lieu thereof.

We heard nothing during the Republican attacks about these exemptions. We hear nothing about the profound consideration on the part of the members of the Ways and Means Committee for the members of the family, for the preservation of the family life. We hear no attack that the imposition of the inheritance tax is not right. We hear no attack that the rates are too high. If anything, we are attacked by some honest thinking men, with whom I disagree, that the rates are not high enough.

We hear no attacks on the differential of 1-percent tax on corporations earning under and over $15,000 net income. We have heard no such attacks because the Republicans know business is generally satisfied with these provisions of the bill.

We have heard no attacks on the excess-profit tax that we have imposed because we impose it on the adjusted declared value, declared by business itself. There is no charge that it is unreasonable or unfair.

We have an emergency and an ordinary budget. We have had and still have unusual conditions confronting us, and this bill must be viewed in the light of existing conditions.

I am not going to attack the previous administration.

It did the best it could under the then existing circumstances. The people, however, spoke in 1932, and they put into office another administration, and that administration set about relieving human suffering and distress.

We have heard a good deal about the waste by the administration, but not one word of attack on the policy, of its formation of plans, to relieve human suffering and distress.

Is that what you mean when you gentlemen attack the present administration for its expenditures? Do you mean that Government should ignore human suffering and distress?

We have heard something about the United States credit being destroyed, words uttered by a prominent Republican Member, and yet on July 15 the Treasury borrowed $500,000,000 at 1⅜ percent, and the subscriptions received were in the sum of $2,975,000,000. On July 22 the Treasury asked for bids on $100,000,000 of Treasury bonds and received subscriptions amounting to $511,000,000. On July 29 the Treasury offered another hundred-million-dollar issue and received subscriptions to the amount of $320,000,000; and then you charge that the credit of the United States has been destroyed. In addition the Treasury bonds are now all selling above par, ranging from 101 plus to 117 plus. In 1921

Government bonds were below par, some down below 85. This evidence completely refutes such erroneous statements that the United States credit has been destroyed.

Reference is made to what the gentleman from Washington [Mr. SAMUEL B. HILL] said, "that nobody wants to balance the Budget." Mr. HILL meant that it would be impossible to balance the ordinary and emergency Budget without bringing about a deflationary condition. Who would want to impose a $3,000,000,000 additional tax burden on industry in this country? Certainly industry does not want it; certainly I do not want it; and certainly no thinking legislator, despite how much he might argue to the contrary, would want to have the responsibility of imposing an additional three-billion tax burden upon industry, business, and the people of this country.

This has developed unfortunately into a political contest. The issue has come from the Republican side; and I say that impersonally. I am not going to compare this administration with the last one, because every President of the United States does the best he can for his country and his people, whether he is Republican or Democratic. However, different administrations employ different policies. An attack has been made upon the present administration. Let me state briefly what the record is: Prohibition repeal; the closing of our banks to save the deposits of millions; the insurance of deposits in banks up to $5,000, bringing about security in the minds of depositors; the saving of human life; the expenditures necessary as a result of economic disturbances and the sharp deflation in price values, with millions being put out of work—money well spent to save human beings. Our local governments and local charities carried the burden for 3 years, and then were unable to carry it further, to meet all of the demands. The Federal Government of necessity, and properly so, much as we disliked to see it happen, had to step in. A lot of that money was spent undoubtedly in a manner where it could have been spent to better advantage, but in the main, having the objective in mind of saving human lives, it has been successful; much better as distinguished from the expenditure of vast sums of money for destruction of human life, as was done during the World War. There is the saving of farms and the preservation of the home life of our country. One of the bulwarks of a strong government is a strong family life. The middle class are the ones who are affected keenly by the depression, and they are the ones who have been hard hit. The objective of the legislation of this administration, without comparing it to previous administrations or intending to do so, has been to preserve home life, and that has been done with the maximum degree of success possible. Then there is the Civilian Conservation Corps, the preservation of the youth of our country, with all the temptations that confront them. That is legislation to preserve their health; legislation to keep their minds in a state where, when they have to assume the duties of citizenship, there will have been laid the proper foundation through the enactment of such a meritorious program. The N. R. A.—declared unconstitutional—but much good has come out of that. We all voted for it, practically all of us; the necessity existed and the exigencies required it. The N. R. A. has improved conditions, it distributed purchasing power, and it saved the middle man and the small business man. Attack it all you want to, but look the picture over and there are great results beneficial to the country flowing from that piece of legislation and that legislative endeavor.

Then there is the labor legislation. Whether one agrees with it or not, this administration has been the best friend of labor of any administration for decades; and I say that in no sense of criticism of the previous administrations, but as a statement of fact.

The laboring man of America should be grateful to Franklin D. Roosevelt and this administration forever for the consideration, from a legislative angle and from other angles, that this administration has given to labor, both organized and unorganized. Next, we have the Securities Act, to save our investors from those who have been milking the public for years. We have been trying to get through some such legislation for years before it could be accomplished. What is wrong with that legislation? Is that socialistic? Then the Holding Company Act, and no matter what bill goes through, a great step forward has been made. For years we have been trying to get such legislation through, but we could not do it. The Stock Exchange Act was recommended over 20 years ago by the Pujo Committee, but it was impossible to get it through. It is to enable the Government of the people to regulate, properly and reasonably, the invisible government of finance. Then there is the social-security legislation, and, whether you agree with it or not, its object is security in old age; some security in times of unemployment through unemployment insurance.

Mr. Chairman, that is a great legislative program which we have put into law and operation within the period of 2 years. I submit, the greatest social-justice legislative program in the modern history of our country. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Revenue Act of 1935."

TITLE I—INCOME AND EXCESS-PROFITS TAXES

SECTION 101. SURTAXES ON INDIVIDUALS

Section 12 (b) of the Revenue Act of 1934 is amended by striking out all after the bracket—

"$6,080 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 per centum in addition of such excess."

and inserting in lieu thereof the following:

"$7,700 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 31 per centum in addition of such excess.

"$9,560 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 35 per centum in addition of such excess.

"$11,660 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 39 per centum in addition of such excess.

"$14,000 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 43 per centum in addition of such excess.

"$16,580 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 47 per centum in addition of such excess.

"$19,400 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 51 per centum in addition of such excess.

"$24,500 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 55 per centum in addition of such excess.

"$30,000 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 58 per centum in addition of such excess.

"$59,000 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 60 per centum in addition of such excess.

"$89,000 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $250,000, 62 per centum in addition of such excess.

"$120,000 upon surtax net incomes of $250,000; and upon surtax net incomes in excess of $250,000 and not in excess of $300,000, 64 per centum in addition of such excess.

"$152,000 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 66 per centum in addition of such excess.

"$218,000 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 68 per centum in addition of such excess.

"$286,000 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, 70 per centum in addition of such excess.

"$461,000 upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, 72 per centum in addition of such excess.

"$641,000 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000 and not in excess of $2,000,000, 73 per centum in addition of such excess.

"$1,371,000 upon surtax net incomes of $2,000,000; and upon surtax net incomes in excess of $2,000,000 and not in excess of $5,000,000, 74 per centum in addition of such excess.

"$3,591,000 upon surtax net incomes of $5,000,000; and upon surtax net incomes in excess of $5,000,000, 75 per centum in addition of such excess."

Mr. McFARLANE. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. McFARLANE: Amend section 101, surtaxes on individuals, to read as follows:

"Section 12 (b) of the Revenue Act of 1934 is amended to read as follows:

"'Upon a surtax net income of $2,000 there shall be no surtax; upon surtax net incomes in excess of $2,000 and not in excess of $3,000, 1 per centum of such excess.

"'$10 upon surtax net incomes of $3,000; and upon surtax net incomes in excess of $3,000 and not in excess of $4,000, 2 per centum in addition of such excess.

"'$30 upon surtax net incomes of $4,000; and upon surtax net incomes in excess of $4,000 and not in excess of $5,000, 3 per centum in addition of such excess.

"'$60 upon surtax net incomes of $5,000; and upon surtax net incomes in excess of $5,000 and not in excess of $6,000, 4 per centum in addition of such excess.

"'$100 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $7,000, 5 per centum in addition of such excess.

"'$150 upon surtax net incomes of $7,000; and upon surtax net incomes in excess of $7,000 and not in excess of $8,000, 6 per centum in addition of such excess.

"'$210 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $9,000, 7 per centum in addition of such excess.

"'$280 upon surtax net incomes of $9,000; and upon surtax net incomes in excess of $9,000 and not in excess of $10,000, 8 per centum in addition of such excess.

"'$360 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $11,000, 9 per centum in addition of such excess.

"'$450 upon surtax net incomes of $11,000; and upon surtax net incomes in excess of $11,000 and not in excess of $12,000, 10 per centum in addition of such excess.

"'$550 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $13,000, 11 per centum in addition of such excess.

"'$660 upon surtax net incomes of $13,000; and upon surtax net incomes in excess of $13,000 and not in excess of $14,000, 12 per centum in addition of such excess.

"'$780 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $15,000, 13 per centum in addition of such excess.

"'$910 upon surtax net incomes of $15,000; and upon surtax net incomes in excess of $15,000 and not in excess of $16,000, 14 per centum in addition of such excess.

"'$1,050 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $17,000, 15 per centum in addition of such excess.

"'$1,200 upon surtax net incomes of $17,000; and upon surtax net incomes in excess of $17,000 and not in excess of $18,000, 16 per centum in addition of such excess.

"'$1,360 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $19,000, 17 per centum in addition of such excess.

"'$1,530 upon surtax net incomes of $19,000; and upon surtax net incomes in excess of $19,000 and not in excess of $20,000, 18 per centum in addition of such excess.

"'$1,710 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $21,000, 19 per centum in addition of such excess.

"'$1,900 upon surtax net incomes of $21,000; and upon surtax net incomes in excess of $21,000 and not in excess of $22,000, 20 per centum in addition of such excess.

"'$2,100 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $23,000, 21 per centum in addition of such excess.

"'$2,310 upon surtax net incomes of $23,000; and upon surtax net incomes in excess of $23,000 and not in excess of $24,000, 22 per centum in addition of such excess.

"'$2,530 upon surtax net incomes of $24,000; and upon surtax net incomes in excess of $24,000 and not in excess of $25,000, 23 per centum in addition of such excess.

"'$2,760 upon surtax net incomes of $25,000; and upon surtax net incomes in excess of $25,000 and not in excess of $26,000, 24 per centum in addition of such excess.

"'$3,000 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $27,000, 25 per centum in addition of such excess.

"'$3,250 upon surtax net incomes of $27,000; and upon surtax net incomes in excess of $27,000 and not in excess of $28,000, 26 per centum in addition of such excess.

"'$3,510 upon surtax net incomes of $28,000; and upon surtax net incomes in excess of $28,000 and not in excess of $29,000, 27 per centum in addition of such excess.

"'$3,780 upon surtax net incomes of $29,000; and upon surtax net incomes in excess of $29,000 and not in excess of $30,000, 28 per centum in addition of such excess.

"'$4,060 upon surtax net incomes of $30,000; and upon surtax net incomes in excess of $30,000 and not in excess of $31,000, 29 per centum in addition of such excess.

"'$4,350 upon surtax net incomes of $31,000; and upon surtax net incomes in excess of $31,000 and not in excess of $32,000, 30 per centum in addition of such excess.

"'$4,650 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $33,000, 31 per centum in addition of such excess.

"'$4,960 upon surtax net incomes of $33,000; and upon surtax net incomes in excess of $33,000 and not in excess of $34,000, 32 per centum in addition of such excess.

"'$5,280 upon surtax net incomes of $34,000; and upon surtax net incomes in excess of $34,000 and not in excess of $35,000, 33 per centum in addition of such excess.

"'$5,610 upon surtax net incomes of $35,000; and upon surtax net incomes in excess of $35,000 and not in excess of $36,000, 34 per centum in addition of such excess.

"'$5,950 upon surtax net incomes of $36,000; and upon surtax net incomes in excess of $36,000 and not in excess of $37,000, 35 per centum in addition of such excess.

"'$6,300 upon surtax net incomes of $37,000; and upon surtax net incomes in excess of $37,000 and not in excess of $38,000, 36 per centum in addition of such excess.

"'$6,660 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $39,000, 37 per centum in addition of such excess.

"'$7,030 upon surtax net incomes of $39,000; and upon surtax net incomes in excess of $39,000 and not in excess of $40,000, 38 per centum in addition of such excess.

"'$7,410 upon surtax net incomes of $40,000; and upon surtax net incomes in excess of $40,000 and not in excess of $50,000, 43½ per centum in addition of such excess.

"'$11,760 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $51,000, 49 per centum in addition of such excess.

"'$12,250 upon surtax net incomes of $51,000; and upon surtax net incomes in excess of $51,000 and not in excess of $52,000, 50 per centum in addition of such excess.

"'$12,750 upon surtax net incomes of $52,000; and upon surtax net incomes in excess of $52,000 and not in excess of $53,000, 51 per centum in addition of such excess.

"'$13,260 upon surtax net incomes of $53,000; and upon surtax net incomes in excess of $53,000 and not in excess of $75,000, 62½ per centum in addition of such excess.

"'$27,010 upon surtax net incomes of $75,000; and upon surtax net incomes in excess of $75,000 and not in excess of $100,000, 86 per centum in addition of such excess.

"'$48,510 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000, 99½ per centum in addition of such excess.'"

The CHAIRMAN. The gentleman from Texas [Mr. McFARLANE] is recognized for 5 minutes.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. COOPER of Tennessee. The amendment starts at $2,000 and grades on up?

Mr. McFARLANE. On a 1-percent basis.

Mr. COOPER of Tennessee. And reaches a 99½-percent maximum?

Mr. McFARLANE. That is correct.

Mr. Chairman, this amendment strikes out the surtax amendment in the bill that starts at $50,000, and changes the rates from 30 to 59 percent to 31 to 75 percent. That is the bill now before you on surtax on incomes in excess of $50,000. My amendment places a 1-percent increase above the present exemptions of $2,000; that is, on net income, on a graduated scale. In other words, it will limit personal net incomes to about $1,000 a week or $52,000 per year. That is the effect of the amendment that I am offering.

I think this amendment should be adopted. The President of the United States, who holds the most responsible position in our Nation today, receives $75,000 salary. The large salaries that are being paid to the big executives in this country are largely being paid to them because of the confidential position which they occupy, not based on any increased or assumed duties that they have because of that position but because of the peculiar relation of themselves with their directors that they receive these enormous incomes. For instance, the president of the American Tobacco Co. in the last 3 years has received a salary of about $3,000,000, together with his bonuses. The salary of the president of the Fox Film Co. was $460,000, together with his bonuses. Recently we heard in the testimony before the committee of another body of the enormous salaries received by officers in charge of the Associated Gas & Electric Co., running between two and three million dollars a year, while the poor stockholders and those who really have put up the money and own those great companies are receiving nothing. I could call the roll and go on down through the whole category of the corporate structures of this country, and

the same thing is true of the seven or eight thousand large salaries in this country.

It is just a repetition of that proposition. The rates under this amendment will not affect the great middle class or those incomes under $50,000. The rates will not materially increase, but it does affect those that are given a slap on the wrist under the provisions of the bill brought in now, and that will be felt materially by the great middle class, and will do more to help them in increased salaries, in increased employment, in improved working conditions, than any measure this House could enact into law. So I hope this amendment will be adopted.

Mr. DINGELL. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. DINGELL. Will the gentleman state how high that amendment goes in the schedule? What is the maximum tax under the amendment?

Mr. McFARLANE. The maximum tax is 99½ percent, on net incomes in the higher brackets. The schedule which I placed in the record in the hearings before the gentleman's committee will show the rates.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas [Mr. McFARLANE].

It was the purpose of those who framed this legislation to frame a bill along the lines of moderation and not of confiscation. Confiscation was not our purpose of objective. I think this bill strikes a happy medium between those who would do nothing at all and those who would take everything. Therefore, with all due deference to my good friend from Texas and to the honesty of his motives and purpose, I hope this amendment will be voted down.

Mr. TRUAX. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: On page 2, line 5, strike out the words and figures "and not in excess of $56,000, 31 per centum in addition of such excess," and insert in lieu thereof "99 per centum in addition of such excess."

The CHAIRMAN. The Chair will state to the gentleman that the Chair understood the gentleman intended to offer a perfecting amendment to the amendment offered by the gentleman from Texas. The amendment which the gentleman has offered is a perfecting amendment to the section. The amendment offered by the gentleman from Texas [Mr. McFARLANE] should be disposed of first.

Mr. TABER. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Texas [Mr. McFARLANE].

The Clerk read as follows:

Amendment offered by Mr. TABER as a substitute for the amendment offered by Mr. McFARLANE: On page 1, line 7, strike out all of section 12 (b) and insert in lieu thereof the following:

"Section 12 (b). Rates of surtax.—There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax as follows:

"Upon a surtax net income of $1,000 there shall be no surtax; upon a surtax net income in excess of $1,000 and not in excess of $2,000, 2 per centum of such excess.

"$20 upon surtax net incomes of $2,000; and upon surtax net incomes in excess of $2,000 and not in excess of $4,000, 4 per centum in addition of such excess.

"$100 upon surtax net incomes of $4,000; and upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 6 per centum in addition of such excess.

"$220 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 8 per centum in addition of such excess.

"$380 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 10 per centum in addition of such excess.

"$580 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 11 per centum in addition of such excess.

"$800 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 12 per centum in addition of such excess.

"$1,040 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 13 per centum in addition of such excess.

"$1,300 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 15 per centum in addition of such excess.

"$1,600 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 17 per centum in addition of such excess.

"$1,940 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 19 per centum in addition of such excess.

"$2,320 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 21 per centum in addition of such excess.

"$3,160 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 23 per centum in addition of such excess.

"$4,540 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 25 per centum in addition of such excess.

"$6,040 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 28 per centum in addition of such excess.

"$7,720 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 31 per centum in addition of such excess.

"$9,580 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 36 per centum in addition of such excess.

"$11,740 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 39 per centum in addition of such excess.

"$14,080 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 42 per centum in addition of such excess.

"$16,600 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 46 per centum in addition of such excess.

"$19,360 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 50 per centum in addition of such excess.

"$22,360 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 54 per centum in addition of such excess.

"$27,760 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 57 per centum in addition of such excess.

"$33,460 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 60 per centum in addition of such excess.

"$63,460 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $250,000, 62 per centum in addition of such excess.

"$125,460 upon surtax net incomes of $250,000; and upon surtax net incomes in excess of $250,000 and not in excess of $300,000, 64 per centum in addition of such excess.

"$157,460 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 66 per centum in addition of such excess.

"$223,460 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 68 per centum in addition of such excess.

"$291,460 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, 70 per centum in addition of such excess.

"$466,460 upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, 72 per centum in addition of such excess.

"$646,460 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000 and not in excess of $2,000,000, 73 per centum in addition of such excess.

"$1,376,460 upon surtax net incomes of $2,000,000; and upon surtax net incomes in excess of $2,000,000 and not in excess of $5,000,000, 74 per centum in addition of such excess.

"$3,596,460 upon surtax net incomes of $5,000,000; and upon surtax net incomes in excess of $5,000,000, 75 per centum in addition of such excess."

Mr. TABER. Mr. Chairman, I am appreciative of the fact that any amendment which is offered to raise revenue is unpopular. I am appreciative of the fact, as I said this morning, that it is incumbent upon the Congress to raise the revenue necessary to support the Government. In meeting that situation we can go only so far in each instance as we are permitted under parliamentary rules and have our amendments in order.

This amendment provides for 2-percent surtax upon income in excess of $1,000 and not in excess of $2,000; for 4 percent upon incomes of $2,000 and not in excess of $4,000; for 6 percent on incomes of $4,000 and not in excess of $6,000; and then it runs practically 4 percent above the committee figures up to the point where the committee begins. Then it follows the committee schedule, gradually working down to the committee total.

I have offered this amendment not because I am necessarily in favor of an amendment which runs up to the committee total.

I am afraid that with the normal tax and the State income tax we will go beyond what 100 percent of the income would run in some States; but I believe that we have got to get down to earth and realize what we are up against if we are going to balance the Budget. I am not sure just what this would raise, but I would estimate that it would raise approximately $400,000,000 to $500,000,000. Unless we get after things and meet our responsibility, we are never going to balance the Budget. I am putting this proposition up to the membership of the House, realizing that what the committee has brought in has probably gone farther in taxing great wealth than it is possible successfuly to go in levying taxes, but realizing that if we are going to get the money we must broaden the base somewhat.

I hope the committee will adopt this amendment and that we will get down to the point where we are able to say that we have tried really, honestly, and truly to balance the Budget.

Mr. SAMUEL B. HILL. Mr. Chairman, the committee went into this question presented by the gentleman from New York on the matter of going into the lower surtax brackets. The committee is of the opinion that we ought not to go there. We are going to the upper brackets because the ability to pay is there. We start at a reasonable bracket and with a reasonable rate.

Mr. Chairman, we ask that the substitute for the amendment of the gentleman from Texas be voted down.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 31, noes 52.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. MCFARLANE) there were—ayes 11, noes 50.

So the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: On page 2, line 5, after the figures "$50,000", strike out "and not in excess of $56,000, 31 percent in addition of such excess" and insert in lieu thereof "99 percent in addition of such excess."

Mr. TRUAX. Mr Chairman, I think the Members all will agree that my amendment is much simpler than the one offered by the gentleman from Texas and just rejected by the committee. My amendment provides merely that on all incomes in excess of $50,000 the Government takes 99 percent. I think that is a little too much to permit the $50,000 man to enjoy, but I am willing to let him keep 1 percent of that excess for postage stamps, for cigarette money, and perhaps for a little liquor if he feels so disposed.

This amendment presents a clear-cut and a plain issue; namely, whether favored individuals are to be permitted to continue to enjoy enormous incomes while 22,000,000 are penniless, without jobs and on the Federal relief roll or dole.

This is not new with me. In 1928 it was part of my platform. It has been a part of my platform since that time. Twelve Members of this House voted for the amendment of the gentleman from Texas [Mr. MCFARLANE]. I care not if I am the only one who votes for my amendment ultimately to limit all incomes to $50,000 per year. I shall make that the leading plank in my platform for 1936 on the Democratic ticket in Ohio as candidate for Congressman at large. I am sincere in my contention. I believe that no income should be in excess of $50,000. For every $50,000-a-year individual you have 100,000 paupers in this country. There is only a certain amount of fixed wealth; there can be only a certain amount of fixed income each year.

When one man hogs it all, you will have the condition that exists today; namely, millions on the relief roll.

I care not how the redistributing is done. I want it done by those who are interested in the welfare of the poor man who is penniless and not for the further enrichment of the millionaire classes of this country. I want to say to you that these millionaires with their big incomes are the assassins of economic liberty; they are the butchers of human happiness; they are the stranglers of human rights and they are killers of individual effort in this country. We have to stop it. Now is the time to start. Your committee has gone far when they tax 79 percent of the incomes in excess of $50,000. They have done a fine job, and I commend them for it. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. TRUAX].

The question was taken; and on a division (demanded by Mr. TRUAX) there were—yeas 14, noes 60.

So the amendment was rejected.

Mr. HULL. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HULL: On page 4, line 5, after the word "excess", insert a new paragraph, to read:
"$750 upon all Federal Government salaries of $5,000; and upon all Federal Government salaries in excess of $5,000, 15 percent."

Mr. HULL. Mr. Chairman, I do not offer this amendment with the idea that it is going to be much more popular than the amendments which have previously been presented and voted on. I expect to vote for this bill, either as it is or as amended.

One of the objections that has been made to this measure is that it is a scheme to soak the rich, and considerable stress has been laid here and in the public press upon that point. I offer this amendment so that we might here have an opportunity to show the people that we are not so much interested in soaking the rich or soaking anybody else as we are in remedying the unfortunate situation in which our country finds itself at this time. If that is the case, I believe that we ought to be willing to do unto ourselves what we are so willing to do to others.

There are some 3,000 people on the Federal pay rolls receiving salaries in excess of $5,000 per year. The amount which would be collected under this amendment would not be sufficient to materially change the unbalanced Budget situation. It probably would not be of major importance, but it at least gives to the Members of Congress the opportunity of displaying a spirit of sacrifice and a willingness to tax ourselves as well as others.

Mr. KVALE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, whenever I differ from the gentleman from Wisconsin [Mr. HULL], I am rather well convinced in the first place that I must be mistaken in my viewpoint. In this instance, however, I feel that the adoption of this amendment would be extremely ill-advised. I have considered the possibility of offering an unpopular amendment to this tax measure, which would have exempted from the payment of an income tax that portion of the moneys or income of Members of Congress expended for campaign purposes, for the reason that many Members are solely reliant upon their salary as a Member of Congress, and they expend from this income biennially at least a large proportion in order to be returned to office to perform their duty here in this Chamber. Now, to inflict upon Members of Congress and other people in public office an additional charge in excess of that which is put upon other citizens seems to me would not be advisable, would not be compatible with public interest, and would not reflect itself to the best interests and the spirit of public service.

Mr. Chairman, I hope the Members will reject the amendment offered by my very dear friend the gentleman from Wisconsin [Mr. HULL].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. HULL].

The question was taken; and on a division (demanded by Mr. HULL) there were—yeas 16, noes 60.

So the amendment was rejected.

Mr. HOFFMAN. Mr. Chairman, I challenge the vote on the ground there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred Members are present, a quorum.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: On page 4, line 15, after the word "excess", substitute a semicolon for the period and add the following: "*Provided*, That the surtaxes authorized in this section shall be increased 50 percent wherever the person or persons subject to such surtaxes have resided outside of the continental limits of the United States or its possessions for a period of 6 months or more of the taxable year: *Provided further*, That this provision shall not apply to citizens officially on duty outside the United States and its possessions."

Mr. HOEPPEL. Mr. Chairman, the adoption of this amendment would provide that individuals, like Barbara Hutton, who has taken $40,000,000 of American wealth, along with a foreign prince, to Europe, would be compelled to pay a 50-percent increase in the surtaxes. It would provide that foreign actresses, like Pola Negri and other individuals, who, notwithstanding that they have fabulous incomes in the United States, consider that the United States is not a desirable place in which to live, would be forced to pay for their pleasure of living outside of the American continent. It would also provide an increase of 50 percent in the tax of individuals, like Mr. Insull, who, after robbing the public, went to foreign shores in order to be free from jail.

Mr. Chairman, it has been reported that Mr. J. Pierpont Morgan intends to go to England to live. Under the terms of the amendment I have offered, Mr. Morgan would have to pay a 50-percent increase in his surtaxes in the event he took up residence in his beloved England. Even more important than that, it would provide that the French and English international bankers, who have such heavy investments in this country, would be compelled to live at least 6 months out of each year in our country or pay this additional tax.

We should remember that the $40,000,000 which Barbara Hutton has taken abroad is blood money that was wrung from notoriously underpaid employees in the 5- and 10-cent stores. Barbara Hutton has gone abroad with her second foreign husband, and, according to the reports, they have bought an estate abroad and are virtually subsidizing the monarchy in which they are located. In my opinion, this type of pseudo-American certainly should be compelled to pay additional surtaxes for the privilege, which he obviously considers it, of living abroad.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. I gladly yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. Just glancing at the application of the gentleman's amendment, I understand it would seek to impose a 50-percent additional surtax on the rates provided in the bill.

If we have a rate of 75 percent, 50 percent of that would be 37½ percent, which would make a total of 112½ precent. How does the gentleman work that kind of mathematics?

Mr. HOEPPEL. The additional tax suggested would take up 100 percent of the income in excess of $5,000,000 and the additional 12½ percent would be levied upon the surtax on net income of $5,000,000. Certainly no individual with an income of $5,000,000 or more per annum, living abroad, could reasonably protest a confiscatory tax of 100 percent on the amount above $5,000,000 and an additional percentage levy on his income of $5,000,000 per annum.

Speaking on the subject of "soaking the rich", I believe you will find, upon an examination of the CONGRESSIONAL RECORD that I was the first Member of the Congress to voice my approval of the President's message asking for a tax on the larger incomes and inheritances. As a Democrat, however, I feel that we are not living up to the obligations of our party platform declarations by seeking to "soak the rich" on the one hand, and on the other, squandering funds as we are, with little or no consideration as to the ultimate result.

I am an advocate of economy in government, and, as a Democrat, I feel that we owe it to the Nation to fulfill our party pledge of reducing governmental expenditures instead of being so profligate and inconsiderate in our spending of public funds. Instead of consolidating or reducing the number of bureaus and divisions of government, we appear to be rushing pell-mell into chaos through the continued establishment of additional bureaus here in Washington. The facts are so glaring that I cannot understand why my Democratic colleagues, who, like myself, were elected on the Democratic platform, do not join me in voicing an emphatic protest to the absolute waste of funds under the guise of relief. There are not sufficient public buildings in Washington to house the high-paid political appointees who are brought into Washington to administer the "mushroom" alphabetical agencies. The Government is taking over apartment houses, private residences, and other facilities; and, in some instances, establishing bureaus outside of Washington—so rapid is the development of bureaucracy here in the Capital City.

Today I received a communication from an outstanding and reliable constituent from my district who called my attention to the deplorable inefficiency and waste in the State emergency relief administration in California. According to his letter we are spending from 50 to 100 percent more for labor and supplies under Government supervision than would be required to be spent for similar projects under private auspices. He called my attention to the fact that under S. E. R. A. specifications the Government is paying $3 per gallon for paint, whereas the particular paint specified can be purchased at his local hardware store for $1.95 per gallon. Roofing paper is specified at $5 per square, whereas the best quality of 85-pound roofing paper can be purchased in his town for $2.40 per square. He vehemently protested the governmental procedure of paying more for materials than their cost in the open market.

He further called my attention to the fact that the families of noncitizens are receiving from the Government as high as $60 per month, while citizens are complaining they do not receive equal consideration.

According to his letter, the morale of our people is being rapidly brought to the lowest ebb, due to incompetency and the lack of sympathetic understanding on the part of the political appointees who are handling the relief and work-relief problems in southern California. In one instance he mentioned that 200 men were going through the motions of working on an acre and a half of land in one of the community gardens, which would indicate that we have worse than a dole since procedure of this kind is demoralizing in the extreme.

A REAL RECOVERY PROPOSAL

In my opinion, we have failed to recognize the basic principles of real recovery legislation. While some of the legislation we have considered and enacted has been of a partial-recovery nature, the most of it has been merely relief in its nature and in its objective. How stupid it appears that we should provide increased surtaxes for individuals with incomes of $50,000 or more per annum, while at the same time, we fail to tax the $50,000,000,000 or more of tax-exempt securities now safely in the coffers of the money changers. Individual income is in a fluid, transient state, and any increase in income taxes reduces the purchasing power of the individual. Purchasing power and money in circulation is our imperative need, and I believe we should exempt from taxation that part of a man's income which he actually spends, rather than placing a premium on investment as we do in our exemption of governmental securities. It is my opinion that in the formulation of a sound tax program, the unearned wealth represented in the billions of tax-exempt securities should first be made to contribute to the cost of government.

The failure of Congress and the administration to act on the pending proposals to tax the present tax-exempt securi-

ties is, in my opinion, an indirect confession that the holders of $50,000,000,000 or more tax-exempt securities have a considerable influence in government. I would look more favorably upon the bill under discussion if we were actually legislating to tax unearned and inherited wealth represented in the billions of tax-exempt bonds.

In my opinion we must have an increase in the circulating medium through the extension of direct governmental credit to the municipalities, counties, and States at a very low rate of interest—not through the medium of borrowing from the bankers with their fountain-pen money but through the issuance of United States Treasury certificates. Our present procedure, of giving to political subdivisions absolute grants of 45 percent of the cost of the project to be financed, adds to the burdens of all the taxpayers, and many of the more prosperous States are called upon to contribute to the welfare of States less fortunate. It is my belief that direct loans by the Government to political subdivisions and to private industry and individuals, on the basis of proper collateral, would do more to bring about recovery than our present procedure, and, moreover, it would not result in an increase in our national debt.

In addition, we could dissolve the myriad of bureaus which have developed under our administration, and thus again save millions to the taxpayers. The administrative expenses of the Agricultural Adjustment Administration alone approximated $35,000,000 in an 11-month period.

Under a system of direct loans, instead of grants, each political subdivision would be responsible for its own loan and would administer its projects without governmental domination. I am in favor of more independence on the part of the individual and the State and less supervision and coercion on the part of the "brain trusters" here in Washington.

I would like to describe in detail how the centralized Government here in Washington is crushing out the independence of the States as well as of the individuals, a development which must be viewed with apprehension by those who subscribe to our democratic form of government; but unfortunately my limited time will not permit me to do so.

I am convinced, however, that the mushroom growth of governmental bureaucracy is inimical to the interests of our people and that all our efforts to bring about recovery, while they may—and I think they will—be temporarily successful, will not and cannot result in permanent recovery as long as we continue to permit international bankers and the plunderbund to hold tax-exempt securities and on the basis of such securities to issue fountain-pen credit to the citizen, exacting from him at the same time exorbitant interest rates.

In conclusion, I reiterate my belief that there can be no permanent recovery as long as we permit the banking fraternity to reestablish themselves on the basis of costly credit to the people. In my opinion, the Nye-Sweeney banking bill would do more to bring about real recovery than anything yet advanced in the new deal.

Where is the wisdom of soaking the rich and squandering the funds thus obtained on inefficient relief measures, while we leave untouched the billions in tax-exempt securities and continue the subsidy granted to the private banker of making money with a fountain pen? [Applause.]

Mr. Chairman, I ask unanimous consent to extend my remarks and to include the letter I have referred to.

Mr. DOUGHTON and Mr. BOEHNE objected.

Mr. RICH. Mr. Chairman, reserving the right to object, I would like the gentleman to include with that all the expenses of the Democratic Party at the present time.

The CHAIRMAN. Objection is heard.

The question is on the amendment of the gentleman from California.

The question was taken; and on a division (demanded by Mr. HOEPPEL) there were—ayes 4, noes 65.

So the amendment was rejected.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 3, line 21, strike out "68", insert "66"; page 3, line 24, strike out "70", insert "66"; page 4, line 3, strike out "72", insert "66"; page 4, line 7, strike out "73", insert "66"; page 4, line 11, strike out "74", insert "66"; page 4, line 15, strike out "75", insert "66."

Mr. KVALE. Mr. Chairman, a parliamentary inquiry. In view of the fact the gentleman from New York [Mr. MARCANTONIO] was also on his feet endeavoring to offer an amendment——

Mr. FISH. Mr. Chairman, I do not yield for a parliamentary inquiry if it is to be taken out of my time.

The CHAIRMAN. The gentleman's time is running.

Mr. FISH. Mr. Chairman, the amendment I have offered places the highest tax at 66 percent instead of 75 percent. I have made it a flat rate of 66 percent in place of 66⅔ because it is easier to compute. My conviction is that when you take more than two-thirds of a taxpayer's income it amounts to confiscation and socialism. Another reason I have offered the amendment is because I believe any taxes exceeding 66 percent are not only excessive but that they will bring in no revenue, because anybody who has a large sum of money, unless he is crazy, will put it into tax-exempt securities instead of paying 75 percent to the Federal Government and more for State income taxes and for city, county, and town taxes. For this reason I have made the maximum 66 percent, which in my opinion is still excessive; but I submit it as a compromise.

I want to point out that in my State—New York—I do not know what obtains in other States—we have an income tax on the very large incomes of 8 percent. If you add this 8 percent to 66 percent you have 74 percent, and in addition to this you have the county, city, and town taxes, your real-estate taxes, school taxes, and even dog taxes, and you will find that these taxes added onto the proposed 66-percent income tax will run above 75 percent, and I submit that when you take away over 75 percent of the income of any individual it is excessive, socialistic, and amounts to confiscation. As I have stated, it will mean that the large income-tax payers will put their money into tax-exempt securities.

I submit, in all fairness, and I believe the Members on both sides want to do what is right, and every Member of Congress wants to do what is right, it is necessary to have a free flow of private capital into industry in order to turn the wheels of industry and provide employment. Where is private industry going to get private capital if you confiscate, through Federal and local taxes, up to about 85 percent, almost 90 percent of the great fortunes. You will divert it away from private industry. What is going to happen to your universities, colleges, museums, libraries, and institutions that are supported by philanthropy, if you insist upon these confiscatory and socialistic rates up to 75 percent and add to them the State, county, and local taxes? It is confiscation up to 85 and 90 percent. That is why I have proposed this amendment, to make the highest tax 66 percent, as a compromise, but which itself is too high to obtain the revenue desired. Ordinarily I would not do it, but I am offering my amendment as a compromise. I am afraid that it will be voted down, but that is the privilege of the Democratic majority. If you insist on these high taxes you will make it impossible for private industry to get capital to keep going. How can there be any expansion or employment of labor without private capital? I warn you that soon there will be no other way for private industry to get money except from the Government; and if you want Government ownership, vote for the excessive income taxes on great fortunes. If you want to have private industry kept intact and even to expand, then vote for the amendment that I have offered. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. FISH) there were—ayes 35, noes 62.

So the amendment was rejected.

Mr. MARTIN of Colorado. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. MARTIN of Colorado: At the end of line 15, page 4, add a new paragraph, as follows:

"Upon all incomes for the year 1935, 10 percent in addition to the tax levied in the Revenue Act of 1934, as amended by this act."

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order upon that.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman reserve it for a moment?

Mr. COOPER of Tennessee. I reserve it.

Mr. MARTIN of Colorado. Mr. Chairman, if I had known that we would have arrived at the consideration of this bill under the 5-minute rule today, I would have fortified myself with some data on the amendment that I have offered. I may say in a word that this is in substance, if not in the exact language, the Couzens amendment that was put in the Revenue Act of 1934 in the Senate, and voted out in the House, although some ninety-odd of us had the courage to go on record on a roll-call vote for the Couzens amendment. It was estimated at that time that this 10-percent increase for 1 year on all incomes would have produced from fifty to fifty-five million dollars additional revenue. I believe with the increase that is being made now in income-tax payments, this amendment, which would not be unduly burdensome, would raise from $75,000,000 to $80,000,000 additional revenue, and it is my opinion if we have the courage of our convictions, the courage to spread this tax all the way down the line, as it ought to be spread, we will adopt this amendment.

Mr. COOPER of Tennessee. Mr. Chairman, I withdraw the point of order and ask for a vote.

The CHAIRMAN. The question is on the amendment of the gentleman from Colorado.

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were—ayes 22, noes 65.

So the amendment was rejected.

Mr. MARCANTONIO. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MARCANTONIO: Page 1, strike out all of section 101 and insert in lieu thereof the following:

"SEC. 101. Surtaxes on individuals—

"Section 12 (b) of the Revenue Act of 1934 is amended to read as follows:

"'Upon surtax net incomes in excess of $5,000 and not in excess of $10,000, 16 percent in addition of such excess; and upon surtax net incomes in excess of $10,000 and not in excess of $15,000, 22 percent in addition of such excess; and upon surtax net incomes in excess of $15,000 and not in excess of $20,000, 24 percent in addition of such excess; and upon surtax net incomes in excess of $20,000 and not in excess of $25,000, 30 percent in addition of such excess; and upon surtax net incomes in excess of $25,000 and not in excess of $50,000, 35 percent in addition of such excess; and upon surtax net incomes in excess of $50,000 and not in excess of $100,000, 40 percent in addition of such excess; and upon surtax net incomes in excess of $100,000 and not in excess of $250,000, 45 percent in addition of such excess; and upon surtax net incomes in excess of $250,000 and not in excess of $500,000, 55 percent in addition of such excess; and upon surtax net incomes in excess of $500,000 and not in excess of $1,000,000, 65 percent in addition of such excess; and upon surtax net incomes in excess of $1,000,000 and in excess of $5,000,000 and over, 75 percent in addition of such excess.'"

Mr. COOPER of Tennessee. Mr. Chairman, as I understand the amendment of the gentleman from New York, his proposition is the British rates.

Mr. MARCANTONIO. Yes. Mr. Chairman, my amendment is based on the British rates of taxation applied to incomes of $5,000 and up. I realize that the committee has practically gone on record not to touch incomes below $44,000, and consequently the position of the committee is that the present bill should not extend to the levels I suggest. However, such a position is unsound. If we are to deal with the problem of financing the care of the unemployed, it is my contention that we should meet that problem squarely and place the burden where it belongs. We must care for the unemployed on the basis of a living wage. Hence we must raise the revenue to do this. I believe that in adopting the British rates of taxes on incomes of $5,000 and up, a graduated tax rate of from 16 percent on $5,000 to $10,000 up to 75 percent on incomes of $1,000,000 to $5,000,000 and over, we would approximate a solution of our revenue problem.

Mr. ZIONCHECK. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. Yes.

Mr. ZIONCHECK. I understand this amendment is the British tax schedules from $5,000 upward.

Mr. MARCANTONIO. Yes.

Mr. ZIONCHECK. And not from $5,000 down?

Mr. MARCANTONIO. No; it does not affect those under $5,000.

Mr. FITZPATRICK. What is the difference in the maximum between the American rates and the British rates?

Mr. MARCANTONIO. The British surtax rate is 1 percent higher on incomes of $1,000,000 to $5,000,000 and over. The rate in the present bill is 74 percent on incomes of $2,000,000 to $5,000,000, and the British rate is 75 percent. On the basis of the revenue figures of 1933, if we had had the British rates in force then we would have raised an additional $756,309,000.

Mr. KVALE. If instead of attacking the surtax rates, the gentleman would attack the normal tax and make the normal tax 6 percent, would he not accomplish the same result?

Mr. MARCANTONIO. If I had adopted that method my amendment would not have been germane.

The CHAIRMAN. The time of the gentleman from New York [Mr. MARCANTONIO] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were ayes 16 and noes 69.

So the amendment was rejected.

Mr. SNELL. Mr. Chairman, I should like to ask the chairman of the committee a question, if I may be allowed.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SNELL. As I understood the arrangement yesterday, it was that if we gave unanimous consent to meet at 10 o'clock this morning, when the 6 hours' general debate was concluded and the first section of the bill was read the Committee would rise.

Mr. DOUGHTON. I will say to my friend that if any arrangement or understanding of that kind was made I was not a party to it; but if it was made, it is all right with me.

Mr. SNELL. If I am wrong about it, that is a different story; but how long is it the intention to sit tonight?

Mr. DOUGHTON. There is one more short section that we would like to read; but if there could be some understanding reached as to how long we would run, it is agreeable to me.

Mr. SNELL. I do not care to make any understanding if we cannot have it any more definite than the one yesterday. I do not desire to delay the passage of this bill, but I think we have been in session long enough today.

Mr. ZIONCHECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: After section 101, on page 4, insert the following new section:

"SEC. 102. Section 117 (a) and (b) of the Revenue Act of 1934 are amended to read as follows:

"'CAPITAL GAINS AND LOSSES

"'SEC. 117. (a) Tax in the case of capital net gain: In the case of a taxpayer other than a corporation who for any taxable year realizes a capital net gain (as defined in subsection (b) of this section), the tax under this title shall be determined, under regulations to be prescribed by the Commissioner, with the approval of the Secretary, as follows:

"'(1) A partial tax shall first be computed on the ordinary net income at the rates and in the manner as if this section had not been enacted.

"'(2) To this amount shall be added an additional tax on the capital net gain, equal to—

"'Five times the additional tax that would be imposed, at the rates and in the manner as if this section had not been enacted, on one-fifth of the capital net gain if the capital assets sold or exchanged by the taxpayer at a gain in the taxable year have been held by him an average of 5 years or more.

"'Four times the additional tax that would be similarly imposed on one-fourth of the capital net gain if the said capital assets have been held by the taxpayer an average of 4 years.

"'Three times the additional tax that would be similarly imposed on one-third of the capital net gain if the said capital assets have been held by the taxpayer an average of 3 years.

"'Twice the additional tax that would be similarly imposed on one-half of the capital net gain if the said capital assets have been held by the taxpayer an average of 2 years.

"'The entire amount of the additional tax that would be similarly imposed on the entire capital net gain if the said capital assets have been held by the taxpayer an average of 1 year or less.

"'(3) The Commissioner (with the approval of the Secretary), in prescribing the method of determining the average number of years for which capital assets have been held, may limit the number of years that shall be counted in the case of a capital asset held for more than 5 years.

"'(b) Definitions: For the purposes of this title—

"'(1) "Capital assets" means property held by the taxpayer (whether or not connected with his trade or business) but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale in the course of his trade or business.

"'(2) "Capital gain" means taxable gain upon the sale or exchange of a capital asset.

"'(3) "Capital loss" means loss upon the sale or exchange of a capital asset.

"'(4) "Capital net gain" means the excess of the taxpayer's capital gains for the taxable year over (A) his capital losses for the taxable year and (B) such deductions, allowed by section 25 for the purpose of computing net income, as are properly allocable to or chargeable against the capital assets sold or exchanged. In computing capital net gain there shall be included (A) that portion of the profit or loss on installment sales of capital assets which under section 44 is properly included in the taxpayer's net taxable income for the taxable year, and (B) that portion of the profit or loss on sales of capital assets by a partnership, estate, or trust which under sections 162, 167, and 182 is properly included in the taxpayer's net taxable income for the taxable year.

"'(5) "Ordinary net income" means the taxable net income less the capital net gain.

"'(6) The additional tax that would be imposed on a capital net gain or any fraction thereof means the difference between (A) a tax computed on the ordinary net income and (B) a tax computed on the sum of the ordinary net income and the capital net gain or fraction thereof.'

"Section 117 is further amended by adding at the end thereof the following subsection:

"'(g) The Commissioner, with the approval of the Secretary, may direct that a taxpayer who reports a capital net gain shall compute and pay his tax as though this section had not been enacted. In that event the Commissioner shall cause the tax to be recomputed in accordance with this section as promptly as practicable and shall immediately credit or refund any overpayment indicated by such recomputation.'"

Mr. COOPER of Tennessee. Mr. Chairman, I reserve a point of order on the amendment.

Mr. ZIONCHECK. Mr. Chairman, this is an amendment to the revenue law of 1934. Its purpose is to change the schedule of taxation for speculative profits. It is a modified form of the amendment introduced by Senator MURPHY in the Senate last year. The provision in the present revenue act for the taxing of speculative gains and losses provides for the full gain on an investment of less than 1 year being added to the ordinary income. If the gain comes from an investment of more than 1 year and less than 2 only 80 percent of the gain is added to the ordinary income. From a 2- to 5-year investment but 60 percent of the profit is taxed, whereas a speculative gain on an investment of 5 to 10 years the tax is on but 40 percent of the profit made, whereas any capital or speculative gain on an investment of over 10 years the present law provides for a tax on but 30 percent of the profit. All in all only one-half of the speculative gains under the present provisions are subject to the same rate of tax as that of ordinary income. The amendment which I have introduced changes the manner of taxing such gains so that the Government will obtain taxes on speculative profits on the sale of stocks, bonds, and real estate approximately the same as that on earned incomes.

It provides for a full taxation upon investments of 1 year or less and approximately full taxation on speculative profits from investments of 2 or more years. In brief, it proposes to divide the speculative profit on an investment by the average number of years that the capital was invested and taxing the proportionate part in the bracket in which it would fall when added to the taxpayers' other net income and multiplying the amount of tax upon this portion of the speculative gain by the number of years the taxpayer had his capital invested in the stocks, bonds, or real estate upon which he derived his profit. As an example, if the taxpayer made a profit of $90,000 on a 3-year investment, you would divide the $90,000 by 3, which would give you $30,000. You would then add this $30,000 to the taxpayer's other income and determine the amount of normal and surtaxes on this $30,000 in the bracket in which it fell and multiply it by 3.

This amendment further provides that investments of more than 5 years will be calculated on a 5-year basis in order to avoid administrative difficulties.

The Income Tax Unit of the Bureau of Internal Revenue made a study of this proposed plan, taking 176 average returns of $100,000 or more. On these 176 returns full taxation would have amounted to $53,240,009.63. Under the present provisions of the 1934 Revenue Act they ascertained that the tax would amount to $37,677,728.45, whereas had this amendment been the law the Government would have received $52,301,432.28.

I have been informed by very reliable authority that were this amendment the law today we would have received an increase in revenue on speculative gains of from $50,000,000 to $60,000,000 annually, based on the returns of 1933. In other words, the present exception on income from speculative gains is a manner of evading just taxation, and despite the apparent large percent of tax in the higher brackets this exception decreases that percentage to a great extent. The wealthy are favored by the present provisions of the law on such gains as they are to a large extent on the income from dividends which are not subject to the 4-percent normal tax.

Mr. Chairman, my only interest in this matter is to see that the Government obtains more revenue with which to carry out its duty in caring for the destitute and unemployed. My only criticism of the present bill is that it does not go far enough. In my opinion the rates should have been increased from the $5,000 bracket on upward, for in no other way can we obtain the necessary revenue to carry out the necessary functions of Government. Research shows that in 1929 the people in the income groups of $5,000 and less bought 80 percent of all the goods sold, whereas those of the income groups above $5,000 bought only 20 percent. The only manner in which we can bring about recovery in a constitutional manner, in view of the recent decisions of the Supreme Court, is by way of taxation, taxing those in the higher brackets, and with this money creating consumers' purchasing power among those in the lower brackets, and particularly among those whose income comes within no bracket whatsoever.

By offering this amendment I am not criticizing the Committee on Ways and Means, for I realize that they had a Herculean task in bringing before us a bill which goes as far as this one, when one considers that many members of this body are opposed to any increase in taxation in any and all brackets.

I am going to vote for the present bill, even if it is not improved, for it is by far the best tax bill that has been presented to the House since I have been here. It is my hope that the amendment which I have submitted will be adopted. I will be glad to answer any questions that I can on this amendment, although I do not hold myself to be a tax expert.

Mr. McFARLANE. Will the gentleman yield?

Mr. ZIONCHECK. I yield.

Mr. McFARLANE. Was not this amendment offered by Senator Reed?

Mr. ZIONCHECK. No; it was offered by Senator Murphy, and Senator Reed, of Pennsylvania, fought it very bitterly, which I think is a very fine recommendation for it.

Mr. McFARLANE. I mean this amendment will amend the present law offered by Senator Reed.

Mr. ZIONCHECK. Yes.

Mr. Chairman, we must increase our revenue by way of taxation, for the only other alternative is inflation or repudiation, unless the Government adopts a policy of allowing and helping the unemployed operate closed factories

and idle land to produce for their own use. With our present technological advancement we could produce as much as we did in 1929 and still have from six to eight million unemployed. I, for one, believe in facing this problem in a realistic manner, and for the time being can see no other method than that of increased taxation. If properly administered, such a program would go a long ways toward breaking up huge fortunes and redistributing the wealth among all of the people. This is not only desirable, but it is necessary if we are to work our way out of this depression in an orderly manner. It is not my contention that a tax program is the complete answer to the problem, but under our present constitutional limitations it is the best we can do for the time being. It is my hope that this amendment will be adopted.

Mr. COOPER of Tennessee. Mr. Chairman, I withdraw the reservation of a point of order, and I ask for recognition in opposition to the amendment. I shall detain the Committee only a moment.

I invite attention to the fact that this amendment would open up the entire capital gains and losses provisions of the 1934 Revenue Act, certainly one of the most complicated provisions of the 1934 Revenue Act. As Members will recall, your Committee on Ways and Means labored practically all summer and fall in producing the 1934 Revenue Act. We certainly did everything we could to stop every loophole and prevent every possible tax avoidance through the enactment of that act. This amendment is related to one of the most complicated provisions or sections of that act. Certainly, I do not feel that it is a matter that we could properly consider here on the floor of the House without thoroughly analyzing it and seeing just how far it affects the provisions of existing law in which we tried so hard to prevent tax avoidance and close the loopholes that then existed. I do not think it would be wise at all to adopt an amendment of this type to such a complicated provision of existing law without an opportunity for more careful consideration.

Mr. Chairman, I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The amendment was rejected.

Mr. KELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KELLER: Insert a new section following line 15, on page 4:

"That there shall be levied, collected, and paid by individuals and corporations, irrespective of, and in addition to, the income tax they are subject to under existing law, or any amendment thereof, a special tax of 1 cent on each dollar of gross income."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment. Certainly there is nothing in this bill relating to the subject of gross income tax. The whole subject matter of this bill relates to net income.

Mr. KELLER. Will not the gentleman reserve his point of order for a moment?

Mr. COOPER of Tennessee. Mr. Chairman, I reserve the point of order.

Mr. KELLER. Mr. Chairman, this bill is a revenue measure. It has for its purpose the raising of money. Whatever we do within the limits of the sixteenth amendment, it seems to me, ought to be germane. We have not heretofore, in my judgment, had an income-tax law. It has been a law applying to profits only. We, therefore, have at the present moment a net-profits tax and not an income tax. We must have a real income tax—a tax on incomes, not on profits.

The title of this bill reads:

To provide revenue, equalize taxation, and for other purposes.

It seems to me, therefore, that anything coming within the scope of the sixteenth amendment would be germane at least to the general sections up to 102. So it seems to me, calling your attention to this feature, that most careful consideration should be given to an amendment which will have the effect of raising $1,585,000,000 extra revenue. That is what we need at the present time. That is what we ought to get. It seems to me that if there is one criticism to which the bill is fairly subject it is the criticism that it does not raise enough money, it is inadequate.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. RICH. Does the gentleman think we ought to raise as much as $1,500,000,000 more, or that we ought to save $1,500,000,000 in our spending? Does not the gentleman think it would be better to cut out the spending?

Mr. KELLER. I am going to speak on that subject before this session is over and I hope the gentleman will be present, because I shall answer his question and all similar ones at that time, and I shall challenge any man on this floor, especially my friend from Pennsylvania who really thinks we can scrimp and pinch our way out of this economic cataclysm, to show exactly how that can be done.

Mr. RICH. It will be very interesting, I am sure.

Mr. KELLER. I say that in all good nature, as the gentleman understands. But I do insist that if we are to try to raise revenue we ought to raise revenue; that if an amendment comes under the sixteenth amendment of the Constitution that it is germane to this bill, to this section, and at this point.

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against the amendment offered by the gentleman from Illinois that this bill deals with tax on net income and has no relationship whatever to tax on gross income, an entirely different matter, a different subject.

The CHAIRMAN. The Chair thinks the point of order well taken and sustains the point of order.

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 4, at the end of line 15, add a new section, to be 101½:

"No Federal tax-exempt security shall be issued after the approval of this act."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. FISH. Briefly, Mr. Chairman.

Mr. Chairman, this bill seeks to provide revenue and equalize taxation. Certainly if it tends to equalize taxation this amendment ought to be in order. At the present time most of the high-income taxpayers are putting their money in tax-exempt securities; therefore, if this bill is to provide revenue through taxation, one way to stop that is to stop issuing tax-exempt securities, then we will be able to get the revenue we are trying to get under this bill, and which we will get in no other way as long as we continue to issue tax-exempt securities. On that basis I submit the amendment ought to be in order.

Mr. KELLER. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Illinois.

Mr. KELLER. Is it not a fact that under the present constitutional amendment we ought to seek a way to enforce the amendment, which has not yet been sought by the Justice Department?

Mr. FISH. The gentleman knows very well what his President said the other day. The President said he was in favor of a constitutional amendment to prevent the issuance of tax-exempt securities, but, at the same time, he blamed the 58 thriftiest for putting their money in tax-exempt securities. He said that in a press conference day before yesterday. However, I have not seen any effort by any administration supporter to carry out such views. Up to now the new deal has blocked all attempts to even consider a constitutional amendment regarding tax-exempt securities.

Mr. KELLER. I have never been able to understand why the Justice Department has not undertaken that job.

Mr. FISH. The gentleman should ask the President.

The CHAIRMAN. Without regard to the merits sought to be accomplished by the amendment, the Chair thinks the amendment seeks to accomplish a very much broader and more comprehensive purpose than what is within the contemplation of a bill which has for its purpose the raising of revenue. The Chair, therefore, sustains the point of order.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8974) to provide revenues, equalize taxation, and for other purposes, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

COOPERATION OF THE STATES FOR THE ADMINISTRATION AND MANAGEMENT OF STATE FORESTS

The SPEAKER. The Chair lays before the House the following Senate concurrent resolution.

Senate Concurrent Resolution 22

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives in signing the enrolled bill (H. R. 6914) to authorize coperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes, be, and the same is hereby, rescinded.

The Senate concurrent resolution was agreed to.

The SPEAKER. The Chair lays before the House the following request from the Senate.

The Clerk read as follows:

IN THE SENATE OF THE UNITED STATES,
July 29 (calendar day, Aug. 1), 1935.

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (H. R. 6914) to authorize coperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes.

Mr. RICH. Mr. Speaker, has that been taken up by a committee of the House, and did they unanimously approve it?

The SPEAKER. The House has just adopted the concurrent resolution.

Mr. RICH. Has a committee of the House acted? If they have not, I object.

The SPEAKER. The House has acted. The Senate is respectfully asking the House to return the bill. That is the only thing contained in this resolution. It is simply a question whether the House wants to refuse to return the bill to the Senate.

Mr. SNELL. Mr. Speaker, this is purely a House matter at the present time. The committee is not interested.

The SPEAKER. The gentleman is correct. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HAINES, for 1 days, on account of important business.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 3328. An act to provide an official seal for the United States Veterans' Administration, and for other purposes; to the Committee on the Judiciary.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 42 minutes p. m.) the House adjourned, under its previous order, until tomorrow, Saturday, August 3, 1935, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

439. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting, pursuant to section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated July 26, 1935, submitting a report, together with accompanying papers and illustrations, on further flood control of the lower Mississippi River by control of flood waters in the drainage basin of the tributaries by the establishment of a reservoir system (H. Doc. No. 259), was taken from the Speaker's table, referred to the Committee on Rivers and Harbors, and ordered to be printed, with 27 illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TERRY: Committee on Interstate and Foreign Commerce. H. R. 8644. A bill granting the consent of Congress to J. L. Jones, Tyre W. Burton, and H. R. Turley, trustees, to construct, maintain, and operate a toll bridge across the Missouri River at or near Arrow Rock, Mo.; with amendment (Rept. No. 1705). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H. R. 8770. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg.; without amendment (Rept. No. 1706). Referred to the House Calendar.

Mr. MERRITT of Connecticut: Committee on Interstate and Foreign Commerce. H. R. 8963. A bill granting the consent of Congress to the State of Connecticut and Middlesex County to construct, maintain, and operate a free highway bridge across the Connecticut River at or near Middletown, Conn.; without amendment (Rept. No. 1707). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 8661. A bill supplementing the act of Congress approved February 25, 1928, entitled "An act authorizing the city of Louisville, Ky., to construct, maintain, and operate a toll bridge across the Ohio River at or near said city"; without amendment (Rept. No. 1708). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 3714. A bill to amend the act entitled "An act for the relief of contractors and subcontractors for post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920; without amendment (Rept. No. 1704). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOCKWEILER: A bill (H. R. 9026) to exempt from taxation receipts from the operation of Olympic games if donated to the State of California, the city of Los Angeles, and the county of Los Angeles; to the Committee on Ways and Means.

By Mr. SABATH: A bill (H. R. 9027) to prevent excessive charges and loss of assets in connection with reorganizations and compositions involving bonds and other obligations secured by real estate, to authorize the Reconstruction Finance Corporation to make loans to finance real-estate reorganizations and compositions, and for other purposes; to the Committee on Banking and Currency.

By Mr. SAUTHOFF: A bill (H. R. 9028) to authorize appropriations for the establishment of a Federal bee-cultural laboratory at Madison, Wis.; to the Committee on Agriculture.

By Mr. SCRUGHAM: A bill (H. R. 9029) to authorize the conveyance by the United States to the State of Nevada for State park and other public purposes all the right, title, and interest of the United States in and to certain public lands in the State of Nevada; to the Committee on the Public Lands.

Also, a bill (H. R. 9030) to authorize the conveyance by the United States to the State of Nevada for State park and other public purposes all the right, title, and interest of the United States in and to certain public lands in the State of Nevada; to the Committee on the Public Lands.

By Mr. WILCOX: A bill (H. R. 9031) to authorize the Secretary of Commerce to dispose of certain portions of Anastasia Island Lighthouse Reservation, Fla., and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. EKWALL: A bill (H. R. 9032) to add lands to the Mount Hood National Forest, Oreg.; to the Committee on the Public Lands.

By Mr. DIES: Resolution (H. Res. 318) to facilitate the departure and settlement abroad of aliens who are the victims of unemployment; to the Committee on Immigration and Naturalization.

By Mr. MAAS: Joint resolution (H. J. Res. 371) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 9033) for the relief of Helen Gallagher Dominian; to the Committee on Foreign Affairs.

By Mr. BROWN of Michigan: A bill (H. R. 9034) granting a pension to Ruth Iola Goulette Pridham; to the Committee on Invalid Pensions.

By Mr. McCORMACK: A bill (H. R. 9035) for the relief of James R. Oakes; to the Committee on Military Affairs.

By Mr. McGRATH: A bill (H. R. 9036) for the relief of Marcellus Krigbaum; to the Committee on Claims.

By Mr. NELSON: A bill (H. R. 9037) granting a pension to Louisa M. Alcorn; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9254. By Mr. BEITER: Petition of the Central Labor Council of Buffalo, N. Y., endorsing the efforts and policies of President Roosevelt and deploring attacks made on his character and personal integrity, and urging the Congress to enact legislation recommended by the President; to the Committee on Ways and Means.

9255. By Mr. BRUNNER: Resolution of the Non-Sectarian Anti-Nazi League to Champion Human Rights, Inc., adopted Thursday, July 25, 1935, urging Congress and the President of the United States to refrain from entering into any new trade pact or agreement with the German Government so long as racial, religious, and political minorities of Germany suffer under the present intolerable conditions; to the Committee on Foreign Affairs.

9256. By Mr. CROSSER of Ohio: Petition of several citizens of Ohio, favoring the passage of Senate bill 1629; to the Committee on Interstate and Foreign Commerce.

9257. By Mr. JOHNSON of Texas: Petition of F. G. Blake, president Coca-Cola Bottling Co., Inc., Hearne, Tex., favoring House bill 3263, long- and short-haul bill; to the Committee on Rules.

9258. By Mr. MERRITT of New York: Resolutions adopted by the executive committee of the league, that the Non-Sectarian Anti-Nazi League to Champion Human Rights, Inc., representing a great group of American citizens of all religious faiths and political opinions, shall call upon Congress and the President of the United States to lay before the German Government the indignation and resentment aroused in this country by the intolerance, the brutality, and the total disregard of all elementary principles of justice by the German Government; and further, that Congress and the President of the United States be urged to refrain from entering into any new trade pact or agreement with the German Government so long as the present intolerable conditions continue; and in the event that they do continue, a complete and Government-controlled boycott of all German products and services be effected; to the Committee on Foreign Affairs.

9259. Also, resolutions adopted by the emergency conference of the American Jewish Congress and the Jewish labor committee, expressing the unanimous opinion of more than 2,000 delegates, representing more than 800 organizations, with an aggregate membership of one-half million, relative to the necessity of some action to halt the growth of the Hitler menace; urging support of the boycott against German products and services, the abrogation of all commercial treaties now existing between the United States and Germany, the rescinding of America's acceptance of participation in the 1936 Olympic Games, and the refusal by American educational institutions of exchange arrangements for professors and students from Nazi Germany; to the Committee on Foreign Affairs.

9260. Also joint resolution of National Federation of Post Office Clerks and National Association of Letter Carriers, Flushing, N. Y., urging that vacancy now existing in office of the superintendent of mails at Flushing, N. Y., be filled by the promotion of one of the employees from the Flushing postal district; to the Committee on the Post Office and Post Roads.

9261. Also, memorial signed by 83 citizens of Syracuse, N. Y., protesting against the tyranny and brutality of the Hitler regime, and urging that Congress initiate and support measures calculated to bring an end to these persecutions; to the Committee on Foreign Affairs.

9262. By Mr. SISSON: Petition of residents of Oneida County, N. Y., petitioning Congress to pass neutrality legislation at this session; to the Committee on Foreign Affairs.

9263. Also, petition of residents of Clark Mills, Oneida County, N. Y., petitioning Congress to pass neutrality legislation at this session; to the Committee on Foreign Affairs.

HOUSE OF REPRESENTATIVES

SATURDAY, AUGUST 3, 1935

The House met at 10 o'clock a. m.

The Rev. Vernon N. Ridgely, D. D., pastor of the Calvary Methodist Episcopal Church, Washington, D. C., offered the following prayer:

Almighty God, whose light is as the morning and whose glory is as the rising of the sun, we thank Thee that there is not one human life beyond Thy love and care. We take comfort in the knowledge that Thou art available to all Thy people and adequate for every need. With grateful hearts we acknowledge Thy loving kindness and tender mercies. We are not worthy of Thy gracious favors, but we are thankful for Thy providential care. O Lord, we confess our mistakes and wanderings from Thee. Forgive us our feverish ways and cleanse our hearts by the inspiration of Thy Holy Spirit, that we may perfectly love Thee and worthily magnify Thy Holy Name. Give us strength for our burdens, grace for our thorns, light for our problems, and courage for our duties. Abolish the reign of evil and establish the Kingdom of God in every life. May humility triumph over pride and ambition; charity over hatred, envy, and malice; purity and self-control over lust and excess; and unselfishness and poverty of spirit over covetousness and the love of this perishable world. Bless our country. Deliver it from all destructive influences and guide our people into paths of peace, good will, and abiding happiness. Amen.

The Journal of the proceedings of yesterday was read and approved.

HOW THE POWER TRUST IS ROBBING MISSISSIPPI

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, on May 24, 1935, I showed on this floor that the American people are overcharged $1,000,000,000 a year for electric lights and power, and broke my figures down to show how much of this overcharge the people of the various States had to pay.

MISSISSIPPI

The people of the State of Mississippi used 324,590,000 kilowatt-hours of electric energy last year, for which they paid the sum of $6,386,241.

Under the T. V. A. rates, the cost would have been $4,405,241, a saving of $3,981,000 a year.

Under the Tacoma, Wash., rates the cost would have been $4,269,241 a year, a saving of $4,117,000 a year.

Under the Ontario rates the cost would have been $3,438,882 a year, a saving of $4,947,359 a year.

Under the Winnipeg rates the cost would have been $4,049,241, a saving of $4,337,000 a year.

Thus it will be seen that the people of the State of Mississippi are overcharged on an average of about $4,000,000 every year for electric lights and power, which in 10 years would amount to $40,000,000, enough to build a system of hard-surfaced roads in every county in the State. At the present price of cotton, it would take 72,000 bales a year to pay this overcharge in Mississippi alone—almost a thousand bales to the county—and yet a vast majority of the people in the State are denied the use of any electric energy at all.

No wonder the Power Trust is fighting the T. V. A. and trying to prevent its serving the people of Mississippi.

No wonder the Power Trust maintains a powerful and expensive lobby in Jackson during the time the legislature is in session, in order to block legislation that would protect the consumers of electric lights and power in that State from the enormous overcharges they now have to pay.

No wonder they and their minions are driving the knife into the back of President Roosevelt because of his untiring efforts to wring the tentacles of this gigantic octopus, known as the "Power Trust", from the throats of the helpless consumers of electric lights and power.

No wonder they hate Senator GEORGE W. NORRIS and every other man who stands on the floor of the United States Senate or the House of Representatives and exposes their iniquitous and damnable racketeering and attempts to interfere with their ruthless plundering of the consumers of electric lights and power.

No wonder they are trying in every way to block our program for rural electrification that would light the farm homes of Mississippi and every other State and give to the people in the rural districts the benefits of cheap electric energy to light their homes and lift from their shoulders and from the shoulders of their women and children the great burden of drudgery which they now bear.

They would rather continue to take their "pound of flesh" than to see the great blessings of cheap electric energy carried to every home in America.

Let us see what this overcharge in Mississippi means to the people of the various counties. I hope everybody in the State will read these figures and then call upon every public official and every candidate for public office to know where he stands and demand that he make public announcement of that stand on this the greatest issue now before the American people.

There are only two sides to this question. Every official and every candidate for public office is either on the side of the people or he is on the side of the Power Trust. Some may not have the courage to tell where they stand. If so, then they probably would not have the courage to resist the influence of the Power Trust lobby even if they are not with them to begin with.

Now let us take these overcharges by counties in Mississippi. I have had this data carefully prepared. It is substantially correct as to every county in the State.

ADAMS COUNTY

The people of Adams County are overcharged approximately $44,000 a year according to the T. V. A. rates; $50,000 a year according to the Tacoma, Wash., rates, and $54,000 according to the Ontario rates. In other words, if the people of Adams County, which includes the city of Natchez, were supplied with electric lights and power at T. V. A. rates, they would save approximately $44,000 a year. Under the Tacoma rates, they would save approximately $50,000, and under the Ontario rates approximately $54,000 a year. Besides, they would double their consumption of electric energy and increase the use of electrical appliances, if they were supplied with electricity at these lower rates.

For instance, in the city of Natchez, which is served by the Mississippi Power & Light Co., 25 kilowatt-hours a month cost $2.45, or $29.40 a year. In Tupelo, Amory, Okolona, or New Albany, under the T. V. A. rates, 25 kilowatt-hours a month cost 75 cents, or $9 a year—a saving of $20.40, or 69 percent. Forty kilowatt-hours a month in Natchez cost $3.30; in Tupelo, Amory, Okolona, or New Albany, under the T. V. A. rates, it costs $1.20. In other words, a householder in Natchez, using 40 kilowatt-hours a month, would pay $39.60 a year, whereas under the T. V. A. rates he would pay $14.40 a year—an overcharge of 175 percent.

It would take 900 bales of cotton a year, at the present price, to pay this overcharge in Adams County alone.

ALCORN COUNTY

Under the old rates the people of Alcorn County were being overcharged for electric lights and power from $75,000 to $100,000 a year. They have been relieved of that burden now, and the people of that county are receiving electric energy from Muscle Shoals at the T. V. A. rates.

The consumption of electric energy doubled during the first year the T. V. A. rates were in force in Alcorn County, and the use of electrical appliances grew by leaps and bounds. Preparations are now going forward for the construction of 100 or 125 miles of rural power lines in Alcorn, and we are striving to get that supplemented so as to reach every home in the county.

Before the T. V. A. Act was passed, the power company was buying power at Muscle Shoals at 2 mills a kilowatt-hour and selling it to the people of Alcorn County, only 50 miles away, at 10 cents a kilowatt-hour, or an increase of 4,800 percent.

The reduction of these power rates has been the greatest stimulant Alcorn County has ever had and is reflected in the business activity, not only in the city of Corinth, but in Rienzi, Glens, Wenesoga, Kossuth, Kendrick, and other points in the county to which these T. V. A. lines have been extended.

During the first year that Alcorn County, through the Alcorn County Electric Power Association, was connected up with the T. V. A. the average monthly consumption of electric energy per customer more than doubled. The number of electric refrigerators used went from 222 to 831; electric ranges from 196 to 375; and the number of electric water heaters from 29 to 116; and water pumps, washing machines, and other labor-saving electrical appliances increased in proportion.

We are making a drive now to get this cheap power to every farmer in the county, so that he may light his home, his barn, and other outhouses; operate his water pump, washing machine, feed grinder, cotton gin, and all the other electrical machinery and appliances necessary to make his home pleasant, profitable, and attractive, and to take the burdens of drudgery from his shoulders and from the shoulders of his wife and children.

We expect to make Alcorn one of the model power counties of America.

AMITE COUNTY

The people of Amite County are overcharged from $35,000 to $45,000 a year.

In the town of Liberty, which is supplied by the Mississippi Power & Light Co., 25 kilowatts a month costs $2.85, or $32.40 a year, which under the T. V. A. rates would cost 75 cents a month, or $9 a year. That is an overcharge of 260 percent.



In Liberty, 40 kilowatts a month costs $3.60, or $43.20 a year, which under T. V. A. rates would cost $1.20 a month, or $14.40 a year, an overcharge of exactly 200 percent.

It would take about 600 bales of cotton to pay these overcharges in Amite County, and yet her farmers are practically all excluded from the use of any electricity whatsoever.

ATTALA COUNTY

The people of Attala County are overcharged approximately $48,000 a year, according to the T. V. A. rates, $55,000 according to the Tacoma rates, and $59,000 according to the Ontario rates.

In the towns of Ethel, McCool, and Sallis the power company charges $2.60 a month, or $31.20 a year, for 25 kilowatt-hours that cost 75 cents a month, or $9 a year, under the T. V. A. rates—an overcharge of 246 percent.

I know it will be said that some of these people are served by municipal plants. But even the municipal plants invariably try to hold the rates up to a level with the power-company rates in order to make money for the city. In that way they curtail the use of electric energy, overcharge the consumer, prevent a liberal use of electric appliances, and shut the door of hope in the farmer's face so far as rural electrification is concerned.

It would take more than 900 bales of cotton a year to pay these overcharges in Attala County.

BENTON COUNTY

Benton County was recently connected up with the T. V. A., so their overcharges have been wiped out, and from this time on the people of Benton County will be served T. V. A. power at T. V. A. rates.

This cheap power, when it is carried to every farmer in Benton County, will do more for her people than anything else has ever done in all the history of the State.

BOLIVAR COUNTY

The people of Bolivar County are overcharged approximately $133,000 a year, according to the T. V. A. rates; $151,000 according to the Tacoma rates; and $163,000 according to the Ontario rates. They are paying more than three times as much per kilowatt-hour for electric energy as they would pay under the T. V. A. rates.

In Cleveland, or Rosedale, both of which are supplied by the Mississippi Power & Light Co., 25 kilowatt-hours a month costs $2.60, as against 75 cents under the T. V. A. rates; 40 kilowatt-hours a month costs $3.50 in Rosedale or Cleveland, as against $1.20 under the T. V. A. rates; 100 kilowatt-hours in Rosedale or Cleveland costs $6.35 a month, as against $2.50 under the T. V. A. rates.

The average domestic consumer in Bolivar County pays about three times what electricity is worth.

It would take about 2,000 bales of long-staple cotton a year to pay these enormous overcharges in Bolivar County alone.

CALHOUN COUNTY

The people of Calhoun County are overcharged about $25,000 a year according to the T. V. A. rates, $30,000 according to the Tacoma rates, and $35,000 according to Ontario rates. But the people of Calhoun County are waking up and are making a drive to get T. V. A. power supplied to them at T. V. A. rates, as it is being supplied to the people in their neighboring counties of Alcorn, Prentiss, Tishomingo, Itawamba, Pontotoc, and Lee.

At present the people of Calhoun County pay $2.13 a month for 25 kilowatt-hours; $2.95 a month for 40 kilowatt-hours, which is almost three times as much as it would cost them under the T. V. A. rates.

It would take at least 400 bales of the best cotton grown in Calhoun County to pay these overcharges every year in that one county alone.

CARROLL COUNTY

The people of Carroll County are being overcharged approximately $37,000 a year according to the T. V. A. rates, $42,000 according to the Tacoma rates, and $45,500 according to the Ontario rates. Yet the people in the rural districts get practically no electricity at all.

This overcharge amounts to more than the sales tax. I do not see how the people of Carroll County can stand it. They pay $31.20 for electricity that would cost $9 at T. V. A. rates—an overcharge of 240 percent.

It would take 600 bales of cotton a year to pay these overcharges in Carroll. If that is not economic slavery, then what is it?

CHICKASAW COUNTY

The people of Chickasaw County a few months ago were being overcharged at the rate of $38,500 a year, according to the T. V. A. rates, $44,000 according to the Tacoma rates, and $47,500 according to the Ontario rates. But they are now beginning to get relief. The progressive citizens of Okolona and surrounding territory, after a long and arduous battle, have succeeded in getting connected up with the T. V. A., and are now getting their power at T. V. A. rates. But the rest of that county is still struggling for relief. In Okolona 25 kilowatt-hours a month cost 75 cents, while in Houston, only a few miles away, the Mississippi Power Co. charges $2.13, or considerably more than twice as much—almost three times as much as a consumer in Okolona has to pay.

No wonder the people of Chickasaw are putting on a drive to get T. V. A. power to every home in the county. It will mean to them a new day.

They realize they cannot continue to pay the price of 500 or 600 bales of cotton a year as tribute to the Power Trust.

CHOCTAW COUNTY

The people of Choctaw County are overcharged approximately $23,000 a year, according to the T. V. A. rates, $26,000 according to the Tacoma rates, and $28,500 according to the Ontario rates.

It is heart-rending to think of the toiling people of a poor county like Choctaw having to bear this enormous burden of unnecessary taxation year after year.

Compare the following rates now being paid by the people of Choctaw County with the T. V. A. rates and you will see that the people of Choctaw are being charged almost three times what they would have to pay for lights and power under the T. V. A. rates. At present they are paying $2.13 a month for 25 kilowatt-hours, $2.95 a month for 40 kilowatt-hours, $5.35 for 100 kilowatt-hours. Under the T. V. A. rates they would pay 75 cents a month for 25 kilowatt-hours, $1.20 for 40 kilowatt-hours, and $2.50 for 100 kilowatt-hours.

This enormous overcharge not only prevents a liberal use of electric energy and the employment of electric appliances to the people in the towns, but they also prevent the people in the rural districts from getting any electricity at all. I doubt if there are 50 farmers in Choctaw County, living outside the corporate limits of a municipality, who enjoy the use of any electric energy at all. They are simply in the dark and the Power Trust is trying to shut the door of hope to them and their children.

It would take 400 bales of cotton a year to pay these overcharges in Choctaw County. Her people simply cannot stand to bear this burden throughout all time.

CLAIBORNE COUNTY

The people of Claiborne County are overcharged approximately $22,500 a year according to the T. V. A. rates, $25,500 according to the Tacoma rates, and $28,000 according to the Ontario rates. They are paying a maximum of 9.6 cents a kilowatt-hour as against a maximum of 3 cents charged by the T. V. A., even though Claiborne County joins Hinds County, which has one of the greatest gas fields in the world, where electric energy could be produced at 1½ to 2 mills per kilowatt-hour. But I will get to Hinds County later.

No wonder the people of Claiborne County are crying out for relief. They pay $28.80 a year for energy that would cost them $9 at T. V. A. rates—an overcharge of 220 percent.

CLARKE COUNTY

The people of Clarke County are overcharged approximately $36,500 a year according to the T. V. A. rates, $41,500 according to the Tacoma rates, and $45,000 according to the

Ontario rates, and yet a majority of the people of Clarke County are denied the use of any electric energy at all.

In Quitman, Enterprise, Shubuta, or any other town in Clarke County 25 kilowatt-hours cost $2.13 a month, or $25.56 a year, which at T. V. A. rates would cost 75 cents a month or $9 a year.

Think of the people of Clarke County paying the price of 500 bales of cotton a year overcharges for light and power to fill the coffers of a holding company, the Commonwealth & Southern, whose president raised his own salary from $43,500 a year to $130,000 during the depression. It is enough to stir people to revolt.

CLAY COUNTY

The people of Clay County are overcharged approximately $33,500 a year, according to the T. V. A. rates; $38,000 according to the Tacoma rates, and $41,000 according to the Ontario rates.

It should be said in this connection that the city of West Point owns her own plant and charges high rates in order to raise funds for the city treasury, but in doing so, she denies her people the liberal use of electric energy and curtails the use of electrical appliances. People cannot enjoy the great blessings of this electric age unless energy is supplied to them at rates that will enable them to enjoy a liberal use of both electricity and electrical appliances.

The Power Trust is doing everything possible to get Clay County and especially the city of West Point in her toils in order to forever prevent them from enjoying the benefits of cheap T. V. A. power. But the people are waking up and seeing through their game.

COAHOMA COUNTY

The people of Coahoma County are overcharged anywhere from $100,000 to $150,000 a year.

It should be pointed out, in this connection, that the city of Clarksdale owns her power plant and distribution system, from which she makes a net profit of $87,000 a year, that in other towns in Mississippi would go into the coffers of the Power Trust.

It would take almost 2,000 bales of long staple cotton every year to pay these overcharges in this county.

COPIAH COUNTY

The people of Copiah County are overcharged approximately $59,000 a year, according to the T. V. A. rates, $67,000 according to the Tacoma rates, and $72,500 according to the Ontario rates.

The people of Copiah pay a maximum rate of 9.6 cents a kilowatt-hour, as against the T. V. A.'s maximum rate of 3 cents a kilowatt-hour.

In Copiah 25 killowatt-hours a month cost $28.80 a year, which under the T. V. A. rates would cost $9 a year, an overcharge of 220 percent.

Copiah is a great truck-growing county, and its farmers need cheap electric energy and electrical appliances on every farm, but a majority of the farmers of that county are denied the use of any electric energy at all, and when it is supplied the rates are so high as to make it a burden rather than a blessing.

Even with their present meager use of electric energy in Copiah, it would take more than 1,000 bales of cotton a year to pay these overcharges.

COVINGTON COUNTY

The people of Covington County are overcharged approximately $20,000 a year, according to the T. V. A. rates, $25,000 according to the Tacoma rates, and $28,000 according to the Ontario rates.

These high rates not only curtail the use of electric energy and electrical appliances but they practically shut the door of hope in the faces of the farmers of Covington County, increase the drudgery of farm life, and depreciate the values of farm lands.

It would take 400 bales of cotton a year to pay these overcharges in Covington County.

DE SOTO COUNTY

The people of De Soto County are overcharged approximately $47,000 a year, according to the T. V. A. rates, $54,000 according to the Tacoma rates, and $58,000 according to the Ontario rates.

In the city of Hernando, which is served by the Mississippi Power & Light Co., the maximum rate is 10.4 cents per kilowatt-hour, as against the T. V. A.'s maximum rate of 3 cents a kilowatt-hour—an overcharge of 243 percent.

Here the power company seems to be carrying out its policy of charging all the traffic will bear. I wonder how long the people of De Soto County will continue to pay this tribute, and be denied the liberal use of electric energy and electrical appliances. To people who really enjoy reasonable light and power rates, these overcharges seem like a hangover from the Dark Ages.

FORREST COUNTY

The people of Forrest County are overcharged approximately $58,000 according to the T. V. A. rates; $66,000 according to the Tacoma rates; and $71,000 according to the Ontario rates.

In Hattiesburg, 25 kilowatt-hours a month cost $2.13, or $25.56 a year. Under T. V. A. rates the cost would be 75 cents a month or $9 a year; 40 kilowatt-hours a month in Hattiesburg cost $2.95, or $35.40 a year. Under T. V. A. rates the cost would be $1.20 a month, or $14.40 a year.

It would take more than 1,000 bales of cotton a year to pay these overcharges in Forrest County alone.

FRANKLIN COUNTY

The people of the small county of Franklin are overcharged approximately $22,500 a year, according to the T. V. A. rates, $25,500 according to the Tacoma rates, and $28,000 according to the Ontario rates.

The people in that county pay a maximum of 10.4 cents a kilowatt-hour for electricity, whereas the maximum rate under the T. V. A. is 3 cents a kilowatt-hour. The Army engineers tell us that power can be produced at Muscle Shoals and transmitted 250 miles for 2.47 mills per kilowatt-hour, and the New York Power Authority tells us that it can be produced on the St. Lawrence River and transmitted 300 miles for 3⅓ mills per kilowatt-hour.

The power these people are using is produced in the gas fields in Louisiana at a cost of not more than 2 or 3 mills per kilowatt-hour, but when it is transmitted across into Mississippi and sold to these people it is at an increase of approximately 5,000 percent over the initial cost.

GEORGE COUNTY

The people of George County are overcharged approximately $14,000 a year according to the T. V. A. rates, $16,000 according to the Tacoma rates, and $17,000 according to the Ontario rates.

The farmers of George County are simply left out of the picture. They get practically no power at all.

GREENE COUNTY

The people of Greene County are overcharged approximately $19,500 a year according to the T. V. A. rates, $22,500 according to the Tacoma rates, and $24,000 according to the Ontario rates.

Think how many bales of cotton it would take to pay these overcharges for 1 year, and throughout all the years to come.

GRENADA COUNTY

The people of Grenada County are overcharged approximately $31,000 a year, according to the T. V. A. rates, $35,500 according to the Tacoma rates, and $38,500 according to the Ontario rates.

Yet Grenada County is easily within the distribution radius of Muscle Shoals. There is only one county between Grenada and Pontotoc, where the people are using T. V. A. power and saving approximately $40,000 a year.

The use of electricity is practically unknown to the farmers of Grenada County, and the few who are supplied with it have to pay such enormous rates that they cannot enjoy its liberal use.

It would take more than 500 bales of cotton a year to pay these overcharges in this small county.

HANCOCK COUNTY

The people of Hancock County are overcharged approximately $21,000 a year according to the T. V. A. rates, $24,000

according to the Tacoma rates, and $26,000 according to the Ontario rates.

The average domestic consumer in Bay St. Louis pays almost three times as much for light and power as he would have to pay under the T. V. A. rates.

HARRISON COUNTY

The people of Harrison County are overcharged approximately $82,500 a year according to the T. V. A. rates, $94,000 according to the Tacoma rates, and $101,500 according to the Ontario rates.

Yet Harrison County is supposed to be the home of the Mississippi Power Co., which levies this enormous tribute. Of course, we know that the Mississippi Power Co. is owned by the Commonwealth & Southern, a holding company whose policy is to wring every dollar possible from the ultimate consumer.

HINDS COUNTY

The people of Hinds County are overcharged $160,000 a year, according to the T. V. A. rates, $180,000 according to the Tacoma rates, and $195,000 according to the Ontario rates.

Yet Hinds County is on top of a gas field, one of the finest in the world, where electric energy can be produced for 1½ to 2 mills per kilowatt-hour. But the Power Trust has been able to block every effort on the part of patriotic citizens of Jackson to construct a public plant. They prefer to produce this electricity in the gas fields of Louisiana, transmit it over to Jackson, and sell it to those people at an increase of approximately 4,000 or 5,000 percent over the initial cost. Do not get the idea that the transmission of this energy 100 or 150 miles is responsible for this spread in the price, for the people in Louisiana, where this power is produced with Louisiana gas, pay the highest electric light and power rates in America.

In Jackson, the largest city in Mississippi, the overcharge amounts, on an average, to more than 100 percent. In Jackson, 25 kilowatt-hours a month cost $1.90, or $22.80 a year. Under T. V. A. rates, the cost would be 75 cents a month, or $9 a year. In Jackson, 40 kilowatt-hours a month cost $2.80, or $33.60 a year. Under T. V. A. rates, the cost would be $1.20 a month, or $14.40 a year.

These Jackson rates are bad enough, but they are even worse in Raymond, Clinton, Edwards, and other places in Hinds County. For instance, 25 kilowatt-hours a month cost $2.60, or $31.20 a year; and 40 kilowatt-hours a month cost $3.50, or $42 a year, in Raymond, Clinton, or Edwards, while under the T. V. A. rates 25 kilowatt-hours cost 75 cents a month, or $9 a year, and 40 kilowatt-hours a month cost $1.20, or $14.40 a year.

It would take nearly 4,000 bales of cotton a year to pay these overcharges in Hinds County.

HUMPHREYS COUNTY

The people of Humphreys County are overcharged $46,000 a year according to the T. V. A. rates, $52,500 according to the Tacoma rates, and $57,000 according to the Ontario rates.

It should be said in this connection that the people of Belzoni own their own plant and that their overcharges are turned into the city treasury for the benefit of the taxpayers. Their plant makes a net profit of $13,000 a year.

It should be said on the other hand, however, that these high rates curtail the use of electric energy and to that extent prevent the enjoyment of the use of electrical appliances.

ISSAQUENA COUNTY

The people of Issaquena County are overcharged approximately $10,500 a year, according to the T. V. A. rates, $12,000 according to the Tacoma rates, and $13,000 according to the Ontario rates.

ITAWAMBA COUNTY

The people of Itawamba County were formerly overcharged about $35,000 a year. They are now connected up with the T. V. A., which has wiped out those overcharges and greatly increased the per capita consumption of electric energy, as well as the use of electrical appliances.

This service is being extended to the people in the rural districts and it is hoped that we may soon be able to light every home in Itawamba County at T. V. A. rates.

Itawamba County has just celebrated the first anniversary of her contract with the T. V. A. It has not only saved the people of that county thousands of dollars every month, but is bringing them all the advantages of city life, without any of the disadvantages. I predict that it will result in one of the greatest eras of home building the people of that county have ever known.

Below is the T. V. A. electric-rate schedule for Itawamba County. It is the same in Lee, Alcorn, Prentiss, Tishomingo, Monroe, and Pontotoc Counties, and every other county the T. V. A. serves. Read it and compare it with what the people are paying in other sections of the State and in other parts of the country. Get your own electric-light bill and compare the rates you are paying with these T. V. A. rates and you will see how much you are being overcharged. And remember, too, that the T. V. A. rates are even higher, as a rule, than are the Tacoma, Wash., or the Winnipeg or Ontario, Canada, rates.

T. V. A. ELECTRIC-RATE SCHEDULE IN ITAWAMBA COUNTY

Residential rate

First 50 kilowatt-hours consumed per month, at 3 cents per kilowatt-hour.

Next 150 kilowatt-hours consumed per month, at 2 cents per kilowatt-hour.

Next 200 kilowatt-hours consumed per month, at 1 cent per kilowatt-hour.

Next 1,000 kilowatt-hours consumed per month, at 0.4 cent per kilowatt-hour.

Excess over 1,400 kilowatt-hours consumed per month, at 0.75 cent per kilowatt-hour.

Minimum monthly bill, 75 cents per meter. This rate is subject to an amortization charge of 1 cent per kilowatt-hour for the first 100 kilowatt-hours used per month, such charge to be not less than 25 cents nor more than $1 per customer per month.

Commercial rate

First 250 kilowatt-hours per month at 3 cents per kilowatt-hour.

Next 250 kilowatt-hours per month at 2 cents per kilowatt-hour.

Next 1,000 kilowatt-hours per month at 1 cent per kilowatt-hour.

Excess over 2,000 kilowatt-hours per month at one-eighth of 1 cent per kilowatt-hour.

Minimum monthly bill, $1 per meter.

This rate is subject to a developmental surcharge of 10 percent of net monthly bill, plus an amortization charge of 1 cent per kilowatt-hour for the first 100 kilowatt-hours used per month, the latter amortization charge to be not less than 25 cents nor more than $1 per customer per month.

Industrial rate

Demand charge: $1 per kilowatt-hour of demand per month.

Energy charge: First 10,000 kilowatt-hours per month at 10 mills per kilowatt-hour; next 25,000 kilowatt-hours per month at 6 mills per kilowatt-hour; next 400,000 kilowatt-hours per month at 3 mills per kilowatt-hour; excess over 500,000 kilowatt-hours per month at 2.5 mills per kilowatt-hour.

Minimum monthly bill $1 per kilowatt-hour of demand but in no case shall the minimum be less than the charge of 60 percent of the highest demand occurring during any month within the previous consecutive 12-month period, this rate subject to developmental surcharge of 10 percent of net monthly bills, plus an amortization charge of 1 cent per kilowatt-hour for the first 100 kilowatt-hours used per month, the latter amortization charge to be not less than 25 cents nor more than $1 per customer per month.

Itawamba County is 50 years ahead of Hinds on this proposition.

JACKSON COUNTY

The people of Jackson County are overcharged approximately $29,000 a year according to the T. V. A. rates, $34,000 according to the Tacoma rates, and $36,500 a year according to the Ontario rates.

In Jackson County, 25 kilowatt-hours a month cost a residential consumer $2.13; 40 kilowatt-hours cost $2.95; 100 kilowatt-hours cost him $5.35; 150 kilowatt-hours a month cost $6.60. Compare these rates with the T. V. A. rates which I have just quoted for Itawamba County.

JASPER COUNTY

The people of Jasper County are overcharged approximately $25,000 a year according to the T. V. A. rates, $30,000 according to the Tacoma rates, and $33,000 according to the Ontario rates.

The people of Jasper County pay the same rates as the people in Jackson County.

It would take 450 bales of cotton every year to pay these overcharges in Jasper County.

JEFFERSON COUNTY

The people of Jefferson County are overcharged approximately $26,000 a year according to the T. V. A. rates, $30,000 according to the Tacoma rates, and $32,000 according to the Ontario rates.

This power is produced just across the river in Louisiana and could be profitably supplied to them at the T. V. A. rates.

I wonder how it suits the people of Jefferson County to dig up the price of 500 bales of cotton a year to pay this tribute to the Power Trust?

JEFFERSON DAVIS COUNTY

The people of Jefferson Davis County are overcharged approximately $26,500 a year, according to the T. V. A. rates, $30,000 according to the Tacoma rates, and $32,500 according to the Ontario rates.

These overcharges are paid practically exclusively by the people in the towns, for the country people in Jefferson Davis, as a rule, get no electricity at all.

The rates charged in Jefferson Davis County are the same as those charged in Jackson and Jasper Counties. Compare them with the T. V. A. rates, the Tacoma rates, or the Ontario rates.

It would take about 500 bales of cotton a year to pay these overcharges in Jefferson Davis County.

JONES COUNTY

The people of Jones County are overcharged approximately $77,000 a year according to the T. V. A. rates, $88,000 according to the Tacoma rates, and $95,000 according to the Ontario rates.

These high rates are retarding development in Jones County, in the city of Laurel, as well as in the small towns and on the farms. It is paramount to economic bondage for them to have to pay this annual tribute to the Power Trust.

It would take about 1,400 bales of cotton a year to pay these overcharges in Jones County.

KEMPER COUNTY

The people of Kemper County are overcharged not less than $23,000 a year for light and power alone. Before the Tennesseee Valley Authority Act was passed the power company was buying power from Muscle Shoals at 2 mills a kilowatt-hour and selling it to the people of Kemper County at 10 cents a kilowatt-hour—an increase of 4,800 percent.

It would take a little more than 400 bales of cotton a year to pay these overcharges in Kemper.

LAFAYETTE COUNTY

The people of Lafayette County are overcharged approximately $37,000 a year according to the T. V. A. rates, $42,500 according to the Tacoma rates, and $46,000 according to the Ontario rates, although Lafayette County joins both Union and Pontotoc Counties, where T. V. A. rates prevail.

I predict that in a very short time the people of Lafayette County will be enjoying T. V. A. power from one side of the county to the other.

LAMAR COUNTY

The people of Lamar County are overcharged approximately $23,500 a year, according to the T. V. A. rates, $27,000 according to the Tacoma rates, and $29,000 according to the Ontario rates.

Think how many miles of good roads this would build in Lamar County in 10 years. Think how many bales of cotton it would take to pay these overcharges.

Shall such bondage be perpetuated?

LAUDERDALE COUNTY

The people of Lauderdale County are overcharged approximately $98,500 a year, according to the T. V. A. rates, $112,500 according to the Tacoma rates, and $121,000 according to the Ontario rates.

These rates are paralyzing to the people of Meridian industrially, commercially, and domestically, while the county people are virtually left out of the picture.

Can the people of Lauderdale County stand an overcharge of a million dollars every 10 years?

It would take practically 2,000 bales of cotton a year to pay these overcharges in Lauderdale County alone.

LAWRENCE COUNTY

The people of Lawrence County are overcharged approximately $23,000 a year, according to the T. V. A. rates; $26,000 according to the Tacoma rates; and $28,500 according to the Ontario rates.

Cheap electricity would be one of the greatest blessings that could come to the people of this small, interior county.

If the board of supervisors should levy a tax of $23,000 a year on the people of Lawrence County even to build roads, which they so badly need, not a single one of them would get in the second primary.

LEAKE COUNTY

The people of Leake County are overcharged every year not less than $20,000, according to the T. V. A. rates, $25,000 according to the Tacoma rates, $30,000 according to the Ontario rates.

This is paramount to Egyptian bondage—taking what the people make and keeping them in the dark.

It would take 400 bales of cotton a year to pay these overcharges in this one small county.

LEE COUNTY

The people of Lee County were being overcharged approximately $130,000 a year, according to the T. V. A. rates, $150,000 according to the Tacoma rates, and $160,000 according to the Ontario rates, when their contract was made to secure power from the T. V. A.

The contract reduced the light and power bills to the people in the city of Tupelo alone $80,000 a year, and to the people over the rest of the county approximately $50,000 a year. The average domestic consumption of electric energy in Tupelo under the old rate was 42 kilowatt-hours a month. It is now 112 kilowatt-hours a month. The consumption of electric energy has more than doubled, which would run the savings, on the basis of the present consumption, to about $250,000 a year.

The use of electrical appliances has grown by leaps and bounds. The demand for rural electrification is growing every day, and I feel safe in saying that within the next few months Lee County will have one of the finest systems of rural electrification to be found on this continent. We are making a drive to bring rural power lines within reach of every farm home in the county and to make Lee one of the model power counties of America.

LEFLORE COUNTY

The people of Leflore County are being overcharged from $100,000 to $130,000 a year.

However, a public plant at Greenwood makes a profit of $80,000, which goes into the city treasury.

But they hold their rates so high as to discourage the use of electric energy and restrict the use of electrical appliances.

Leflore is easily within the distribution radius of the T. V. A., and her people should be getting lights and power at T. V. A. rates.

LINCOLN COUNTY

The people of Lincoln County are being overcharged between $75,000 and $100,000 a year.

Everyone who switches on a light helps to pay this enormous tribute.

I wonder how long the people of Lincoln County will submit to such bondage. Will they pass it on to their children?

It would take 1,500 bales of cotton a year to pay these overcharges in Lincoln County.

LOWNDES COUNTY

The people of Lowndes County are being overcharged between $60,000 and $100,000 a year, even though their rates have been slightly reduced since the creation of the T. V. A.

It is my hope to get Lowndes connected up with the T. V. A. at an early date and to get cheap T. V. A. power to every home in the county. We already have a project under way to extend a T. V. A. power line to Caledonia.

It would take more than 1,000 bales of cotton every year to pay these overcharges in Lowndes County, and yet the farmers of that county get practically no power at all.

This condition simply must not be permitted to continue.

MADISON COUNTY

The people of Madison County are being overcharged about $30,000 or $40,000 a year, yet the city of Canton owns and operates its own power and light plant which makes a net profit of about $17,000 a year.

MARION COUNTY

The people of Marion County are being overcharged approximately $37,000 a year, according to the T. V. A. rates, $42,500 according to the Tacoma rates, and $46,000 according to the Ontario rates.

Marion is one of the leading counties in south Mississippi. Her people are progressive, intelligent, and industrious; but they are burdened with this overcharge, and stifled with its restrictions. They pay the same rates as are paid in Jackson and Jasper Counties.

If they could get an abundance of cheap power, at T. V. A. rates, and get it to their farmers and truck growers, there is no telling what it would mean to them and their children. The benefits of cheap electric energy simply cannot be overestimated.

MARSHALL COUNTY

The people of Marshall County are being overcharged approximately $46,000 a year, according to the T. V. A. rates, $52,500 according to the Tacoma rates, and $57,000 according to the Ontario rates.

However, Holly Springs owns her own plant, and the profits from it go to benefit the taxpayers of the city, and not into the pockets of the Power Trust.

The indications are that, within a short time, Marshall County will be connected up with the T. V. A.

MONTGOMERY COUNTY

The people of Montgomery County are being overcharged approximately $28,000 a year according to the T. V. A. rates, $31,500 according to the Tacoma rates, and $34,500 according to the Ontario rates.

The light and power rates in Montgomery County are simply paralyzing. They are as follows:

Twenty-five kilowatt-hours a month, $2.40; 40 kilowatt-hours a month, $3.30; 100 kilowatt-hours a month, $6.15; and 150 kilowatt-hours a month, $7.15.

Compare them with the T. V. A. rates, which are as follows:

Twenty-five kilowatt-hours a month, 75 cents; 40 kilowatt-hours a month, $1.20; 100 kilowatt-hours a month, $2.50; and 150 kilowatt-hours a month, $3.50.

You will note that 25 kilowatt-hours a month cost a resident of Montgomery County more than three times what it would cost under the T. V. A. rates. Forty kilowatt-hours cost almost three times as much, and even 150 kilowatt-hours cost more than twice what it would under the T. V. A. rates.

This not only prohibits a liberal use and enjoyment of electric energy but it prevents the employment of those electrical appliances that go to add to the pleasure and relieve the burdens and drudgery of home life.

Montgomery County is not in the district which I have the honor to represent, but if I had my way we would light every home in that county from Poplar Creek to Little Texas. That would add more to the wealth of the people of that county than anything else we could ever do for them.

It would take more than 500 bales of cotton a year to pay these overcharges in Montgomery, and yet more than half the people in the county get no electricity at all.

MONROE COUNTY

The people of Monroe County are overcharged at a very minimum of $67,000 a year according to the T. V. A. rates, $76,500 according to the Tacoma rates, and $82,500 according to the Ontario rates.

But the northern section of the county, including the city of Amory, is now receiving power from the T. V. A. at T. V. A. rates, and we are making a drive to carry T. V. A. energy to every home in Monroe County.

It would take more than a thousand bales of cotton a year to pay these overcharges in Monroe County alone.

The people of Monroe County are not able to pay this enormous tribute to the Power Trust every year, and we are going to keep up the battle until we get electric lights and power to the people of every community in the county at T. V. A. rates.

NESHOBA COUNTY

The people of Neshoba County are being overcharged more than $30,000 a year according to the T. V. A. rates, $33,000 according to the Tacoma rates, and $36,000 according to the Ontario rates.

The people of Neshoba County are paying the same rates that are charged in the counties of Jackson and Jasper. Compare them with the T. V. A. rates paid in Itawamba County, as well as in every other county now served by the T. V. A.

It would take more than 500 bales of cotton a year to pay these overcharges in Neshoba County alone.

NEWTON COUNTY

The people of Newton County are being overcharged approximately $43,000 a year, according to the T. V. A. rates, $49,000 according to the Tacoma rates, and $52,500 according to the Ontario rates.

Newton County pays the same rates that are charged in Neshoba County. Neither of these counties has any system of rural electrification. Therefore their farmers get none of the benefits. It would take more than 700 bales of cotton to pay these overcharges in this one county every year.

NOXUBEE COUNTY

The people of Noxubee County are being overcharged approximately $47,500 a year, according to the T. V. A. rates, $54,500 according to the Tacoma rates, and $58,500 according to the Ontario rates.

The people of Noxubee County are paying the same high rates that are paid in Newton and Neshoba Counties, but we are bending every effort to bring those rates down. The wide-awake citizens of Noxubee County have already organized a county electric power association, made a careful survey of the county, and have filed their application with the Rural Electrification Administration in Washington. We hope to soon get that application approved and get every home in Noxubee County supplied with electric energy at T. V. A. rates.

It would take 800 bales of cotton to pay these overcharges in Noxubee County every year.

This condition must not be permitted to continue.

OKTIBBEHA COUNTY

The people of Oktibbeha County are being overcharged approximately $35,500 a year according to the T. V. A. rates, $40,000 according to the Tacoma rates, and $43,500 according to the Ontario rates.

In Oktibbeha County the domestic consumers are overcharged from 100 to 200 percent. For 25 kilowatt-hours a month they pay $2.13; for 40 kilowatt-hours, $2.95; for 100 kilowatt-hours, $5.35; and for 150 kilowatt-hours, $6.60.

Under the T. V. A. rates 25 kilowatt-hours a month would cost 75 cents; 40 kilowatt-hours, $1.20; 100 kilowatt-hours, $2.50; and 150 kilowatt-hours, $3.50.

We are bending every effort to get the rural districts in Oktibbeha electrified. The Oktibbeha County Electric Power Association has been organized for that purpose, and the

indications are now that a system of rural electrification in Oktibbeha County will soon be under way.

Oktibbeha is one of the great dairying counties of the South, and if we can get cheap T. V. A. power to the farmers in that county it will be of untold benefit to them, and will add more to the value of their homes and their farms than anything else that could be done for them.

Just think of the people of the progressive and intelligent county of Oktibbeha being overcharged the value of more than 600 bales of cotton every year.

PANOLA COUNTY

The people of Panola County are being overcharged approximately $53,500 a year according to the T. V. A. rates, $60,500 according to the Tacoma rates, and $65,500 according to the Ontario rates.

In Panola County 25 kilowatt-hours a month cost a domestic consumer $2.60; 40 kilowatt-hours cost him $3.50; 100 kilowatt-hours, $6.35; and 150 kilowatt-hours, $7.35.

Under the T. V. A. rates 25 kilowatt-hours a month would cost 75 cents; 40 kilowatt-hours, $1.20; 100 kilowatt-hours, $2.50; and 150 kilowatt-hours, $3.50.

It would take more than 900 bales of cotton a year to pay these overcharges in Panola County.

PEARL RIVER COUNTY

The people of Pearl River County are being overcharged approximately $36,000 a year, according to the T. V. A. rates, $41,000 according to the Tacoma rates, and $44,500 according to the Ontario rates.

In Pearl River County, the domestic consumer pays for 25 kilowatt-hours a month, $2.13; for 40 kilowatt-hours, $2.95; for 100 kilowatt-hours, $5.35, and for 150 kilowatt-hours $6.60.

Under the T. V. A. rates, 25 kilowatt-hours a month would cost him 75 cents; 40 kilowatt-hours, $1.20; 100 kilowatt-hours, $2.50; and 150 kilowatt-hours, $3.50.

It would take more than 600 bales of cotton a year to pay these overcharges in Pearl River County alone.

PERRY COUNTY

The people of Perry County are being overcharged approximately $15,000 a year according to the T. V. A. rates, $17,000 according to the Tacoma rates, and $18,500 according to the Ontario rates.

In Perry County the domestic consumer pays $2.13 for 25 kilowatt-hours a month, $2.95 for 40 kilowatt-hours a month, $5.35 for 100 kilowatt-hours, and $6.60 for 150 kilowatt-hours a month.

Under the T. V. A. rates he would pay 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

PIKE COUNTY

The people of Pike County are being overcharged approximately $60,000 a year, according to the T. V. A. rates, $68,500 according to the Tacoma rates, and $74,000 according to the Ontario rates.

In Pike County, a domestic consumer pays $2.40 for 25 kilowatt-hours a month, $3.30 for 40 kilowatt-hours, $6.15 for 100 kilowatt-hours, and $7.15 for 150 kilowatt-hours.

Under the T. V. A. rates he would pay 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

It would take 1,000 bales of cotton a year to pay these overcharges in this one county.

PONTOTOC COUNTY

The people of Pontotoc County were being overcharged approximately $41,000 a year, according to the T. V. A. rates, $46,500 according to the Tacoma rates, and $50,500 according to the Ontario rates.

But they are now connected with the T. V. A. and getting their power from Muscle Shoals at T. V. A. rates, and these enormous overcharges have been wiped out. A plan for rural electrification in this county is going forward and they hope to be able to light every home in Pontotoc County.

As a result of being connected up with the T. V. A., the people of Pontotoc County are saving the value of 800 bales of cotton a year and are enjoying the most liberal use of electric energy as well as electrical appliances.

PRENTISS COUNTY

The people of Prentiss County were being overcharged $35,000 a year, according to the T. V. A. rates, $40,500 according to the Tacoma rates, and $44,000 according to the Ontario rates.

But Prentiss County now is connected up with the T. V. A. and those enormous overcharges have been wiped out. A plan for rural electrification in Prentiss County is now going forward, and we hope to have cheap electric lights and power in every farm home before we get through.

The people of Prentiss County are saving the value of 600 bales of cotton a year, as a result of being connected up with the T. V. A.

QUITMAN COUNTY

The people of Quitman County are being overcharged approximately $47,500 a year, according to the T. V. A. rates; $54,000 according to the Tacoma rates; and $58,500 according to the Ontario rates. These overcharges amount to the value of 800 to 1,000 bales of cotton every year.

In Quitman County 25 kilowatt-hours a month cost a domestic consumer $2.60, 40 kilowatt-hours cost $3.50, 100 kilowatt-hours cost $6.35, and 150 kilowatt-hours cost $7.35.

Under the T. V. A. rates 25 kilowatt-hours a month would cost 75 cents, 40 kilowatt-hours would cost $1.20, 100 kilowatt-hours, $2.50, and 150 kilowatt-hours, $3.50.

RANKIN COUNTY

The people of Rankin County are being overcharged approximately $38,000 a year according to the T. V. A. rates, $43,000 according to the Tacoma rates, and $46,500 according to the Ontario rates.

In Rankin County the people pay the same rates as are charged in Quitman County. Compare them with the T. V. A. rates.

It would take more than 700 bales of cotton a year to pay these overcharges in Rankin County.

SCOTT COUNTY

The people of Scott County are being overcharged approximately $38,500 a year according to the T. V. A. rates, $44,000 according to the Tacoma rates, and $47,500 according to the Ontario rates.

In Scott County the domestic consumers are overcharged from 100 to 200 percent. For 25 kilowatt-hours a month they pay $2.13; for 40 kilowatt-hours, $2.95; for 100 kilowatt-hours, $5.35; and for 150 kilowatt-hours, $6.60.

Under the T. V. A. rates 25 kilowatt-hours would cost 75 cents; 40 kilowatt-hours, $1.20; 100 kilowatt-hours, $2.50; and 150 kilowatt-hours, $3.50.

I wonder how it suits the people of Scott County to pay the price of 700 bales of cotton every year in overcharges for lights and power?

SHARKEY COUNTY

The people of Sharkey County are being overcharged approximately $25,500 a year according to the T. V. A. rates, $29,000 according to the Tacoma rates, and $31,500 according to the Ontario rates.

In Sharkey County 25 kilowatt-hours a month cost a domestic consumer $2.60, 40 kilowatt-hours cost $3.50, 100 kilowatt-hours, $6.35, and 150 kilowatt-hours, $7.35.

Under the T. V. A. rates 25 kilowatt-hours a month would cost 75 cents, 40 kilowatt-hours, $1.20, 100 kilowatt-hours, $2.50, and 150 kilowatt-hours $3.50.

SIMPSON COUNTY

The people of Simpson County are being overcharged more than $20,000 a year according to the T. V. A. rates, $25,000 according to the Tacoma rates, and $30,000 according to the Ontario rates.

It would take about 400 bales of cotton to pay this overcharge in Simpson County alone, and yet the farmers of the county are shut out entirely.

Shall such economic slavery be made perpetual?

SMITH COUNTY

The people of Smith County are being overcharged approximately $34,000 a year, according to the T. V. A. rates,

$39,000 according to the Tacoma rates, and $42,500 according to the Ontario rates. It would take about 600 bales of cotton a year to pay these overcharges.

In Smith County, the domestic consumers are overcharged from 100 to 200 percent. For 25 kilowatt-hours a month they pay $2.13; for 40 kilowatt-hours, $2.95; for 100 kilowatt-hours, $5.35; and for 150 kilowatt-hours, $6.60.

Under the T. V. A. rates 25 kilowatt-hours a month would cost 75 cents; 40 kilowatt-hours, $1.20; 100 kilowatt-hours, $2.50; and 150 kilowatt-hours, $3.50.

The farmers of Smith County get little or no electricity. They are simply left out of the program.

I wonder how long they are going to have to bear this enormous burden?

STONE COUNTY

The people of Stone County are being overcharged approximately $10,000 a year, according to the T. V. A. rates, $11,500 according to the Tacoma rates, and $12,500 according to the Ontario rates.

In Stone County, the domestic consumer pays $2.13 for 25 kilowatt-hours a month, $2.95 for 40 kilowatt-hours a month, $5.35 for 100 kilowatt-hours, and $6.60 for 150 kilowatt-hours a month.

Under the T. V. A. rates, he would pay 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

SUNFLOWER COUNTY

The people of Sunflower County are being overcharged approximately $124,000 a year according to the T. V. A. rates, $141,000 according to the Tacoma rates, and $152,500 according to the Ontario rates.

In Sunflower County the domestic consumer pays $2.40 for 25 kilowatt-hours a month, $3.30 for 40 kilowatt-hours, $6.15 for 100 kilowatt-hours, and $7.15 for 150 kilowatt-hours.

Compare these rates with the T. V. A. rates. It would take more than 1,500 bales of long-staple cotton every year to pay this difference in Sunflower County alone.

TALLAHATCHIE COUNTY

The people of Tallahatchie County are being overcharged approximately $66,500 a year according to the T. V. A. rates, $75,500 according to the Tacoma rates, and $81,500 according to the Ontario rates.

It would take about a thousand bales of cotton a year to pay this overcharge in Tallahatchie County, which is within 40 miles of a T. V. A. power line, and could get relief if her people would go after it.

TATE COUNTY

The people of Tate County are being overcharged approximately $32,500 a year according to the T. V. A. rates, $37,500 according to the Tacoma rates, and $40,000 according to the Ontario rates.

In Tate County a residential consumer pays $2.60 for 25 kilowatt-hours a month, $3.50 for 40 kilowatt-hours, $6.35 for 100 kilowatt-hours, and $7.35 for 150 kilowatt-hours.

Under the T. V. A. rates he would pay 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

Tate County is within 30 miles of a T. V. A. line. Whenever her people want relief badly enough to go after it, they can get it. But faith without works is dead.

TIPPAH COUNTY

The people of Tippah County were being overcharged approximately $34,500 a year, according to the T. V. A. rates, $39,500 according to the Tacoma rates, and $42,500 according to the Ontario rates prior to the time they were connected up with the T. V. A. Fortunately the people of Tippah County are now getting their electricity from Muscle Shoals and those enormous overcharges have been wiped out—saving the people of Tippah County the value of about 600 bales of cotton a year.

TISHOMINGO COUNTY

The people of Tishomingo County were being overcharged approximately $30,500 a year, according to the T. V. A. rates, $34,500 according to the Tacoma rates, and $37,500 according to the Ontario rates.

Tishomingo County is now connected up with the T. V. A. and her people are getting lights and power at T. V. A. rates. They are not only saving this enormous overcharge but they are doubling the use of electric energy as well as the use of electrical appliances.

The Tishomingo County Electric Power Association is now working on a program for rural electrification through which we hope to light every farm home in the county and furnish them electric energy at T. V. A. rates.

Tishomingo is rapidly becoming one of the leading power counties in the State.

In addition to saving her people more than $30,000 a year, cheap T. V. A. power is enabling them to enjoy a liberal use of electricity as well as electrical appliances.

TUNICA COUNTY

The people of Tunica County are being overcharged approximately $39,500 a year according to the T. V. A. rates, $45,000 according to the Tacoma rates, and $48,500 according to the Ontario rates.

In Tunica County a residential consumer pays $2.60 for 25 kilowatt-hours a month, $3.50 for 40 kilowatt-hours, $6.35 for 100 kilowatt-hours, and $7.35 for 150 kilowatt-hours.

Under the T. V. A. rates he would pay 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

It would take 700 bales of cotton to pay these overcharges in Tunica County every year.

UNION COUNTY

The people of Union County were being overcharged approximately $40,000 a year, according to the T. V. A. rates, $45,000 according to the Tacoma rates, and $48,000 according to the Ontario rates.

That county is now connected up with the T. V. A. and is securing energy from Muscle Shoals at T. V. A. rates. They are not only saving this enormous overcharge but they are doubling their consumption of electric energy, and the use of electrical appliances is growing by leaps and bounds.

The farmers of the county have become interested and are putting on a drive for rural electrification. The indications are that it will only be a matter of a short time until that county will be thoroughly electrified, along with her sister counties of Alcorn, Pontotoc, Prentiss, and Lee.

This is saving the people of Union County the value of more than 700 bales of cotton a year.

WALTHALL COUNTY

The people of Walthall County are being overcharged approximately $25,500 a year according to the T. V. A. rates, $29,000 according to the Tacoma rates, and $31,500 according to the Ontario rates.

In Walthall County a residential consumer pays $2.85 for 25 kilowatt-hours a month, $3.60 for 40 kilowatt-hours, $6.60 for 100 kilowatt-hours, and $7.60 for 150 kilowatt-hours.

Under the T. V. A. rates he would pay 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

Think of the people of a small county like Walthall being overcharged the value of 450 bales of cotton every year for electric lights and power and at the same time a vast majority of the people of the county being denied the use of any electricity at all.

WARREN COUNTY

The people of Warren County are being overcharged approximately $67,000 a year according to the T. V. A. rates, $76,000 according to the Tacoma rates, and $82,000 according to the Ontario rates.

In Warren County, a residential consumer pays $2.20 for 25 kilowatt-hours a month, $3.10 for 40 kilowatt-hours, $5.95 for 100 kilowatt-hours, and $6.95 for 150 kilowatt-hours.

Compare these with the T. V. A. rates, and you will see that it would take more than 1,000 bales of cotton a year to pay these overcharges.

WASHINGTON COUNTY

The people of Washington County are being overcharged approximately $101,500 a year according to the T. V. A. rates, $115,500 according to the Tacoma rates, and $125,000

according to the Ontario rates, although the city of Leland has her own plants, from which she makes a net profit of $13,000 a year.

The mayor of Greenville has been battling for some time to get these rates reduced. If the people in Washington and surrounding counties will support him as they should, there is no reason why that section should not soon be supplied with T. V. A. power.

It is the hope for the future of the Delta.

WAYNE COUNTY

The people of Wayne County are being overcharged approximately $28,000 a year, according to the T. V. A. rates, $32,000 according to the Tacoma rates, and $34,500 according to the Ontario rates.

In Wayne County the domestic consumer pays $2.13 for 25 kilowatt-hours a month, $2.95 for 40 kilowatt-hours a month, $5.35 for 100 kilowatt-hours, and $6.60 for 150 kilowatt-hours.

Under the T. V. A. rates he would pay 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

It would take more than 500 bales of cotton a year to pay these overcharges in the small county of Wayne.

WEBSTER COUNTY

The people of Webster County are being overcharged approximately $22,500 a year according to the T. V. A. rates, $25,500 according to the Tacoma rates, and $28,000 according to the Ontario rates.

In Webster County the domestic consumer pays $2.13 for 25 kilowatt-hours a month, $2.95 for 40 kilowatt-hours, $5.35 for 100 kilowatt-hours, and $6.60 for 150 kilowatt-hours.

Compare these rates with the T. V. A. rates of 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

It would take 400 bales of cotton to pay these overcharges in Webster County, although it is within the distribution radius of the T. V. A.

This must be changed. The people of Webster County cannot afford it.

WILKINSON COUNTY

The people of Wilkinson County are being overcharged approximately $26,000 a year according to the T. V. A. rates, $29,500 according to the Tacoma rates, and $32,000, according to the Ontario rates.

Wilkinson County is just across the river from the gas fields of Louisiana, where power can be produced for not more than 2 mills a kilowatt-hour and could be distributed in Wilkinson County profitably at T. V. A. rates.

WINSTON COUNTY

The people of Winston County are being overcharged approximately $39,500 a year, according to the T. V. A. rates, $45,000 according to the Tacoma rates, and $48,500 according to the Ontario rates.

In Winston County, the domestic consumer pays $2.13 for 25 kilowatt-hours a month; $2.95 for 40 kilowatt-hours a month; $5.35 for 100 kilowatt-hours; and $6.60 for 150 kilowatt-hours.

Compare these with the T. V. A. rates of 75 cents for 25 kilowatt-hours a month; $1.20 for 40 kilowatt-hours; $2.50 for 100 kilowatt-hours; and $3.50 for 150 kilowatt-hours.

It would take 700 bales of cotton a year to pay these overcharges in Winston County.

YALOBUSHA COUNTY

The people of Yalobusha County are being overcharged approximately $33,000 a year, according to the T. V. A. rates, $37,500 according to the Tacoma rates, and $40,500 according to the Ontario rates, although the city of Water Valley has a public plant which makes a net profit of $18,000 a year.

In Yalobusha County a residential consumer pays $2.60 for 25 kilowatt-hours a month, $3.50 for 40 kilowatt-hours, $6.35 for 100 kilowatt-hours, and $7.35 for 150 kilowatt-hours.

Under the T. V. A. rates he would pay 75 cents for 25 kilowatt-hours a month, $1.20 for 40 kilowatt-hours, $2.50 for 100 kilowatt-hours, and $3.50 for 150 kilowatt-hours.

Think of the people of Yalobusha County being overcharged the value of 600 bales of cotton every year for electric lights and power alone!

YAZOO COUNTY

The people of Yazoo County are being overcharged approximately $69,500 a year, according to the T. V. A. rates; $79,000 according to the Tacoma rates; and $85,500 according to the Ontario rates.

While Yazoo City has about the highest rates in the State, she owns a municipal plant that turns a large portion of this overcharge into the city treasury every year. But even at that, her people are denied a liberal use of electricity and therefore the benefits of electrical appliances. As a matter of fact, the people in the rural districts, as a rule, are denied the use of any electricity at all.

It would take more than 1,000 bales of cotton a year to pay these overcharges in Yazoo County, and the high rates charged prevent a liberal use of either electricity or electrical appliances. The people in the rural districts are simply in the dark.

CONCLUSION

Thus it will be seen that more than $4,000,000 are wrung from the people of Mississippi every year for electric lights and power—over and above legitimate costs of production and distribution, together with a reasonable profit on the investment.

This money is siphoned out of the State and poured into the coffers of the Power Trust, the most insidious, the most relentless, and probably the most corrupt combination of selfish interests that ever existed on this earth.

The battle between the people and the Power Trust is now on. It will probably rage for the next 25 years. Every man in public life must take his stand on one side or the other. He is either with the people in this battle or he is with the Power Trust.

For my part, I have burned all bridges; I expect to continue this battle as long as I am in public life, or until our people get relief.

I am glad to say that in most of the district which I have the honor to represent, we have been successful. We have already forced reductions in light and power rates in the district, running anywhere from $300,000 to $500,000 a year. Our people are learning to enjoy the real benefits of cheap electric energy, as well as the use of electrical appliances, and we are making a drive to carry this cheap power to every farm home in the territory—not only to light the farmers' homes, their barns, and outhouses, but to afford them cheap power to run everything from the water pump to the washing machine—all those electrical appliances that will help to lift the burdens of drudgery from the farmer's shoulders and from the shoulders of his wife and children, and to make his home pleasant, profitable, and attractive.

As I have said before, it is the dawning of a new civilization. It holds out for our people the brightest hope for the future that they have ever known. Every honest man, woman, and child—not only in Mississippi but throughout America—ought to join with the enthusiasm of a crusader the great battle now being waged by the President of the United States and those who agree with him to give to all the American people the fullest benefit of cheap electric lights and power—the greatest natural resource in America outside of the soil from which we live.

To me the results of our fight have been most gratifying and yet I realize our battle has just begun. It is worth something to live in this complex age and to see the marvelous changes that are being made. It is worth more to see this great awakening in the interest of human welfare, and to witness the dawning of this new electric age.

To have played a humble part in helping to bring about this change, to see the light of this new day break first over the district which I have the honor to represent, and its first benefits come to the people who have honored me with

their support brings a degree of satisfaction that comes to few public men in this world.

Every time I see the glow of an electric light, especially in our section of the country, whether in the factory, the business house, or in the humblest farmer's home, I can say in my heart that I have helped to lighten that man's burden, that I have helped to bring him something that he can enjoy as long as he lives and pass on down to his children—something that moths and rust will not corrupt "nor thieves break through and steal."

TAX PROGRAM AND ECONOMY IN GOVERNMENT

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ENGEL. Mr. Speaker and Members of the House, this bill demonstrates, as nothing else could demonstrate, the futility of any soak-the-rich or share-the-wealth plan of taxation. When it was first suggested the proponents saw visions of billions coming into the Federal Treasury. Despite exorbitant and confiscatory rates, it is now conceded that it will raise approximately $275,000,000, or just enough to pay the present operating expenses of the Government for about 10 days. The amount raised by this bill is just $75,000,000, less than the difference between the Army and Navy appropriations for 1932 and 1935.

For years, in State legislative work, I fought for economy in government. I realize the unpopularity among Members of Congress of the Economy Act of 1933. I have heard repeated apologies from those who supported that measure, and have heard those who opposed it glory in that fact. That the bill did an injustice to some, and particularly to veterans of the several wars, I concede. This should and could have been corrected. However, I maintain that the bill was based upon a theory of economy that was sound fundamentally, and only by going back to the principles of economy in government, by eliminating waste and extravagance, can we hope to bring this country back to permanent and lasting prosperity. I believe we can, or ought all to agree by this time, that we cannot spend ourselves into prosperity. I believe the history of this administration demonstrates that we can save and economize ourselves into prosperity.

Despite the fact that every bank was closed, despite the fact that savings and commercial accounts in those banks were frozen, despite the fact that fear and panic gripped almost every citizen of this country, business indexes show that we reached the highest point in business during the month of July 1933, the very month when the Economy Act took effect. Despite the fact that banks were opening, credit was flowing more freely, commercial and savings bank deposits were being paid, despite the billions spent in priming the so-called "pump", we have never reached the high point again that we reached during July 1933. As the program of economy was abandoned and replaced by a program of extravagance, waste, and spending just so fast did we lose ground in the rapid recovery that was taking place from March to July 1933. Policies of soak the rich, share the wealth, distribution of wealth, knowledge that the country faced either bankruptcy or a pay day, that these billions wasted and spent must be earned again and paid, Government unfairly competing with private business—all this has shaken severely, if not completely destroyed, that confidence which must exist before permanent recovery can be brought about.

David Lawrence, in the United States Daily some time ago, stated that the amount appropriated by the first 62 Congresses from the adoption of the Constitution to the first Wilson administration was $24,000,000,000; that the first 3 years of the present administration Congress appropriated an amount equal to this stupendous sum which included the cost of the War of 1812, the War with Mexico, the Civil War, and the Spanish-American War. It does not take a political prophet to foresee that this extravagance and waste cannot continue much longer.

The secretary of the local Democratic committee of my home county complained bitterly the other day in my presence because he had to help a neighbor haul in hay. With 25 percent of the people of that county obtaining public money, with nearly 50 percent of the people in that particular township obtaining public relief, that farmer could not hire a man to help with his work at a wage he could afford to pay. I stopped last week at my old home in Ohio and met an old farmer friend. He complained that he had 300 acres of land and was unable to employ help at reasonable wages to do his work. These are simply illustrations of thousands of cases with which we are all familiar.

I believe the time has come when we must make drastic cuts in governmental expenses; when a real program of economy should be put in force and effect. The Budget can be balanced within a reasonable time, if we will eliminate every dollar of waste, eliminate extravagance in Government, and then put across a real tax program which will raise an amount sufficient to pay as we go. We must bring our expenditures within our ability to pay, and then pay. I am willing to support such a program, unpopular though it may be in some circles. I am willing to support a tax program which will be just, equitable to all, fairly recognizing the principle that every citizen should pay his share of the burden of government according to his ability to pay, a tax program which will raise enough money, which together with a program of drastic economy will bring about a balancing of the Budget within a reasonable time. I am willing to go back to the July 1933 program of economy, because I feel that only by going down that pathway of economy from which we strayed can we bring about lasting recovery. I am not willing to vote one additional dollar, whether it be to soak the rich or tax the poor, when I feel that that dollar is going down the same rathole with the other $24,000,000,000 appropriated during the past 3 years.

This morning's paper states that London reports the total number of British unemployed "under 2,000,000 for the first time in 5 years." After appropriating $24,000,000,000 in 3 years, we still have 12,000,000 unemployed, or 3,000,000 more than when we started. How did England do it? Did they attempt to spend their way into prosperity? No. They did it by wise economic policies; by economizing; by eliminating waste; and by a broad, equitable, though heavy, program of taxation; and by balancing their budget.

In my humble judgment it is the only way out.

ALIEN INFLUENCES ON AMERICAN IMMIGRATION POLICIES

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having printed therein a speech which I wrote myself and delivered myself over the radio.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered yesterday evening over the radio:

My fellow citizens, I am invited to talk to you this evening about alien influences on American immigration policies. I appreciate this opportunity greatly.

Through the courtesy of the National Broadcasting Co. I am permitted to discuss this matter with you. Immigration is always an interesting subject, for it deals with the rights and destinies of human beings.

If I say anything of interest to you, I invite you to write me, Congressman THOMAS A. JENKINS, Washington, (D. C.), or write your radio station, or the American Coalition, Southern Building, Washington.

For the past 10 years I have been very actively connected with all immigration matters here in Congress.

Formerly alien influences were usually exerted by forces outside the Government, but latterly some of the most persistent influences have been encouraged, to say the least, from the inside of the Government and by officials whose solemn duty it was to maintain American ideals.

Until recently socialism was considered a dangerous doctrine. Today the Government itself is honeycombed with employees who espouse socialism. Several planks of the Socialist platform of a few years ago have been enacted into legislation.

Until recently communism was considered a most unconscionable doctrine. There are many holding high place in the Government, including the Immigration Department, who gladly associate them-

selves with the programs of the American Civil Liberties Union and other communistic organizations that teach the destruction of our Government.

In such a fertile field the seeds of alien influence germinate quickly.

The great majority of the American people yield no allegiance to any country save the United States. It is true that one-third of our people are either foreign born or are the children of foreign-born parents. But their patriotism cannot be questioned. Recently at a hearing here in Washington the Commissioner of Immigration, by implication at least, gave the impression that there was a strong antialien prejudice against this group. Such an implication is not justified. Many of our finest citizens come from this group.

Our alien enemies are not all from one class or from one nationality. Some of our most active Communists are native born.

Communism is not a trait of one race or nationality. It is largely a state of mind.

Communists are devoid of the capacity to feel the fervor of patriotism.

Communists have a burning passion for the destruction of the government.

They are political insects, and as such they must have a central home, which now is Soviet Russia.

The recognition of Soviet Russia a year or two ago by the United States laid our country open to other powerful alien influences. This was disappointing to our patriotic agencies, whose efforts in times gone by had resulted in the deportation of Emma Goldman and many Communists and anarchists. This recognition of Russia was opposed by every President from Wilson down to the present administration.

Our Ambassador to Russia has been rightfully criticized for his long-sustained efforts in inducing our President to recognize Russia.

The American people did not desire the recognition of Russia. If recognition was advisable for diplomatic or commercial reasons, an American with a wholly American viewpoint should have been selected as Ambassador.

Before 1921 the restriction from our shores of that great wave of immigrants that threatened the inundation of our country was the one great immigration question. Immigrants came then at the rate of a million a year. The quota laws of 1921 and 1924 relieved that situation. If these quotas had been fixed 20 years sooner, we would have kept from our shores millions, many of whom are now on our relief rolls.

Ever since the quota laws were passed, alien-minded people have never ceased their efforts to open the doors, and to let down the bars, and to refuse to deport criminals and undesirables. This is our most serious problem now. Here is where those whose Americanism is thin and spotty and defective, lend themselves to un-American practices which would be frowned upon and trampled upon instantly by persons of more virile patriotism.

You and I may not agree on politics or religion or on many other questions, but we will agree on our patriotic duty. Americans generally agree with Stephen Decatur, who said, "Our country, may she always be in the right; but our country, right or wrong!"

Our immigration laws should not be administered by a continuous procession of spineless apologists who are always looking for an excuse to let in a few extra thousands, or for an excuse for not deporting a few thousands who have failed to appreciate our land and her institutions.

Our problem is to maintain our own people and to assimilate those aliens who want to become Americans.

Our duty is to deport those who refuse to cooperate.

We have a large block of unnaturalized aliens in our population. Their exact number is not known. It should be known. There are probably 5,000,000. Many thousands of them have entered the country illegally. These must be controlled from the American viewpoint and not from the alien viewpoint. But alien influences have been at work seeking the passage of a law that would give citizenship to the whole group.

Those who follow immigration legislation are now much concerned over the Kerr bill. Similar bills were defeated in Congress in 1934. It is my prediction that the Kerr bill will not pass in this session of Congress.

This bill is the indirect result of the work of the Ellis Island Committee. This was a committee of 48 selected by Miss Perkins, the Secretary of Labor, in 1933, to prepare recommendations by which the Department of Labor and Congress should be guided.

The selection of this committee under the pretense of attempting to interpret American sentiment and translating it into improved departmental action was an attempt to deceive the American people. Proof of it is that of this list of 48 the majority were entirely unfamiliar with the immigration problem, while the few real leaders of the group were notoriously opposed to the American viewpoint and for years have been identified with organizations that have opposed immigration restriction.

If Miss Perkins had intended to consider this question impartially and from the American viewpoint, she could have placed on this committee at least one person favorable to the American viewpoint.

So long as the President follows Miss Perkins and the Ellis Island Committee, he is closing his mind to the viewpoint of those groups who have for years been waging the battle to protect American labor and American standards of living, and have been loyal to our best traditions.

Our immigration laws need to be strengthened with reference to the deportation of Communists and undesirables, but this should be done by the friends of restriction of immigration.

It is claimed the Kerr bill will deport criminals, prevent separation of families, legalize residence of aliens, and will accomplish other purposes. Its declared purposes are splendid, but the sincerity of these purposes is questioned by the language of the bill. The past performances of some of those who will administer this bill also challenge the sincerity of its purpose.

The bill provides for the deportation of criminals in one section and for the deportation of smugglers and gun men and other undesirables in succeeding sections. But each section carries a closing sentence which practically nullifies the remainder of the section. This sentence is to the effect that the deportation will not be carried out unless a "committee finds that the deportation is in the public interest."

This committee is composed of one representative each from the Departments of Labor, State, and Justice.

Of course, the Secretary of Labor will control this committee.

This is the principal objection to this bill. It substitutes discretion for law. The Secretary of Labor in effect wants Congress to give this committee the discretion to determine who shall be deported and who shall not. Why have any law? Why not leave all deportations to a committee?

The granting of this wide discretion to the three Department representatives—not one of whom has ever been elected by the people and is not responsible to the people—will open wide the door to sinister political pressure for the benefit of persons to whom the American people owe no obligation whatever.

Before the Department of Labor should ask for more power it should enforce the laws now at its disposal. In 1934 there came to our shores 163,904 aliens of all classes. Most of these were visitors and returning aliens, but 30,300 new seed immigrants were admitted, which was 50 percent more than was admitted the year previous. In 1933, 19,426 were deported, while in 1934 only 8,879 were deported.

This bill provides special preference to certain deportable aliens having relatives living in the United States. This would also encourage sinister political pressure and open the door to fraud.

This bill further provides that those who entered between the passage of the quota law of 1921 and 1924 should be blanketed into citizenship regardless of the legality of their entry. This has been opposed for years principally because many think American citizenship is too precious to be forced upon aliens who have not prized it sufficiently to take the initial step to procure it.

It is evident that this bill is an effort to supplant our mandatory immigration laws with a system of rules and regulations to be enforced according to the discretion of a committee. It is a program that we would expect from a group of uplifters. It is not a vigorous legislative statute that provides what must be done and the penalty for not doing it.

Those enforcing immigration laws should always remember that the alien has no rights of his own except such as we give him. The citizen has rights, but the noncitizen only has privileges.

We Americans believe in a government by laws and not a government by the discretion of political employees.

The discretion of an honest well-rounded patriot would mean his honest judgment. But to a narrow bigot or to a radical or to a Communist a grant of discretion would be considered by him as a duty to follow his prejudices.

Law clearly stated and fairly interpreted will provide a safer yardstick than the discretion of any individual.

When we legislate further on immigration control, I think the following course would be wise and would meet with the approval of the American public:

1. Reduce all quotas to 10 percent of what they are at present.
2. Establish quotas for North and South America just as we have done for European countries.
3. Register all aliens under a plan that would not embarrass the desirable but would identify the undesirable.
4. Deport all alien criminals, gunmen, and those who encourage the commission of crime.
5. Put the administration of the law in the hands of real Americans, who believe in the restriction of immigration.

My friends, the movement of new people into our midst is a question that calls for clear thinking. Think about it and write me.

I thank you.

REVENUE BILL OF 1935

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8974) with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to dispense with the further reading of the bill, and that the bill be considered as read and open for amendment.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that the further reading of the bill be dispensed with, and that the bill be considered as read and open for amendment. Is there objection?

Mr. TREADWAY. Mr. Chairman, reserving the right to object, I am in thorough accord with the purpose of the gentleman's request, but before the request is actually agreed to I think we should have a definite understanding that it gives every Member ample opportunity to offer amendments to the bill at any place he desires.

Mr. DOUGHTON. Absolutely.

Mr. TREADWAY. In other words, no one is being cut off from any right he may have. We are simply expediting final action on the bill by not taking the Clerk's time to read the actual details of the bill.

Mr. DOUGHTON. That is the only purpose of my request.

Mr. TREADWAY. Mr. Chairman, I hope the request will be granted.

Mr. BLANTON. Mr. Chairman, further reserving the right to object, this is with the understanding, of course, that all amendments must be germane at the point where they are offered, because unless we have such an understanding we would be swamped with amendments not germane. We want every amendment offered to be germane to the bill and germane to the section at which it is offered. With this understanding I have no objection, but otherwise I should be forced to object.

Mr. TREADWAY. Mr. Chairman, I have absolute confidence in the ability of the Chair to pass on those points when they arise.

Mr. BLANTON. Mr. Chairman, is it understood that all amendments must be germane?

Mr. RANKIN. Of course, this request would not change the rules in that respect.

Mr. BLANTON. Then it is understood that this agreement does not affect at all the rule of germaneness?

Mr. DOUGHTON. Yes.

Mr. RANKIN. Mr. Chairman, reserving the right to object, I want to ask the gentleman from North Carolina a question. As I understand, you are not going to read the bill by sections, but amendments to the section will be taken up in rotation as they come in the bill. If not we will get ourselves into the predicament of having Members jump from one section to another in offering amendments which will lead to confusion.

Mr. DOUGHTON. Of course, we want to proceed in the most practical and feasible way.

Mr. TREADWAY. Mr. Chairman, will the gentleman from Mississippi yield?

Mr. RANKIN. Yes.

Mr. TREADWAY. With the view of protecting all Members I think it would be somewhat difficult to have the amendments offered in rotation, because if some Members have amendments which they desire to offer and are not prepared to do so at this time or do not know of this agreement, I think we should give them a proper chance to offer them.

Mr. RANKIN. Mr. Chairman, right on that point, I think when we conclude the consideration of amendments on a particular section, all amendments to that section ought to be closed just as if we had read the section in the usual way. In this way Members will know what sections have been passed on and we will not be turning from one section to another or going back to a different section and offering amendments to sections which have been passed.

Mr. BLANTON. The Chairman should call each section in order and let us pass on each section separately.

Mr. RANKIN. I agree with the gentleman. The Chairman should call each section, and when we pass it, then amendments to that section will be closed.

Mr. DOUGHTON. That method will be entirely satisfactory. There is no intention to shut anyone off from offering amendments to the bill. It is my purpose to have the bill considered in an orderly way, but expedite its consideration as much as possible.

Mr. RANKIN. Then it is understood, Mr. Chairman, we will take up the bill by sections and the Chair will call the sections of the bill, and when amendments have been offered and voted on and a section passed, it will be passed just the same as if it had been read, and we cannot turn back to it except by unanimous consent.

Mr. BLANTON. Of course, and in this way the consideration of the bill will be expedited.

Mr. DOUGHTON. That is all right.

The CHAIRMAN. The Chair will state the unanimous-consent request as the Chair now understands it.

The gentleman from North Carolina asks unanimous consent to dispense with the further reading of the bill, the bill to be considered as having been read, and the Chair to call each section in the order in which the sections would be read, and each section will be open for amendment, and after a section is passed amendments to that section shall be closed.

Mr. BLANTON. And only germane amendments may be considered.

Mr. BUCK. Mr. Chairman, reserving the right to object, is it understood that the privilege remains in the gentleman from North Carolina to move to close debate on each of the sections?

The CHAIRMAN. The Chair does not understand that this agreement in any way affects the rule of procedure or the rule with respect to germaneness.

Mr. SUMNERS of Texas. Mr. Chairman, reserving the right to object, I had in mind to make the same suggestion that has been made by a number of gentlemen here, because I believe we would have confusion unless we considered each of the sections in its respective order. In looking at the bill, however, it seems to me that in view of the fact the Members may not have the bill before them and would not be able to keep up with its consideration, it would really be an economy of time to read the bill in the ordinary way so that we may clearly understand which section is under consideration and avoid all possible confusion.

I am in sympathy with the purpose of the gentleman, but I doubt if it works.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent to modify my request by asking that the bill be read in its entirety and then amendments offered.

Mr. BLANTON. Oh, that would not save any time.

The CHAIRMAN. Is there objection?

Mr. SAMUEL B. HILL. I object.

The Clerk read as follows:

SEC. 102. Income taxes on corporations:

(a) Section 13 (a) of the Revenue Act of 1934 is amended to read as follows:

"(a) Rate of tax: There shall be levied, collected, and paid for each taxable year upon the net income (in excess of the credit against net income provided in section 26) of every corporation, a tax as follows:

"Upon net incomes not in excess of $15,000, 13¼ percent.

"$1,987.50 upon net incomes of $15,000; and upon net incomes in excess of $15,000, 14¼ percent in addition of such excess."

(b) Section 141 (c) of the Revenue Act of 1934 is amended by striking out "except that there shall be added to the rate of tax prescribed by section 13 (a) a rate of 2 percent, but the tax at such increased rate shall be considered as imposed by section 13 (a)" and by inserting in lieu thereof the following: "except that the rate of tax shall be 15¾ percent, in lieu of the rates prescribed by section 13 (a), but the tax at such rate of 15¾ percent shall be considered as imposed by section 13 (a)."

Mr. TRUAX. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 5, line 2, after the figures "$15,000", strike out "14¼" and insert in lieu thereof "16½."

Mr. TRUAX. Mr. Chairman and Members of the Committee, this amendment is to make the bill conform to the President's message on corporation taxes, as I understand those recommendations to be. You Members have noticed, as I have noticed in the newspapers, and particularly in one Washington newspaper, a great deal of comment about the so-called "disregard of the President's recommendations by the Ways and Means Committee." As one Member of this

House I wish to deplore this publicity that is given to this so-called "ignoring of the President's message."

As for myself, I think it greatly overdrawn and magnified, and is merely an attempt to make the public believe that there is a difference existing here that does not exist, namely, that the Committee on Ways and Means is not in accord with the President's desires and wishes.

Since the disparity between the President's program on corporation taxes and the program of the committee is so little, I think it would be the part of wisdom for the committee to accept this program. I understand, perhaps as you do, that the committee has a well-worked out plan of its own, and that in the final analysis there is only a slight difference of from 1 to 3 percent in the two programs. That difference is so trifling that I think it would be wisdom and good judgment to perfect the corporation tax by raising it from 14½ to 16¾ percent by adopting my amendment.

Mr. COOPER of Tennessee. Mr. Chairman, I will only ask the indulgence of the Committee for a moment. The amendment offered by the gentleman from Ohio does not carry forward the suggestions contained in the President's message on graduated corporation tax. The President's message suggested a graduation beginning at 3 percent below the present rate and continuing up to 3 percent above. The gentleman's amendment gives no consideration for any graduation below the present flat rate of 13¾ percent.

Mr. Chairman, at this point I would like to insert a table showing the application of the graduated corporation income tax as provided in this bill.

Corporation income tax

Net income	Present law	Proposed law	Increase	Reduction
$1,000	$137.50	$132.50		$5
$2,000	275.00	265.00		10
$3,000	412.50	397.50		15
$4,000	550.00	530.00		20
$5,000	687.50	662.50		25
$6,000	825.00	795.00		30
$7,000	962.50	927.50		35
$8,000	1,100.00	1,060.00		40
$9,000	1,237.50	1,192.50		45
$10,000	1,375.00	1,325.00		50
$11,000	1,512.50	1,457.50		55
$12,000	1,650.00	1,590.00		60
$13,000	1,787.50	1,722.50		65
$14,000	1,925.00	1,855.00		70
$15,000	2,062.50	1,987.50		75
$16,000	2,200.00	2,130.00		70
$17,000	2,337.50	2,272.50		65
$18,000	2,475.00	2,415.00		60
$19,000	2,612.50	2,557.50		55
$20,000	2,750.00	2,700.00		50
$25,000	3,437.50	3,412.50		25
$30,000	4,125.00	4,125.00		
$35,000	4,812.50	4,837.50	$25	
$40,000	5,500.00	5,550.00	50	
$45,000	6,187.50	6,262.50	75	
$50,000	6,875.00	6,975.00	100	
$55,000	7,562.50	7,687.50	125	
$60,000	8,250.00	8,400.00	150	
$65,000	8,937.50	9,112.50	175	
$70,000	9,625.00	9,825.00	200	
$75,000	10,312.50	10,537.50	225	
$80,000	11,000.00	11,250.00	250	
$85,000	11,687.50	11,962.50	275	
$90,000	12,375.00	12,675.00	300	
$95,000	13,062.50	13,387.50	325	
$100,000	13,750.00	14,100.00	350	
$125,000	17,187.50	17,662.50	475	
$150,000	20,625.00	21,225.00	600	
$175,000	24,062.50	24,787.50	725	
$200,000	27,500.00	28,350.00	850	
$250,000	34,375.00	35,475.00	1,100	
$300,000	41,250.00	42,600.00	1,350	
$350,000	48,125.00	49,725.00	1,600	
$400,000	55,000.00	56,850.00	1,850	
$450,000	61,875.00	63,975.00	2,100	
$500,000	68,750.00	71,100.00	2,350	
$600,000	82,500.00	85,350.00	2,850	
$700,000	96,250.00	99,600.00	3,350	
$800,000	110,000.00	113,850.00	3,850	
$900,000	123,750.00	128,100.00	4,350	
$1,000,000	137,500.00	142,350.00	4,850	
$2,000,000	275,000.00	284,850.00	9,850	
$3,000,000	412,500.00	427,350.00	14,850	
$4,000,000	550,000.00	569,850.00	19,850	
$5,000,000	687,500.00	712,350.00	24,850	
$6,000,000	825,000.00	854,850.00	29,850	
$7,000,000	962,500.00	997,350.00	34,850	
$8,000,000	1,100,000.00	1,139,850.00	39,850	
$9,000,000	1,237,500.00	1,282,350.00	44,850	
$10,000,000	1,375,000.00	1,424,850.00	49,850	

Mr. Chairman, the Committee on Ways and Means gave perhaps more extensive consideration to this provision of the bill than to any other provision in it. We worked it out on the very best basis possible. It recognizes the principle of a graduated corporation tax, but it does not go as far as is sought by the amendment offered by the gentleman from Ohio. It is felt by the committee that the provision as it now stands in the bill is far preferable to the provision contained in this amendment, and the committee asks that the amendment be voted down.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. Yes.

Mr. TRUAX. The maximum amount suggested by the President was 16½ percent, was it not?

Mr. COOPER of Tennessee. Sixteen and three-fourths percent. In other words, the suggestion of the President was to begin at 10¾ percent, which is 3 percent below the present 13¾-percent rate, and continue a graduated rate on up to 16¾ percent, which is 3 percent above the maximum now. In other words, you would have a 6-percent graduation, 3 below the present point and 3 above. The gentleman's amendment does not give any consideration at all to the smaller corporations of the country in graduating the tax down in their interest, but seeks to begin at the point suggested and graduate it on up. It is not as well balanced a program in that respect as is the one suggested in the President's message.

Mr. TRUAX. But the amendment does conform with the President's maximum amount recommended.

Mr. COOPER of Tennessee. Yes; it conforms to about half of the recommendation in the message.

Mr. TRUAX. No; 16¾ percent, to get the big fellow.

Mr. COOPER of Tennessee. It was pointed out in general debate that the provision contained in this bill would actually result in reduction in the tax paid by the smaller corporations of the country, up to about $30,000 net income, and that would embrace 92 percent of all of the corporations of the country. The other 8 percent, whose net income is above the figure of $30,000 a year, would be the ones who would pay the small excess provided here.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. Yes.

Mr. McCORMACK. And the excess-profits provision assures the same amount, if not a little more revenue than the graduated corporation tax, which went from 10¾ to 16¾ percent.

Mr. COOPER of Tennessee. That is true. It provides more revenue than the other plan.

Mr. DONDERO. Mr. Chairman, I move to strike out the last word. Taxation is a complicated question. I notice in the President's message of June 19 he uses the following language:

> These complicated and difficult questions cannot adequately be debated in the time remaining in the present session of this Congress.

The complicated and difficult questions to which the President referred are the "elimination of unnecessary holding companies and taxation." The good sense of the President's statement that these difficult questions cannot adequately be debated in this session of the Congress ought to be obvious to every Member of the House, but, contrary to the express opinion of the President, this House has considered and passed a bill to eliminate holding companies if found necessary in the public interest after a hearing. And now we have before us a bill involving the other difficult and perplexing question, that of taxation, both in this session of Congress.

On page 6 of the majority report on this bill I notice that the graduated tax is a new idea, never tried before in this country. The committee says:

> This is a new principle which has never been used in this country, and therefore your committee, in section 102 (a) of the bill, is recommending only a very moderate graduation.

I am wondering whether or not the great Committee on Ways and Means of this House has given sufficient considera-

tion to this new principle of a graduated tax. As I sat in my office last night it occurred to me that three men, every one of whom might be a millionaire, could each own one-third of the stock in a small corporation and receive one-third of a dividend of $15,000, subject only to a tax of 13¼ percent, while a group of poorer people, with a small investment in a large corporation that would pay a dividend of $45,000, with exactly the same amount of earnings on each dollar as the rich man's dollar in a small corporation, would be penalized by a larger rate of tax than those in the smaller corporation. May I ask what is the reason for punishing one class of investors as against another class just because they have their money invested in a larger corporation? Dollar for dollar invested, the small investor in a large corporation should receive exactly the same amount of income, if it is earned in dividends, as the rich man who might have his money invested in a small corporation. What is the reason for changing the uniform rate of taxation? The power to tax is the power to destroy, and this is an attempt to destroy the large corporations of the country by taxation. Why not deal with all classes of our citizens exactly on the same basis? It seems to me if more money is to be raised from a corporation tax that the fair and just thing to do would be to increase the rate of taxation against all corporations rather than to single out the large corporations of the country and punish their stockholders, although they may be small investors. I respectfully submit that the graduated tax should be dropped from further consideration at this time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the remainder of the bill be read in its entirety, and that it then shall be in order to offer amendments to the sections in numerical order.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

Mr. McCORMACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. The Clerk has already read section 102. In order that the rights of everyone may be protected, may I make this inquiry: If the bill is now read in its entirety under the unanimous-consent request, will we then go back to the present section under consideration, so that Members may offer their amendments, or will they offer those amendments now?

The CHAIRMAN. The Chair so understands it.

Mr. McCORMACK. That is, that the bill will be read and then the present section 102 will be open for amendment?

The CHAIRMAN. The Chair so understands it.

The Clerk concluded the reading of the bill.

The CHAIRMAN. Section 102 is now open for amendment.

Mr. TREADWAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. TREADWAY: Page 4, line 16, strike out all of the section.

Mr. TREADWAY. Mr. Chairman, I think this section is one of the outstanding absurdities of the present bill. The President in his message made this suggestion:

> I therefore recommend the substitution of a corporation income tax graduated according to the size of corporation income in place of the present uniform corporation income tax of 13¾ percent.

Then he asks that the graduation in rate range from 10¾ to 16¾ percent.

I think all students of taxation will agree that there cannot be any logical reason for a graduated income tax on corporations. No authority advocates it.

We look with great approbation upon the skill, ability, wisdom, and mentality of the gentleman who advises our committee, the chief of the staff of the Joint Committee on Taxation, Mr. L. H. Parker. This subject was considered some time ago, and Mr. Parker, in 1932, said to the Ways and Means Committee:

> No satisfactory system of applying the graduated rate principle to the net income of corporations has as yet been devised.

Then the gentleman from Kentucky [Mr. VINSON], one of the distinguished members of our committee, who I regret is not able to be with us to participate in the debates, because he is always illuminating in his remarks, even if we do not agree with him, said on December 29, 1932:

> It was unnecessary for the subcommittee on double taxation specifically to approve or disapprove of the report as prepared by the staff of the joint committee. However, we are in substantial agreement with the statements contained therein.

This is not a new subject, Mr. Chairman. It goes back to the time when the distinguished Senator from California [Mr. McADOO] was Secretary of the Treasury. At that time Secretary McADOO was not as diffident about expressing opinions to the Ways and Means Committee as is the present Secretary of the Treasury. He said in the hearings in 1918:

> Any graduated tax upon corporations is indefensible in theory, for corporations are only aggregations of individuals, and by such a tax the numerous small stockholders of a great corporation may be taxed at a higher rate than the very wealthy, large stockholders of a relatively small corporation.

I could quote other authorities and mention other points in opposition to the graduated corporation income tax. I have been a member of the Ways and Means Committee and the Joint Committee on Taxation for a good while. I was on the subcommittee studying the subject of taxation for several months 2 years ago. In my modest way I have at various times followed these matters along as much as any of the present members of the Ways and Means Committee. This is the first time, to my knowledge, that any definite proposition has come forward to substitute for a flat corporation rate the idea of a graduated tax.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TREADWAY. Now, what do we find here? We do not find that even a majority of the members of the Ways and Means Committee accepted the recommendation made in the message of the President. They did not accept that at all. They set up this other scheme of simply having a spread of 1 percent rather than of 6 percent, as the President recommended. Then they rely upon the excess-profits tax to make up the rest of it. I do not see that the merits of the excess-profits tax is a question involved here at all. The question involved in section 102 is whether or not this Congress approves of overturning everything that has been done in the way of a study of taxation questions in the past and adopting a 1-percent change simply to accommodate themselves to an idea, if not the principle, of the recommendation of the President of the United States. Some of his "brain truster" friends said, "Why, of course, tax these big corporations just as hard as you can, and then some. The bigger they are the more they should be taxed." There is no question about how small their profits may be. That is of no consequence. It is just the size of the corporation.

Mr. McADOO, in his position as Secretary of the Treasury, stated it truthfully when he said that large corporations are simply aggregations of stockholders. Now, there is absolutely no sound principle of taxation which can be relied upon in support of this tax. If there is, it never has been brought to the attention of the Congress by the experts or by Members of the Congress or by anybody, but in order to approve of the principle that the President states in his message, which, of course, somebody else wrote for him, some "brain truster" has brought forward what he has perhaps thought was a unique idea, "soak the corporations"—they put forth this section. You want to soak the rich, and, of course, if the corporation is big you are going to soak them, too. It is perfectly absurd. No evidence has been submitted to this Congress in support of this proposition. No students of taxation have favored this principle. The

President's fiscal adviser, the Secretary of the Treasury, has never suggested it, nor have any of his predecessors ever suggested it.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. CRAWFORD. I would like to ask the distinguished gentleman if he believes that mass production can be carried on and low-cost unit consumers' goods can be produced under forms of economic management other than by large corporations; is it possible, in the gentleman's opinion?

Mr. TREADWAY. I should think the past experience of this country fully answers the gentleman's question.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I wonder what there is sacred about a corporation that should entitle it to a different rule of taxation from that applied to the individual? Nobody questions the soundness of the principle that a tax on individual incomes should be levied in accordance with ability to pay; and ability to pay is measured largely by the amount of income, regardless of the percentage of profit that income reflects upon the capital investment of the individual. We accept this as sound. Nobody makes the point that there is discrimination between two individuals because you tax the man who gets a $100,000 income in the $100,000 bracket and tax the individual who gets a $10,000 income in the $10,000 bracket, regardless of the fact that the smaller income may represent a larger percentage of profit on the capital invested. We accept that; we make no point on that proposition when it comes to individuals. But here is this sacred thing, the corporation; you must not tamper with that.

What is a corporation? A corporation is an artificial being. It is a person created by the authority of the State, set up as an individual, a separate and distinct entity, separate from the stockholders who own the stock in the corporation. The individual stockholder, in contemplation of law, is no more a part of the corporation than a stranger to the corporation is a part of it, not a bit. This is the legal status of a corporation with reference to its stockholders.

Why do the stockholders invest their money in the capital stock of corporations? Because there are advantages. There are advantages to the individual making such investment that do not accrue to him if he goes out as a natural person and invests his money in some enterprise. As an individual investing his money in an enterprise, he has unlimited liability for the obligations of the enterprise; he has to rely upon his own ability to finance the enterprise. Unless he is a man of great wealth, he probably cannot bring to bear in that enterprise enough capital to put him in a position to compete with these great corporations; but when he invests his money in a corporation, when he takes out capital stock in a corporation, his liability ceases. He may lose what he has put in, but he is not liable for any obligations or debts of the corporation; it is a limited liability. By reason of the fact that the corporation can solicit subscriptions Nation-wide, State-wide, or community-wide, it can bring into its treasury vast amounts of capital to carry on business. This gives it not only financial power but economic power as well.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SAMUEL B. HILL. It has advantages; and if there should be a distinction as between individuals and corporations on this graduated income-tax matter, it would seem to me that the advantage ought to be with the individual rather than with the corporation. But you do not hesitate for a moment to say that the individual shall pay income tax according to the size of his income, regardless of the percentage of profit his income reflects upon his investment. We know that these large corporations do have an advantage in trade circles; they have an advantage in buying from the manufacturers and also in mass production; they can buy in great quantities and get their goods at cheaper prices. They can set up retail establishments over the country and reach a far greater number of consumers and can sell their commodities at lower prices than the small fellow. They can absolutely monopolize business in any field by going out and getting these little stockholders you hear about to put their money in the big corporation. This gives it an advantage, a business advantage, an economic advantage. With economic advantage goes economic power, and economic power is political power. I say that from the standpoint of ability to pay the corporation should be taxed on the size of its income just the same as the individual is taxed upon the size of his income.

We do not hear about anybody but the small stockholder, the small investor. Why, we want to protect him. He has put his money in this big corporation and we want to protect him. But the big corporation does not care anything about the little stockholder except to get the use of his money and democratize the stockholdings so that they can curry popular favor when legislation arises affecting corporations. This is the use they make of the little stockholder. The little stockholder in this argument in opposition to this tax receives but a very small profit. You do not hear about his getting a large dividend. They picture to you that the big corporation has smaller profits and that the smaller corporations have the bigger profits. Why do they use this argument? They do not dwell on the fact that in most instances the small corporations have a smaller percentage of profits than the big corporations.

You did not get that side of the picture. We hear a great deal about the investments of the widows and orphans, but that is simply sob stuff. The fact remains, Mr. Chairman, that a corporation is distinct and apart from its stockholders and should be considered a person for taxation purposes. May I suggest that there can be no distinction between the principle of taxing an individual according to the size of his income and a corporation being taxed according to the size of its income.

Mr. Chairman, I ask the membership to defeat this amendment.

[Here the gavel fell.]

The question is on the amendment offered by the gentleman from Massachusetts [Mr. TREADWAY].

The question was taken; and on a division (demanded by Mr. TREADWAY) there were—yeas 36, noes 73.

Mr. TREADWAY. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. DOUGHTON and Mr. TREADWAY to act as tellers.

The Committee again divided; and the tellers reported there were ayes 40 and noes 96.

So the amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK: Page 5, after line 12, insert new subsections as follows:

"(c) Section 23 of the Revenue Act of 1934 (relating to deductions from gross income) is amended by adding at the end thereof a new subsection as follows:

"(r) Charitable and other contributions by corporations: In the case of a corporation, contributions or gifts made within the taxable year to or for the use of a domestic corporation, or domestic trust, or domestic community chest fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes (but in the case of contributions or gifts to a trust, chest, fund, or foundation, only if such contributions or gifts are to be used within the United States exclusively for such purposes), no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation; to an amount which does not exceed 5 percent of the taxpayer's net income as computed without the benefit of this subsection. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner, with the approval of the Secretary."

(d) Section 204 (c) of the Revenue Act of 1934 (relating to deductions from gross income by insurance companies other than

life or mutual) is amended by adding at the end thereof a new paragraph as follows:

"(10) Charitable, etc., contributions, as provided in section 23 (r)."

(e) Section 232 of the Revenue Act of 1934 (relating to deductions allowed foreign corporations) is amended by inserting "(a) In general.—" before the beginning of the section and by inserting at the end thereof the following new subsection:

"(b) Charitable, etc., contributions: The so-called 'charitable contribution' deduction allowed by section 23 (r) shall be allowed whether or not connected with income from sources within the United States."

The CHAIRMAN. The Chair would like to inquire whether there are any further amendments to sections 1 or 2?

Mr. TREADWAY. Mr. Chairman, I would like to be heard briefly on the amendment offered by the gentleman from Massachusetts [Mr. McCORMACK].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 5 minutes.

Mr. McCORMACK. Mr. Chairman, I will not take much time of the Committee on this amendment. Everybody understands it. It is an amendment authorizing a corporation to deduct any contributions it might make for charitable purposes, as mentioned in the amendment, up to but not exceeding 5 percent. I think there is no necessity for taking up the time of the Committee on this particular amendment, as everyone understands what its purpose is and the meritoriousness of the amendment.

Mr. KRAMER. Will the gentleman yield?

Mr. McCORMACK. I gladly yield to my distinguished friend from California [Mr. KRAMER].

Mr. KRAMER. I am heartily in favor of this amendment and I hope it will be adopted. In my State the community chest and other charitable organizations have been greatly aided by such contributions, and the amendment recognizes this fine service.

Mr. McCORMACK. I thank my friend for his constructive contribution.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. This is a committee amendment?

Mr. McCORMACK. It is a committee amendment.

Mr. O'MALLEY. Is it the particular amendment which the President has heretofore objected to?

Mr. McCORMACK. This is a committee amendment.

Mr. SAUTHOFF. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Wisconsin.

Mr. SAUTHOFF. The gentleman mentioned 5 percent. Is that net or gross?

Mr. McCORMACK. It is 5 percent of the net income computed for income-tax purposes computed without the allowance of this deduction.

Mr. TRUAX. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. TRUAX. Does the President favor this committee amendment?

Mr. McCORMACK. This is a committee amendment.

Mr. COLDEN. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from California.

Mr. COLDEN. Is the same concession granted under the law to individuals as is granted to corporations under this amendment?

Mr. McCORMACK. Individuals have an exemption up to 15 percent.

Mr. CRAWFORD. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Is that 5 percent of the net taxable income or the net income?

Mr. McCORMACK. Five percent of the net income computed for income-tax purposes without the allowance of this deduction.

Mr. DONDERO. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. DONDERO. Do I understand that 15 percent of the income of an individual may be exempted from taxation if given to charity?

Mr. McCORMACK. That is my understanding. The present law allows an individual a deduction up to 15 percent of his net income computed without allowance for the deduction.

Mr. TREADWAY. Mr. Chairman, I am heartily in favor of the amendment offered by my colleague the gentleman from Massachusetts [Mr. McCORMACK]. I think, however, it is no more than fair that the attention of the Members of the House should be called to an item on page 20 of the minority report, in which we, as the minority, stated as follows:

CONTRIBUTIONS TO CHARITY

We deem it a mistake not to have provided an exemption from the corporation income tax on gifts made by corporations to community chests and other charities. It is the announced policy of the administration to throw the burden of caring for unemployables back on the States and local communities. When this occurs there are only two ways they can be provided for. One is by direct taxation on the people of the local communities through taxation of homes, farms, and other real estate; the other is through private charity. If corporations are public-spirited enough to make contributions to charities, we believe their contributions for such purposes should be exempt from taxation exactly as is done in the case of individuals.

Mr. Chairman, I also desire to call attention to the fact that this report of the minority was issued before the majority in the Ways and Means Committee adopted the amendment just offered by the gentleman from Massachusetts.

Mr. DOUGHTON. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. I know the gentleman desires to be correct, as he always does. May I inform him that on a vote taken in a conference of the majority members 2 days before we ever saw the minority report we voted to adopt this amendment?

Mr. TREADWAY. I accept the correction. Of course, it is made with the knowledge of the chairman of the committee as to what transpired among the Democratic members, but kept very secret and quiet from the Republican members, as well as the people at large. I am still wondering why, if their judgment showed such wisdom as to merit the adoption of this amendment, it was not put in the original bill. The minority report was made on July 30 and the bill was introduced on the 29th. If the majority agreed to the amendment 2 days before the minority report was made, they had ample opportunity to include it in the bill prior to its introduction. I will tell the gentleman why it was not in the original bill. It was because they were following the dictates of the White House, and the White House was opposed to the provision.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. DOUGHTON. I take exception to that statement.

Mr. TREADWAY. I will stand on the statement.

Mr. DOUGHTON. In the first place, there came no dictation from the White House——

Mr. TREADWAY. Oh, no. I notice, however, that the liaison gentleman, a former member of the committee, has been a constant visitor throughout the consideration of this bill. I suppose he has been up here inquiring about the health of the Members on the Democratic side.

Mr. DOUGHTON. To whom does the gentleman refer—Mr. West?

Mr. TREADWAY. The gentleman knows to whom I refer; Mr. Charles West, of Ohio, a former member of the committee, recognized as the liaison man of the White House, and now promoted to the position of Under Secretary of the Interior.

Mr. DOUGHTON. I may state on my honor that Mr. West never, either directly or indirectly, made a single suggestion

about what the committee should do with respect to this bill.

Mr. TREADWAY. I accept the gentleman's statement, of course, but it is strange what a lot of business that gentleman has had here in the past few weeks, but I would like to complete my statement now, if I may.

Finally, the wisdom of the Democratic side recognized the merit of this amendment, and the reason they did, Mr. Chairman, was that the influence of the President did not prevail over the influence of the mass of the public who wanted this exemption for charitable institutions. They did not dare stand back of their President in the final showdown, and this is the reason the amendment is put in here.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. McCORMACK].

The amendment was agreed to.

Mr. SAUTHOFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Mr. SAUTHOFF offers the following amendment: On page 5, line 12, add a new subsection, as follows:

"Subsection (p) of section 23 of the Revenue Act of 1934 is hereby amended to read as follows:

"'(p) Dividends received by corporations: In the case of a corporation the amount received as dividends from a domestic corporation which is subject to taxation under this title: *Provided, however*, That beginning with the taxable year beginning next after December 31, 1935, the deduction allowed by this subsection shall be 85 percent of the amount of such dividends so received, and beginning with the taxable year beginning next after December 31, 1937, the deduction allowed by this subsection shall be 70 percent of the amount of such dividends so received. The deduction allowed by this section shall not be allowed in respect of dividends received from a corporation organized under the China Trade Act, 1922, or from a corporation which under section 251 is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States.'"

Mr. SAUTHOFF. Mr. Chairman, the purpose of this amendment is a 2-percent tax on intercompany dividends; in other words, it is a 2-percent tax per year on holding companies' dividends.

My object in introducing the amendment is this: In the first place, the amount of taxes we are raising under this bill is hardly sufficient to amount to more than 7 percent of the deficit at the present time. Last year our deficit was about three and a half billion dollars, and this year it will run about $4,000,000,000. We are raising under this bill about $275,000,000. Obviously, we must raise more revenue. We can, of course, in some way or other, cut down our deficit, and there are three methods open to us: First, cut down our expenditures; second, raise more taxes; and, third, a combination of the two.

I do not believe that by any method whatever we can cut down our expenditures so long as unemployment exists to such an extent as will remove the entire amount of the deficit; neither do I believe that anyone is so economically unsound as to suggest we can raise sufficient revenue by taxation to wipe out the deficit. Therefore we must approximate it as nearly as possible.

This method of taxing intercompany dividends is nothing new. It was in the Revenue Act of 1913. At that time none of the dividends was exempt. Under my amendment 85 percent is exempt for 2 years, and thereafter 70 percent. What it will mean in round numbers is approximately a 2-percent tax for the next 2 years and a 4-percent tax thereafter. It will raise in revenue, I am advised by Mr. Parker, the legislative tax expert, about $39,000,000 per year under the 2-percent tax.

Why should they pay a tax? Because they get special privileges under the Government. They derive, first, the privilege and benefit of vast aggregations of capital and management, and, secondly, they derive freedom from personal liability.

[Here the gavel fell.]

Mr. McFARLANE and Mr. DOUGHTON rose.

Mr. McFARLANE. I offer a substitute, and the gentleman from North Carolina can discuss the amendment and my substitute at the same time.

The Clerk read as follows:

Amendment by Mr. McFARLANE:

"SEC. 102½. Section 23 (p) of the Revenue Act of 1934 is amended by inserting before 'the amount received as dividends from a domestic corporation which is subject to taxation under this title' the following '85 percent of.'"

Mr. McFARLANE. In addition to what was said by the gentleman from Wisconsin [Mr. SAUTHOFF] regarding his amendment and my substitute, the only difference between his amendment and mine is that his amendment provides for a 2-percent tax on the dividends of holding companies for 2 years and a 4-percent tax thereafter, and my substitute provides only for a 2-percent tax.

It is well known to the Membership of the House that last year a Senator from Idaho lacked only a few votes of getting an amendment of this kind adopted, providing for a 100-percent tax on such dividends. That will give you the sentiment of that body as to how they felt about it then. We have added more liberal Members to that body since that time.

Now, there is one part of the President's message that seems to have been overlooked by the Ways and Means Committee. The President said:

The most effective method of preventing such evasions would be a tax on dividends received by corporations.

The gentleman from Indiana [Mr. PETTENGILL] appeared before the Ways and Means Committee, and you will find his statement on page 327 of the hearings. He said:

At the present time a holding company which derives its entire income from dividends from another company does not contribute even a penny to the support of the United States Government, despite the fact that it enjoys the benefits of its corporate franchise, and even then this may be due to the fact that it operates in that capacity. But it wholly escapes taxation.

My friends, I think that those who have the viewpoint of holding companies——

Mr. SAUTHOFF. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. SAUTHOFF. Some of these holding companies are meritorious. I am attorney for some of them that have not made any money. They are real-estate holding companies, and have not made any money for the last 5 years. There are also motion-picture holding companies that have not been making any money.

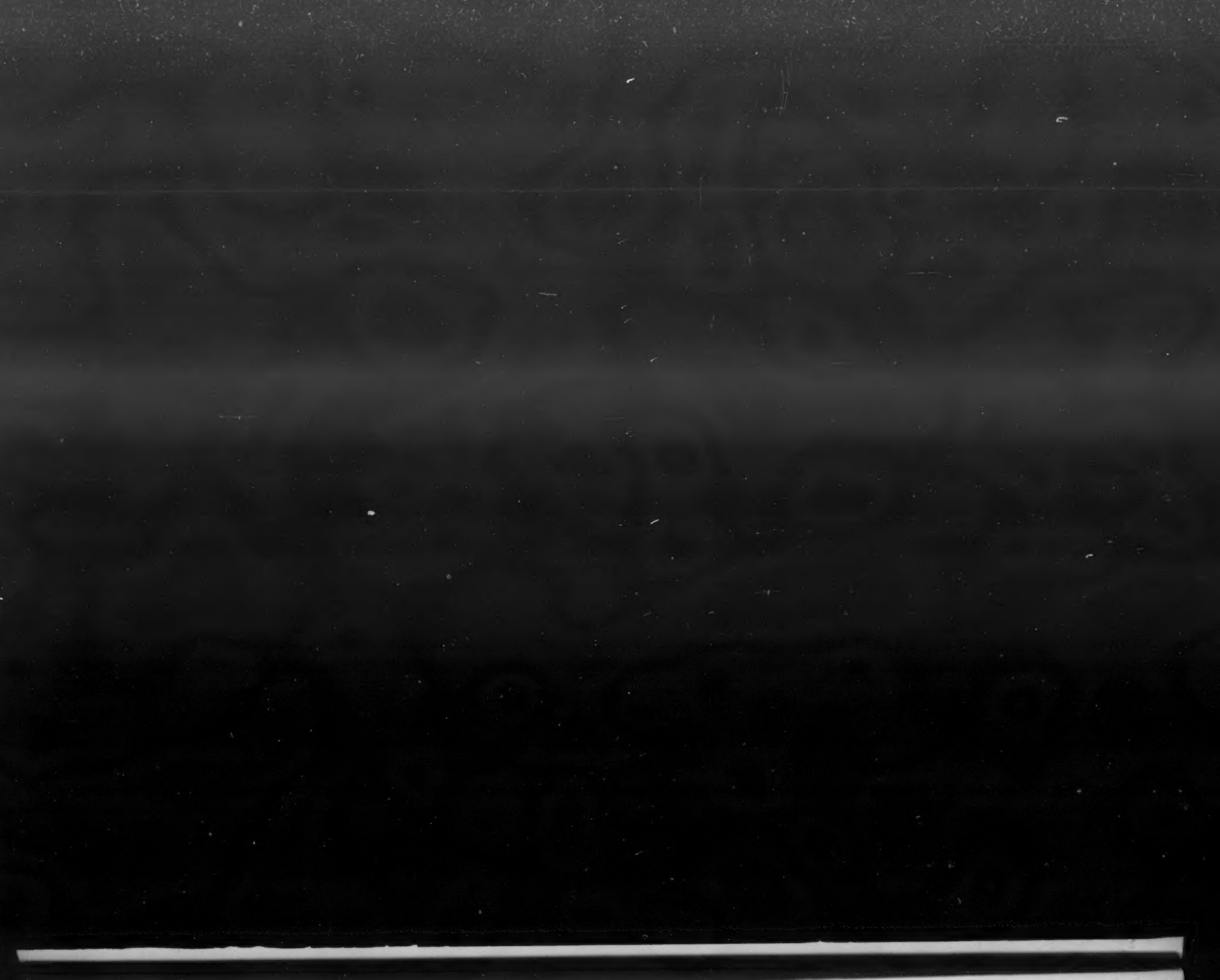
Mr. McFARLANE. Speaking to my amendment, I am asking for a 2-percent tax in the entirety. The gentleman proposes a 2-percent tax for 2 years and doubles it to 4 percent. It seems to me that in all fairness the Committee should adopt my substitute amendment. I asked the ranking member of the Ways and Means Committee, Mr. SAMUEL B. HILL, why the matter had been overlooked in the Ways and Means Committee, and he said that they were going to consider the matter later. I think we ought to consider the matter now.

Mr. SAUTHOFF. I thank the gentleman for his explanation. I misunderstood the reading. I thought the amendmend raised the rates instead of decreasing them.

Mr. McFARLANE. I thought the gentleman must have misunderstood the reading of my substitute. Let me say this. I have talked with the President about this very proposition, and as he has stated in his message of June 19, he is heartily in favor of such a tax and is urging this Congress to place such a tax in this bill. I hope this Committee will adopt my amendment.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin [Mr. SAUTHOFF] and the substitute offered by the gentleman from Texas [Mr. McFARLANE]. In the matter of raising taxes, I do not go as far as the gentleman from Wisconsin, and favor raising all of the revenue you possibly can from any one source. I only would favor raising what can equitably and fairly be raised from any one source. This matter was given very careful consideration by our committee, and the reason we did not include in this bill a tax on intercorporate dividends was the fact that we now have





a flat corporation tax of 13¾ percent in the present law, and in this bill that is changed so as to leave a graduated corporation tax of from 13¼ percent to 14¼ percent. That is one tax on corporations. Then, we have a flat capital-stock tax on corporations, and in this bill we have also included an excess-profits tax on corporations. In my judgment, Mr. Chairman, that is a sufficient tax to impose on corporations at this time and any further tax would be unjustified. Had we not included in this bill an excess-profits tax I would have favored, and I am sure our committee would have favored, not only giving consideration to but including in this bill this tax on intercorporate dividends, but after we decided to impose an excess-profits tax and the graduated corporation tax, together with a flat capital-stock tax, we believe, and I believe, this House will agree with the committee that that is sufficient tax at this time on corporations. We are endeavoring not only to raise money to defray the expense of Government, but also to give encouragement to business in order that it may revive.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COOPER of Tennessee. Just to invite attention further to the fact that taxes levied under this bill on corporations are estimated to yield more than $100,000,000 in revenue, while the proposed tax would yield only $39,000,000.

Mr. DOUGHTON. That is true. Also, much has been said about increasing taxes. I repeat what my friend the able gentleman from Tennessee said this morning, that this graduated corporation tax is one tax where we have given some relief to small corporations. Ninety-two percent of the corporations of this country will be taxed less under the graduated tax than now under the flat corporation tax, and those that pay more will have only a very slight increase.

The CHAIRMAN. The time of the gentleman from North Carolina has expired. The question is on the substitute offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. PETTENGILL) there were—ayes 12, noes 65.

So the substitute was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Wisconsin.

The question was taken, and the amendment was rejected.

Mr. SAUTHOFF. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SAUTHOFF: Page 5, line 12, after the period at the end of the line add a new section, as follows:

"Section 101 (12) of the Revenue Act of 1934 is amended by inserting before the semicolon and after the word 'association' in the second sentence the following: ', providing that voting stock may be owned by employees of the association whenever such producers own more than two-thirds of all the voting stock.'"

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against that amendment that it is not germane to this section of the bill.

The CHAIRMAN. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. SAUTHOFF. Briefly, Mr. Chairman, what this amendment does is to include employees who hold stock or the stock of employees who work for farm cooperative marketing companies. My point is this: The employee is just as essential to such a cooperative company as the producer himself. Under the act of 1934 corporations known as "cooperative-farm corporations" are exempt from the corporation tax. I simply amend that to include the stock held by employees, and inasmuch as this section deals with corporation exemptions I feel that it is germane to this particular section under consideration.

The CHAIRMAN. The amendment offered by the gentleman from Wisconsin undertakes to bring in a new subject which is foreign to this portion of the bill, dealing with the circumstances under which stock may be held by employees. The Chair feels that the amendment is subject to the point of order and sustains the point of order.

Are there any further amendments to section 102?

Mr. THOM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOM: At the close of section 102 insert:

"Section 23 (1) of the Revenue Act of 1934 is hereby amended by adding the following provision thereto after the words 'income allocable to each': '*Provided, however*, That in lieu of the periodic deduction for depreciation provided for in this section there shall be allowed, at the option of the taxpayer and under regulations to be prescribed by the Commissioner, with the approval of the Secretary, as a deduction in computing net income the purchase price (in the year in which so paid or accrued) of new machinery apparatus, mechanical equipment, or similar articles of industrial and agricultural capital equipment purchased after September 1, 1935, and on or before December 31, 1936, to replace machinery of a similar character in use, which latter machinery is thereupon scrapped. There shall be included within the scope of this subsection capital goods replacements ordered on or before December 31, 1936, and delivered on or before April 1, 1937.'"

Mr. COOPER of Tennessee. Mr. Chairman, I reserve a point of order against the amendment.

Mr. THOM. Mr. Chairman, briefly, this amendment provides that corporations and other individuals purchasing before April 1, 1937, machinery equipment from the heavy-goods industries shall be permitted to deduct the amount of money so invested, from the net income for income-taxation purposes. The idea, of course, is to stimulate the heavy-goods industry. This is the industry in which there has been the heaviest lag. This has been tried successfully in Europe. Germany has had a provision providing that, if within a certain period during the depression machinery is purchased to replace present machinery, the taxpayer shall be permitted to deduct that amount from his net income, for taxation purposes. That simply means that the buyer receives in depreciation, in computing his income tax, the cost of his machinery this year, instead of taking it out in installments over a perod of 5 or 6 years, the life of the machine.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. THOM. I yield.

Mr. SAMUEL B. HILL. The gentleman says the buyer takes his depreciation in being allowed the price of the new machinery?

Mr. THOM. Yes.

Mr. SAMUEL B. HILL. What happens to the depreciation on that new machinery? Will he be allowed any depreciation on that?

Mr. THOM. No. He is disallowed that depreciation in succeeding years.

A Cleveland company with which I am acquainted, has a branch concern in Berlin, Germany, where this tax exemption or deduction is in force. Through orders secured under the provisions of this law and the inducements extended thereby, this company has orders enough to keep it going for 1 entire year and has recently appropriated $1,000,000 for an addition. This company now employs 3,200 men. So one can see it is not experimental or theoretical, but that it is successful in stimulating business.

As to the germaneness of the provision, this House has already adopted an amendment offered by the gentleman from Massachusetts [Mr. MCCORMACK], which provides deductions for charitable gifts. Therefore, I submit to the Chair that this amendment is in order, because it provides a deduction for the purchase of replacement machinery.

The object of this House is to find employment, and I submit this is a way to induce the American manufacturer to proceed, up until April 1, 1937, to purchase needed machinery. In a sense, we are all bargain hunters, and if we can see a way of saving a dollar we pursue that way, and in doing that it will cost the Government little or nothing, and at the same time it will stimulate this industry.

Mr. FULMER. Will the gentleman yield?

Mr. THOM. I yield.

Mr. FULMER. As a matter of fact, over a period of years it will not interfere with the amount of taxes collected, but will be a wonderful inducement for a man to spend his money for new machinery, which will be helpful not only to those particular people, but to industry generally?

Mr. THOM. The gentleman's statement is exactly correct.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment. Thirteen (a) of the Revenue Act of 1934, to which the amendment is directed, relates only to the question of rate of tax on corporations. All that this provision of the pending bill does is to divide it into two groups. Instead of having a flat rate of 13¾ percent, as is provided in the 1934 revenue act, it provides for a graduated tax of 13¼ percent and 14¼ percent. This introduces a new subject which is not embraced in this section of the bill.

Mr. THOM. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. THOM. Is it not true that you have added to this section the McCormack amendment, a provision touching upon the question of deductions from net income tax? I think that that provision was not germane in the first place, but it is in there now, and there was no objection made to it.

Mr. COOPER of Tennessee. There was no point of order made against the McCormack amendment.

Mr. THOM. That is correct, but it forms a basis upon which my amendment becomes germane.

The CHAIRMAN (Mr. WOODRUM). The Chair thinks, in view of the adoption of the McCormack amendment, the amendment offered by the gentleman from Ohio [Mr. THOM] is germane and therefore overrules the point of order.

Mr. SAMUEL B. HILL. Mr. Chairman, I rise in opposition to the amendment. This would introduce an entirely new departure into the taxing system.

It would absolutely disrupt the effect of taxation as to industrial plants. For instance, corporations operating industrial plants where machinery is required we allow at this time as deductions the amount of repairs to machinery or to the existing plant, and we grant a depreciation allowance which over a period of years is supposed to cover the capital investment.

This amendment proposes that we shall make a depreciation allowance in the form of a deduction for the total purchase price of new machinery to replace the machinery that exists in the plant today. If this were adopted, the Treasury would get no taxes at all out of these industrial plants and the Government will be put in the position of permitting deduction of taxable income upon which they receive 14½ percent tax; they will be contributing that tax in 1 year through the allowance of total depreciation to the corporations involved.

We cannot afford to adopt such an amendment in the tax law at this time. Mr. Chairman, I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. MARCANTONIO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARCANTONIO: Page 4, after line 15, insert a new section, 102 (a):

"Subsections (1), (m), and (n) of section 23 of the Revenue Act of 1934 are hereby repealed."

Mr. SAMUEL B. HILL. We have passed that.

Mr. MARCANTONIO. This is on section 102.

Mr. SAMUEL B. HILL. We are at the end of section 102. Now if the gentleman wants to add a new section to follow section 102, that is different.

Mr. MARCANTONIO. Mr. Chairman, I ask unanimous consent to change the reference to line 12.

The CHAIRMAN. Without objection, the gentleman's amendment will be considered as offered after line 12, on page 5.

There was no objection.

Mr. MARCANTONIO. Mr. Chairman, my amendment would repeal subsections (l), (m), and (n) of section 23, and section 114 of the Revenue Act of 1934.

The purpose of this amendment is to eliminate credits for depreciation and depletion. The subcommittee of the Ways and Means Committee, which studied this question, reported in 1933 that the elimination of these deductions would increase the income from corporation taxes by 39½ percent on the basis of the 1930 corporate incomes. It may be argued that depreciations and depletions should be allowed as proper from an accounting point of view. However, these sections which I seek to repeal constitute one of the widest doors through which tax dodging is accomplished.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. SAMUEL B. HILL. Will the gentleman again give me the citation of the sections of existing law to which he referred?

Mr. MARCANTONIO. Yes; repeal section 23, subdivisions (l), (m), and (n), and section 114 of the Revenue Act of 1934.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. MARCANTONIO. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. MARCANTONIO: Page 5, after line 12, insert a new section, 102 (a):

"Section 112 of the Revenue Act of 1934 is hereby repealed."

Mr. MARCANTONIO. By repealing section 112 of the Revenue Act of 1934 in its entirety we tax all gains from exchanges of property or from securities acquired through reorganization or the formation of holding companies. By permitting section 112 to remain in force we do not tax any of these gains that are acquired through exchanges or through reorganization schemes. I submit most of these schemes are purely gambling and speculative financing, and there is no reason why gains from exchanges of property or gains acquired through reorganization or the formation of holding companies should not be taxed at 1932 rates. The subcommittee appointed to study this question estimated that by the repeal of this section the Government would have saved $18,000,000. I submit this amendment for your serious consideration.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. KENNEY. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Amendment by Mr. KENNEY: "Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the enacting clause stricken out."

Mr. KENNEY. Mr. Chairman, the debate on this bill has gone sufficiently far, I believe, to impress the Members that this is not a revenue bill but a tax bill. If you stop to consider the corporate provisions of the act you will understand that they are very mild indeed, and that from these new taxes you are going to get very little revenue. I doubt very much if we are going to get a great deal of revenue from inheritance taxes for many of the large estates now are invested in capital assets which have depreciated very much. I know of a case in a chancery court of my own State. A man died leaving an estate of $12,000,000. A suit is now being tried involving the $49,000 left of the estate after payment of inheritance taxes; that is all that was left.

This bill is a tax bill, because it taxes a small group of individuals having incomes of $50,000 and upward. There are in this group, people who ought to be taxed, people of inordinate wealth; but you are coming down to the point where you are going to cease having $50,000 salaries, for those who would receive them will leave them in the busi-

ness or form holding companies. We are only encouraging holding companies whereas I think it is the intent of this Congress to discourage them.

The proponents of this bill claim it will produce $275,000,000 revenue. As a matter of fact, I do not believe we will get any such yield.

I want to make some contribution to my country. I think all of us do. The greatest contribution we can make is to endeavor to balance the Budget, but to do this we need at least $1,000,000,000 of additional revenue. If we can get rid of some of our agencies, continue the income we got last year, and increase it by $1,000,000,000 annually, we shall go far toward balancing the Budget, a thing this country really needs.

If we want to do that, there is another bill now pending before the Ways and Means Committee which will bring an annual revenue to this country in very short order, in my opinion, amounting to $1,000,000,000 a year. All the Ways and Means Committee has to do is to report this bill to the House and give the Members an opportunity to vote on it. If the bill passes, there is no reason why we should soak the rich and to go after not only the rich, as this bill does, but the small manufacturer and the owner of business institutions of this country. This tax bill we are now considering just grapples him and keeps him down, and these manufacturers and business men are the ones in this country who give employment to some whom they could do without and who would otherwise be unemployed.

So I say let us report this bill back to the House striking out the enacting clause and give the Ways and Means Committee an opportunity to report the national lottery bill. [Applause.] The national lottery bill will help this country, as the lottery has helped various other countries—upward of 30 of them. It has been adopted by and is in force under every form of government on earth.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion offered by the gentleman from New Jersey [Mr. KENNEY].

The question was taken; and on a division (demanded by Mr. KENNEY) there were— ayes 18, noes 80.

So the motion was rejected.

The CHAIRMAN. Are there any further amendments to section 103? Are there any amendments to section 104? Are there any amendments to section 105?

Mr. TRUAX. Mr. Chairman, I have an amendment to section 105 which I desire to offer.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: On page 6, lines 10, 14, 18, and 22, after the figures "5, 10, 15, 20", insert in lieu thereof the following: "10, 20, 25, and 40."

Mr. TRUAX. Mr. Chairman, this amendment simply provides for practically doubling up of the rates imposed by the committee upon the excess profits of corporations. The revenue estimated by the committee to be derived from the excess profits tax is $100,000,000. My amendment seeks to raise double this amount of revenue. It is a most effective answer to those on this floor who assert that the bill is only a political gesture and that it will not derive a sufficient amount of revenue.

Mr. TREADWAY. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. Would it not do fully as well to have the gentleman's amendment read that no further dividends shall ever be paid by a corporation?

Mr. TRUAX. That depends upon the corporation, I would say to the gentleman. There are certain corporations in this country that should not pay further dividends above the interest rate legally allowed by the laws of most of the States.

Of course, I realize that the gentleman from Massachusetts and many other gentlemen on this floor regard any such legislation as provided for in my amendment as socialistic. They say it is socialism. These gentlemen always term legislation socialistic when that legislation is designed to benefit all of the people. They themselves have established and are perpetuating the most absolute and the most destructive socialism that has ever been created in this world. They believe in a socialism of dollars, they to own and control those dollars. They believe in socialism of industry and industrial trusts, if you please, to be owned and controlled by the Mellons, by the Du Ponts and by the Fords. They believe in a socialism of commodity sales, a chain-store trust, if you please, to be owned and controlled by the millionaire owners of Sears, Roebuck & Co. and Montgomery Ward & Co. They believe in a socialism of gasoline and chain-store stations, to be owned by the Rockefellers, the Mellons, the Dohertys and the Sinclairs. They believe in a socialism of electric power and energy, a trust composed of the immense, gigantic holding companies, to be owned and controlled by the Morgans, the Dohertys, and others of their ilk. They believe in a socialism of automobile manufacturers and automobile trusts. [Applause.]

Mr. Chairman, I urge the adoption of my amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. TRUAX].

The question was taken; and on a division (demanded by Mr. TRUAX) there were—ayes 14 and noes 75.

So the amendment was rejected.

Mr. REED of New York. Mr. Chairman, I offer an amendment which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. REED of New York: Page 7, line 4, before the period, insert a colon and the following: "*Provided*, That a new declaration of value shall be allowed to each corporation so electing for the purposes of the computation of the tax for the first income-tax taxable year to which this section, as amended, is applicable, and for the purposes of the capital-stock tax imposed by section 701, for the year ending on the 30th day of June preceding the close of the first income-tax taxable year to which this section, as amended, is applicable."

Mr. REED of New York. Mr. Chairman, yesterday I discussed the unfairness of not permitting the taxpayers to have a readjustment of the value of their capital stock. I called attention to the fact that under the N. R. A., which was supposed to be a temporary tax measure, there was imposed a capital-stock tax of $1 per $1,000 and an excess-profits tax of 5 percent on profits in excess of 12½ percent of the declared value of the capital stock. The taxpayers were assured that when prohibition was repealed, of course, the revenue from the liquor laws would pay all of these taxes; but in 1934 they reenacted these provisions without change. However, in fairness to the taxpayers at the time they permitted the taxpayers to revalue their capital stock.

Now, they come along and in this bill fix and freeze the capital stock which cannot in the future be changed. The committee now breaks faith with the taxpayers of the country, not playing the game according to the rule, and has increased the excess-profits tax from 5 percent and graduated it up to 20 percent, while at the same time it has reduced the exemptions to 8 percent. The only way in which such taxes can be collected on a basis of fairness is to consider at all times the actual investment upon which the tax is assessed. The action of the committee is manifestly unjust and unfair, and all I am asking in this amendment is to permit these corporations to readjust their capital value.

I am aware, Mr. Chairman, that this amendment would be passed without a dissenting voice on the majority side were it not for the fact that, of course, when this bill was finally worked out in their committee they still had to go and get the approval of the White House for everything there is in it.

I want to read from one of your great leaders, showing what he thinks about Executive pressure with respect to legislation. Woodrow Wilson, in his book on Constitutional Government, makes this statement:

There are illegitimate means by which the President may influence the action of Congress. He may bargain with Members, not only with regard to appointments but also with regard to legislative measures. He may use his local patronage to assist Members to get or retain their seats. He may interpose his powerful influence, in one covert way or another, in contests for places in the Senate. He may also overbear Congress by arbitrary acts which ignore the laws

or virtually override them. He may even substitute his own orders for acts of Congress which he wants but cannot get.

Such things are not only deeply immoral, they are destructive of the fundamental understandings of constitutional government, and therefore of constitutional government itself.

They are sure, moreover, in a country of free public opinion, to bring their own punishment, to destroy both the fame and the power of the man who dares to practice them.

No honorable man includes such agencies in a sober exposition of the Constitution or allows himself to think of them when he speaks of the influences of "life" which govern each generation's use and interpretation of that great instrument, our sovereign guide and the object of our deepest reverence.

Nothing in a system like ours can be constitutional which is immoral or which touches the good faith of those who have sworn to obey the fundametal law. The reprobation of all good men will always overwhelm such influences with shame and failure.

I invite the Members on the other side of the House to support this amendment to give the taxpayers a fair deal, and not permit Executive pressure to compel you to stultify yourselves and further deceive the taxpayers of the country.

Mr. SAMUEL B. HILL. Mr. Chairman, I think some of the remarks of the gentleman from New York ought to receive attention. In the first place, I want to deny flatly that the President of the United States made any representations or indicated in any manner whatsoever that he wanted this or that with respect to adjusted, declared values. I further deny flatly that the President was consulted about this matter by the Ways and Means Committee or any one representing the committee.

This provision with respect to an excess-profits tax was a matter that the committee itself injected into this bill, and it did not come from the President of the United States to the Congress, and the gentleman from New York is assuming a great deal when he states that the Ways and Means Committee on this side of the House were influenced and forced by Presidential dictation to take the stand they have on this adjusted, declared-value provision.

Mr. REED of New York. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. REED of New York. You put the $100,000,000 in there to save the face of the President and to save your own reputations before the country.

Mr. SAMUEL B. HILL. We put the $100,000,000 in there to get revenue, and we did not ask the President about it.

Mr. REED of New York. You did not have to get the revenue, because there is no revenue of any consequence in the bill to balance the Budget or reduce the public debt.

Mr. SAMUEL B. HILL. The gentleman from New York made statements that he did not know to be true and which, in fact, are not true, with reference to this proposition, and that answers the gentleman fully.

Now, the corporations of this country were given two opportunities to adjust and declare the value of their capital investments. The reason for that was that under the previous excess-profits tax we had a great deal of trouble in arriving at a just and proper value of the capital investment of a corporation. It is to be assumed that the corporations of this country would declare something like a reasonably accurate value of their capital stock and they have had two opportunities to do this. Unless you are going to indict the corporations as being absolutely unworthy of responsibility in respect of the value of their capital investments, then you cannot support the proposition that they ought to have another chance. They have had two chances and they have twice declared these capital stock values and we say that is enough, and we respectfully insist that the amendment should be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. REED].

The question was taken; and on a division (demanded by Mr. REED of New York) there were—ayes 23, noes 76.

So the amendment was rejected.

Mr. SCRUGHAM. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Strike out the quotation marks at the end of line 18, and insert a new subsection, reading as follows:

"(d) In the case of any corporation engaged in the mining of gold or silver, the portion of the net income derived from the mining of gold or silver shall be exempt from the tax imposed by this section, and the tax on the remaining portion of the net income shall be the proportion of a tax computed without the benefit of this subdivision which such remaining portion of the net income bears to the entire net income."

Mr. SCRUGHAM. Mr. Chairman and members of the Committee, this amendment is designed to further encourage the mining of monetary metals. Insofar as gold is concerned, the language is exactly the same as in the Revenue Act of 1918. Equal reasons now exist for exemption. Gold and silver are monetary metals because they are rare and are found in very limited quantities. They are needed to back up the paper currency and the credit of the Nation. Production should not be handicapped. While there is now a depletion allowance of 15 percent in favor of all mining operations, it is absolutely not sufficient to bring about the maximum of efficiency and production in gold and silver mining. Increased employment and production means increased taxpaying ability by the beneficiaries of this mining exemption. The Government will not lose, because when the payments of dividends are made to the stockholders the tax will then be paid. I urge the adoption of my amendment, as such an important and helpful industry should not be subjected to further harassment.

Mr. PETTENGILL. Will the gentleman yield?

Mr. SCRUGHAM. I yield.

Mr. PETTENGILL. If the proposed amendment is not made, you are taxing the exhausted mines?

Mr. SCRUGHAM. Yes.

Mr. PETTENGILL. That would be true with reference to petroleum.

Mr. SAMUEL B. HILL. And coal deposits.

Mr. SCRUGHAM. I have a subsequent amendment to offer, which will cover allowances for petroleum and coal mines, as well as metal mines.

Mr. COOPER of Tennessee. Mr. Chairman, I rise in opposition to the amendment. Under existing law metal mines are allowed 15 percent deduction from the gross income, and not exceeding 50 percent from the net. They have all been given fair treatment in that respect. Coal mines are only allowed 5 percent, and metal mines are allowed three times that, or 15 percent. I do not think it would be fair now to grant such special privileges to gold and silver mines of this country.

There is no basis in equity or fairness for this preferential treatment to be given to gold and silver mines.

Mr. WHITE. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. WHITE. Does the gentleman take into consideration that they may expend $100,000 in finding new deposits, and should not something be allowed for that?

Mr. COOPER of Tennessee. They are now allowed 15 percent deduction from gross and not exceeding 50 percent from net.

Mr. WHITE. The company must set up its capital sufficient to take care of exhausted mines. That is a part of the set-up.

Mr. COOPER of Tennessee. The invested capital in every other business does not get any such preferential treatment as is here sought.

Mr. McCORMACK. And that depletion charge is not limited to 100 percent, but continues year in and year out. It might be 20, 30, or 40 years, and they still get that 15-percent depletion, whereas with a mercantile, manufacturing, or other business they are limited to 100 percent.

Mr. COOPER of Tennessee. That is true. They might get 1,000 percent.

Mr. McCORMACK. And that takes care of the matter of discovery.

Mr. COOPER of Tennessee. Yes; it might amount to 1,000 percent on the original amount involved.

Mr. O'MALLEY. If this privilege is granted to gold and silver mining companies, why should it not also be granted to stone quarries and gravel companies?

Mr. COOPER of Tennessee. Certainly; and any other similar business activity.

Mr. KELLER. Has the committee considered the fact that not 1 gold mine in over 5,000 runs 10 years successfully?

Mr. COOPER of Tennessee. Of course, that naturally is taken into consideration.

Mr. KELLER. And not 1 in 1,000 runs 5 years, and that ought to be taken into consideration.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. Yes.

Mr. WHITE. Is it the contention of the gentleman that coal deposits and granite deposits are in the same category as deposits of precious metals?

Mr. COOPER of Tennessee. I do not say they are exactly in the same category, but it all is a matter of depletion. It is taking out value that is not replaced, and we make most liberal allowances for that.

Mr. WHITE. Is it not a fact that when you start to make your income-tax return on a mining company you have to set up reserves for depletion purposes, and those reserves are finally exhausted and the money will have to be expended to find new deposits, and we should have the privilege of setting up new reserves for depletion purposes when new discoveries are made?

Mr. COOPER of Tennessee. Nothing would be accomplished by further arguing the matter with the gentleman. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nevada.

The question was taken; and on a division (demanded by Mr. SCRUGHAM) there were—ayes 19, noes 40.

So the amendment was rejected.

Mr. SCRUGHAM. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SCRUGHAM: On page 7, after line 24, add a new section, reading as follows:

"SEC. 107. Sale of mines and oil or gas wells:

"(a) Title I of the Revenue Act of 1934 is amended by adding, after section 103, a new section, to read as follows:

"'SEC. 104. Sale of mines and oil or gas wells: In the case of a bona fide sale of mines, oil or gas wells, or any interest therein, where the principal value of the property has been demonstrated by prospecting or exploration and discovery work done by the taxpayer, the portion of the tax imposed by section 12 of this title attributable to such sale shall not exceed 25 percent of the selling price of such property or interest.'

"(b) The amendment made by subsection (a) shall apply only in the case of taxable years beginning after December 31, 1935."

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against that amendment. It is not germane to this section or to this title of the bill. It introduces an entirely new subject that is not dealt with here at all.

The CHAIRMAN. Does the gentleman from Nevada desire to be heard?

Mr. SCRUGHAM. It was prepared by the clerk of the committee, and I presume they knew what they were doing.

The CHAIRMAN. The Chair is of opinion that the point of order is well taken. The point of order is sustained. Are there any other amendments to be offered to section 105?

Mr. FISH. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Mr. FISH moves that the Committee do now rise and report the bill back to the House with an amendment striking out the enacting clause.

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against the form of that motion.

The CHAIRMAN. The point of order is sustained. The next section is section 106. Are there any amendments to section 106? As there is no response, we will go to section 201. Are there any amendments to section 201?

Mr. McFARLANE. Mr. Chairman, I have an amendment which I desire to offer to 201.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: Title II, page 8, is amended to read as follows: "Estate tax rate: Section 405 (b) of the Revenue Act of 1934 is amended to read as follows:——

Mr. COOPER of Tennessee (interrupting the reading). Mr. Chairman, the amendment has been read far enough to indicate that it is not germane at this point. I make the point of order against the amendment. The amendment relates to estate taxes, which are not in this section of the bill at all. This section does not deal with the subject of estate taxes.

Mr. SAMUEL B. HILL. It does not deal with the rate of taxes.

Mr. McFARLANE. Mr. Chairman, I withdraw the amendment and will offer it later.

The CHAIRMAN. Are there any other amendments to section 201? If not, we will go to section 202.

Mr. TRUAX. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: On page 10, lines 9, 12, 15, 18, 21, and 24, and after the words and figures, strike out "20", "24", "28", "32", "36", and "40", and insert in lieu thereof the figures "30", "35", "40", "45", "50", and "55."

Mr. TRUAX. Mr. Chairman, this amendment is a graduated advance in the percentage on inheritance taxes, provided for in the committee bill. On page 10, line 9, the committee recommends 20 percent in addition to such excess. My amendment levies 30 percent, and so on, up to line 21, where the committee recommends 36 percent, and my amendment calls for 50 percent.

The amount of revenue estimated to be derived from the inheritance-tax section of this bill is $86,000,000. My amendment increases those rates on an average of 35 or 40 percent. So if that amendment is adopted we can count on possibly one hundred and thirty or one hundred and forty million dollars to be derived from that source.

I call to your attention the fact that various and sundry predatory and plutocratic organizations in the United States, such as the United States Chamber of Commerce, have attacked all of this bill that has been written by the Committee on Ways and Means, and not by the President of the United States, as certain gentleman on the other side of the aisle maintain. The officials of the United States Chamber of Commerce, to whom I have heretofore referred to as human vultures, who prey upon the misery, the want, and the distress of 95 percent of the people of this country, say that there are no more incomes to tax. They not only want to keep what they have, much of it obtained illegally, but they want to add more to their slimy wealth, and they do not want to pay any taxes on what they already have. They say that what this country needs is more incomes to tax.

Here is what the President of the United States said in his message. Like the skilled surgeon, he goes directly to the seat of infection and endeavors to cut it out. This is what he says:

Without mass cooperation, great accumulations of wealth would be impossible, save by unhealthy speculation. Whether it be wealth achieved through the cooperation of the entire community or riches gained by speculation, in either case the ownership of such wealth or riches represents a great public interest and a great ability to pay.

[Applause.]

I urge the adoption of my amendment.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the committee had this amendment under consideration. The rates recommended in this bill are very fair——

Mr. DOUGHTON. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 7 minutes.

Mr. TRUAX. I have one more amendment to offer to that section, and I would like 2 minutes on that amendment.

The motion was agreed to.

Mr. McCORMACK. Mr. Chairman, I simply want to call the attention of the gentleman from Ohio to the inconsistency of his amendment. Knowing the sincerity of his purpose that wealth, of course, has no place in organized

society, how inconsistent the gentleman is when he provides for a 50-percent tax on estates in excess of $700,000 and that when he goes up to $1,000,000 he drops down to 40 percent again.

Mr. TRUAX. Oh, I have another amendment to cover that situation.

Mr. McCORMACK. I am addressing myself to this amendment. It is inconsistent to advocate a 50-percent tax on an estate of $700,000 and permit only a 40-percent tax on estates of $1,000,000.

Mr. TRUAX. Will the gentleman yield?

Mr. McCORMACK. Yes; I yield.

Mr. TRUAX. I am advocating 99 percent.

Mr. McCORMACK. Well, why does not the gentleman advocate 125 percent? That would be better.

Mr. TRUAX. That would be better.

Mr. McCORMACK. The committee has considered this question thoroughly and the committee hopes the gentleman's amendment will be overwhelmingly defeated.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. TRUAX].

The question was taken; and on a division (demanded by Mr. TRUAX) there were—ayes 13 and noes 45.

So the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: On page 11, line 2, after the "$1,000,000", strike out the remainder of the paragraph and insert in lieu thereof the following: "99 percent in addition of such excess."

Mr. TRUAX. Mr. Chairman, this answers the observations of the gentleman from Massachusetts [Mr. McCORMACK]. For 8 years I have advocated in this country a scaling down of all swollen fortunes to $1,000,000. This amendment accomplishes that purpose, in that it will limit all future inheritances to a figure slightly in excess of $1,000,000. I have used the percentage figures 99, so that the beneficiaries of these huge legacies will out of that 1 percent perhaps have money for cigarettes and change and stamps, as I said yesterday. In my judgment, any individual, be he man or be she a woman, who is unable to live decently, respectably, and comfortably on a fortune of $1,000,000, ought to leave this country and go to another where they can live respectably, decently, and comfortably upon a fortune of $1,000,000. Every time you have an individual who is worth $10,000,000, $50,000,000, or $1,000,000,000 you have a million paupers. You have 1,000,000 people who have no jobs, no property, no income. Every time you have a billionaire you have 22,000,000 people, as we have today, on the relief rolls. [Applause.]

I urge the adoption of my amendment.

[Here the gavel fell.]

The CHAIRMAN. All time on this section has expired.

The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. TRUAX) there were—ayes 13, noes 46.

So the amendment was rejected.

Mr. FISH. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. FISH moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against the motion that no amendment has been adopted or nothing has occurred since a similar motion was offered to make the present motion in order.

Mr. FISH. Mr. Chairman, I should like to be heard on the point of order. Since my motion was ruled out of order I changed the wording to make it in order, and there has been considerable debate since.

Mr. COOPER of Tennessee. I base my point of order, of course, on the ground that another identical motion was offered.

The CHAIRMAN (Mr. McREYNOLDS). The Chair is ready to rule.

Mr. MICHENER. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair is ready to rule and is ruling. The Chair is informed that a similar motion was made but not adopted a short time before the present occupant of the chair assumed the chair and that the bill has not been changed since.

The point of order is sustained.

Mr. MARCANTONIO. Mr. Chairman, I ask unanimous consent that the Committee do now rise and report the bill back favorably. Inasmuch as no amendment can be adopted, what is the use of staying here? I submit this request in seriousness.

The CHAIRMAN. The gentleman from New York asks unanimous consent that the Committee do now rise and report the bill back to the House favorably. Is there objection?

Mr. CHURCH. Mr. Chairman, I object.

Mr. MARCANTONIO. Then, Mr. Chairman, I move that the Committee do now rise and report the bill back to the House favorably.

The CHAIRMAN. The Chair is inclined to believe the gentleman's motion is not in order at this time, because the bill is being considered for amendment, having heretofore been read.

Are there amendments to section 203?

Mr. HANCOCK of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: Page 18, line 20, after the word "insurance" insert: "in excess of $100,000."

Mr. HANCOCK of New York. Mr. Chairman, section 203 (7) of the bill before us makes the proceeds of life-insurance policies subject to the proposed inheritance tax in the same manner as any other form of property transferred by death. It is not a soak-the-rich provision. It may more properly be called a "soak the widow and orphan" provision. It defrauds and cheats millions of the finest type of American citizens. It frustrates the plans of millions of prudent, thrifty, self-respecting, self-denying men to make provision for the care of their dependents when they die.

How many men are there of your own personal acquaintance—professional men and salaried men—who have denied themselves present luxuries and comforts for many years to pay premiums on life insurance so that their widows and children will not want for the necessities of life when they are gone?

The class of citizens hit by this provision are not the men so often the objects of bitter verbal attacks on this floor—the international bankers and those who have accumulated large estates through lucky speculation.

Nearly every normal man who works hard and has a moderate income carries as much life insurance as he can afford. He provides a home for his family. He accumulates a small estate but he depends on life insurance to provide the means to support and educate his family. Heretofore we have distinguished between life insurance and other forms of property because of the human considerations involved. We have encouraged it. The present bill would impose a tax of $15,600 on insurance policies aggregating $100,000 which a man leaves to his wife. The proposed tax deprives a man's dependents of a substantial proportion of what he has accumulated through the medium of life insurance in obedience to one of the strongest and highest of human impulses.

A friend of mine recently called my attention to the fact that the Treasury Department sent a bill to Congress asking for authority to make coins of denominations ranging from 1 mill to a cent. It came here about the time this tax bill was introduced. My friend suggests that the Government is getting ready through the coinage bill to provide us with tokens for the transaction of business commensurate with our means after the tax bill is passed.

This bill tears down, it does not build up. It is not reform—it is deform.

The particular section which I wish to amend strikes two damaging blows. It discourages the purchase of life insurance, which discourages the most desirable form of saving. It will injure the great life-insurance companies of America, which are vast reservoirs of capital funds. The provision will not raise any substantial amount of revenue, but it will do incalculable harm to the families as well as the economic life of America.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. SAMUEL B. HILL. The gentleman's amendment would put an additional exemption on inheritances of $100,000 applicable to insurance.

Mr. HANCOCK of New York. That is right.

Mr. SAMUEL B. HILL. We already provide a $50,000 exemption to close kin and $10,000 exemption to strangers.

Mr. HANCOCK of New York. This would be in addition to that.

Mr. SAMUEL B. HILL. This would mean an additional $100,000 exemption on inheritances.

Mr. HANCOCK of New York. Out of life insurance. That is the only estate the majority of men of the type I know leave behind them to give to their families, life insurance.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. McCORMACK. We have also provided an additional exemption, which is very, very important, the dower and courtesy or the statutory right in lieu thereof in accordance with the law of each State.

Mr. HANCOCK of New York. I understand that.

Mr. McCORMACK. Which means, roughly, an exemption of one-third to the widow or widower. Then we have the specific exemptions in addition.

Mr. HANCOCK of New York. But this provision in the bill makes life insurance taxable exactly the same as other forms of property, which I do not think is right.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. COOPER of Tennessee. Does not the gentleman feel that the beneficiary of a $150,000 life insurance, in cash money, is certainly in as good a position to pay something back to the Government as the person who receives a $100,000 building or some property out of which tax has to be paid where there is no cash involved at all?

Mr. HANCOCK of New York. No; I do not. I think an entirely different principle is involved. There are literally millions of men in the country who have been saving their money through the medium of life-insurance premiums, not for their own sakes, not for the purpose of taking care of themselves, but for the purpose of taking care of their widows and children. Men have been doing this for years and years and years. Now you come along and take away a very substantial portion of their savings and frustrate the plans these men have made.

Now we pass a tax bill here which would take a substantial portion away from them. We would frustrate the plans which the man had previously made. We do not take it from the man himself but from the man's family. Not only do you discourage the habit of thrift, and the highest form of thrift in this country, by discouraging life insurance, but you strike a blow at the life-insurance companies themselves.

[Here the gavel fell.]

The CHAIRMAN (Mr. WOODRUM). The question is on the amendment offered by the gentleman from New York [Mr. HANCOCK].

The question was taken; and on a division (demanded by Mr. HANCOCK of New York) there were—ayes 26, noes 60.

So the amendment was rejected.

Mr. McFARLANE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

On page 23, line 2, at the end of section 203, insert the following:

"Section 203 is amended to read as follows:

"Section 405 (b) of the Revenue Act of 1934 is amended to read as follows:

"'(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"'Upon net estates not in excess of $10,000, 2 percent.

"'$200 upon net estates of $10,000; and upon net estates in excess of $10,000 and not in excess of $20,000, 4 percent in addition of such excess.

"'$600 upon net estates of $20,000; and upon net estates in excess of $20,000 and not in excess of $30,000, 6 percent in addition of such excess.

"'$1,200 upon net estates of $30,000; and upon net estates in excess of $30,000 and not in excess of $40,000, 8 percent in addition of such excess.

"'$2,000 upon net estates of $40,000; and upon net estates in excess of $40,000 and not in excess of $50,000, 10 percent in addition of such excess.

"'$3,000 upon net estates of $50,000; and upon net estates in excess of $50,000 and not in excess of $70,000, 12 percent in addition of such excess.

"'$5,400 upon net estates of $70,000; and upon net estates in excess of $70,000 and not in excess of $100,000, 14 percent in addition of such excess.

"'$9,600 upon net estates of $100,000; and upon net estates in excess of $100,000 and not in excess of $200,000, 16 percent in addition of such excess.

"'$26,600 upon net estates of $200,000; and upon net estates in excess of $200,000 and not in excess of $400,000, 18 percent in addition of such excess.

"'$62,600 upon net estates of $400,000; and upon net estates in excess of $400,000 and not in excess of $600,000, 20 percent in addition of such excess.

"'$102,600 upon net estates of $600,000; and upon net estates in excess of $600,000 and not in excess of $800,000, 24 percent in addition of such excess.

"'$150,600 upon net estates of $800,000; and upon net estates in excess of $800,000 and not in excess of $1,000,000, 28 percent in addition of such excess.

"'$206,600 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 32 percent in addition of such excess.

"'$366,600 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 36 percent in addition of such excess.

"'$546,600 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 40 percent in addition of such excess.

"'$746,600 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 44 percent in addition of such excess.

"'$966,600 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 46 percent in addition of such excess.

"'$1,196,600 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 50 percent in addition of such excess.

"'$1,446,600 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 56 percent in addition of such excess.

"'$1,726,600 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 60 percent in addition of such excess.

"'$2,026,600 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 65 percent in addition of such excess.

"'$2,676,600 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 70 percent in addition of such excess.

"'$3,376,600 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 75 percent in addition of such excess.

"'$4,126,600 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $10,000,000, 80 percent in addition of such excess.

"'$5,726,600 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000 and not in excess of $15,000,000, 90 percent in addition of such excess.

"'$10,226,600 upon net estates of $15,000,000; and upon net estates in excess of $15,000,000 and not in excess of $20,000,000, 95 percent in addition of such excess.

"'$14,976,600 upon net estates of $20,000,000; and upon net estates in excess of $20,000,000, 99½ percent in addition of such excess.'"

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment.

Mr. McFARLANE. Will the gentleman reserve his point of order?

Mr. COOPER of Tennessee. I reserve the point of order.

ESTATE TAX OR INHERITANCE TAX

Mr. McFARLANE. Mr. Chairman, this amendment that I have offered is an estate-tax amendment revising upward the existing estate-tax rate and having for its purpose the elimination of the inheritance-tax rates as provided in this bill. Under the pending bill I am convinced that, according to the decisions of the Supreme Court in the case of *Coolidge* v. *Long* (282 U. S. 582) and the decisions therein cited, we are going to draw a water haul completely upon existing transfers that are now being made and which will be made in contemplation of this law. Our courts have repeatedly held that such transfers are not subject to the inheritance tax or gift tax on donee, as provided in the bill. In other words, a new gift tax and a new inheritance law not now existing will not reach the property transfers made before such laws become effective.

Mr. Chairman, we cannot enact a retroactive provision under the Constitution and expect to cover transfers that have been made before this law that we are working on becomes effective. The decisions of the Supreme Court are very clear on that proposition, and therefore I believe that the inheritance-tax section, as well as the provision imposing a tax on the donee for gifts under this section, will very largely draw a water haul, especially on all transfers made prior to the effective date of this act. Under the amendment I have offered, I have had the Treasury Department compute the estimated revenue under this amendment as well as under this bill and the laws of Great Britain.

Mr. Chairman, I ask unanimous consent to insert these estimates and a letter as a part of my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. A comparison of the revenue raised under this amendment as compared with that of a similar law for Great Britain is as follows:

Net estate before exemption	H. R. 8402	Great Britain
$2,500	None	$25
$5,000	None	100
$25,000	None	750
$50,000	None	2,000
$100,000	$9,000	8,000
$150,000	17,600	15,000
$200,000	26,600	24,000
$300,000	44,600	48,000
$400,000	62,600	72,000
$500,000	82,600	95,000
$600,000	102,600	120,000
$800,000	150,600	192,000
$1,000,000	206,600	240,000
$2,000,000	546,600	600,000
$5,000,000	2,026,600	1,900,000
$10,000,000	5,726,600	4,500,000

A comparison of the revenue raised under this section of the bill as compared with this amendment is as follows:

	H. R. 8974	McFarlane amendment
$500,000	$150,788	$82,600
$1,000,000	413,060	206,600
$5,000,000	3,148,344	2,026,600
$10,000,000	7,219,136	5,726,600
$25,000,000	20,470,750	19,951,600
$100,000,000	[1]87,000,000	94,576,600

[1] Approximately.

The following data taken from reports of the Bureau of Internal Revenue showing receipts of gift taxes for 1933, 1934, and 1935 by months indicates taxpayers are availing themselves of this loophole to reduce death taxes:

	1933	1934	1935
July	$3,882.87	$15,098.84	
August	5,322.34	25,134.33	
September	9,091.20	67,142.91	
October	11,802.91	13,066.17	
November	30,568.78	166,138.01	
December	186,103.58	243,031.28	
January			$1,764,987.87
February			997,601.68
March			7,369,435.04
April			694,268.21
May			252,558.48
	$51,832.79	$1,764,987.87	
	362,132.77	997,601.68	
	64,339,757.17	7,369,435.04	
	3,024,711.09	694,268.21	
	430,271.87	252,558.48	

I urge that you substitute higher estate-tax rates such as I have proposed in this amendment for the additional estate-tax rates imposed by the Revenue Act of 1934. Such a tax in view of decisions of the Supreme Court will reach a large portion of the transfers which are certain to be made in anticipation of an inheritance tax (*Milliken* v. *U. S.*, 283 U. S. 15).

Believing that both title 2 and title 3 of this bill will not raise the revenue expected because of their inability to reach such transfers of property now being made, today, I wrote the President the following letter:

AUGUST 3, 1935.

Hon. FRANKLIN D. ROOSEVELT,
The White House.

MY DEAR MR. PRESIDENT: Referring to my conversation with you a few days ago respecting weaknesses of the pending revenue bill, I desire to have your attention drawn to my specific criticisms of this bill.

As stated to you, title II is wide open to avoidance and the very people whom you wish to catch under the provisions of this act are obviously permitted to go free of its provisions. I also stated that title III contains the same defect.

My views summarized on both of these issues are as follows:

1. By imposing a gift tax on donees (title III) the bill opens the door to a wholesale avoidance of gifts made before the enactment of the bill. While the bill has a cumulative provision, the cumulative provision only applies to gifts made after the enactment of the act. This is clear from a reading of section 302 of the bill, which provides cumulations of gifts on the basis of calendar years. Section 322 defines calendar year as including only the calendar year 1935 and succeeding calendar years and specifically provides that the calendar year 1935 includes only that portion of the calendar year 1935 after the date of the enactment of the act. Thus, all gifts made before the act are not included under gifts made after the enactment of the act for the purpose of the cumulative provision. If we had merely increased the rates of the present gift tax on donors, we could have caught all of these retroactive gifts and made them enter into the computation of the cumulative provision under authority of the Milliken case. We have certainly left the door wide open.

2. Our inheritance tax (title II) does not catch trusts which became vested prior to the enactment of the act. Trusts are covered in section 203, (a) (2), and (a) (3) of the bill. But these paragraphs make such trusts subject to the inheritance tax only if the trust was created after the enactment of the act. This is due to the fear that such trusts cannot be caught because of the decision of *Coolidge* v. *Long* (282 U. S. 582). Thus, all that a person has to do is to set up an irrevocable trust now, reserving the income to himself for life. In other words, he has all the enjoyment of the income up to his death and the corpus is distributed free from inheritance tax at his death. If instead of an inheritance tax we had merely increased the rates of our estate tax we could have caught all of these trusts under authority of the Milliken case.

I am drawing your attention to these obvious loopholes before the final passage of the bill in the House in order that you may be apprised of the serious weaknesses of the bill.

Sincerely,

W. D. MCFARLANE.

Mr. Chairman, I call attention of the House also to this fact in passing: New York State and several of the other States have recently repealed their inheritance-tax laws because of the inability to successfully and satisfactorily administer the law. In going into this new field of taxation we ought to carefully consider the advisability of the enactment of a law that has been found unsatisfactory in different States. As I stated, several of the States have already eliminated this law in favor of an estate-tax law, such as is proposed in the amendment I am offering. Estate-tax rates are now in existence. We now also have a gift tax on the donor. I see no reason why we should not increase these rates in order to catch the transfers that we know are now being made, rather than set up new taxing measures that our Supreme Court has repeatedly held we cannot reach and will not cover these different transfers. I called that to the attention of the membership yesterday, and nobody has as yet attempted to answer the proposition. I should like to hear some decisions on the proposition supporting the position the committee has taken on this question.

Mr. Chairman, the majority side has the votes to defeat any amendment which may be here offered. I recognize that fact, but I submit that another body is going to give this question more consideration than has been given it by this body. I hope the committee will permit the amendment to be considered on its merits.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment. It relates to an estate tax, which subject is not dealt with or treated in any sense in this bill. It is entirely a new subject, not germane to the pending bill.

The CHAIRMAN. The Chair thinks the point of order is well taken, and therefore sustains the point of order.

Are there any further amendments to section 203?

Are there any amendments to section 204?

Mr. FISH. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 22, line 13, strike out the last word "tax."

Mr. FISH. Mr. Chairman, yesterday my colleague the gentleman from New York [Mr. MARCANTONIO], one of the brilliant Members of the House—sincere, hard working, and able—suggested a revision of this entire bill and applying the British tax system, beginning with incomes of $5,000. In that I assume he was sincere, and I can see the reason and the merit for such a proposition. But the gentleman said in answer to a question on the floor of the House that the British taxes on the higher brackets were either as high as or higher than those proposed in this bill. I am sure the gentleman from New York, after the eulogy I have just paid him, will at least admit that this bill in the higher bracket goes very much further than the 75 percent carried in the higher brackets of the British income-tax provisions.

This bill provides a surtax of 75 percent, plus 4 percent surtax, and in addition to this we have in our country State and other taxes which the British do not have. We have State income taxes, and in New York State these income taxes, as the gentleman from New York [Mr. MARCANTONIO] knows, on the highest brackets are between 7 and 8 percent. So you must add this to the 75 percent, and in addition to this you have your local town, city, and village taxes, and lots of other taxes, such as school and road taxes, which are much higher here than in England. So this bill, as it applies to the big taxpayers in the State of New York and in many other States that have income taxes, is at least 10 points, which is virtually 15 percent, higher than the highest taxes imposed in Great Britain.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. FISH. I must decline to yield with only 5 minutes.

I will not quibble about 1 or 2 percent, but I insist that including the State income taxes, the highest rates in this bill are about 15 percent higher than the British tax on the highest brackets.

I have risen to speak at this time to point out that the gentleman from New York [Mr. MARCANTONIO], a liberal Member of the House, spoke yesterday and did not try to raise the already high taxes on the higher brackets. Although he made no such effort, the press of the country in headlines stated, "The radical tax bloc foiled in efforts for higher levies."

I submit this bill is virtually confiscation as it is—75 percent on incomes, plus 10 percent or perhaps 15 percent, if you add in the State and other taxes. It is confiscation; it is socialism; it is demagoguery of the highest order; and how can you add to it when it is already from 85 to 90 percent? Outside of a few freak amendments, even the radical bloc does not propose to increase the highest brackets in this bill. You cannot go beyond 90 percent, and yet the press has conveyed the impression that the radical bloc had tried to increase these taxes, which, I submit, is not the case except in a few freak instances.

[Here the gavel fell.]

Mr. MARCANTONIO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is true that in the very high brackets of $1,000,000 or $5,000,000 and over the present bill presents a higher rate of taxation than that provided in the British rate, but what the gentleman from New York has omitted to state is that in the brackets from $50,000 to $500,000 the British rates are by far higher than the rates presented in this bill, and, after all, the bulk of your taxable income is found in these brackets and very little can be accomplished by placing any further increased taxation on the brackets of $1,000,000 or $5,000,000 and over; but at the same time, may I say to my distinguished friend from New York that every speaker from our side of the aisle has stated in his speech that he believed in balancing the Budget and that he believed in balancing the Budget now. I wish to take this opportunity to challenge those statements by the facts and by the record. Yesterday when I proposed several amendments and proposed to bring this bill down to the $5,000 a year and over brackets, which would have yielded an income of about $750,000,000 more, all that I received on our side of the aisle was just one vote in support of the only attempt that was made to bring about an approximation of balancing the Budget and, more important, to raise funds to take care of our unemployed at a living wage.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. ANDREWS of New York. I simply want to point out that the British system includes no provision with respect to property gain and loss as we have in our laws.

Mr. MARCANTONIO. That is true, but at the same time, if the gentleman takes the figures of 1933 and applies the English rate to the actual income reported for 1933, we would have collected an additional revenue of $756,309,000. He will find there is a difference of $372,000,000 between that which we collected and that which would have been collected if the British rate had been applied to the income of 1933.

I again submit to the gentleman from New York, as well as to my colleagues on that side of the aisle, that if you want to balance the Budget, if you are sincere about balancing the Budget, then you should make an earnest attempt to bring about a tax bill which will tax incomes commencing with $5,000 and over. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FISH].

The amendment was rejected.

Mr. BIERMANN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BIERMANN: On page 22, line 7, strike out the word "death."

Mr. SAMUEL B. HILL. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. BIERMANN. Mr. Chairman, I have listened to the debate on this bill with the hope that I might be able to go along with the members of my party on the Ways and Means Committee. I doubt that I shall be able to do so in spite of the high regard I have for them.

The question was asked at the opening of the debate, What are the purposes of this bill? That question, up to now, has not been answered.

Surely the purpose of this bill cannot be to balance the Budget. All we have to do to balance the Budget is to get back somewhere near prosperity, leaving our present tax rates unchanged. I want to produce a few figures that will show that.

Mr. Chairman, I ask unanimous consent to insert a short letter from the Commissioner of Internal Revenue. It is the authority for some of the figures I shall cite.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The letter is as follows:

MAY 8, 1935.

Hon. FRED BIERMANN,
House of Representatives.

MY DEAR MR. BIERMANN: Further reference is made to your letter of April 23, 1935, in which you inquired as to the approximate revenue that would have been produced had the present income-tax rates been applied to the 1929 incomes.

By applying the tax rates and other provisions of the 1934 revenue act to the individual income-tax returns for 1929, it is estimated that the tax would have been approximately $2,500,000,000 as compared with the tax reported for 1929 of $1,001,938,147.

For corporations it is estimated that the tax would have been approximately $1,750,000,000 as compared with the tax reported for 1929 of $1,193,435,832.

In the event that further correspondence relative to this matter is necessary, please refer to IT:C:ST:EW.

Very truly yours,

(Signed) GUY T. HELVERING,
Commissioner.

Mr. BIERMANN. I wrote the Commissioner of Internal Revenue and asked him what the revenue would be if the present income-tax rates were applied to the 1929 income. We have the right to expect that we will get back to the 1929 income, and more than that, when prosperity returns.

In his letter of May 8, 1935, the Commissioner wrote me that with the present income-tax rates applied to the 1929 individual incomes, the taxes would be approximately two and one-half billion dollars. He said the corporation income taxes would be $1,750,000,000.

In other words, with the present rates and prosperous conditions the taxes from incomes would be four and one-half billion dollars.

Now, turning to the United States Treasury's statement respecting the expenditures for the fiscal year ending June 30, 1935, we find that the receipts from internal revenue were $1,657,191,518.70 Customs receipts were $343,353,033.56. Miscellaneous receipts, $179,424,140.58.

In other words, with the present income-tax rates and '29 prosperity, the receipts of the United States Government would be $6,429,968,692.84. These figures exclude processing taxes which are earmarked for a special purpose.

Now, let us see how we can balance the Budget with those receipts.

The ordinary expenses for the year just closed were $3,721,234,634.76, and included in those expenditures were $573,000,000 paid on the public debt.

[Here the gavel fell.]

Mr. BIERMANN. Mr. Chairman, I ask unanimous consent for 5 minutes more.

The CHAIRMAN. Is there objection?

Mr. ZIONCHECK. Reserving the right to object, I should like to ask the gentleman what he means by the right to expect to get back to the prosperity of 1929?

Mr. BIERMANN. The right that lies in the bosom of every man who feels that the new deal has us well on our way back to prosperity.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. CHRISTIANSON. Does the gentleman believe that if we should have a reasonable return to prosperity that we could possibly get back to the prosperity of 1929, and does the gentleman think it would be desirable if we could?

Mr. BIERMANN. Not the kind of prosperity that we had in 1929. I think most of the legislation we have enacted has been for the purpose of producing a different, more healthy, and more enduring kind of prosperity.

Mr. CHRISTIANSON. Because we would not get back to that kind of prosperity, and perhaps would not want to, we must not assume it is possible to have that kind of prosperity in making our estimates of future revenues under any schedule of taxes.

Mr. BIERMANN. I cannot agree with the gentleman on that. I believe we are going to get back to a prosperity that will have so many more incomes in the large tax-producing brackets that we will have larger income-tax receipts than the 1929 prosperity would have given us.

Mr. CHRISTIANSON. I hope the gentleman's optimism is well founded.

Mr. BIERMANN. I thank the gentleman for his good wishes.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. Yes.

Mr. DOUGHTON. I am very much interested in the statement of the gentleman about getting back to prosperity, which we are certainly but perhaps slowly approaching; but does not the gentleman think if we get back to prosperity and the burden of relief and recovery gets lighter and lighter, then these additional taxes could be easily borne and could then be well and wisely applied to a reduction of the national debt, if not needed for the ordinary expenses of Government? That would reduce our tax rate and help do the thing that we all want to do, namely, balance the Budget. It would reduce our tax burden by cutting down the interest charges on the national debt.

Mr. BIERMANN. The utmost this bill is expected to raise is $270,000,000, and that would not go very far toward balancing the Budget.

Mr. SAMUEL B. HILL. Nobody has ever claimed that this would balance the Budget.

Mr. BIERMANN. The ordinary expenditures for the year ending June 30, 1935, were $3,721,234,634.76, and included in that are $573,000,000 paid on the public debt. If you assume that we are going to have a continuing relief expenditure of one billion and a half—and I hope we are not going to have that; but say we are—then our total expenditures will be $5,221,234,634.76; and if you assume the income will be $6,429,968,692.84, you would then have left $1,208,734,058.08 more to apply on the public debt.

As to the justice of this bill, I have tried to argue myself into feeling that this bill is a just bill, but I doubt very much that the United States Government has the moral right to take 79 percent of the income of any one of its citizens in times of peace. I doubt very much if when a man dies this Government has the right to take in estate taxes and inheritance taxes as much as 90 percent of what he leaves for his family. If we do not like the capitalist system, that is one thing; but if we proceed under the capitalist system, we must in some degree allow a measurable portion of a man's income to belong to himself.

The CHAIRMAN. The time of the gentleman from Iowa has expired. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

The CHAIRMAN. Are there any amendments to be offered to section 305?

Mr. CALDWELL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. CALDWELL: On page 22, after line 15, add a new subsection reading as follows:

"(e) Credit for state death taxes: The tax imposed by this bill shall be credited with the amount of any estate, inheritance, legacy, or successive taxes actually paid to any State or territory or the District of Columbia, in respect of any property included in the gross value of the beneficial interests received from the decedent. The credit allowed by this subsection shall not exceed 80 percent of the tax imposed by this title."

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against the amendment. It relates to estate taxes, which are not dealt with at all in this bill. I reserve the point of order.

Mr. CALDWELL. Mr. Chairman, the purpose of the amendment is, of course, perfectly apparent. It merely extends to the States under the proposed bill the same privilege which existed and now exists under the basic Revenue Act of 1926. It authorizes the deduction of not to exceed 80 percent of the taxes paid under this bill in each State. That same privilege exists today under the basic 1926 act. The States can well use the revenue and they gravely need

the revenue which will be available to them under the amendment.

Mr. SAMUEL B. HILL. Mr. Chairman, I rise in opposition to the amendment. That is a rather unusual proceeding, when the amendment is under reservation on a point of order, but I want to say a few words in reply to what the gentleman has said. The amendment which he offers proposes to allow a credit to the taxpayer, the inheritor, for death duties paid by the taxpayer to the State in which he lived. As a matter of fact, the inheritor who pays this tax or against whom this tax is charged has not paid any death duties to the State. It is only in the case of the estate of the decedent that taxes are paid either on the estate itself or an inheritance from the estate. We are not touching the estate-tax provision in this bill. Under existing law the taxpayer in the State of Florida who pays an estate tax or an inheritance tax will get a credit up to 80 percent of the amount of that tax on what he is required to pay the Federal Government under the estate-tax provision. We are not bothering with that at all. We are not interfering with it. It will stand after the enactment of this bill just as it stood before the bill was introduced, and if this amendment should be allowed, you would be giving double credit for the same payments made to the States. I want to make it clear that we are not taking away the credit the taxpayer now has under the estate-tax provisions for death duties paid to his State.

Mr. CALDWELL. Under the proposed bill the State will recover no taxes at all. In other words, the State, per se, will derive no immediate benefit.

Mr. SAMUEL B. HILL. The State does not get any taxes under the estate taxes. The taxpayer gets the credit. The State gets it from the taxpayer.

Mr. CALDWELL. But the taxpayer, under this bill, will get no credit for any inheritance tax paid?

Mr. SAMUEL B. HILL. He has not paid anything to the State, because he is a living person. He gets the same credit under the estate tax after the passage of this bill as he gets before the passage of the bill.

Mr. PETERSON of Florida. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. PETERSON of Florida. As I understand, under the basic Estate Tax Act of 1926 the taxpayer was credited with 80 percent of that which he paid to the State as estate tax. The present act does not make any change in that?

Mr. SAMUEL B. HILL. It does not interfere with it in any particular.

Mr. PETERSON of Florida. That tax is a tax upon the recipient of the benefit?

Mr. SAMUEL B. HILL. That is true.

[Here the gavel fell.]

Mr. COOPER of Tennessee. I urge the point of order, Mr. Chairman.

The CHAIRMAN. The Chair thinks the amendment is not germane. The Chair therefore sustains the point of order.

Mr. GREEN. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman a question. The gentleman from Washington [Mr. SAMUEL B. HILL] was discussing the question. As I understand this bill does not in any way repeal or change the estate-tax provision as carried in the 1926 act, as affecting those States situated as Florida is situated?

Mr. SAMUEL B. HILL. The gentleman has stated the situation correctly. We do not modify or in any way at all interfere with the existing estate-tax law and credits under the estate-tax provisions of the law.

Mr. GREEN. I am glad to have that information. I should like to say in that connection that it seems to me the Ways and Means Committee might well consider in the future an amendment or a bill which would carry to the various States a larger portion of the estate tax collected. I should like to see it arranged so that our States might enjoy at least 80 percent of the benefit of all estate taxes which are collected in the State for Federal purposes. The sooner our Federal Government can retire from that field and let the benefits go directly to the State and the various States enjoy that taxing field, the better off we will be. I really believe an amendment to that effect should be adopted in connection with this bill at this time. The 1926 act rebated to the respective States 80 percent of estate taxes collected in the State but subsequent tax bills have failed to make this provision as effecting increases in Federal estate-tax rates. The fact now is that the various States have now rebated to them less than 20 percent of the inheritance tax collected by the Federal Government. If my State—Florida—could share in these increases in rates since 1926, we would obtain from this source enough to almost run our public-school system.

[Here the gavel fell.]

The Chairman called for amendments to the following sections of the bill:

Sections 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, title III, section 301, 302.

Mr. TRUAX (when sec. 302 was called). Mr. Chairman, I have an amendment.

The Clerk read as follows:

Amendment offered by Mr. Truax: Page 60, lines 20 and 23, page 61, lines 2, 6, 9, 12, and 15, and on 14 after the "$1,000,000", strike out the remainder of the paragraph and insert in lieu thereof the following: "25, 30, 35, 40, 45, and 50", line 14, page 61, after the "$1,000,000", insert "99 percent in addition of such excess."

Mr. TRUAX. Mr. Chairman, this amendment completes the series of amendments which I have offered to this bill to limit annual incomes to $50,000, to limit any inheritance to $1,000,000, and to limit all gifts to $1,000,000. The gift method is one of the vehicles most frequently used by multimillionaires of the Mellon, Rockefeller, and Morgan type to pass their wealth down to their posterity, so that no taxes can be collected thereon.

Mr. McFARLANE. Will the gentleman yield for a question right there?

Mr. TRUAX. I yield for a question.

Mr. McFARLANE. Under title II and title III, under the exemptions including 10- and 50-thousand-dollar exemptions to the spouses and children there can be $1,500,000 exemption here, not subject to the payment of 1 penny tax.

Mr. TRUAX. The gentleman is right, but under my amendment we increase the taxes on gifts from $100,000 up to $1,000,000. The committee bill provides for a schedule of rates that will collect an anticipated revenue of $24,000,000. My schedule of rates that has been offered as a substitute would collect in the neighborhood of $50,000,000 per year. When you reach gifts in excess of $1,000,000, this amendment would take 99 percent therefrom.

I am glad to hear the gentleman from New York [Mr. FISH] admit on the floor of the House that this bill is what he calls confiscatory; that it is socialism. I think that our Republican friends who are aspiring to the Presidency, with all due respect to them, will be in a somewhat difficult position next fall in defining and explaining their attitude on this tax bill, the product of the Roosevelt administration, the product of the new deal.

[Here the gavel fell.]

Mr. TRUAX. Mr. Chairman, I ask unanimous consent to speak for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. They have taken various and sundry positions, as I have stated before. One of the Republican White House hopes, a distinguished Senator from a northern State, has labeled this bill as a scheme of political "boondoggling" and petty shadow-boxing.

I have been unable to find the definition of the word "boondoggling." I just looked in the huge dictionary we have in the reference library without avail; but the gentleman from Texas, the distinguished Chairman of the Judiciary Committee, has a very good definition of that word; and if any of you are interested, I suggest that you get his definition sometime today.

These White House hopes remind me of an incident that occurred some years ago during the war. In a little village the village storekeeper received the paper every day. Some of the natives being unable to read, he would read the paper to them. They congregated in his store every morning and every evening. One day the paper said that Hindenburg's army was in statu quo, and everybody wanted to know what the phrase "in statu quo" meant. They were in the same fix I am today about this word "boondoggling." No one could define it. Finally the old storekeeper rubbed his whiskers a little, spat, and then said, "Now, I will tell you what "in statu quo" means; it means that Hindenburg's army is in a hell-of-a-fix." [Laughter.]

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. TRUAX. I yield.

Mr. HOFFMAN. Is not "boondoggling" what a hog-raising Congressman from Ohio does when he gets to Washington? [Laughter.]

Mr. TRUAX. No; I do not know; I have never been able to find out the definition of the word, but I would say that I assume it is done more often and with greater force on the Republican side of the House of Representatives.

Mr. HOFFMAN Yes?

Mr. TRUAX. And particularly by the hopes for the Presidency.

Mr. HOFFMAN. We have not so many synthetic hog raisers on the Republican side.

Mr. TRUAX. What is that? Will the gentleman repeat that?

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. FISH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Ohio, like other distinguished Democrats, seems to forget that there are others besides Republicans who criticize this bill. I would call his attention to the recent statement of Senator BYRD that this bill is a farce. It is true, and I reiterate it.

It does not make much difference what you or I think. It makes a good deal of difference what the people back home think about measures, and what their reaction is to this measure. I honestly believe that if the headlines of the papers continue as they have been the last few days that the reaction to this measure will be very favorable. The headlines read: "Radical bloc trying to raise rates." This confiscatory measure assesses a tax on incomes in the highest bracket of 79 percent. It is probable another 10 percent will be added by State income taxes and other taxes, which will make the total tax nearly 90 percent. Yet because one or two Members in the House have sought to increase the rates the papers carry headlines such as the New York Times, "Radical tax bloc failed in efforts for higher levies." That conveys the impression that the Democrats are holding down the rates.

I want the papers to tell the truth about the bill, that it is already confiscatory. Seventy-five percent and four percent make seventy-nine percent. That does not include State and local taxes. It is socialism; it is demagoguery. Those are the facts they ought to carry in the headlines.

What are you doing? You are killing the goose that lays the golden eggs. You are driving capital out of the country. Those who have money are going to invest it either in tax-exempt securities diverting it from private industry or send their money out of the country; and when you drive capital out of the country by excessive taxation you promote industry in other countries to compete with American labor. That is what I want the papers to tell about this bill, that the rates are excessive, that it not only approaches confiscation but is virtually confiscation.

Mr. FORD of California. Mr. Chairman, will the gentleman yield?

Mr. FISH. No; I cannot yield in 5 minutes; the gentleman knows that very well.

Mr. Chairman, as I pointed out yesterday, in addition to striking this blow at private industry it will drive capital from the country. What is needed in this country today is confidence and the free flow of capital into private industry, but not money from the Federal Government but money from private sources, so that industry can expand, so that it may employ labor, so that we may have a modicum of prosperity.

By socialistic measures of this kind you are blocking recovery. In addition to that, as I pointed out yesterday, a great many charitable institutions will be forced to close down if this bill is enacted into law as you propose. You have got the votes and you are going to put it through this House; we all know that; but I do not believe that the Senators will put it through the Senate in its present confiscatory form. You will not recognize this bill when it comes back; you will not recognize your own infant.

I reiterate, a great many charitable institutions in America will have to close down.

Where are the colleges going to get their support? Where are the hospitals, art museums, libraries, and other charitable institutions going to get money? It is the rich men with surplus capital who have been giving money in a spirit of generosity and as a matter of charity and philanthropy. You will destroy all that by the excessive rates in this bill. But, above and beyond all, you are going to destroy business confidence; you will divert funds from private industry and thereby increase unemployment. That is why I am against the bill. But I want the press to carry the facts about the bill, and not just because a few radicals in this House attempt to raise these confiscatory rates give the impression it is a good bill. A few radical Members are trying to increase the rates to 99 percent, when you have it up to 90 percent already. Let the facts go out to the public. Let the public back home decide. Let them make up their minds on the facts and not on headlines. The American public does not believe in confiscation or socialism, and this bill is a terrible example of both.

Mr. GRAY of Indiana. Mr. Chairman, "balancing the Budget" is a phrase and a principle referred to and dwelt upon as some great infallible recovery policy to banish the shadows of depression and bring a return of prosperity. Balancing the Budget possesses no such magic merit. Yet if the Budget is balanced upon a false principle of taxation or from taxes upon a wrong class, it can initiate or create a panic and bring a depression upon the country.

The panic was caused or resulted from a fall of values, prices, and wages, taking away the earnings and income of the masses, while taxes, debts, and fixed charges were allowed to remain upon a high level. This converged too great a portion of earnings and income into taxes and fixed charges and left the people without buying and consuming power.

This claim for a balanced Budget as a recovery policy or program is like the continuing claim for a hell. While this claim is not as common as the belief in former times, yet many still claim a future punishment and say, "If there is no hell, there ought to be one." But their hell is always for the other fellow and never for their own chastisement. And so it is with this great claim of the merits of a balanced Budget. They demand the Budget to be balanced, not from taxes assessed against themselves but from taxes assessed upon the other fellow and those least able to bear the burden.

It is the surplus of earnings and income over taxes, interest, and fixed charges which measures the buying and consuming power; a rise and fall of which surplus makes for prosperity and plenty or brings on a panic or depression, accordingly as such surplus may be large or small.

There are two general classes of taxpayers: First, the many, the masses, the multitude, who make earnings and income barely sufficient, or generally insufficient, to pay taxes, interest, and fixed charges and to buy, take, and consume the necessaries, the conveniences, and comforts of life which industry produces. If more taxes are taken from this class, the less earnings and income will remain as a surplus and as

buying and consuming power. And they can buy, take, and consume less of the products of industry. Industry will languish and stagnate for want of sufficient consumption.

The other class of taxpayers includes the certain special few who take earnings and income from industry, far in excess of taxes and fixed charges, and which leave a large surplus over far in excess of their needs and requirements to buy and consume the necessaries of life and what industry produces. Increasing taxes upon this class, the certain special few, will not affect or impair or reduce their buying and consuming power below their needs and requirements to live, because the certain special few do not have the stomachs to eat the food, do not have the bodies to wear the clothes, do not have the lives to live up production, do not have the capacity to consume what industry produces, equal to their surplus earnings and income.

It is only the masses, the many, the multitude, who have the stomachs to eat it, who have the bodies to wear it, who have the lives to live it, who have the capacity to consume it. The certain special few, taking the greater part of the earnings and income, acquiring surplus wealth and swollen fortunes, are without the capacity to consume what industry produces. It is only the many, the masses, the multitude, who can take and use and consume what industry produces.

Industrial production and prosperity can rise no higher than consumption. The problem of production is solved, but consumption remains for solution.

The automatic machine, taking the place of man power and the human hand, can produce the necessaries required to live; but the machine cannot eat, it cannot live, wear or consume, and without consumption the wheels would stop and rust on their bearings.

We cannot dispense with the human element. Only the many, the masses, the multitude can take and consume production, and regardless of how production is carried on, the multitude must take the earnings and income from industry. If the machine shall be perfected to do all the work of production, still men must take the earnings and income from industry. They must still take the buying and consuming power and, if left idle, must learn to play golf like other men to kill time.

Man is an animal of limited consuming capacity, and the certain special few can only eat a certain amount. If they try to eat more they are sick and have the gout and compelled to go to West Baden, live on a prescribed, limited diet, and possibly stop eating altogether. They can only wear so much clothing. They can only sit on one chair. They can only sleep in 1 bed and sleep in 1 room and live in 1 house at one and the same time.

The problem that we must keep before us is how to maintain the buying and consuming power in the class which has the capacity to buy and consume the products of industry, the capacity to eat and to wear, the capacity to live and consume what industry produces.

The surplus earnings and income, which men cannot use in consumption, are hoarded and withdrawn from industry and is doubly harmful and destructive. It withdraws needed funds from industry, withholds the buying and consuming power, and leaves production to stagnate in simple congestion for want of consumption.

The problem is to keep the buying and consuming power replenished in the class having the capacity to consume. If this power and this capacity is at all times continued in the same class, the so-called "surplus production" will vanish and disappear like the morning mist before the noonday sun.

It may be necessary to share the wealth to prevent revolution; if not today, then tomorrow or sometime within the near future. But what we need more today than to share the wealth is a redistribution of income, a more equitable sharing of the earnings from industry accordingly as men labor to produce and as they have capacity to consume. [Applause.]

This bill conforms to the principle of just and equitable taxation. It levies a tax based upon the ability to pay, and takes earnings and income only from the tax-paying classes who are without the capacity to use it as buying and consuming power. It leaves the earnings and income from industry for use with the classes having the capacity to buy and consume what industry produces. [Applause.]

The CHAIRMAN. Are there any amendments to section 303?

Mr. SABATH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from New York day in and day out harps on the word "socialism" and seems to despair that we are going to confiscate and destroy business confidence, and he even complains about the press. While haranguing the second time today about socialism, I stepped out to the Members' reading room and obtained from the racks some Chicago and other newspapers. Hurriedly glancing over the headlines, I find that the gentleman from New York is unnecessarily excited and unjustified in his continuous attacks upon the President and the Democratic Membership of this House. The gentleman from New York [Mr. FISH] also lays great stress that this is destructive legislation. I feel that he fears that some of the money will go to the Government and that the heiresses from his State will be short of funds for purchasing titles abroad.

I am satisfied that if he were not making these reckless, unwarranted attacks and speeches solely for political purposes and because of his candidacy for the Presidency, he would be honor bound to acknowledge that confidence is being restored and business is continuously improving.

My statement is justified from the newspaper reports from my city, Chicago, which show that confidence is returning, business is improving, conditions are better, more people are going to work, and higher wages are being paid. I hold in my hand the Chicago Examiner, one of Mr. Hearst's papers. I will not read the editorials because they are contradicted by the reports on the financial pages, which must be and are correct. I have only time to read the headlines of these financial articles. In my first glance appears:

(1) Utility Shares Lead Broad Stock Upturn.
(2) Consolidated Gas Spurts.
(3) Westinghouse Has Paid an Extra Dividend of 50 Cents.
(4) Steel Rises 2½ Points.
(5) Power at All-Time High.
(6) Mills at 46 Percent of Capacity.

And, Mr. Chairman, under the administration of the party supported by the gentleman from New York [Mr. FISH] the operation of the mills was down to 15-percent capacity.

Continuing with the headlines appearing in the Chicago Examiner, I quote:

(7) Edison Quarter Net Higher.
(8) Electric Output Gains 8.3 Percent.
(9) Scrap Prices Up.

Under a heading of "Industrial earnings" are listed a résumé of financial reports of various corporations and for the enlightenment of the gentleman from New York and his colleagues on that side I read:

INDUSTRIAL EARNINGS

CENTRAL REPUBLIC CO.

Reports net profit of $70,380 for the year ended June 30, compared with a net loss of $12,722.

CALUMET & HECLA

Calumet & Hecla Consolidated Copper Co. reports for the 6 months ended June 30 profit before depletion of $132,041.

FAIRBANKS-MORSE

Company and subsidiaries for the 6 months ended June 30 report net profit of $376,990.

FOX FILM CORPORATION

Reports for the 26 weeks ended June 29 consolidated net profit of $1,355,781, against $1,199,241 the first half of last year.

GENERAL AMERICAN

General American Transportation Corporation reports for the 6 months ended June 30 net profit of $945,265, compared with $1,019,521.

HUDSON MOTOR CAR

For the quarter ended June 30, company reports net profit of $325,367, compared with $184,685 in the June quarter a year ago.

MOTOR WHEEL CORPORATION

Motor Wheel Corporation net profit of $505,377, equal to 59 cents a share, against $608,901.

NATIONAL STEEL

National Steel Corporation net profit of $3,191,169 after charges, against $2,593,369 in the June quarter of 1934.

RADIO CORPORATION

Radio Corporation of America reports for the 6 months ended June 30 net profit of $2,289,135, compared with $1,771,580 during the first 6 months of 1934.

STANDARD OIL (CALIFORNIA)

Standard Oil Co. of California reports for June quarter net income of $5,692,120 against $4,017,243, June quarter, 1934.

STANDARD BRANDS

Standard Brands, Inc., and subsidiaries, report for the quarter ended June 30, net income of $2,832,303 against $4,087,961 in the June quarter last year.

WALWORTH CO.

Walworth Co. and subsidiaries report for the 6 months ended June 30 net loss of $219,549, compared with net profit of $134,758 in the first half of 1934.

WHEELING STEEL

Wheeling Steel Corporation and subsidiaries for the quarter ended June 20 report net profit of $668,300.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I have not the time to read all these news items.

Mr. TRUAX. Will the gentleman refer to the market page and see what hogs are worth on the Chicago market?

Mr. SABATH. They are higher today than at any time since 1929.

Mr. TRUAX. I thank the gentleman.

Mr. SABATH. The same thing is true of wheat, corn, and all farm products.

Now I take another Republican newspaper, the Chicago Tribune, and what does it say? Quoting the headlines:

(1) Profits Larger for Majority of the Big Companies—Many Show Earnings That Exceed Last Year.
(2) July Order Sales in Cook County Best Since 1929.

Other captions follow, like:

(3) Retail Business Improving.
(4) Building Is Increasing.
(5) Bank Deposits Growing.

There are many other articles in the Chicago Tribune, a Republican paper as I have stated, of similar import, but my limited time precludes my quoting from them.

Mr. Chairman, I now refer to the paper of the opponent [Colonel KNOX] of the gentleman from New York [Mr. FISH], the publisher of Chicago Daily News, who is also running for the Presidency. Personally, I feel it matters not who the Republican candidate will be. I am satisfied that President Roosevelt will be overwhelmingly reelected, but should perchance, misfortune befall the country and a Republican be elected, I personally could be as happy with either of these two gentlemen as with any other. Knowing them personally, I could survive that eventuality, but doubt greatly whether the country could weather the shock and harm. I read from the Wednesday, July 31, issue of the Chicago Daily News, which is the latest I have been able to obtain:

(1) Industrial Pace Shows No Signs of Slackening.
(2) Power Output Hits New Peak.
(3) General American Income Higher in Second Quarter.
(4) Central Republic Co. Shows Profit for Year.
(5) Shares Higher and Active on Chicago Stock Market.
(6) Strong Markets Return $11 Hog and $12 Steer.

This last item may be of interest to the gentleman from Ohio [Mr. TRUAX].

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. SABATH. Yes.

Mr. McFARLANE. No doubt the gentlemen you have mentioned have just been reading the comics instead of the markets as given in the papers.

Mr. SABATH. I presume you have reference to the gentleman from New York [Mr. FISH]. No; I do not believe he has been reading the comics—I believe he has been reading the editorials, which fail to give the truth. It is all too apparent they are trying to hide the real facts from the people, but neither the Republican press nor our colleague from New York—it matters not how hard they may try—will be able to prejudice the people against the President and the Democratic Congress.

Mr. Chairman, I have the New York Journal of Commerce and what does it state? Time only permits me to read the headlines:

(1) Carloadings Show Rise of 3,096 During Week.
(2) Utilities Buying Equipment: Increased inquiries by utility companies for heavy electrical equipment are currently reported by electrical manufacturers.
(3) Advertising Gains Expected: A material increase in advertising expenditures is in prospect over the next few months, according to agency executives.
(4) Output of Cans Larger.

I embody part of an editorial of the Journal of Commerce, a big business newspaper, and I suggest that editorial writers, as well as you Republicans, read it.

THE HALF-WAY MARK

The end of July finds the index of business activity compiled by the Journal of Commerce at approximately 75 percent of the 1927–29 average. At the bottom points of the depression in the middle of 1932 and the spring of 1933, the index dipped below 50 percent of the 1927–29 average. It is thus evident that industry has now made up approximately one-half of the ground lost in the depression years.

The business index has been up to the 75 level before this year during the current recovery period. One such occasion was a very brief period in the summer of 1933. This, however, was merely the initial speculative reaction to dollar devaluation and other new-deal measures, and was followed by a severe reaction to a point below the 60 mark. Again, the index advanced up to and above the 75 mark in the spring of 1934, but once again the rise proved short-lived and there followed a period of poor business which lasted through the second half of that year.

During 1935, however, the 75 percent level will not merely be touched for a short period, but it appears probable that the average for the whole year will not be much below it. Furthermore, if the expectations of further material business improvement this fall and fulfilled, the Journal of Commerce index will probably rise well above the previous recovery peak of 77.2 touched in April of last year.

The term recovery is thus not only a theory, but a fact. Furthermore, in view of the extremely easy credit conditions prevailing and the steady expansion in the amount of bank deposits, the spectacle of expanding business will doubtless have a powerfully encouraging effect upon the making of longer-term commitments.

Prospects are that the recovery so far experienced will not only continue for a time, but also go considerably further.

(6) Average Share Rose $1.98 During Past Month.
(7) Associated Gas & Electric Power Output 6.3 over 1934.
(8) Optimism Rules in Iron Circles.
(9) Wool Goods Mills Well Supplied With Orders.

Mr. Chairman, these reports are general from all sections of the country, and I now quote from the Philadelphia Inquirer:

(1) Revenue Loadings Top Previous Week with 596,462 Total.
(2) Sun Oil Co. Earns $1.52 Share in First 6 Months.
(3) $100,000,000 New Industrial Issues Ready for Market.
(4) Pays First Dividend.—Aug. 2. Van Raalte Co., Inc., hosiery and apparel manufacturers, today declared an initial dividend.
(5) To Pay Interest.—Directors of the Midland Valley Railroad Co. have declared that for the year ended June 30, 1935, 5 percent has been earned and is payable upon both series A and B bonds.
(6) Public Utilities Are Strong Here.

Mr. Chairman, the next article which appears in the Philadelphia Inquirer should surely dispel the fears of my colleague, and I commend that he carefully digest it. For his benefit, I insert most of it:

BUSINESS EXPANDS AT FASTER PACE—UNEXPECTED UPTURN SHOWN IN OPERATIONS OF SEVERAL LEADING INDUSTRIES

NEW YORK, N. Y., August 2, 1935 (A. P.).—A general expansion of business to a higher level this week than during the similar period of last year was found in a survey issued today by Dun & Bradstreet.

"Accelerated by the unexpected upturn in the pace of operations of some of the leading industries, far in advance of the usual period for expansion, more trends reached toward a higher level than was recorded at this time a year ago", it was stated in the review.

"Continuous high temperatures and new heat waves in some parts of the country gave retailers an opportunity to clear the remaining stocks of summer merchandise, making substantial sums of cash available for investment in fall inventories.

CONSUMER DEMAND INCREASES

"Buying at wholesale was advanced by the rising current of consumer demand and the greater price stability."

Although retail trade continued at an excellent pace, it was declared, the estimated gain in sales for the country was held to a range of 10 to 30 percent over 1934 because of the rising trend of a year ago.

GAIN IS ANTICIPATED

"Price uncertainties during July led to the postponement of so much buying that most wholesalers are making preparations for an abrupt gain during August.

"The further advance of industrial operations has lifted the average from 15 to 25 percent higher than it was for the corresponding 1934 week.

"Employment held generally steady, with slight gains at isolated centers, although the increase was not in keeping with the advancing rate of activity."

(8) "Increase Is Shown in Electric Output."

As our Government has its outstanding mint in Philadelphia, I quote from a report appearing in the Inquirer which shows that we have $9,143,170,296.30 in gold assets in the Treasury, and a net balance of $1,789,067,633.93. All Americans, even Republicans, should be proud of the great progress the Nation is making under Roosevelt's progressive, aggressive, and consistent policies, but you will prefer I should say, under the new deal.

Mr. Chairman, I next quote from the Indianapolis Star, of August 1, and there appear in big headlines:

(1) Utilities Leaders in Forward Surge.
(2) Steel Production Continues Climb.
(3) Westinghouse Resumes Dividends on Common.
(4) Wheeling Steel Earns 25 Cents on Common Share.
(5) Fisk Rubber Corporation Net $5,513.99 After Taxes.
(6) National Steel Reports Upturn in Quarter Net.
(7) Standard of California Earns 43 Cents a Share.
(8) Fairbanks Morse Earns $376,990 Net Profits.
(9) Dictaphone Corporation Orders 75-Cent Common Payment.
(10) Electric Power Output Hits New High for Year.
(11) Deere & Co. Preferred Brought to Full Rate.
(12) Superior Oil Has Upturn in Six Months' Earnings.

Appearing in the Pittsburgh Post-Gazette are the following headings:

(1) Trend Upward in This Area.
(2) Plate Demand Good.
(3) Glass Output Holds Up.
(4) National Steel's Earnings Larger.
(5) Utilities Strong, Lead Expanding Market Upward.
(6) Prices at or Near Peaks As July Market Is Closed.

I also quote from a statement of J. H. Rand, Jr., appearing in the Post-Gazette issue of August 1, 1935.

President Rand stated domestic bookings of the company during the first 20 days of July were 25 percent larger than a year ago.

I have before me newspapers of St. Paul, Boston, Kansas City, Los Angeles, Seattle, San Francisco, and other cities and I direct attention to their financial reports, which cannot be garbled or misstated, that all prove with facts and figures that the wholesale and retail businesses are improving, bank deposits are increasing, construction is making great strides. Insurance company lapses are decreasing and new policies increasing. Life, fire, and surety companies who only 2 years ago were on the verge of bankruptcy are making splendid progress. In this respect, I have some of the reports of the companies, but shall not read them as it may be construed as advertising the progress they have made.

The gentleman should know that conditions must be improving when seats on the New York and other exchanges have doubled in value in the last few months.

The value of bonds has increased from 10 to 50 percent and real-estate bonds as much as 200 to 300 percent.

I also quote from the New York Times which some of you Republicans sometime describe as being Democratic, but which is independent and only fair, and I wish I could read the reports of improvements in every industry. Therefore, I am amazed that the gentleman from New York and other gentlemen on the other side, and the Republican newspapers, so deliberately misstate facts and try to prejudice the American people. I say to you it cannot and will not be done. The people will not be fooled by you or the Wall Street industrialists and the power interests. The latter group, as disclosed by the evidence, has already spent $1,500,000 to defeat legislation which President Roosevelt has advocated and which is not one-tenth of what they have spent in their lying and vicious propaganda against the President of the United States and the Congress.

Mr. Chairman, before I conclude this hurried statement, I feel honor-bound to say that we have some newspapers who print the truth and those I want to compliment, such as the Chicago Times which is rendering splendid service by giving the people the true facts as to what is transpiring in Washington and throughout the United States.

I cannot conclude without quoting some of the headlines appearing in one of our Washington papers—the Washington Star. In their issue of Sunday, July 28, 1935, appear the following:

(1) Idle Funds Push Equities Upward on Broad Front. Abundant Supply of Easy Money Lifts Market to New 1935 High.
(2) Trade Continues Advance Despite Seasonal Signs. Retail Sales Maintain Rise Over 1934—Summer Goods Moved Rapidly. Upturn Is Surprise in Basic Industries. Steel Mills Boost Production. Construction Total Remains at Higher Levels.
(3) Improved Retail Business Hailed.
(4) Cash Register Earns $501,138 in Quarter.
(5) Furniture Orders Rise 31 Percent.

In conclusion, let me remind the gentleman from New York and others who willfully and deliberately are trying, instead of endeavoring to aid us in reestablishing confidence, to destroy it, that it is because I am not a good judge of human nature that I am overcome with surprise that men of good standing, men in public life, and men who have means, can be guilty of these misstatements and giving out so much misinformation and hiding the real facts and truths from the people. I repeat, regardless of your deplorable efforts to retard the President's policies which stand for progress, improvement, and betterment, that the people will not forget the Hoover Republican regime and that they will remember when President Roosevelt was inaugurated that to save the financial structure of America it became necessary to close all the banks; that business was at a standstill; factories were closed; 16,000,000 persons out of employment; millions in despair and want, including the farmers of the Nation.

What are the conditions today? A majority of the banks have reopened and only one closed in 1935, deposits increasing tremendously having been guaranteed by the new-deal legislation; farmers and home-owners have been aided; business has been assisted so that today we are fast approaching the reemployment of those who through your Republican policies were thrown out of employment. Due to the new deal, shorter hours have been established, higher wages paid, and over 9,000,000 have gone to work. Instead of despair, we again find people lifting their heads in hope and looking forward to better and happier days. [Applause.]

[Here the gavel fell.]

Mr. ZIONCHECK. Mr. Chairman, I ask unanimous consent that the gentleman may be given 5 additional minutes.

Mr. MILLARD. Mr. Chairman, I object.

Mr. SABATH. Do you not want the truth? These are not my statements, and these are Republican newspapers I am quoting from.

Mr. HOFFMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

Mr. SABATH. They can't take it.

Mr. HOFFMAN. We can take it all, if you will read the editorial page. [Laughter and applause.]

Mr. SABATH. No; I want to give the facts.

Mr. HOFFMAN. Or if you will get down to the news articles from Detroit, Mich. (the Detroit Free Press), which state, "Meat strikers ask city's aid. Women representing several thousand Detroit housewives appeared Wednesday before the common council to enlist the city's aid in their campaign for lower meat prices."

Mr. HOUSTON. Mr. Chairman, may I inquire what bill we are considering?

Mr. HOFFMAN. The same one the preceding gentleman was talking about, and this is in answer to the gentleman's argument.

The CHAIRMAN. The gentleman from Michigan was recognized for 5 minutes and has been having a colloquy with the gentleman from Illinois.

Mr. HOFFMAN. Mr. Chairman, the gentleman from Ohio has been telling us we will have trouble explaining when we go home. The people in the Fourth Congressional Dis-

trict of Michigan are intelligent enough, and they have information enough so they do not need any explanations. They know that this bill has two purposes, one to put us on this side in a hole, if they can, in the false position of trying to protect the rich, and the other is to steal the thunder of the gentleman from the South, who also thought he was a Presidential candidate.

Mr. TRUAX. What gentleman?

Mr. HOFFMAN. The gentleman from the South. I am not talking about the gentleman from Ohio [Mr. TRUAX], I am speaking about a southern Democrat.

Mr. TRUAX. What is his name?

Mr. HOFFMAN. If the gentleman has been here so long and does not know, I am sorry, but I would be out of order if I named him.

Mr. TRUAX. Oh, no.

Mr. HOFFMAN. Oh, yes. Some may refer to kingfish, but in our country, where their true value is recognized, we call them carp and ship them to New York for the people there to eat while we who are fond of fish eat trout and whitefish.

Now, the gentleman from Ohio wants to soak the rich; is that right?

Mr. TRUAX. Yes; that is right.

Mr. HOFFMAN. And fix it so in Michigan, for instance, when Henry Ford dies, what will happen? The Government will take over his factory.

Mr. TRUAX. Yes; probably.

Mr. HOFFMAN. Is that what you want, and if so, why not bring it in under that guise and be honest about it and let the Government operate it and run it? You either want that or you want his heirs to be forced to borrow money on the New York money market that you talk against all the time and then let those gentlemen operate the factory. You want it fixed so we will have no mass production, so that we who have to drive in Fords, or cars of like price, will only be able to walk in the road as in the good old "horse and buggy" days. You want to cut out our radios.

Mr. TRUAX. Oh, no.

Mr. HOFFMAN. How could a common laborer or a man who works with his hands get along? Should he have a radio, he would be classed as a capitalist.

Mr. TRUAX. He is the man I am proposing this amendment for. I am not worrying about the Fords or the Mellons or the Du Ponts.

Mr. HOFFMAN. No; we would not even have Fords to ride in. You would take those away from us.

Mr. TRUAX. No; I drive one myself.

Mr. HOFFMAN. You do?

Mr. TRUAX. It is the best I can afford.

Mr. HOFFMAN. The gentleman talks about the laboring man; read this article. Do you not want their wives to be able to buy pork? You raise hogs; how are you going to sell them if they cannot buy the pork?

Mr. TRUAX. I will answer the gentleman. I voted to report out the 30-hour-week bill. Will the gentleman support that measure?

Mr. HOFFMAN. They would not have time to do the work to obtain the money to buy the pork to eat, at the present price, if the gentleman's amendment were adopted.

For several days the newspapers of our State have been carrying headlines referring to the housewives' strike against the high price of meat in Detroit and some of its suburbs. In Detroit, where the automobile industry, born and nursed by rugged individuals, has been foremost in the Nation's march toward recovery, where the increase in employment, the decrease in unemployment, has been the greatest, the workingmen, to whom the majority render so much of lip service and so little of actual value, even though employed at the highest wage rate known anywhere for common labor, have been unable to purchase the meat they desire and need to sustain themselves in accordance with their usual living conditions.

The situation has grown so acute, their necessity so great, that the housewives have staged the strike to which I referred and the Detroit Free Press, on August 3, stated:

> A dozen women, representing several thousand striking Detroit housewives, appeared Wednesday before the common council to enlist the city's aid in their campaign for lower meat prices.
>
> Mrs. Joana Dinkfeld, 5941 Jos. Campau Avenue, representative of an East Side group, asked the council to adopt a resolution calling on President Roosevelt to remedy the situation.
>
> "What we can afford to buy", she declared, "isn't fit for a human to eat. And we can't afford to buy very much of that. Since the new-deal wages have gone down and prices have gone up 60 percent."

The Detroit News, on the same date, carried the headline that "State-wide Meat Protest Urged by Detroit Women." The Detroit Times carried the same headlines—the same information.

These news items bring again to our attention the fact, which we all know, that the burden of the processing tax in the end falls upon the consumer, and when I say "consumer" I mean the man of moderate or less means, for the wealthy can always obtain the necessities, as well as many of the luxuries, of life.

Several times your attention has been called to the President's statement that we must not rob Peter to pay Paul. Here is a concrete illustration that his words mean one thing, the actions of the administration another. You are taxing the consumers excessively for the purpose of paying the producers a benefit and, in addition to the benefit which goes to the producer, there is an excessive and outrageous charge for administrative expenses, a horde of tax collectors supported out of the consumer's dollar.

The result is the natural one which would be anticipated by every thinking man. The price of the meat has gone so high that a buyers' strike is on. In theory price fixing is ideal. It may leave nothing to be desired—except a purchaser. And that is what has happened in this instance. And if the raise in price continues the demand will grow less.

The processing tax was assisted in its price-raising effect by the destruction of millions of hogs. Good, clean, wholesome food wantonly destroyed, buried, burned, or made into fertilizer—a wicked, wasteful procedure.

This bill now under consideration proceeds on a somewhat like theory—soak the rich—when we all know that in the end the burden falls upon the poor.

Collier's Weekly, in season and out, has gone along editorially with the President and his policies in its every issue, with but few exceptions. But this last piece of "must" legislation even that partisan publication cannot stomach. In its issue of August 10 its editorial is headed "One Tax too Many", and it proceeds to point out the fallacy of attempting to disguise legislation, the effect of which would be the rebuilding of a social and economic order, by calling it "revenue" legislation.

In its cartoon printed above that editorial Collier's pictures the "large industrial enterprise" goose, leaving her nest of golden eggs, "large national income", "mass employment", and "mass production" to be killed by the politician bearing the ax of "higher estate and corporate taxes."

Yes; soak the rich—a wonderful battle cry, if the appeal is made only to prejudice, to the unthinking. Adopted, it means the destruction, or perhaps more correctly, the breaking up of all large industrial and business enterprises, whether conducted by individuals or by corporations. It means the destruction of those combinations of capital and brains, of ability and initiative, which have given us farm machinery, which has lightened the burden of practically every farmer; automobiles, which permit the laboring man of this country to ride as did only the kings and princes of other lands but a few short years ago.

Those same combinations have given to our so-called "common people", the men and women of moderate means, conveniences and opportunities undreamed of by the laboring people of other countries. Opportunities for education and social enjoyment, musical instruments, radios, bath tubs,

oil, gasoline, and electric stoves and lights, hundreds of small labor-saving devices, which the average person accepts as a matter of course, but which, to the men and women of the countries enjoying socialism and other "isms", would be luxuries unattainable.

Sure, soak the rich. Enact laws which will result, upon the death of Henry Ford, in the breaking up of his great organization which has done so much not only for the laboring man's employment but for his happiness. Destroy the Ford organization, General Motors, United States Steel, and every other great corporation, so that hundreds of thousands will again be out of employment. Is that your purpose? That is the inevitable result of the success of your policies.

No crew of wreckers ever leaped more willingly or joyously to the task of destruction than do some upon this course of tearing down the very agencies which are the cause of our well-being and position in the world. If some of those who are so anxious to "soak" someone had their way, they would be satisfied when, and only when, we were back with the hoe, the wheelbarrow, and wooden stick to do our plowing, the scythe to do our cutting of grain, and the knitting needles and spinning wheel to make our clothing.

This measure, like so many others the product of the "brain trusters", whatever its purpose, tends only toward destruction, the scrapping of our present system and the substitution of a government by those who consider themselves the master minds, but of which the President himself said there were none.

Mr. TRUAX. Mr. Chairman, I offer an amendment to section 302.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: Page 60, lines 20, 23; page 61, lines 2, 6, 9, 12, 15; and on line 14, after the figures "$1,000,000", strike out remainder of paragraph and insert in lieu thereof the following: "25, 30, 35, 40, 45, 50"; line 14, page 61, after figures "$1,000,000" insert 99 percent in addition of such excess.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and there were on a division (demanded by Mr. TRUAX)—ayes 12, noes 60.

Mr. TRUAX. Mr. Chairman, I object on the ground there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and two Members are present—a quorum.

Mr. McFARLANE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Title III, p. 63, after line 7, add section 302½, to read as follows:

"AMENDMENTS TO GIFT TAX

"Section 520 of the Revenue Act of 1934 is amended to read as follows:

"'GIFT TAX RATE

"'(a) The gift-tax schedule set forth in section 502 of the Revenue Act of 1932 is amended to read as follows:

"'"Upon net gifts not in excess of $10,000, 2 per centum.

"'"$200 upon net gifts of $10,000; and upon net gifts in excess of $10,000 and not in excess of $20,000, 4 per centum in addition of such excess.

"'"$600 upon net gifts of $20,000; and upon net gifts in excess of $20,000, and not in excess of $30,000, 6 per centum in addition of such excess.

"'"$1,200 upon net gifts of $30,000; and upon net gifts in excess of $30,000 and not in excess of $40,000, 8 per centum in addition of such excess.

"'"$2,000 upon net gifts of $40,000; and upon net gifts in excess of $40,000 and not in excess of $50,000, 10 per centum in addition of such excess.

"'"$3,000 upon net gifts of $50,000; and upon net gifts in excess of $50,000 and not in excess of $70,000, 12 per centum in addition of such excess.

"'"$5,400 upon net gifts of $70,000; and upon net gifts in excess of $70,000 and not in excess of $100,000, 14 per centum in addition of such excess.

"'"$10,600 upon net gifts of $100,000; and upon net gifts in excess of $100,000 and not in excess of $200,000, 16 per centum in addition of such excess.

"'"$26,000 upon net gifts of $200,000; and upon net gifts in excess of $200,000 and not in excess of $400,000, 18 per centum in addition of such excess.

"'"$62,600 upon net gifts of $400,000; and upon net gifts in excess of $400,000 and not in excess of $600,000, 20 per centum in addition of such excess.

"'"$102,600 upon net gifts of $600,000; and upon net gifts in excess of $600,000 and not in excess of $800,000, 24 per centum in addition of such excess.

"'"$150,600 upon net gifts of $800,000; and upon net gifts in excess of $800,000 and not in excess of $1,000,000, 28 per centum in addition of such excess.

"'"$206,600 upon net gifts of $1,000,000; and upon net gifts in excess of $1,000,000 and not in excess of $1,500,000, 32 per centum in addition of such excess.

"'"$366,600 upon net gifts of $1,500,000; and upon net gifts in excess of $1,500,000 and not in excess of $2,000,000, 36 per centum in addition of such excess.

"'"$546,600 upon net gifts of $2,000,000; and upon net gifts in excess of $2,000,000 and not in excess of $2,500,000, 40 per centum in addition of such excess.

"'"$746,600 upon net gifts of $2,500,000; and upon net gifts in excess of $2,500,000 and not in excess of $3,000,000, 44 per centum in addition of such excess.

"'"$966,600 upon net gifts of $3,000,000; and upon net gifts in excess of $3,000,000 and not in excess of $3,500,000, 46 per centum in addition of such excess.

"'"$1,196,600 upon net gifts of $3,500,000; and upon net gifts in excess of $3,500,000 and not in excess of $4,000,000, 50 per centum in addition of such excess.

"'"$1,446,600 upon net gifts of $4,000,000; and upon net gifts in excess of $4,000,000 and not in excess of $4,500,000, 56 per centum in addition of such excess.

"'"$1,726,600 upon net gifts of $4,500,000; and upon net gifts in excess of $4,500,000 and not in excess of $5,000,000, 60 per centum in addition of such excess.

"'"$2,026,600 upon net gifts of $5,000,000; and upon net gifts in excess of $5,000,000 and not in excess of $6,000,000, 65 per centum in addition of such excess.

"'"$3,376,600 upon net gifts of $7,000,000; and upon net gifts in excess of $7,000,000 and not in excess of $8,000,000, 75 per centum in addition of such excess.

"'"$4,126,600 upon net gifts of $8,000,000; and upon net gifts in excess of $8,000,000 and not in excess of $10,000,000, 80 per centum in addition of such excess.

"'"$5,726,600 upon net gifts of $10,000,000; and upon net gifts in excess of $10,000,000 and not in excess of $15,000,000, 90 per centum in addition of such excess.

"'"$10,226,600 upon net gifts of $15,000,000; and upon net gifts in excess of $15,000,000 and not in excess of $20,000,000, 95 per centum in addition of such excess.

"'"$14,976,600 upon net gifts of $20,000,000; and upon net gifts in excess of $20,000,000, 99½ per centum in addition of such excess."'

"Section 504 (b) is amended by striking out $5,000 and inserting in lieu thereof $500."

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order that this is an amendment to the gift tax to the donor and has relation to the estate tax. It is no part of this bill. This would be introducing a new subject which is not within the scope of this measure.

The CHAIRMAN. The Chair sustains the point of order.

Mr. McFARLANE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 64, lines 4 and 5, strike out "$5,000" and insert "$500."

Mr. McFARLANE. Mr. Chairman and members of the committee, this refers to section 764, lines 3 and 5, and refers to the exemption of gifts upon which no tax occurs. If I am not mistaken, and I hope the committee will correct me if I am wrong, the House in the consideration of the Revenue Act of 1924 had $500 exemption on gifts when the bill went to the Senate.

Mr. SAMUEL B. HILL. The gentleman is mistaken about that.

Mr. McFARLANE. I had an idea in mind that the gift-tax exemption was $500 in the 1924 act, which was amended in the 1932 act to the present amount.

Mr. SAMUEL B. HILL. It was $3,000 and it was raised in the Senate to $5,000.

Mr. McFARLANE. Mr. Chairman, under the circumstances, I will withdraw my amendment.

Mr. DARROW. Mr. Chairman, I move to strike out the last word. Taxation is always with us. Unpopular, though it may be, it is necessary that we all pay taxes in one form or another. However, the tax legislation demanded by the President is considered confiscatory, unwise, and un-American. Accordingly, I desire to voice my strong opposition to the pending bill, and urge in its stead a program of

economy in Government expenditures so that our annually increasing debt be reduced. In these days when the Roosevelt administration is making appropriations in millions and billions on radical and socialistic projects we could soon save more than the $270,000,000 which this bill is supposed to produce. Such action would restore public confidence, and be the greatest possible factor toward national recovery.

Could any individual, a business or corporation, survive by managing and conducting its affairs on the same principles being practiced by our Government? Should they become involved in financial difficulties and heavy debt, and their creditors are lenient and will not call their loans and force them to liquidate, they would not only expect a substantial payment on account, but would demand businesslike and sound methods in the conduct of the business. They would not for a minute condone or approve reckless expenditures or unsound business policies. Should not the same consideration be given the affairs of our Government? Every citizen and taxpayer has the privilege of voicing such sentiments, and when the time of the 1936 election arrives he will put his conclusions into effect by casting his vote for the party's candidate for President in whom he will have the greater degree of confidence.

It was no other person than President Roosevelt who before his election said, "What the country needs is a saving in waste", and if this policy had been carried out we would not now be faced with such an un-American and unfair tax program.

If it were possible to secure a free and frank expression from the closest associates and advisors of the President confirmation could be had of the fact which is so clearly evident to everybody else, that is, that this soak-the-rich tax program is demanded as a matter of political expediency. Of course, since the President made the statement in his Budget message last January that he did not "consider it advisable at this time to propose any additional or new taxes for the fiscal year 1936" there has been a continuance of vast Government expenditures, which may have been the cause of his share-the-wealth tax message on June 19 last. However, it is generally conceded in Washington it was considered politically expedient to offset the inroads into certain elements of his party by a prominent Senator and others. Therefore, it may be assumed that recent political developments are the cause of the demand for this unexpected and extensive tax program.

Soak the rich or share the wealth may be regarded by some as popular campaign slogans with which to face the electorate in the 1936 campaign. If such is the thought of President Roosevelt, his "brain trust" advisers, and campaign managers, an explanation of the effect of taxes, so clearly stated by Democratic Candidate Franklin D. Roosevelt at Pittsburgh on October 19, 1932, will again be brought forcibly to the attention of our citizens. I quote from his address, as follows:

> Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and, hence, in hordes of the hungry tramping the streets and seeking jobs in vain. Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment. * * * Our people and our business cannot carry its excessive burdens of taxation. There is not an unemployed man, there is not a struggling farmer, whose interest in this subject is not direct and vital.

How does this statement measure up with present existing conditions? We are still in the throes of the depression. Unemployment is still general, although $4,000,000,000 of Federal funds have been appropriated to provide employment. On the one hand an effort is made to stimulate industry in the hope of providing more employment; and on the other hand, to force such a heavier burden of taxation on industry as to discourage production and expansion, and as a consequent result, we will most likely be faced with additional idleness in industry and more unemployment.

Business and industry may be considered the weather vane of the condition of a country. It is the backbone of our economic structure. If it is flourishing and operating on a profit basis, then the country is prosperous. The workingman, the stockholder, and others participating in the earnings and profits are then enabled to purchase the products of the farmer, manufactured goods, and every business and professional man shares in the prosperity thus produced. Therefore, is it wise and feasible to continually harass business one way or another? Instead, it should be self-evident that permanent recovery can only be obtained by encouraging business and securing its confidence by a final determination of sound governmental policies.

Those liberal leaders who would seek to redistribute capital through vigorously attacking sound corporations completely overlook the fact that nine out of ten such combinations of wealth are merely representative of thousands of small stockholders, and not just a few wealthy ones.

The Roosevelt proposal for a corporation income tax graduated according to amounts of earnings, regardless of invested capital, is glaringly unequal and discriminatory. Why should a man who invests his savings in stock of a small company be singled out to receive a larger proportion of the earnings of the company than one who invests his savings in stock of a large company? Such a condition would naturally follow if the small companies should pay the lowest rate and the largest company the highest rate. It is natural that the man, woman, or institution who invests in the stock of a small company is more likely to suffer substantial losses than if such investments were made in a larger corporation, which has the advantages of more efficient management and is able to maintain a higher grade of trained and experienced personnel. If it were not for the enormous expenditures made by large corporations in conducting laboratory and other experiments, industry would never have developed to the extent it is today, when practically every home can have a radio, an automobile, an electric refrigerator, and many other accessories and appliances which were made possible to purchase at low cost by reason of vast experimentation by large corporations.

There are many other features of this tax plan that are subject to severe criticism, including the excess-profits tax, the inheritance tax, and the feature which would deny corporations the privileges of making deductions on their tax returns for contributions made for religious and charitable purposes.

On a whole, this tax bill is discriminatory, confiscatory, unsound, and unfair. It will not produce an appreciable amount of revenue, and is little more than a political gesture.

Another comment may be particularly appropriate at this time; that is, what section of the country bears the heaviest burden of any form of taxation relating to income? The income of the States of New York, Pennsylvania, and Illinois is one-third of the national income, while the population is but 24 percent of the total. The States comprising the South—Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Louisiana, and Arkansas—with 21.5 percent of our population, have only 10.9 percent of the total income.

By directions from the White House, this program has been hastily considered. The enactment of this bill has been demanded without delay. Such a decided and radical change in methods of taxation has not been the result of deliberation and study by Congress, but has been submitted to us by President Roosevelt and labeled a "must" bill, and the strong Democratic majority will probably muster sufficient courage to again obey orders and assure its enactment. A comparatively small but militant Republican Membership, which I hope may be aided by some of the more independent Democratic Members, will again be found opposing radical and socialistic policies and endeavoring by amendments to improve this bill, the passage of which cannot be doubted if the strong Democratic majority continues to obey orders from the White House.

The Chairman called for amendments to sections 305, 306, 307, and 308.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word. I feel that the gentleman from Michigan [Mr. HOFFMAN] directed the attention of this House to a dangerous and

alarming condition that exists in many of our cities today, and I rise to tell why that condition exists. The gentleman pointed out the existence of a meat strike on the part of housewives in the city of Detroit, Mich. I quote from the article what the representative of this housewives' organization said:

What we can afford to buy is not fit for a human to eat. Wages have gone down and prices have gone up 60 percent.

Why have meat prices gone up 60 percent when the price of cattle and the price of hogs has been increased only half that amount on the farm? It is because a few millionaire packers control the meat industry of this country.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. HOFFMAN. There is one other item included in that cost price, and that is the money paid to this horde of officeholders and tax enforcers and collectors.

Mr. TRUAX. I deny that. You have four or five packers, namely, Armour, Swift, Cudahy, and Wilson, who control the meat industry from the packing end of it. The chain stores—the Kroger Co., the Atlantic & Pacific Co., and in Washington the District Stores and the Sanitary Stores—control and dominate the retail market. That is why the housewives in Washington today are paying 45 and 50 and 60 cents a pound for sirloin steak, for round steak, that the farmer back in Ohio, Illinois, and Nebraska receives only 10 cents a pound for; and that is for prime steers in prime condition.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. BEAM. Will the gentleman not admit that the price of hogs on the Chicago market is today higher than it has ever been in the last 6 years?

Mr. TRUAX. I admit that.

Mr. BEAM. And the same is true of cattle?

Mr. TRUAX. I admit that.

Mr. BEAM. And also that the processing tax collected from the various concerns and paid back to the farmers is the reason, and the only reason, why the consuming public is protesting against the high price of meat?

Mr. TRUAX. I do not admit the latter part of the gentleman's observation. I say that the disparity, the difference between the producer and the consumer, is so great that the processing taxes are readily absorbed, and that those taxes and the price of meat on the farm have nothing to do with the exorbitant charges made by the retailer, and if you will let these triple A amendments go through, and if the nine men, in black, sitting on the Supreme Court bench will declare those amendments constitutional, then your Department of Agriculture can go to the books of these five multimillionaire packers and can tell the buying public and prove the statements that I am making today.

The CHAIRMAN. The time of the gentleman from Ohio has expired. Are there any amendments to section 309?

Mr. HOOK. Mr. Chairman, I move to strike out the last word.

Mr. SAMUEL B. HILL. Mr. Chairman, I move that all debate upon this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. HOOK. Mr. Chairman, I have just heard one of my colleagues from the State of Michigan make a remark that the cost of this Government has increased because of the hordes of officeholders which he insinuates have been placed unnecessarily on the Government pay rolls. I rise to call the attention of the Members of this House to what, in my opinion, is one of the boldest attempts toward an outright steal from Government funds that has ever been brought to my attention.

I refer to the actions of a Republican Senator from Michigan and the Secretary of the Interior in engineering a proposition whereby they expect to spend $700,000 of Federal funds for the purchase of Isle Royale, Mich., an island out in the middle of Lake Superior. The sum proposed is $700,000, and I have it on the word of the supervisor of the township in which the island is located that the assessed valuation of the lands on the island is less than $250,000.

Mr. Chairman, I object to the secrecy with which this whole affair has been clothed. Despite earnest attempts, I have not been able to obtain any but the meagerest details as to what has been going on. I submit that any project that cannot be exposed to the eyes of the public looks suspicious on its face.

I object also to the use of Federal funds, that should go to the relief of the unemployed, for the purchase of these lands from private owners. Surely there are worthy projects on which money can be spent that will give employment. The purchase of Isle Royale will not give immediate relief. The people of my district—those who have suffered during this depression—know this, and they object to the enrichment of the owners of the lands of Isle Royale at their expense.

Mr. Chairman, I insist also that this attempt to use Federal funds to purchase this park area is vicious, because it is in violation of the principle of the National Park Service. Our National Park Service will, if precedent is established for the creation of a national park by the use of Federal funds, be exposed to pressure from all sides. It will be opened wide to petty political influences.

Mr. Chairman, I think the Members of this House should be fully informed as to this matter.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. HOOK. Yes.

Mr. HOFFMAN. What is the present attitude of your local board of supervisors on this question?

Mr. HOOK. I would like to know.

Mr. HOFFMAN. Can you not read the newspapers?

Mr. HOOK. I would like to know who went up there; I would like to know how Jim McNaughton, of the copper country, happened to go down to that board of supervisors and change their attitude; by what reason, in what method, why the surreptitious attitude, and why the secrecy?

Mr. HOFFMAN. Does not the gentleman's local board of supervisors trust him enough to tell him?

Mr. HOOK. The people of my district are solidly against the buying of Isle Royale.

Mr. HOFFMAN. Does not the board of supervisors represent the people?

Mr. HOOK. I am representing the people, federally, of that district.

Mr. TREADWAY. Will the gentleman yield?

Mr. HOOK. Yes; I yield.

Mr. TREADWAY. Is the gentleman aware that we are considering H. R. 8974, a tax measure? What has Royale Isle or any other isle got to do with this bill which we have under consideration?

Mr. HOOK. You are spending the taxpayers' money for it. [Laughter and applause.]

Mr. TREADWAY. Does that make it in order?

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The CHAIRMAN called for amendments to sections 310, 311, 312, 313, 314, 315, 316, 317, 318, and 319.

Mr. PIERCE (when sec. 319 was called). Mr. Chairman, I move to strike out the last word.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. PIERCE. I yield.

Mr. SAMUEL B. HILL. I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. PIERCE. Mr. Chairman, I do not know that I can add anything to the festivities or the knowledge of the situation on this occasion. I am going to vote for this bill. I, however, warn my friends on the Democratic side of the House that the responsibility is ours to come somewhere near balancing the Budget. In this bill the Ways and Means Committee has not made even a good start. The eloquent gentleman from Massachusetts the other day said he did not know of anybody who believed we ought to balance the Budget or come anywhere near it at this time. I am not much to look at, but I want him to behold me—size me up, a

Congressman from the Pacific who wants to balance the Budget. I believe it should be done, and now. I know it is not popular to say this. We all want to spend. We are all like the candidate for Congress who promised to vote for every appropriation and against every tax measure. A mountain of debt is being created which must lead to repudiation or wild inflation that will startle all of us.

I feel so strongly about these tax-exempt securities that, nauseating as it was, I stepped up to the Clerk's desk a little while ago and signed a petition to discharge the Committee on the Judiciary, that we may consider submitting a constitutional amendment that the issuance of tax-exempt securities may cease. I believe the Committee on the Judiciary should consider this question now.

Mr. MICHENER. Will the gentleman yield?

Mr. PIERCE. In just a moment. I know quite well that this administration says it cannot finance these great bond issues if we rock the boat by our attempt to tax Government bonds or the income therefrom. There is income in this country sufficient to meet all our expenses. It is our business to cover it into the Treasury and not allow our national debt to grow larger in these days of peace.

Another thing I want to bring to your attention again is this: Do not forget that this is not a depression. We are out in a new world—a new era. We are never going to see again the good times of 1926 or 1929. Notwithstanding the many startling figures of the gentleman from New York yesterday as to how thoroughly wealth is distributed in the United States, if I can read correctly, one of the things that brought on this disaster was the accumulation of wealth in the hands of a very few. It is hard for me to believe that a man who had occupied so many high public offices which the great man from New York has could have arrived at such a conclusion as he did, namely, that 80 percent of the people of the United States owned 75 percent of the wealth. The 2 percent of the population that do own 68 percent of it are in and a part of that 80 percent. He could just as well have said that 100 percent of the American people own all the wealth of the United States. It would have been just as sensible and his figures would have meant just as much. His statement that half of the three million and a half farmers own their farms clear of mortgage was certainly erroneous. Ninety percent of the farmers in the real farming country where things are produced are in debt for 90 percent of their value. Conditions are vastly better than they were in March 1933. Still we have a long, long way to go before we are out of the woods.

[Here the gavel fell.]

The CHAIRMAN. Are there any amendments to section 320?

Mr. SUMNERS of Texas. Mr. Chairman, I move to strike out the last word.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. SAMUEL B. HILL. Mr. Chairman, I move that all debate on section 320 and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. SUMNERS of Texas. Mr. Chairman, I would like to have the attention of the Membership in order to make a statement with regard to tax-exempt securities and the failure of the Committee on the Judiciary to report a resolution proposing an amendment to the Constitution.

I want to make a very candid statement about it. I think there is a great deal of lack of proper information about the whole subject. In the first place, practically speaking, there are no tax-exempt securities in this country—practically speaking. The tax is collected at the source, practically speaking, at the time the security is issued. This Government is the greatest borrower in the world today and is getting the money which it requires at the lowest rate of interest ever paid by any borrower. Now, this is a practical, common-sense proposition.

Anybody with any sense knows that in proportion as this Government taxes the interest it pays it has got to increase its interest rate. This is one proposition that it does not seem to me anybody who has any sense can question. It is entirely proper, as a horse-sense way of figuring a deal, that if this Government at this minute taxes the interest which it pays it will have to pay more in interest increase than it gets back in taxes. We have got to use common sense about these things. Not only is that true but in the proposition to tax these securities it is proposed to give the States and municipalities the power to tax the income from Federal bonds and vice versa. This means as an ordinary common-sense proposition that whatever tax is imposed by municipalities and States on income from these Federal bonds the Federal Government has got to increase the rate of interest it pays on its bonds.

That is not all. Every man who has ever swapped horses or ever traded or ever done anything—and nobody has an education who has not done that sort of thing—knows that in proportion as you put an element of uncertainty into any situation you have got to pay a sort of insurance premium. You do not have to read a lot of books to know the truth of these things. Everybody knows that in proportion as we put the element of uncertainty into the tax rate the Government has got to pay more for the money it borrows. The lender has got to have a little shade to cover the uncertainty of the situation. That is not all.

When we came to figure on it as a practical proposition, and our committee has looked at it as practically as we could, there are a great many States and municipalities and counties whose obligations are held in a few great centers. Everybody knows this. What does this mean? It means that under this arrangement if you tax these incomes in the place where held, those States where the obligations are held, in effect, will be taxing those States whose bonds are thus held. I am not dealing now with the question of existing constitutional power of the Federal Government and of these States to tax income from what is designated as tax-exempt securities. This proposition to discharge the Judiciary Committee under existing conditions concerns not only constitutional power but the existing comity among the various governmental agencies of issue and of taxation.

I am not saying any of this in criticism of the critics of the Judiciary Committee, but we cannot look at a thing from one angle only. We have got to examine to see what is beyond, what is involved and how the proposition relates itself to our present necessities. The person who looks at this matter from his own viewpoint, naturally thinks he knows a whole lot more about it than people who have gone to the very bottom of it. Take the Committee on the Judiciary, and the chairman is not parading himself, but I will match the members of my committee from the standpoint of patriotism, common sense, and sound judgment with any 24 Members you have in this House.

[Here the gavel fell.]

Mr. BIERMANN. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SUMNERS of Texas. I shall try not to take all the 5 minutes.

We have gone to the bottom of this thing. We may, of course, be making a mistake, but we do not believe—and I submit this to the patriotism, the sound common sense, and good horse-swapping ability of the Members of this House—we do not believe at a time like this, when the Federal Government is the biggest borrower in the world, getting its money at the cheapest rate of interest ever paid by any borrower in the history of the world, we do not believe that we should do anything that would imperil the taking by the public of the issues of this Government by increasing this interest rate by the amount of Federal tax and bringing in all the other elements of uncertainty incident to giving States and subdivisions the power to tax the interest which the Federal Government pays for the money which it must

borrow now. The whole situation is too delicate and dangerous to send this matter to the country now. Later is a different question; I am talking about now.

When you begin to increase this tax rate now, you do not know what you are going to do to the bonds that are being held by institutions in this country, like banks and insurance companies; you do not know what you are going to do to them.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. WOOD. What is the lowest rate of interest paid by the Government on both long- and short-term notes?

Mr. SUMNERS of Texas. I have not that information at hand at the moment.

Mr. FORD of California. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. FORD of California. One-eighth of 1 percent on short-term notes and 2⅞ percent on long-term loans.

Mr. SUMNERS of Texas. Mr. Chairman, on this proposition we are neither Democrats nor Republicans. Nobody can look upon the possibility of a Government issue not going over without the most terrible dread as to its consequences.

Now, we can go along here and sort of talk a little politics now and then, but when you get right up to it I have never seen this House fail yet. I want to tell you now, and I do not care who said what—Secretary of the Treasury, myself, or anybody else—the Committee on the Judiciary feels that it is an agent of the House and the servant of the country. You can bring out this resolution now if you want to; you take the responsibility. We are commissioned by you to go to the bottom of this thing the best we can. We have done the best we can, and it is our judgment that this is no time to be tampering with a situation which may involve the credit of this country and its ability to float its issues as it comes from time to time to deal with them.

We realize that this is not a one-sided question. There are weighty considerations of public interest and of public policy calling for the subjecting of income from these sources to the operation of the bracket or graduated arrangement with regard to incomes.

If that arrangement could be put in operation it would be in line with our general policy, and by increasing the interest rate on these securities make investment in these securities attractive to the small investor. But that would be a major fiscal operation at any time. It would be an inexcusable folly, in my judgment, to attempt it now.

Mr. BACON. How does the gentleman explain the President's message to Congress?

Mr. SUMNERS of Texas. I have known the gentleman from New York a long time, and admire him. This is our responsibility now. The gentleman from New York will face his responsibility today and not play politics with this situation. I know the gentleman is going to do that. As a policy of government to be desired and to be effectuated, yes; as something to be considered and worked out, yes; as soon as the fiscal necessities of the Government will admit, yes; but we are talking about sending this proposed amendment to the country now of making everybody jumpy and uncertain as to what is going to happen as to taxation on the interest from these securities. That is the last thing we can afford now. We are going to work out of this mess we are in, but we have got to keep our heads on our shoulders and our feet on the ground.

Mr. LEE of Oklahoma. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Oklahoma.

Mr. LEE of Oklahoma. Where would this capital go if it did not go into Government bonds?

Mr. SUMNERS of Texas. This whole effort to recover would go to smash if we did not get it.

Mr. LEE of Oklahoma. It has got to go somewhere.

Mr. SUMNERS of Texas. The Federal Government has got to have it just now. Suppose this Government submitted an issue of its securities which could not be sold. We do not need any imagination to know what would happen.

Mr. CHURCH. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Illinois.

Mr. CHURCH. Is it not an argument in favor of less Government indebtedness if there is a tax on these bonds?

Mr. SUMNERS of Texas. Now we are dealing with a situation where this Government has got to have this money, and have it now, and at as cheap a rate of interest as possible. We are not in a condition to stand the strain incident to a readjustment resulting from subjecting to general taxation the interest which the Government pays for the money it must have now. I do not claim any expert ability, but it is probable the governmental agencies would get back less in increased taxes than they would pay out in increased interest.

The one thing of importance, and the only one I can see on the other side of the scales as we weigh this matter, is the subjecting to the bracket arrangement big incomes from the interest received on these securities, and that does not derive its importance from any probable fiscal advantage to the Federal or to any other governmental agency, but to other considerations of public policy. The Committee on the Judiciary is not persuaded that this proposed amendment to the Constitution should be submitted now. It is not now going favorably to report it. If the House wants to take the responsibility and discharge the committee, that is your responsibility and not ours.

Mr. LEE of Oklahoma. Does the gentleman believe in a levy on capital?

Mr. SUMNERS of Texas. Mr. Chairman, I am through.

The Chairman called sections 321 to 333, inclusive, and sections 401 to 403.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill (H. R. 8974) to provide revenues, equalize taxation, and for other purposes, pursuant to House Resolution 315, he reported the same back to the House with an amendment agreed to in Committee.

The SPEAKER. Under the rule the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. TREADWAY. Mr. Speaker, I offer a motion to recommit.

The Clerk read as follows:

Mr. TREADWAY moves to recommit the bill (H. R. 8974) to the Committee on Ways and Means.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that further proceedings on the bill may be postponed until Monday next.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENSION OF REMARKS—THE REVENUE ACT OF 1935

Mrs. ROGERS of Massachusetts. Mr. Speaker, daily the women of the country are becoming more alarmed over the high cost of food and clothing. They are becoming more and more active, and are protesting the measures which will take away their security. They are protesting against the added future insecurity of the ill-considered and hastily drawn tax bill, which they realize will work such an injustice

to them and to their children. One of the worst features in the bill is the tax on insurance, and they are praying for delay. As Calvin Coolidge once said, in effect: "If the women want a thing, and insist upon it, they will get it."

The inheritance tax in this bill subjects all insurance to taxation, regardless of the amount. The present estate tax exempts all insurance amounting to less than $40,000 from any taxation. But the worst feature of the administration's proposal is that the insurance companies will not be able to pay any insurance to the beneficiaries immediately upon death. In many families insurance is carried in part to provide burial expenses, but even in such a case the insurance companies will be required to withhold payment, no matter how small the amount, until the amount of the tax due from the beneficiary is determined, or else assume personal liability for the tax. This means that thousands of widows and other dependents who have counted on insurance being available to them at death will have to wait many months. Anyone knows that the legal delays involved in settling even small estates require months, and even years. The great popularity of insurance has been largely because it is paid immediately and carries the family living expenses while the estate is being settled. Delayed payment will cause real distress and will place more on relief, for they will not be able to borrow from the banks. No bank will loan until it finds the amount of the tax.

This is but one example and one result of the lack of careful and complete study which a bill for revenue must have in order to be just. To enact so vital a piece of legislation in the closing days of a session of Congress means that many must suffer through carelessness and lack of consideration. In this particular instance it is the widows and dependents. They are the ones who should be most protected.

Mr. MAPES. Mr. Speaker, in being required to vote on this bill as it is presented to us, a person must decide whether he will be a wild man or run the risk of having his position misunderstood, as has been the case so often in voting upon legislation during the last 2½ years. We were in the same position a few weeks ago in voting upon the public-utility holding company bill. That is true so far as this bill is concerned, especially of one who believes that taxes should be levied according to one's ability to pay.

It is a misnomer to call this a tax bill. It is conceded on all hands that as a tax measure it is a farce. The amount of money it will raise is infinitesimal as compared with the expenses of the Government. It would pay those expenses for less than 2 weeks. It makes no attempt to balance the Budget. "It falls $3,305,000,000 short of meeting the deficit for the last fiscal year", as stated in the minority report. And "even as a redistribution of wealth measure it would provide only $2.25 for each of our 120,000,000 people."

Instead of being a bill to raise revenue, it is a bill to penalize a few. It goes far beyond the law of diminishing returns. It will dry up the sources from which taxes can be raised in the future and will not raise enough revenue temporarily to make any appreciable increase in governmental receipts. As a permanent policy it will be most disastrous. It is worse than folly to pass such a bill before doing away with tax-exempt securities. It will have a tendency to drive the rich more and more to put their money into tax-exempt securities.

Anyone who votes for it might excuse himself for doing so if it were not so plainly demagogic. The chances, from a political standpoint in favor of voting for it, are so overwhelming as to be almost incalculable. A vote for it is a perfectly safe vote. Anyone who does so can rest assured that he will not be offending many, if any, of his constituents. The situation reminds me of a remark made facetiously several years ago by a Member of the House of Representatives who represented a sparsely settled agricultural district in one of the States of the Middle West, where incomes were small, just after he had voted to increase income taxes levied on those having an income of $1,000,000 or more per year. After casting his vote he observed facetiously that he expected that there would be a mass meeting of those in his district who would have to pay such a tax to protest against his vote.

The income-tax provisions of this bill increase the taxes of only those who have an income of over $50,000 per year and it does not raise their taxes materially unless they are among those who have an income of $500,000 or more. The principal increases apply to those having an income of $1,000,000 or more. How many people in the United States will that affect? How many have that much of an income? The majority of the Committee on Ways and Means in its report, as an argument in favor of the bill, I suppose, say that "the number of individuals affected by the proposed increases is not large."

In percentages, what is the answer? In 1932 the total number of people in the United States who had an income of over $50,000 was 7,738. In 1933 it was 7,974. The number receiving over $500,000 in 1932 was 106. In 1933 it was 130. On the basis of a population of 125,000,000 people in the United States, that means that this bill increases the income taxes at the most of 1 out of every 15,700 of the population; and taking those who have an income of $500,000 or more, it affects, on the basis of the 1932 returns, less than one out of every million of the population; and on the basis of the 1933 returns, a little over one to every million of the population. So that it is perfectly safe politically to vote for this bill. Taking in everyone who is directly affected by the income-tax provisions of it, the chances are 15,700 to 1 in favor of it; and confining it to those with an income of $500,000 per year, the odds, on the basis of the 1932 returns, are a little over 1,000,000 to 1; and on the basis of the 1933 returns, they are a trifle less than 1,000,000 to 1.

As a tax measure, it is both inadequate and unsound. The graduated corporation tax injects a new principle into our Federal tax laws and is particularly objectionable. The whole bill will have a tendency to keep money out of productive enterprise and thereby retard recovery. The primary requisites to a balanced Budget are a reduction of unnecessary and wasteful governmental expenditures and a return of business activity. This bill will hinder rather than help toward bringing about either one.

As stated by Dr. Jules I. Bogen, professor of finance at New York University, in one of a series of articles now running in the Washington Post:

> Taxation is intimately related to the size of the national income, and hence to business and employment conditions. When business is active and the national income is expanding, any given schedule of rates will yield increasing revenues, while the actual burden on taxpayers will tend to become lighter. On the other hand, when depression and deflation curtail national income, tax collections dwindle while they become increasingly burdensome, depressing the standard of living of the population and deferring the date when recovery can start.

Mr. EAGLE. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include a letter written by me to a constituent in Texas on August 1, 1935, briefly discussing the tax bill, unconstitutional laws, and the new-deal principles:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., August 1, 1935.

DEAR SIR: Your splendid letter of July 30 reached me, and I thank you for it. I remember that I wrote you and asked you which unconstitutional laws you had in mind—and this is a reply to that inquiry. It is in every way a calm and thoughtful and patriotic and excellent expression of your views and sentiments.

UNCONSTITUTIONAL NEW-DEAL LAWS

(1) It is easy enough for you or for me or for any other person to say now that certain laws we passed in the emergency are not constitutional. We were within 30 days of a bloody revolution—after a complete financial robbery and wreck and ruin of the country by the three administrations prior to March 4, 1933. We had to act—and quickly—we had to set up something that would actually hire people and feed people. We could not put in 6 months or 12 months considering fine technical constitutional questions—because the house was afire. We understood distinctly that we were making many of the measures temporary and emergency measures. If I then had my doubts as to the constitutionality of any one of them—looking back over it now—I do not feel I would have been justified, in the uncertainty, to vote against such when they were indispensably necessary to put out the fire that was burning down the house. Thus I do not regret a single one of those votes, and the country should not resent a single one of those laws. They at least saved the day. We did put back several million people to work. We did relieve hunger. We did bring cotton from 5 cents

to 13 cents per pound, wheat from 29 cents to $1.03 per bushel, and lifted up the price of labor—which meant purchasing power—which, in turn, meant starting prosperity and hope again.

(2) Now, after the country is again safe the selfish portion of wealth emanating from Wall Street domination rises up to pour out much propaganda against the new deal—and patriots fall for such propaganda in every community. Why, in the name of justice and common sense, they choose to forget that it was the new deal that saved the day, and to undertake now to abuse it after receiving its blessings, is more than I can understand. However, I am persuaded and have no doubt that the vast majority of the masses of the people entertain no such sentiments.

(3) I do not think those acts that you mention are indeed unconstitutional. But I must recognize that they have been so declared by the Supreme Court and govern myself accordingly while such decisions are allowed to stand.

Nowhere in the Constitution of the United States can you or I find one single word giving to the Supreme Court of the United States the power and authority and jurisdiction to declare an act of the people's Congress unconstitutional. The fact is that in the very convention that framed the Constitution, on four different occasions motions were made to embody in the Constitution such a power to be given to the Supreme Court—and four times it was rejected. The right the Supreme Court assumes to declare an act of the Congress unconstitutional is a usurpation, pure and simple—which, however, the country has acquiesced in for many years. As I remember it, it was 58 years after the Constitution was adopted before the Supreme Court assumed that power and authority and jurisdiction so to declare an act of the Congress unconstitutional. However, I am dictating in haste and from memory and may not be accurate as to the number of years stated.

However, since the N. R. A. decision in the Schechter case—in which the Court held that the Congress has no constitutional power to delegate legislative authority to a board or bureau even if such board or bureau be created by act of Congress—I feel that, under my oath of office, I must vote or not vote for a measure that even I favor, with that limitation in mind.

(4) As stated above, it is easy enough for you or me or any other person now to complain of certain acts as being unconstitutional, and to urge enactment of no more unconstitutional legislation, since the Court has made that decision, but at the time the laws were passed in 1933 there was no such Supreme Court interpretation of the limitations of the power of the Congress to legislate in emergency.

NEW TAX BILL

(5) I note your observations about the new proposed tax bill. The very moment I end this dictation I must go to the House, where this very day we go into consideration of a bill framed by the Ways and Means Committee of the House of Representatives to raise additional taxes.

To run the Government requires revenue, and that can only be raised by some form of taxation. I can assure you from long personal experience that each time any class are proposed to be taxed they assure the House and Senate that they cannot stand such taxation, that it is confiscatory, that it will ruin business, that their class are already overburdened while the other classes are not, and that such proposed taxation will result in their letting out men. Those are legitimate arguments and points and we analyze them and then make the best decision possible in view of our national conditions and necessities and in view of the fact that Congressmen coming here from every part of the country have each different views and interests and sentiments at home from the other Congressmen, so that all legislation is a matter of compromise, else it would be a stalemate.

I think the sound principle is this: Taxation should be levied on the basis (1) of ability to pay, and (2) of benefits received on account of government.

Applying those two simple fundamentals, my own conviction is that—granting money must be raised now by taxation—those who have vast or large or even considerable incomes net after all expenses and taxes and losses and depreciations can far better afford to pay than those who have not a dollar of fixed income. It is either to tax those who have the ability to pay or put a sales tax on the struggling, striving, disheartened masses on the necessities of life.

As between these two extremes, I am never going to favor a sales tax.

NEW-DEAL CRITICS

(6) You speak of "brain trusters" somewhere in your letter. Of course, that is a term of opprobrium placed upon everybody connected with the new deal by the old thieving, reactionary gang that had been in power through the Republican Party for the previous 12 years; but it was a good shibboleth, a good catchword—and it stuck. Of course, good men inherit community and national shibboleths unintentionally. Of course, also, if Roosevelt had put Wall Street men, representing Wall Street selfish financial interests, in all these departments, as his advisers, then that would have been all right with Wall Street and its kept press. But when he thought in terms of the general welfare and the common good and put in patriots in those capacities to help him who were not worshiping the golden calf, it became the unpardonable sin. I have never even met or come into contact with those the reactionary press has called "brain trusters." But I do think they have done a good job.

The fundamental philosophy underlying the new deal was and is to protect and foster all legitimate business, and also to prevent the selfish and corrupt portions of wealth from enslaving producers and labor and the general masses of the population. I will not recede one inch. I am proud of my earnest and uniform support of the new deal, and I predict that it will continue until special privilege ends and the general good is the rule of American life.

With best wishes, sincerely yours,

JOE H. EAGLE.

Mr. BACHARACH. Mr. Speaker, I am completely in accord with my Republican colleagues on the Ways and Means Committee in their opposition to this bill.

The President's tax measure of June 19 was undoubtedly a political gesture intended to gain support for the administration from those who have been clamoring for a redistribution of wealth. The pending measure has been prepared by the Democratic majority on the Ways and Means Committee in response to that message, and it has been properly branded as a "political" tax bill, rather than a bona fide effort to raise revenue for the support of the Government.

I am opposed to this bill not only because it is a partisan political bill but because I agree with my Republican colleagues that this administration has no right to increase the tax burden on either rich or poor until it has first adopted a sane spending program.

As was stated in the report of the Republican members of the Ways and Means Committee on this bill, to which I subscribed:

If this bill serves no other purpose, it will at least demonstrate to the country that the extravagant and wasteful expenditures of the Democratic administration cannot be met merely by soaking the rich. Although it imposes rates of taxation which border on the point of actual confiscation, its proponents estimate that it will produce only $270,000,000 of revenue. This amount would pay the running expenses of the Government for less than 2 weeks, and it falls $3,305,000,000 short of meeting the deficit for the last fiscal year. Even as a redistribution-of-wealth measure it would provide but $2.25 for each of our 120,000,000 people.

The bill makes it perfectly obvious to the great masses of our people that in the last analysis they, and not the rich, are going to be required to assume the greater portion of the cost of the administration's profligate expenditures. As they become painfully aware of the fact that a part of every dollar the administration spends is eventually going to be collected from them in burdensome and oppressive taxes, we believe they will insist with us that this orgy of expenditure be speedily terminated.

In opposing this bill, we are not taking a stand inconsistent with our previously expressed attitude in favor of a balanced Budget, which we still favor, but it should be balanced by reducing expenditures and not wholly by increasing taxes.

While the bill does little that is constructive, it does much that is destructive and may result in much incidental harm. Overlooking for the moment the partisan character of the bill, and judging it simply as a revenue measure, I still do not feel that it is entitled to my support, and in this view I am substantiated by the expressed opinions of at least three former Democratic Secretaries of the Treasury with respect to similar provisions of previous tax bills.

INCREASED SURTAXES

The bill increases the maximum surtax rates from 59 percent to 75 percent, which when combined with the 4-percent normal tax makes a total levy of 79 cents out of every dollar earned above the highest bracket. This is even more than the combined normal tax and surtax imposed by the War Revenue Act of 1918, under which the maximum combined rate was 77 percent.

Speaking of the adverse effect of the high surtaxes, Secretary of the Treasury CARTER GLASS—now Senator from Virginia—in his annual report for 1919, said:

The upmost brackets of the surtax have already passed the point of productivity, and the only consequence of any further increase would be to drive possessors of these great incomes more and more to place their wealth in the billions of dollars of wholly exempt securities heretofore issued and still being issued by States and municipalities, as well as those heretofore issued by the United States.

The following year another Democratic Secretary of the Treasury, Hon. David F. Houston, had this to say about excessive surtaxes:

It seems idle to speculate in the abstract as to whether or not a progressive income-tax schedule rising to rates in excess of 70 percent is justifiable. We are confronted with a condition, not a theory. The fact is that such rates cannot be successfully collected.

Thus, so far as the President's proposal to soak the rich is concerned, it may result in killing the goose that lays the golden eggs and necessitate additional burdens upon the less fortunate.

GRADUATED INCOME TAX ON CORPORATIONS

The graduated tax on corporations, which the President proposes as a substitute for the present flat rate of 13¾ percent, introduces a new principle of taxation which is not supported by any outstanding student of the subject. In a report made to the Ways and Means Committee in 1932 Mr. L. H. Parker, of the Joint Committee on Taxation, said that no satisfactory system of applying the graduated-rate principle to the net income of corporations has as yet been devised.

The Chief objection to such a tax was well stated by Hon. WILLIAM G. MCADOO, now a Senator from California, when he was Secretary of the Treasury under President Wilson. In connection with the tax revision of 1918, Secretary McAdoo said:

Any graduated tax upon corporations is indefensible in theory, for corporations are only aggregations of individuals, and by such a tax the numerous small stockholders of a great corporation may be taxed at a higher rate than the very wealthy stockholders of a relatively small corporation.

The unsoundness of the President's proposal was in effect admitted by the Democratic members of the committee when, although incorporating the principle of the graduated tax, they provided for a graduation of only 1 percent instead of 6 percent as he had suggested.

EXCESS-PROFITS TAX

The proposed readjustment of the excess-profits tax as contained in the bill was not originally recommended by the President, but was put forward by some Democratic members of the committee who had hoped that it might be adopted as a substitute for the graduated income tax on corporations. The President, however, refused to surrender on the graduated income tax, and was so pleased with the excess-profits tax that he insisted on both remaining in the bill.

The present excess-profits tax is 5 percent on profits in excess of 12½ percent of the declared value of the capital stock of corporations. Corporations are permitted to fix their own declared value, but on the value so fixed they must pay a capital-stock tax of $1 per $1,000. Thus, the Government collects this latter tax in any event, but if the valuation fixed is unreasonably low, the corporation runs the risk of paying a large excess-profits tax even though the rate of profit on its actual investment is small.

Under the pending bill the allowable return is reduced to 8 percent, and the rates of the excess-profits tax are increased by graduations up to 20 percent, but corporations are not permitted to revalue their stock with respect to this new schedule of rates. This is manifestly unfair, and will undoubtedly result in many inequities.

Even if a redeclaration of the capital stock of corporations were allowed, it would seem unwise to make such a drastic change in the excess-profits tax at this time, when business is struggling so hard to get on its feet. It must be kept in mind that the losses suffered in the depression years are not deductible in computing the income or excess-profits tax for current years, which is all the more reason for not imposing unreasonable tax burdens, at least until these losses have been recouped.

While business in general has been undergoing many difficulties in the last few years, certain types of business and industry are more or less of a risk, even in normal and prosperous times. A man may have an orchard, a poultry farm, a truck garden, a hotel, or what not, and he may lose money for several seasons before having one good season. There is not much incentive for him to risk his money in business if he must assume the whole risk and then, if he is ultimately successful, a large part of his gain is taken by the Government in the form of taxes.

In his annual report for 1919, Secretary of the Treasury GLASS said that an excess-profits tax puts a penalty on brains, energy, and enterprise, discourages new ventures, and confirms old ventures in their monopolies. Referring to the then existing excess-profits tax, he added:

In many instances it operates as a consumption tax, is added to the cost of production upon which profits are figured in determining prices, and has been, and will, so long as it is maintained upon the statute books, continue to be a material factor in the increased cost of living.

The following year Secretary Houston also criticized the excess-profits tax, stating that the reasons for its repeal should be convincing even to those who on grounds of theory or general political philosophy are in favor of a tax of this nature.

INHERITANCE AND GIFT TAXES

So far as inheritance and gift taxes are concerned, it just becomes a question of how far the Government is going to go in confiscating private property under the guise of taxation.

At the present time the Federal and State Governments take up to 60 percent of an estate before it is distributed to the beneficiaries, and it is now proposed to have the Federal Government take up to 75 percent of the amount distributed after this tax has been paid. Thus, the taxes alone, in the event this bill becomes a law, would reduce a $100,000,000 estate to approximately $10,000,000 if it all passed to one beneficiary. The only way a tax of such an amount could be paid is by the Government taking over the property or business.

Even in the case of estates of smaller size, the present taxes have proved most burdensome, and to add still more is likely to cause a renewed demand for the abolition of all Federal death levies.

While a Federal inheritance tax has heretofore been suggested as an alternative for the estate tax, it has never before been seriously suggested that such a tax be imposed in addition to the existing levies. If an inheritance tax is to be imposed taking up to three-quarters of an inheritance, it would seem that it should be in lieu of, and not in addition to, the present tax on estates before distribution.

In this connection, I wish to quote the following paragraph from the minority views on this bill:

Any tax which practically confiscates private capital is fundamentally wrong, unless we are to adopt the communistic system. It is private capital that makes up the national wealth. It is private capital that gives employment to labor. If this capital is to be consumed in paying the running expenses of the Government, then the pending tax measure becomes not a bill to redistribute wealth, but a bill to redistribute poverty.

CONCLUSION

Mr. Speaker, I am unable to find a single reason which would warrant my voting for this bill. It is partisan in origin, socialistic in purpose, unsound in principle, and detrimental in effect.

If I had no other reason for voting against the measure, I would feel constrained to do so upon the strength of the following statement of President Roosevelt, made in a speech at Pittsburgh on October 19, 1932, when he was a candidate for the Presidency:

Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and, hence, in hordes of the hungry tramping the streets and seeking jobs in vain.

Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment.

There is not an unemployed man—there is not a struggling farmer—whose interest in this subject is not direct and vital.

Mr. PALMISANO. Mr. Speaker, I am glad that H. R. 8974, entitled "A bill to provide revenue, equalize taxation, and for other purposes", has passed the House.

I attended a banquet at the Lord Baltimore Hotel on October 12, 1931, and I suggested at that time a tax similar

to the tax just passed. The Baltimore Sun, in its issue of October 13, 1931, quotes me as follows:

Christopher Columbus sailed from the Old World in 1492 to rid himself of the yoke of the moneyed pirates of Europe, but now the pirates have followed him in his wake to the New World and continue their oppression of the poor. For several centuries, Mr. PALMISANO continued, America provided a haven for the poor of Europe, but now those who sought freedom find themselves again under the yoke of the moneyed few. Identifying the pirates in the United States, Mr. PALMISANO said that they were the 500-odd persons whose combined wealth was greater than the remaining 122,000,000 persons.

I felt that a limit should be placed on incomes and in that way and that way alone would the workingman who earns the money for the rich man get a fair share of his profits. At the same time it will discourage the wealthy man from maneuvering to put his competitor out of business.

Under this bill, the Federal Government places a heavy income-tax on persons receiving more than $50,000 per year. It also provides a gift tax in order to prevent a man from disposing of his property to his relatives during his lifetime without paying a proper tax and an inheritance tax to those people who receive $50,000 or more from an estate. It is these provisions that will discourage the rich man who earns more than $200,000 a year from maneuvering against his small competitors because if he puts his competitors out of business the Government will not permit him to retain his profits unless he pays fair salaries to the workingman who makes it possible for him to earn the profit that he does. In that way the small-business man will be able to exist and the workingman will receive a fair share of the profits.

I believe that with the operation of the tax bill we have just passed together with a tax on labor-saving devices we will eliminate all future panics in this country. These two bills, to my mind, will, in effect, take the place of the antitrust law, which has been more or less obsolete.

The large corporations of the country controlled by a few rich men have been able to evade the antitrust law. Under H. R. 8974, should these corporations evade the antitrust law and earn large incomes, they will be compelled to pay individual income tax, and the law will also operate against them and prevent a concealment of their income by gifts and in the case of death the Government will be able to collect from the income-tax evaders the tax by the way of an inheritance tax.

EXTENSION OF REMARKS

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent that in the extension and revision of my remarks I may be permitted to insert a table on the question of graduated corporation taxes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. REECE, indefinitely, on account of illness in his family.

FALSE ALARMS AND THE NEW DEAL

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein an address by Dr. Draper.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by Dr. Elmer E. Graper, head of the Department of Political Science of the University of Pittsburgh, over radio stations WJAS, Pittsburgh, and WHJB, Greensburg, on July 14.

FALSE ALARMS AND THE NEW DEAL

Ladies and gentlemen, you who have listened from week to week to the reports of Congressman HENRY ELLENBOGEN, of Pittsburgh, Pa., on the activities of Congress have enjoyed a rare privilege. Not many Congressmen have shown such determination in carrying out one of the really important duties of a Representative, that of keeping his constituents informed not only about his own actions in Congress but also about the larger developments in government. Not only is Congressman ELLENBOGEN deserving of the thanks and continued support of the voters of the Thirty-third District of Pennsylvania, he deserves the commendation of all those who profit by his hard work and intelligent counsel.

Congressman ELLENBOGEN has asked me to speak to you this afternoon about the philosophy of the new deal and criticisms directed against it. I am glad to do so.

FUNDAMENTAL PRINCIPLES OF THE NEW DEAL

What are the ideas that lie at the foundation of the new deal?

The fundamental purpose, it seems to me, of all the legislation adopted since March 4, 1933, has been to insure, by active governmental intervention, that the people of the United States shall enjoy a greater measure of economic security than they were allowed to enjoy before. The older and outworn ideas that each person should look out for himself, that government should be only a policeman, and that "that government is best which governs least" have been at last abandoned.

They were ideas proper enough in an age of the frontier. But the frontier has long since vanished. We are now a highly industrialized country. That means that we are no longer independent of one another. Instead, we are all involved in a highly complicated industrial machine. The welfare of each one of us is closely bound up with welfare of all. When the farmer of Kansas receives little for his bushel of wheat, the working man in Pittsburgh and New York is thrown out of employment because the farmer cannot buy the products of the factory. When that happens the demand for the farmer's wheat decreases further, and thus the vicious circle continues. President Roosevelt's policies are designed to bring the practices of government into line with the facts of industry and commerce. This means that government is no longer a negative force only. It assumes a positive responsibility also. Under our democratic system it is the representative of all the people. Moreover, it is our only representative of all. It is highly creditable to President Roosevelt that he did not hesitate to assume this obvious responsibility of doing something positively and quickly to remedy an intolerable condition.

CRITICISMS OF NEW DEAL

So stunning was our economic collapse that during the first year of the Roosevelt administration but few voices were raised against its activities. But with slowly improving conditions, largely the result of the wise governmental policies, came criticisms, which during the last 6 or 8 months have risen to loud lamentations.

We are threatened, so we are told, with the loss of our liberty. We are being regimented by dangerous "brain trusters." The rights of the States are being taken away. The Constitution itself, it appears, is in danger. These and similar themes, with many variations, come to us daily in editorials, from the platform, and over the air. They are strong reminders of the fact that election time is rapidly approaching.

LIBERTY

Let us examine briefly these criticisms.

Liberty is an appealing word. It is a word that arouses our emotions. But we must remember that it has a different meaning for different people. There is scarcely any governmental regulation that does not restrict somebody's liberty. The late Mr. Justice Holmes once remarked that pretty much all law consists in forbidding men to do some things that they want to do. A zoning ordinance narrows the liberty of property owners over their own possessions. A traffic signal limits our liberty to drive as we please. A law establishing minimum standards of safety in factories is likewise a restriction on somebody's liberty. The codes established under N. I. R. A. restricted certain competitive practices. Regulations under the Agricultural Adjustment Act, the Securities Exchange Act, and many others, simply carry further the policies long accepted as necessary, such as those embodied in the Interstate Act, the Sherman Act, and the Federal Trade Commission Act. But no student of government can fail to see that such restrictions give as well as limit liberty.

The fact is, a limitation on my freedom may increase yours. Restricting the freedom of an individual property owner through a zoning ordinance gives liberty to his neighbors; it frees them from his improper use of his property. The pending holding-company bill is attacked as a dangerous invasion of the rights of security owners. In fact, it is designed to protect them as well as the public generally against corporation practices which have become notorious. In other words, liberty in general is more or less meaningless. When you hear somebody complaining that our liberty is being invaded by a governmental act, just ask yourselves whose liberty, or better still, just what particular liberty is being taken away, and from what particular persons. It will aid greatly in determining whether the policy in question is good or bad for you. Of course, to prevent the employment of children in factories takes away the liberty of employers to exploit them. Does it take away or give liberty to the people generally? To say that such action deprives us of liberty confuses rather than clarifies the issue. Under the standard on which is inscribed "Liberty must be retained", there may be found those whose real object is to pursue antisocial practices for private gain.

BUREAUCRACY

Closely related to the complaints against the restrictions on our so-called freedom are those that seek to conjure up visions of a dangerous bureaucracy. The word itself has an evil sound. Liberty

is a word that arouses favorable emotional responses. Bureaucracy, on the other hand, arouses emotions of the opposite character. The bureaucrat is hated because he is supposed to regiment us, to make us do what we do not want to do, or to prevent our doing what we want to do. He is, therefore, used as the symbol of all that is disagreeable. Now, a minute's thought ought to make clear that laws do not execute themselves. It takes persons to administer them. To claim to support laws designed to promote the general welfare and then to criticize the Government for employing the agents necessary to enforce them is not good sense.

Today the question is no longer, Shall we be regimented or subjected to various controls? It is rather, Who is to do the regimenting? Shall it be those who have the management of our industries and other economic institutions, or shall it be, at least to some extent, agents responsible to those whom we elect to public office? Over the latter the public, under a democratic franchise, has control. Over the former, economists tell us, we have none. Berle & Means inform us, in their authoritative volume entitled "The Modern Corporation and Private Property", that approximately 70 percent of all American industry has been concentrated into 600 corporations, controlled and managed by some 2,000 directors and managers.

Here is the real bureaucracy that restricts our economic liberty. Certainly, the Government should not be criticized if it seeks, through agents of its own, to place some limits on the control these giant enterprises exercise over the life of the American people. It is not a question of whether or not we shall be regimented. We have already been regimented. The question is rather whether those who have already regimented us shall be subjected to some restrictions to the end that the public welfare may not suffer.

STATE RIGHTS

From the beginning of our national history we have talked about State rights. Recently the question has again been pushed into the foreground. The cry that the States are being destroyed by the aggressions of the National Government resounds on every side. This issue of State rights has always been more or less a false one. It has to a considerable extent been used as a red herring throughout our history. Now, it is obvious that if we want the Government to do something we should be willing to let that government, National or State, which is able to do it, perform the task. To admit that a certain thing needs to be done and then to insist that the right to do it should belong to that government which cannot or will not do it, does not meet with the elementary requirements of consistency.

The fact is the ends we seek should be considered more important than the means we employ to obtain them. The discussion of State rights, on the other hand, concerns itself largely with the less important thing, the means, and is employed time and again to defeat the accomplishment of ends. Thus the New England States during the second war with England raised the issue of State rights because they wished to defeat the commercial policies of the National Government. During the slavery conflict the South advocated the doctrine of State rights in order to perpetuate the institution of slavery. Today we are told that the pending national child-labor amendment should be defeated because it invades the rights of the States. We use this argument to defeat the accomplishment of purposes we do not approve. "Preserve the rights of the States" is a better slogan than "Preserve child labor."

THE AIMS OF JEFFERSON AND HAMILTON

No criticism of the new deal is more frequently heard than that it violates the principles of Jefferson, the founder of the Democratic Party. Jefferson was an advocate of strong local government, and he once remarked that government is best which governs least. The fact is, Jefferson was the spokesman of the small farmers, the artisans, and working class. In his day these people were more influential in the State governments than they were in the National Government.

Moreover, Jefferson died more than 100 years ago. In his day industry and commerce were still largely local in character. Small-scale agriculture was then the chief characteristic of our economy. The means then adapted to the interest he represented were certainly different from those demanded in the twentieth century. The ends he had in mind are those which lie at the foundation of the new deal. Again I repeat, ends are more important than means. Let us recall that Hamilton, to whom the Republican Party traces its lineage, strongly interested in building up industry and commerce, and realizing that these ends could be attained more easily through a strong national government and restrictions on the States, advocated not State rights but a strong national government. He was disappointed because the Constitution had not given to the National Government powers which he deemed necessary for the ends he wished to attain, such as giving Congress authority to pass all laws whatsoever, vesting in the National Government power to select the Governors of the States, and giving life tenure to the President. With reference to one of the major plans upon which the Constitution was based, he said, "What is it but pork still with a little change of sauce?"

Both Jefferson and Hamilton were wise enough in their day to advocate those means which were fitted to the accomplishment of the ends they desired.

Let us in our day be equally acute. We no longer say, "these United States." We now say, "the United States." We are a nation. Our industry and commerce are national. What is done in California vitally affects us in Pittsburgh. We must necessarily place our reliance for the promotion of the national welfare ever more extensively on the National Government.

NEW DEALERS ARE THE TRUE DEFENDERS OF A LIVING CONSTITUTION

There is finally the complaint that the Constitution is in danger. This alarm has likewise resounded throughout our history. A famous New York judge some time ago is reported to have remarked that he had heard the death knell of the Constitution many times, but had noticed that the Constitution always survived and that he had given up being frightened by the tolling of the bells. No governmental system can survive if it is perfectly rigid. The tree that does not bend in the face of the storm is broken or uprooted. The Constitution is not a strait-jacket. Let us recall the expressive words of Woodrow Wilson, "The Constitution cannot be regarded as a mere legal document, to be read as a will or a contract would be. It must, of the necessity of the case, be a vehicle of life. As the life of the Nation changes, so must the interpretation of the document which contains it change, by a nice adjustment, determined not by the original intention of those who drew the paper, but by the exigencies and the new aspects of life itself.

"Changes of fact and alterations of opinion bring in their train actual extensions of community of interest, actual additions to the catalog of things which must be included under the general terms of the law. The commerce of great systems of railways is, of course, not the commerce of wagon roads. * * * The common interests of a nation bound together in thought and interest and action by the telegraph and the telephone, as well as by the rushing mails which every express train carries, have a scope and variety, an infinite multiplication and intricate interlacing of which a simpler day can have had no conception. Every general term of the Constitution has come to have a meaning as varied as the actual variety of the things which the country now shares in common." He also pointed out that governments are living things, not machines, that they are accountable, not to the laws of Newton but to those of Darwin. The Constitution provides a method for its formal amendment. The courts necessarily interpret it differently in successive generations. Custom and political practice likewise profoundly alter its character. One of its most striking merits lies in its adaptability to changing conditions. New dealers are its true defenders.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 3 minutes p. m.) the House adjourned until Monday, August 5, 1935, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Monday, Aug. 5, 10:30 a. m.)

Committee will hold hearings for the consideration of the oil and gas leasing bill.

EXECUTIVE COMMUNICATIONS, ETC.

440. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a memorial of the Philadelphia Board of Trade, referring to H. R. 5845, was taken from the Speaker's table and referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DOUGHTON: Committee on Ways and Means. House Joint Resolution 356. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Pan American Exposition to be held in Tampa, Fla., to be admitted without payment of tariff, and for other purposes; without amendment (Rept. No. 1709). Referred to the Committee of the Whole House on the state of the Union.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. S. 1788. An act authorizing the State of Michigan to construct, maintain, and operate a toll bridge across the St. Clair River at or near Port Huron, Mich., and to acquire other transportation facilities between said State and Canada; with amendment (Rept. No. 1710). Referred to the House Calendar.

Mr. CROSSER of Ohio: Committee on Interstate and Foreign Commerce. H. R. 8651. A bill to establish a retirement system for employees of carriers subject to the Interstate Commerce Act; with amendment (Rept. No. 1711). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Georgia: A bill (H. R. 9038) to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Lincolnton, Ga.; to the Committee on Interstate and Foreign Commerce.

By Mr. BRUNNER: A bill (H. R. 9039) providing retirement for persons who hold licenses as navigators or engineers who have reached the age of 64 years and who have served 25 years or more in the Army Transport Service; to the Committee on Military Affairs.

By Mr. FENERTY: A bill (H. R. 9040) to provide for the erection of a memorial in the National Cemetery of Philadelphia, Pa., in honor of 40 unknown soldiers of America's wars who lie buried there; to the Committee on the Library.

By Mr. MAVERICK: A bill (H. R. 9041) to provide for the payment to the American War Mothers of interest on the fund known as the "Recreation fund, Army"; to the Committee on Military Affairs.

By Mr. HARTLEY: A bill (H. R. 9042) to provide for the sale of the Port Newark Army supply base to the city of Newark, N. J.; to the Committee on Military Affairs.

By Mr. ELLENBOGEN: A bill (H. R. 9043) to promote industrial recovery, to encourage fair competition, to amend the Federal Trade Commission Act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILL

Under clause 1 of rule XXII,

Mr. FENERTY introduced a bill (H. R. 9044) granting a pension to Nellie Dorschlag, which was referred to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9264. By Mr. FENERTY: Resolution of Purity Temple, No. 7, Order of United Americans, of Philadelphia, Pa., urging passage of the so-called "Dies bill" (H. R. 5921); to the Committee on Immigration and Naturalization.

9265. Also, petition from sundry citizens of Philadelphia, Pa., urging enactment of House Joint Resolution 346, directing the President to proclaim September 13, 1935, Commodore John Barry Memorial Day; to the Committee on the Judiciary.

9266. Also, petition from sundry citizens of Philadelphia, Pa., urging enactment of House Joint Resolution 346, directing the President to proclaim September 13, 1935, Commodore John Barry Memorial Day; to the Committee on the Judiciary.

9267. Also, petition from sundry citizens of Philadelphia, Pa., praying for enactment of House Joint Resolution 346, directing the President to proclaim September 13, 1935, Commodore John Barry Memorial Day; to the Committee on the Judiciary.

SENATE

MONDAY, AUGUST 5, 1935

(Legislative day of Monday, July 29, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, August 1, 1935, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Lewis	Reynolds
Ashurst	Dickinson	Logan	Robinson
Austin	Dieterich	Lonergan	Russell
Bachman	Donahey	Long	Schall
Bankhead	Duffy	McAdoo	Schwellenbach
Barbour	Fletcher	McCarran	Sheppard
Barkley	Frazier	McGill	Shipstead
Black	George	McKellar	Smith
Borah	Gerry	McNary	Steiwer
Bulkley	Gibson	Minton	Thomas, Okla.
Bulow	Glass	Moore	Townsend
Burke	Gore	Murphy	Trammell
Byrd	Guffey	Murray	Tydings
Byrnes	Hale	Neely	Vandenberg
Capper	Hastings	Norbeck	Van Nuys
Caraway	Hatch	O'Mahoney	Wagner
Chavez	Hayden	Overton	Walsh
Clark	Johnson	Pittman	Wheeler
Connally	King	Pope	White
Copeland	La Follette	Radcliffe	

Mr. LEWIS. I announce that the junior Senator from West Virginia [Mr. HOLT] is absent from the Senate because of illness, and that the Senator from North Carolina [Mr. BAILEY], the junior Senator from Mississippi [Mr. BILBO], the Senator from New Hampshire [Mr. BROWN], the Senator from Missouri [Mr. CLARK], the Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from Mississippi [Mr. HARRISON], the Senator from Utah [Mr. THOMAS], the Senator from Connecticut [Mr. MALONEY], and the Senator from Missouri [Mr. TRUMAN] are necessarily detained from the Senate.

Mr. SCHWELLENBACH. I announce that my colleague the senior Senator from Washington [Mr. BONE] is absent because of illness.

Mr. VANDENBERG. I announce that my colleague the Senator from Michigan [Mr. COUZENS] is absent because of illness.

Mr. AUSTIN. I announce that the Senator from Wyoming [Mr. CAREY], the Senator from New Hampshire [Mr. KEYES], and the Senator from Rhode Island [Mr. METCALF] are necessarily detained from the Senate.

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Marie Pulpit, of New York City, N. Y., praying for the reduction of taxation and governmental expenditures, which was referred to the Committee on Finance.

He also laid before the Senate a letter from Mrs. Anna Walsh, of Schenectady, N. Y., relative to the failure of the Portland Gas & Coke Co., of Portland, Oreg., to pay dividends on its preferred stock, which, with the accompanying paper, was ordered to lie on the table.

Mr. TYDINGS presented a memorial of sundry citizens of Baltimore, Md., remonstrating against alleged atrocities perpetrated upon and persecution of the Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of Hagerstown, Md., praying for the prompt revision of the neutrality laws, which were referred to the Committee on Foreign Relations.

Mr. CAPPER presented a petition of sundry citizens of West Mineral, Kans., praying for the enactment of the bill (S. 3150) to levy an excise tax upon carriers and an income tax upon their employees, and for other purposes, which was referred to the Committee on Finance.

He also presented petitions of sundry citizens of Penalosa and Preston, both in the State of Kansas, praying for the enactment of legislation establishing a retirement system for railroad employees, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by officers and members of Hoisington Lodge, No. 564, Brotherhood of Railroad Trainmen, of Hoisington, Kans., favoring the enactment of legislation establishing a retirement system for railroad employees, which was referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 7199) to provide for the donation of certain Army equipment to posts of the Veterans of Foreign Wars, reported it with an amendment and submitted a report (No. 1194) thereon.

He also, from the same committee, to which was referred the bill (S. 3176) to authorize the Secretary of War to lend to the Reunion Committee of the United Confederate Veterans, to be delivered to a United States property and disbursing officer, 3,000 blankets, olive drab, no. 4, and 3,000 canvas cots, to be used at their annual encampment to be held at Amarillo, Tex., in September 1935, reported it with amendments and submitted a report (No. 1195) thereon.

He also, from the same committee, to which was referred the bill (S. 3057) for the relief of John B. Jones, reported it without amendment and submitted a report (No. 1198) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (S. 2962) to correct the military record of John Pate, reported it with amendments and submitted a report (No. 1196) thereon.

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which was referred the bill (S. 3345) to authorize the Administrator of Veterans' Affairs to exchange certain property rights now vested in the United States at Veterans' Administration facility, Perry Point, Md., for certain property and rights of the Pennsylvania Railroad Co. in that vicinity, reported it without amendment and submitted a report (No. 1197) thereon.

Mr. BURKE, from the Committee on the Judiciary, to which was referred the bill (S. 2791) to amend the Longshoremen's and Harbor Workers' Compensation Act, reported it with amendments and submitted a report (No. 1199) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the bill (S. 3280) for the relief of Doris Allen, reported it with an amendment and submitted a report (No. 1200) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON (for Mr. HARRISON):

A bill (S. 3356) for the relief of Alney E. Robinson; to the Committee on Claims.

A bill (S. 3357) for the relief of Henry Thornton Meriwether; to the Committee on Finance.

By Mr. MINTON:

A bill (S. 3358) granting a pension to James S. Morgan (with accompanying papers); to the Committee on Pensions.

A bill (S. 3359) to authorize the presentation of Distinguished Service Crosses to Pleas E. Greenlee and George L. Robins (with accompanying papers); to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 3360) for the relief of Alice Markham Kavanaugh; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 3361) for the relief of Margaret C. (Lacks) King; to the Committee on Claims.

A bill (S. 3362) for the relief of Mahlon G. Frost; to the Committee on Military Affairs.

(Mr. O'MAHONEY introduced Senate bill 3363, which was referred to the Committee on Interstate Commerce and appears under a separate heading.)

By Mr. TYDINGS:

A bill (S. 3364) granting 6 months' pay to Beatrice Gildart; to the Committee on Military Affairs.

By Mr. MOORE:

A bill (S. 3365) to permit children to wade or play in public fountains in the District of Columbia; to the Committee on the District of Columbia.

By Mr. STEIWER:

A bill (S. 3366) authorizing the Secretary of War to lend certain Army equipment to Klamath Post, No. 8, American Legion, Klamath Falls, Oreg., for use on camping trips for boys; to the Committee on Military Affairs.

By Mr. BULOW:

A bill (S. 3367) for the relief of James Gaynor; to the Committee on Claims.

By Mr. BURKE:

A bill (S. 3368) authorizing the Village Board of the village of Niobrara, county of Knox, State of Nebraska, to construct, maintain, and operate a toll bridge across the Missouri River at or near Niobrara, Nebr.; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 3369) providing for the posthumous appointment of Ernest E. Dailey as a warrant radio electrician, United States Navy; to the Committee on Naval Affairs.

A bill (S. 3370) to amend the act entitled "An act to provide for the construction of certain public buildings, and for other purposes", approved May 25, 1926; to the Committee on Public Buildings and Grounds.

By Mr. WHEELER:

A bill (S. 3371) for the relief of John Walker;

A bill (S. 3372) to provide funds for cooperation with the public-school district at Hays, Mont., for construction and improvement of public-school buildings to be available for Indian children; and

A bill (S. 3373) to credit the tribal funds of the Indians of the Fort Belknap Indian Reservation in Montana with certain sums expended therefrom for the purchase and maintenance of tribal herd, and for the purchase of horses destroyed during a dourine epidemic; to the Committee on Indian Affairs.

REGULATION OF COMMERCE

Mr. O'MAHONEY. Mr. President, I ask consent to introduce a bill to regulate commerce among the States, and I give notice that at the earliest opportunity tomorrow I shall undertake to discuss the question.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

The bill (S. 3363) to insure domestic tranquility and to promote the general welfare by regulating and promoting commerce with foreign nations and among the States in commodities and industrial articles, to regulate the flow of such commerce, to prescribe the conditions under which corporations may engage in such commerce, to provide for the formation of corporations to engage in such commerce, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

AMENDMENTS TO TAX BILL

Mr. GORE and Mr. STEIWER each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

NATIONAL PROGRAM OF FOREST-LAND MANAGEMENT—AMENDMENT

Mr. McKELLAR. I have heretofore entered a motion to reconsider the vote on the passage of the bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes. In the event the motion to reconsider shall be agreed to, I will propose an amendment to the bill which I now ask may be printed, printed in the RECORD, and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows: On page 4, line 6, to strike out subsection (b), including lines 6 to 15, inclusive, and insert the following:

In order to insure a stable and efficient organization for the development and administration of the lands acquired under this act, the State shall, after the passage of this act, provide for the employment of a State forester who shall be a trained forester of recognized standing.

PRODUCTION COSTS OF WOOLEN KNIT GLOVES AND MITTENS

Mr. COPELAND submitted the following resolution (S. Res. 178), which was referred to the Committee on Finance:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the Tariff Act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Knit gloves and mittens made wholly or in chief value of wool, dutiable under paragraph 1114 (b) of such act.

ADDITIONAL TAXATION—STATEMENT BY SENATOR BARBOUR

Mr. WHITE. Mr. President, I ask unanimous consent to have extended in the RECORD a statement on the pending tax bill made by the Senator from New Jersey [Mr. BARBOUR], which appeared in the Newark Sunday Call of Sunday, August 4.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the Newark (N. J.) Sunday Call of Aug. 4, 1935]

BARBOUR FLAYS TAX BILL, CALLS IT VOTE SEEKER—JERSEY SENATOR DECLARES ADMINISTRATION PLAN RETARDS RECOVERY

WASHINGTON, August 3.—"Votes and votes alone are the objective of this half-baked measure, not jobs," United States Senator W. WARREN BARBOUR (Republican, New Jersey), says in a statement issued today with regard to the tax bill now before Congress.

He declares the bill goes counter to all the sound principles of taxation and will retard recovery by crippling business initiative. The New Jersey Senator adds:

"Any national policy which threatens to curb the creation of wealth, which operates as a curb upon private initiative, is contrary to all sound economics, and is a threat both to living standards and to employment. Taxation is a scientific problem to be approached with caution, so that in any tax system as a whole the principle of ability to pay is soundly established. Taxation is not arbitrary, unnecessary hardships are avoided, and the wells of income from which taxes must come are not dried up.

"Never in the history of this country has a more flagrant proposal to violate all these tenets and to misuse the taxing power come from a high official of the Government than the recent taxation message of the President of the United States, deliberately thrown into the tail end of a congressional session when it could not have due consideration. This, coupled with the President's demand that Congress 'rubber-stamp' the proposal without giving it intensive study, is a challenge to every Member of Congress, regardless of party affiliation, to reject such high-handed procedure.

ASSAILS "EXTRAVAGANCE"

"It is inescapable that higher taxes will be necessary to meet the billion-dollar deficits piled up by the profligacy of this administration. We, our children, and our children's children will find incomes sapped to pay off this huge indebtedness. The present administration plays the tunes and hopes to collect the votes, but the taxpayer must dance for years to come.

"Taxation has but one function. It is to raise revenue for the legitimate operating expenses of Government. The Constitution so provides, and the Supreme Court in the past has rejected the theory that the taxing power may be used to effectuate devious policies.

"Yet no member of this administration has dared to challenge the repeated statement made by eminent newspaper writers that this is not a bill to raise revenue, but is designed solely as a political gesture. To the contrary, it is brazenly admitted that this is not a Budget-balancing measure, that it has no relation to making income meet outgo, but is intended to accomplish some weird social objective.

"There is but one issue and one objective before this country today. We must seek recovery, which means reemployment, above all else. We must gratify the eternal craving of every American for a job in private employment, and any policy which does not aim directly at this objective is obnoxious to me at this time. Any policy which threatens to create new obstacles to recovery and to delay reemployment is doubly ill-advised.

BARBOUR'S SUGGESTION

"If this Government will cooperate and use its every effort to stimulate recovery of business, then most of the problems with which this Congress is asked to concern itself would vanish into thin air. But this tax bill does not in any way contemplate reemployment. If anything, it will act as a further drag upon those industries which must be depended upon to reemploy the idle millions. It does not even approach a balancing of the Federal Budget, which, in the final analysis, can come only through a curtailment of governmental spending.

"It ignores the fact that if we concentrate upon recovery and upon stimulating private business, the present tax rates would yield revenue estimated at more than four and one-half billion dollars. It ignores the fact that the present tax rates are already producing larger revenues than the Government received in any year from 1923 to 1928.

"It ignores the fact that these revenues were nearly 80 percent larger this year than in 1932, and that they have produced $3.70 this year for every $2.10 they produced in 1932. And it ignores the principle of taxation expressed by Woodrow Wilson in 1919, when he said:

"'There is a point at which in peace times high rates of income and profits taxes discourage energy, remove the incentive to new enterprise, encourage extravagant expenditures, and produce industrial stagnation, with consequent unemployment and other attendant evils.'

"What this bill actually attempts is to climb upon that hard-ridden steed 'Share-the-Wealth' and ride him away while the demagogues who have pressed him so sorely in the past are looking in the other direction. Particularly, it aims its punitive features at corporations which have grown large.

"These corporations and those who profit greatly from them should and must carry their just burden of the Nation's tax load. But in trying to reach this source of revenue we must avoid the pitfalls so obvious in this bill of penalizing the millions of small shareholders whose income is derived from the profits of these corporations, and the other millions of employees whose living might be endangered.

"In this country there are more than 10,000,000 stockholders in corporations. Many of them have no other source of revenue. Many of these investments represent the thrifty savings of a lifetime, and mostly they are in large corporations. In 103 industrial companies alone there are nearly 4,000,000 shareholders.

"There is but one sound program for the Government to follow if we are not to further obstruct recovery and are to preserve the credit of the Nation. This bill to feed $250,000,000 into the pot of billion-dollar expenditures is placing the cart before the horse. The bill should be laid away until the next session of Congress, when the Budget for the following fiscal year will be presented. Then, in the light of carefully appropriated Federal moneys, we can determine how much revenue will be needed to operate."

SOCIALISTIC TRENDS OF GOVERNMENT—ADDRESS BY SENATOR METCALF

Mr. HALE. Mr. President, on July 28 the senior Senator from Rhode Island [Mr. METCALF] delivered an address over the radio, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Those persons who have dared warn the country that the national administration is leading our Government into socialism or communism have been branded as Tories and as backward citizens. The "brain trusters" declare that their program is not socialistic or communistic. It is time for us to get to the truth of the matter.

Dr. Rexford Tugwell, now Under Secretary of Agriculture, briefly defines socialism as involving the public ownership of the means of production and the control of economic activity by society. He declares that communism differs from socialism in that the latter requires a dictator who represents the wage earners of the country. Probably the best measure by which to determine if this Government is becoming socialistic or communistic is to study the facts. I shall attempt to briefly analyze the accomplishments of the new deal as they are related to the platform of the Socialist Party adopted in 1932 and the manner in which it is threatening our traditional Government by overwhelming taxation.

The platform of the Socialist Party urged a Federal appropriation of $5,000,000,000 for relief and $5,000,000,000 for public works.

The new deal answered this by providing $4,250,000,000 in the Emergency Relief Act of 1933, and the N. R. A. Act of 1934. Only this year the President was given an additional check for $4,800,000,000, which completes the promises of the Socialist Party in that regard. The Democrats, in 1932, had no such clause in their platform. This money was largely raised through an increase in the public debt, all of which must be repaid from taxes.

Labor legislation approved by the Socialist Party included a 6-hour day and a 5-day week, a system of free public employment agencies, a compulsory system of unemployment insurance, old-age pensions, health and maternity insurance, improved systems of workmen's compensation, and the abolition of child labor. These seven points of the platform of the Socialist Party have been largely carried out by this administration. None of these things were advocated in the form accomplished by the Democratic Party. Legislation passed by the Congress to accomplish these purposes will tax every worker and every industry in the United States in order to accumulate in the Treasury a huge fund for future use.

It will place new taxes on business at a time when business is already overburdened with taxes. By the economic-security legislation we have imposed a load which is far greater than industry and labor ought to be asked to bear in these crucial days. It has been estimated that the full effect of the social security bill will be an eventual burden of 17 percent of the total national pay roll. Can the workers of tomorrow stand that?

One of the outstanding points of the Socialist Party's platform was the public ownership and control of natural resources and public utilities dealing with light, power, and transportation. The Socialist Party believes these industries should be owned and managed by the Government. The reforestation program of this administration, the attempt to control petroleum, the creation of the socialistic Tennessee Valley Authority, and the acquisition of marginal lands have been a direct answer to this clause in the Socialist platform. I doubt if a Socialist Party President could have more nearly accomplished in this short time the promises of his political followers.

Hundreds of millions of dollars are being squandered to carry out this part of the new deal. The Tennessee Valley Authority has been cited by Norman Thomas as an example of pure socialism and it must necessarily be financed for generations from money paid in the form of taxes by our citizens.

Insofar as banking is concerned, the Socialist platform provided for a socialization of our credit and currency system and the establishment of a unified banking system. This administration has made much headway toward carrying out this pledge. The Eccles' banking bill, passed by the House of Representatives, would have accomplished this purpose in a very large degree. The Secretary of the Treasury, while testifying before the Banking and Currency Committee of the House, definitely stated that he was highly in favor of government ownership of stock in the Federal Reserve banks. Thanks to the fine statesmanship of Senator CARTER GLASS, this effort failed to win the approval of the United States Senate, and the theory of individual responsibility for our banking system has in some degree been retained. The Democratic candidate in 1932 promised a sound currency, to be maintained at all hazards.

Almost immediately the support was taken from our currency and it is now at the mercy of our Washington "brain trusters." So much for these promises of the Socialist Party.

On the subject of taxation the Socialist platform had two things to say. I will read them: "First, steeply increased inheritance taxes and income taxes on the higher incomes and estates of both corporations and individuals; second, a constitutional amendment authorizing the taxation of all Government securities." To carry out the first of these pledges of the Socialist Party the administration is now attempting to push through Congress one of the most radical tax bills that has ever been introduced. It does not seek to tax in order to obtain revenue for the Government, but in order to destroy capital and break down the responsibility of large corporations continuing as such. In his platform of 1932 the Democratic candidate promised a balanced Budget and a fair and equitable system of taxation. In practice this administration has done exactly the opposite by fulfilling the promises of the Socialist platform and abandoning the promises upon which the people elected their candidate.

The proposal of the administration was that large corporations should be taxed heavily on their income and small corporations should pay a smaller percentage of taxes. The heavy taxes on large organizations were to be assessed regardless of the actual percentage of earned profit. In other words, corporations are to be penalized and taxed simply because they are large. Likewise, almost completely confiscatory taxes are to be placed on large inheritances. In this regard the administration has carried out almost to a letter the pledges made by the Socialist candidate in 1932 and completely ignored those of the Democratic platform.

To analyze the new-deal program for the rehabilitation of agriculture is a task which would require much time. In short, the Socialist Party promised a reduction of tax burdens for the farmer, increased Federal and State subsidies to road building in rural communities, the creation of a Federal marketing agency for the purchase and marketing of agricultural products, the acquisition by cooperatives of the agencies for marketing farm products, long-term credit to farmers at low interest, social insurance, and the creation of bureaus to discover the best use for farming land.

Anyone who is slightly familiar with our present agricultural program will know that this administration not only has lived up to the promises of the Socialists and gone them one better, but has at the same moment broken the solemn promise of the Democratic Party 3 years ago. Nearly a billion dollars in processing taxes has been collected and the money spent to plow under crops and for other agricultural benefits. All of us want the farmer to prosper, but I doubt if there are any thinking farmers in this country who want to give up their form of government and have their agricultural pursuits controlled by a Washington dictatorship. These taxes have proved an overwhelming burden, particularly to the cotton mills of the Nation. Thousands of textile workers have been thrown out of employment and our foreign market for cotton is rapidly being lost to other countries. The price of the necessities of life is being artificially increased by these taxes. High prices will inevitably reduce the consumption of industrial and agricultural products and increase unemployment in this country.

The Socialist platform provided the abolition of the power of the Supreme Court to pass upon the constitutionality of congressional acts and repeal of the eighteenth amendment. Some of these points have already been proposed. The "brain trust" has on numerous occasions urged that the Supreme Court be prohibited from passing upon the constitutionality of congressional acts. Bills are now pending in Congress which would have exactly this effect. No such mention was made by the Presidential candidate of the Democratic Party in 1932. Once again we find the new deal ignoring the promises of 1932 and adopting many of the pledges of the Socialist Party. In this part of the two platforms there is one agreement, and that is on the repeal of the eighteenth amendment.

The Socialist Party promised Federal legislation to guarantee freedom of speech and assembly. We have always had freedom of speech until this administration attempted to curb it through punitive measures and criticism of those who dared to speak out against it.

The Socialist Party promised to protect aliens from deportation because of political, social, or economic beliefs, and a modification of our immigration laws. Every one of these points is certainly being carried out to the letter by the Secretary of Labor as a part of the new-deal program.

The Socialist Party promised the enforcement of constitutional guaranties for the Negro and the passage of drastic antilynching laws. The legislation to bring this about was bitterly fought in the Senate by members of the administration's own party, and finally was shelved.

The final section of the Socialist platform is that which deals with international relations. It is a section which is very largely in conformance with the views of our Washington "brain trusters." The Socialists promised the recognition of Soviet Russia and the encouragement of trade and industrial relations with that country. That has not only been brought about, but the new deal has gone so far as to ignore $700,000,000 in Russian debts and at the same time extend Federal concessions to the Soviet Union.

The remaining points in the foreign-relations section of the Socialist platform are yet to be accomplished by the new deal, but they certainly incorporate the philosophy which is expressed every day by the advisors to the administration.

So far as I have been able to learn, practically every clause in the platform of the Socialist Party has been carried out in some degree by this administration. That same administration had promised a sound currency and yet started inflation; promised a fact-finding tariff commission free from executive interference and inaugurated trade agreements with foreign countries without giving American industries an opportunity for adequate consultation. The Democratic Party promised a balanced Budget and economy in government and substituted for that promise the unbalanced Budget and extravagance threatened in the Socialist platform. While the Socialist platform is being largely accomplished, only a few minor promises of the Democratic platform are being carried into effect. Who won the election? The Socialists? Most certainly their pledges and their principles are ruling in Washington. The Democrats? There is hardly anything left of the old-time philosophy of the Democratic Party and only a few shreds here and there of the platform upon which they elected their candidate may be found in the National Capital.

The Communists? Surely the constant cry for "Power! Power! Power!" is a cry which can lead only to the dictatorship which separates socialism from communism. What are we getting into? What is happening to us, that as American citizens we can stand idly by and see our Government taken from us by a small group of academic radicals?

I am unable to define pure socialism, but if the platform of the Socialist Party in 1932 is any gage, I should like to ask my audience: Is there any doubt in your mind but that the administration is socialistic in its very nature? There is no instance in political history where a country has successfully undertaken a socialistic government. The only modern example is Soviet Russia. Surely that has not been successful. There is no liberty in Russia and the American people will not use that as a model for our own governing system. This administration is demanding radical legislation from Congress and using this legislation to impose such heavy taxes on the people that our Government, however strong it has been in the past, must naturally waiver under the terrific load. If we can put a stop to this trend toward socialism we might expect a return in confidence, and only then will we be on the way to a permanent prosperity.

GOV. GEN. FRANK MURPHY, OF THE PHILIPPINES

Mr. LA FOLLETTE. Mr. President, I have here several resolutions adopted, respectively, by the Philippine Legislature, the cabinet of the Philippine Islands, and the Philippine Department of the American Legion, and also an editorial from the Philippines Herald pertaining to the services of the Honorable Frank Murphy as Governor General of the Philippine Islands. I ask unanimous consent that they may be inserted in the RECORD.

There being no objection, the resolutions and article were ordered to be printed in the RECORD, as follows:

JOINT RESOLUTION APPROVED UNANIMOUSLY BY THE PHILIPPINE SENATE AND HOUSE OF REPRESENTATIVES JULY 3, 1935

Be it resolved by the house of representatives (the Philippine Senate concurring), To express, as it is hereby expressed, the gratification of the Philippine Legislature upon the nomination by the President of the United States of His Excellency Frank Murphy, Governor General of the Philippine Islands, as High Commissioner of the United States to the Commonwealth of the Philippines; to express to the Honorable Frank Murphy the warm congratulations of the Philippine Legislature upon his nomination for that high post which has come to him as a fitting recognition of his able, high-minded, and statesmanlike discharge of the duties of the office of the Governor General of the Philippine Islands during the past 2 years, and because he possesses in equal measure the confidence and faith of the American Government and of the Filipino people, for whom he has shown deep and abiding interest and friendship; and with the hope that the nomination of the Honorable Frank Murphy be confirmed by the Senate of the United States; to voice the best wishes of the Filipino people and that in his new capacity he will continue to render constructive and fruitful service to both the United States and the Philippines and promote ever-growing cordial relations between the peoples of the two countries.

RESOLUTION CONGRATULATING HIS EXCELLENCY, THE GOVERNOR GENERAL, FOR HIS APPOINTMENT AS FIRST HIGH COMMISSIONER OF THE UNITED STATES IN THE PHILIPPINES

Whereas His Excellency, Governor General Frank Murphy has been nominated by President Franklin Delano Roosevelt as the first High Commissioner of the United States for the Philippines, and said nomination has just been unanimously confirmed by the Senate of the United States;

Whereas no happier selection could have been made by the President in view of Governor Murphy's brilliant record in the Philippines, in that he has endeared himself to Filipinos, Americans, and foreigners alike by his devotion to duty, his high ideals, his clean manhood, his sense of absolute justice, his solicitousness for the welfare of the masses, his adherence to a sound policy of economy and a balanced budget, his successful work in the United States in laying the foundation for the approval of the Constitution of the Commonwealth of the Philippines, as well as the basis for mutually beneficial economic relations between the United States and the Philippine Islands; and above all, his sympathetic understanding of the needs, ideals, and longings of the Filipino people; and

Whereas his appointment is an added assurance of sympathetic consideration of the problems that will confront the Filipino nation during the transition period, preparatory to its independent status: Now, therefore, be it

Resolved by the members of the cabinet, To congratulate, as they do hereby congratulate, His Excellency, the Governor General for his well-deserved appointment and to wish him at the same time complete success in his new commitment.

Approved at the special session of the cabinet, July 3, 1935.

(Sgd.) J. RALSTON HAYDEN,
Vice Governor.
(Sgd.) TEOFILO SISON,
Secretary of the Interior.
(Sgd.) JOSE YULO,
Secretary of Justice.
(Sgd.) RAMON TORRES,
Secretary of Labor.
(Sgd.) ELPIDIO QUIRINO,
Secretary of Finance.
(Sgd.) ANTONIO DE LAS ALAS,
Secretary of Public Works and Communications.
(Sgd.) EULOGIO RODRIGUES,
Secretary of Agriculture and Commerce.

A RESOLUTION PASSED BY THE PHILIPPINE DEPARTMENT OF THE AMERICAN LEGION IN CONVENTION ASSEMBLED JULY 4, 1935

Whereas the Honorable Frank Murphy, a member of the American Legion, has for 2 years served as Governor General of the Philippine Islands with a sole regard for the honor and welfare of the United States and the Philippines; and

Whereas in his administration of the government he has manifested the highest characteristics of American statesmanship, and in his relations with the people of the Philippines has won the admiration and respect of every element in the national community: Therefore be it

Resolved, That the Philippine Department of the American Legion in convention assembled expresses its appreciation of the service that Comrade Frank Murphy has rendered as Governor General of the Philippine Islands, and its gratification that he has been appointed by the President of the United States to be the first High Commissioner in the Philippine Islands; and be it further

Resolved, That copies of this resolution be sent to the President of the United States, His Excellency Governor General Murphy, and to the national convention of the American Legion.

[From the Philippines Herald, July 4, 1935]

OUR LEADER'S TRIBUTE

It is but fitting and proper that on the eve of the celebration of the glorious Fourth, the leader of the Filipino people, the president of the Philippine Senate, Manuel L. Quezon, on the floor of the senate, should pay a tribute to Governor General Frank Murphy, first American High Commissioner in the Philippine Islands.

In the person of Frank Murphy is epitomized America's work in the Philippines. He represents the highest type of American manhood and he embodies in his personality the true spirit of sound Americanism.

To quote President Quezon "* * * we know that none of his predecessors can excel him in his sympathetic understanding of our problems, in his devotion to his duties, in his love of justice, in his courage to fight the wrong man. No American has landed on these shores, whether in the Government service or out of it, who has a more sincere affection for the Filipino people, a better appreciation of their virtues, more faith in their ability, and a greater interest in their welfare, than Frank Murphy."

It is difficult to improve on that tribute paid Governor Murphy by the acknowledged leader of the Filipino people. One can only wish that Frank Murphy could be retained in our country to continue as the representative of the United States long after the Commonwealth had been inaugurated, for at no time in the history of the Philippines do we stand more in need of a true American to help us and give us the right slant on American attitude toward us than during the first years of the Commonwealth.

Frank Murphy has endeared himself in the Filipino heart because he is honest and sincere and because he is the personification of everything the Filipinos have learned to love and admire in that which they know as genuine Americanism.

REVISION OF COPYRIGHT ACT—LETTER FROM SENATOR M'ADOO TO MR. IRVING BERLIN

Mr. McADOO. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a letter which I addressed on the 2d of August this year to Mr. Irving Berlin in relation to the copyright bill, together with the exhibits attached thereto.

There being no objection, the letter and exhibits were ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON PATENTS,
August 2, 1935.

Mr. IRVING BERLIN,
Hollywood, Calif.

DEAR MR. BERLIN: Your telegram of July 16 was received and, of course, given careful consideration. Your objections to the copyright bill, S. 3047, have been studied, and I reply at some length because I believe that you and your advisers have seriously misinterpreted the bill. Just as I appreciate your criticisms, I trust that you in turn will be assisted by my explanations.

I hope that you will give particular attention to them, because as a fellow writer, and a friend of every creator of literature, music, and art, I am anxious that neither you nor any other creators of literary and artistic works should be misled into arguing against this bill by information which is one-sided or inaccurate. This bill seeks to accomplish exactly the reverse of what many seem to think that it is intended to do. If you, on further consideration, continue to doubt the desirability of the bill, I request you to write me again, setting forth your difficulties as specifically as possible.

Before commenting on the separate points of your telegram, I should like to say, parenthetically, that I have been surprised to observe that only a few authors recognize the numerous provisions written into this bill at the direct request of the authors' representatives. As these provisions may not be generally known to authors, I enclose a copy of a mimeographed document entitled "New Advantages for Authors in the Copyright Bill", which enumerates most of them.

A copyright bill, as you, of course, appreciate, must be to a large extent a compromise. The varying private interests which are concerned with legislation of this sort make such a compromise inevitable if a reasonably fair and just enactment is ever to be reached. In the case of a compromise no interest can obtain everything that it asks for. It is true that the representatives of authors' organizations asked for some provisions which the Committee on Patents did not feel that it could include in the bill, but it remains true that on balance there is every reason to believe that every individual interest will be a gainer as compared with the present law. This is in part because the bill is calculated to bring the law into line with present-day developments and to eliminate provisions which now adversely affect all interests, especially the public interest.

(1) You state that the bill removes the minimum-damage provision embodied in the existing law and that this change will work a hardship upon the little fellow.

The pending bill does indeed remove the stated minimum-damage fee of $250. The reason for this is that persistent complaints have been received by Members of Congress from all parts of the country to the effect that this provision of the present law is used to bring undue pressure upon little fellows who are users of copyrighted works to require them to take out costly licenses if they wish to continue such use.

But the bill does not leave the author or composer unprotected. It provides definitely that there shall be what is in effect a provision for minimum statutory damages. The court before which a case asking for such damages is brought must, under mandate of the bill, make an award sufficient to stop infringement. The amount is left to the discretion of the court because it is not believed that it is possible to fix in a statute an amount that will be in all cases just. There is fully as great a possibility of obtaining a verdict, and hence of assuring to the poor author his costs, as there is under existing law. There is nothing to prevent the award of attorney fees; moreover, the terms of the bill practically assure substantial damages if substantial infringement is proved. But the bill does not offer returns disproportionate to the infringement, as does the present law.

You will, I am sure, recall in this connection that illegitimate use of copyrighted works may be the act of all manner of people, from the street-organ grinder to the world-wide broadcaster. Obviously a damage fee of $250 would be absurd in the case of a single tune in a crossroads dance hall, just as the present maximum of $5,000 might be wholly insufficient in the case of a continental hook-up. Accordingly, the minimum amount is left to the court and the maximum amount is quadrupled, from $5,000 to $20,000.

At the same time, the bill undertakes to encourage a concentration of payments and to discourage more than one payment for the same use of the copyrighted work. Thus, if a broadcaster pays for the right to broadcast, it is not deemed to be generally sound procedure to require the owner of a receiving set to be liable

also. The bill makes an exception of this rule, however, in cases of the use of receiving sets or other such instruments by profit-seeking establishments whose customers are clearly charged for the music or other entertainment so received. Theaters which display sound pictures, the scores of which include copyrighted music, must pay the owner of the copyright, notwithstanding the fact that the motion-picture producer has paid for production rights. Dance halls, as well as restaurants that make cover or similar charges, must, if they use broadcast music, or any sort of "canned" music, pay the copyright owner just as though they employed their own orchestras. The bill will not affect the present practice of taking out licenses for the purpose of using copyrighted music. This seems a fair compromise in the interest of all concerned.

I enclose a mimeographed document entitled "Remedies for Infringement of Author's Rights", which shows how extensive are the remedial measures provided for. The pending bill is believed to offer more adequate as well as more satisfactory safeguards against infringement than does the present law. The present law is known to work injustice and the bill offers to authors a medium whereby damages can be adjusted in a manner that is just both to the plaintiff and to the defendant in an infringement case. A law the enforcement of which the courts consider unjust is seldom a good thing even for its nominal beneficiaries.

(2) You state also that the bill would enable broadcasters and other users of music for profit to help themselves to works without any worry of penalty for infringement.

As remarked above, the bill undertakes, while making certain changes in the present law for the purpose of maintaining justice, to give full and adequate protection to authors. The increased maximum of damages without proof of loss is an instance. The provision designed to encourage centralization of payments in broadcasters and others, instead of scattering them so broadly among vast numbers of owners of receiving sets, ought in the long run, if for no other reason than because it envisages better business methods, to be no less advantageous to composers than it is to their customers and to the public. Simplification of this kind usually results in greater advantage for all concerned. The fact that it is advantageous to users of music does not make it disadvantageous for the creators.

(3) You state that the bill grants to foreign authors and composers rights which are denied to American authors. This is an inaccurate assertion. The bill, as you recognize, has a primary purpose, the alteration of American copyright laws so as to conform to the requirements of the convention for the protection of literary and artistic works. The convention and the bill are entirely reciprocal. They provide for American authors protection of their copyrights in other countries and they provide for the authors of other countries protection of their copyrights in the United States. I attach a mimeographed statement, entitled "Equality of Treatment in Copyright", which undertakes to explain this feature of the bill. No right enjoyed by American authors is taken away. On the other hand, protection of American authors in other countries is definitely enhanced.

(4) You state that the bill "will tend to encourage more usage of foreign works when American writers are in urgent need of every encouragement possible."

I confess myself at a loss to understand the idea back of this statement. The only possible connection with such an idea which I can find in the bill lies in the fact that there will be increased copyright protection for foreign authors and composers. Increased copyright protection certainly does not mean that they can, with greater facility, sell their works in this country. It does mean that they can more readily prevent piratical usage of their works. Inadequate copyright protection frequently has been known to result in the use of foreign literature and art by publishers, and various industries, because they can do so without paying the author. Competition between the unpaid foreign author and the native author who naturally demands payment, may be and at times has been intense. The pending copyright bill will effectively protect the American author against that sort of competition.

If alleged advantage to the foreigner is the argument against the copyright bill, all our authors ought to be for it.

With best wishes, I am sincerely yours,

W. G. McADOO.

NEW ADVANTAGES FOR AUTHORS IN THE COPYRIGHT BILL (S. 3047)

[See also Report of Committee on Patents (No. 896), pp. 2-3 and 5-6; Report of Committee on Foreign Relations (Executive No. 4) pp. 15-16.]

In the preparation of the copyright bill, the Authors' League of America was accorded more conferences, and more extended and careful attention was given to their requests than in the case of any other interest. Numerous provisions of the bill—probably as far-reaching and important as in the case of any other interest—were inserted because of the known views of the Authors' League or at the direct instance of the league's representatives. These reforms for the improvement of the authors' situation and the increase of their rights are principally as follows:

(1) Protection in other countries: American authors and composers are deeply concerned about protection of their works in other countries, where they have, potentially at least, very lucrative markets. The representative of the American Society of Composers, Authors, and Publishers has testified that such protection is vital to the future of the creative arts in this country. The bill, which furnishes enabling legislation for the pending copyright treaty, brings this protection. (The enabling provisions are scattered through the bill.)

(2) Divisibility (S. 3047, p. 27, line 23 to p. 29, line 8): At present assignment of copyright normally means the entire copyright; moreover, in case of published works, copyright is normally obtained by the publisher. Therefore the publisher, not the author, owns it and may control all the uses of it, such as future broadcasting and motion-picture rights. The bill specifically recognizes the right of an author separately to assign to different purchasers as many component parts of copyright as he may find profitable, for such localities and for such periods of time as he may desire. This reform, the value of which is enhanced by the right accorded in the bill to copyright unpublished manuscripts, has for many years been a leading objective of authors.

(3) Copyright in unpublished works (p. 8, line 22 to p. 9, line 16): Under the present statute, books and most other kinds of literary works cannot be copyrighted until they are published. The bill provides for copyright in all the writings of an author, regardless of publication. This gives to authors a large measure of protection and large tactical advantages in dealing with those who purchase their works.

(4) Right of radio broadcasting (p. 4, lines 7-9): The bill amends the law so as specifically to recognize that the author shall have control of the broadcasting of his work.

(5) Right of public delivery or recitation (p. 2, lines 15-16): The bill similarly amends the law with reference to these subjects.

(6) Single term of 56 years (p. 12, lines 17-19): The present law provides for 28 years, with right of renewal. The renewal is often lost through inadvertence, hence the single term promises increased protection.

(7) Copyright of works in magazines (p. 4, lines 11-15): The bill gives the author of a work in a copyrighted periodical or other composite work all the rights he would have if his contribution were separately copyrighted in his own name.

(8) Registration of composite works (p. 8, lines 14-19): The bill provides similarly with reference to registration.

(9) Errors not to invalidate (p. 11, line 20, to p. 12, line 5): The present law with respect to notice of copyright is liberalized in this respect.

(10) Importation for individual use (p. 25, lines 9-10): Notwithstanding the general prohibition against importation of copies of books by American authors copyrighted in the United States, the bill allows the authors thereof to bring in for their own use five copies of foreign editions.

(11) Correction of errors (p. 29, lines 12-15): This provides for the correction of erroneous copyright entries.

(12) Authorship of employees (p. 30, lines 18-25): The bill recognizes that employees are authors of the works they produce for hire; employers are merely assignees. Authors working under commission are not ordinarily employees.

(13) More detailed enumeration of subject matter of copyright (p. 5, lines 4-6, 9-10, and 11-14): These specifications are not in the present law. They amplify the protection of authors.

(14) The author has exclusive rights (p. 1, lines 1-11): The present law provides that "any person entitled thereto" shall have the exclusive right to copy. The bill specifies that it is authors who have copyright—a recognition which the authors were deeply concerned to obtain.

REMEDIES FOR INFRINGEMENT OF AUTHORS' RIGHTS

The copyright law lays down affirmative rights for authors. These rights are measurably increased by the pending bill (S. 3047). The law also provides for remedies in case these rights are infringed. The bill adapts these remedies to modern conditions and, in so doing, strengthens them and increases their protective power for the benefit of authors.

The remedies against infringement which the law, as amended by the bill, will provide are as follows:

(1) Actual damages resulting from infringement. There is no limitation upon the amount recoverable.

(2) Award of the profits accruing to the infringer.

(3) Statutory damages, to be awarded on proof of infringement of copyright, without the necessity of proof of damages, up to a maximum of $20,000.

(4) Injunction against the consummation or the repetition of an infringing act.

(5) Impounding of infringing articles and instrumentalities of infringement.

(6) Criminal action against the infringer.

Discussion of these remedies has been concerned chiefly with statutory damages and with the right of injunction.

STATUTORY DAMAGES

Statutory damages constitute an extraordinary remedy, a special protection which the law provides for the owners of copyrights and industrial property. The existing copyright law specifies, in respect of most types of infringement, a minimum of $250 and a maximum of $5,000. The bill does not specify a minimum, but raises the maximum to $20,000.

The omission of the $250 minimum award on proof of infringement, without proof of damage, grows out of its wide-spread use not as a remedy but as a means of stimulating the sale of licenses to use copyright material. The objectives of the infringement provisions of the copyright law are to stop infringement and compensate the author. These are the only objectives. There has been much dissatisfaction on the part of Federal judges at being



obliged to impose damages of $250 when, as often occurs, the defendant obviously has committed no offense comparable with such an imposition.

The bill, accordingly, eliminates the fixed minimum, but directs the courts to impose statutory damages sufficient to stop infringement, and such as are just, proper, and adequate in view of the circumstances of the case. The maximum has, on the other hand, been quadrupled, because new inventions and new methods, such as the Nation-wide hook-up, have made possible the use of copyrighted works on a unprecedented scale. The courts may find the increased sums necessary to stop infringement and compensate the authors in such cases.

The Authors' League has been fearful lest the lack of assurance of a definite award, like $250, would deter poor authors from seeking remedies through court action. This fear is believed to be unwarranted. Federal judges, realizing the greater flexibility and greater possibilities for doing justice under the bill may be expected to enforce it with zeal. They must, under mandate of the proposed law, award damages sufficient to stop infringement. So if the infringement is worth anything at all to the infringer, the court must award something. Moreover, as stated, the award must be just, proper, and adequate in view of the circumstances of the case.

The present law obviously works injustice. The bill provides for a just method of protecting authors against infringement. That is the essential reason for the change.

INJUNCTIVE RELIEF

Injunction is a drastic remedy and should itself be used with restraint. Both the present law and the bill include injunction among the remedies for infringement of copyright. Both the present bill and all the other bills that have recently made headway in Congress contain specified exceptions to the full exercise of injunction. The fact that S. 3047 enlarges the field of copyright for the benefit of authors argues for enlarged circumspection with reference to injunction.

The users of copyrighted works urge that injunction under certain circumstances may cause them losses out of all proportion to the loss which the author would suffer if infringement occurred. Authors have banded themselves together into organizations, so as to multiply their individual financial capacity and influence. An authors' organization might be able to put up the necessary bond to restrain the publication of a great newspaper, already on the press, because some contributor, necessarily of a very small portion of the contents, alleged that his copyright was being violated.

Publishers feel that the law should be changed so as to prevent such possibility. Broadcasters take the same view with reference to their programs about to go on the air. Motion-picture producers and operators take the same view with reference to pictures in process of production and distribution. The public undoubtedly takes the same view with reference to the appearance on schedules of its news, broadcasts, and movies. They feel that it is more just that the author, who of course would have his other remedies, including unlimited damages, should take a chance on infringement than they should run such risks. Any copyright law, by its very nature, grants a monopoly. Monopolies should be exercised in such a way as not to interfere with the just rights of other people.

On the whole, the publishers and the others seem, in this instance, to have the better of the argument. The Committee on Patents, which necessarily had to consider all sides of the matter and to try to arrive at the nearest possible approach to equity for all concerned, especially the general public, finally decided to make the limitation in question on the right to injunctive relief, provided always that the defendant was ignorant of the fact that he was infringing, or about to infringe, and that he is solvent and able to pay adequate damages. Otherwise, injunction may issue as heretofore.

There would seem to be no likelihood whatever of any substantial diminution of relief to authors under this proposal. There is real danger of heavy losses to the authors' customers, the consumers of copyrighted works, unless the change is made.

EQUALITY OF TREATMENT IN COPYRIGHT

The pending copyright bill (S. 3047) is based on the twin principles of equality and reciprocity in respect of American authors and the authors of other countries. It paves the way for the enforcement of the general copyright treaty under which American authors will be entitled to what they have so long and so valiantly striven for, copyright without formality (in other words, automatic copyright) in all the countries of the copyright union. Equally and reciprocally, the bill and treaty provide for copyright without formality in the United States for authors under the jurisdiction of those countries.

In each case the provision takes care of the essential need. American authors need automatic copyright in other countries because it is impracticable for them to comply with formalities in distant places. They do not especially need it at home because they have always registered their works at the Copyright Office, have become used to it, and know the procedure. The bill takes nothing away from American authors that they now enjoy. It assures to American authors automatic copyright in nearly 50 countries.

Similarly, it gives to authors of other countries automatic copyright in this country, where they need it, because they are distant from it and cannot, like native authors, readily comply with the formalities. The bill holds out to them, however, inducements to register their works and affix notice of copyright by providing much greater remedies for infringement if these formalities have in fact been complied with.

The public and the user of copyrighted works are deserving of consideration. From their point of view registration is desirable. Copyright is a monopoly. The Constitution specifies that it is to be enjoyed by authors for limited periods. These periods come to an end. Registration not only furnishes some guide as to the works in which copyright is currently claimed, but helps a prospective user of a literary or artistic work to know when copyright has expired.

The assertion has been made that registration is unimportant because anyone knows whether a literary or artistic work belongs to him or whether it does not, hence he should not copy it until he has received the author's permission. Such an assertion is inexact. Works in which copyright has expired or is not claimed do not belong to anyone who cares to use them. It is good public policy to keep as careful account as practicable of the works that are protected by the copyright monopoly and of those that are not. The use of works of foreign authors is relatively unusual and unimportant in this country, and omission of compulsory registration for them is not too high a price to pay for the privilege to American authors of automatic copyright in other countries. There are plenty of precedents in current practice for requiring registration of the home authors while not requiring it of authors entitled to automatic copyright under the treaty.

Efforts of American authors to obtain unlimited automatic copyright have always failed and have no present prospect of success. It is desirable to observe carefully the working of a law which goes part way toward the goal. It may be that, having gone part way, there will appear arguments not now apparent for further movement in the same direction. The present bill (S. 3047) carries American authors forward a long way toward many of the things they desire. It offers them a large balance of advantage as compared with the present law.

MILBURN, THE BLIND MAN ELOQUENT

Mr. BYRNES. Mr. President, I ask to have printed in the RECORD a story from the Christian Advocate with reference to the service of Rev. William Henry Milburn as Chaplain of the United States Senate.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the Christian Advocate]

MILBURN, THE BLIND MAN ELOQUENT

By John Tevis Hearn

William Henry Milburn, a southern Methodist preacher who was chaplain of the United States Senate in 1845, is now an almost forgotten man, whose life story was a blending of tragedy and comedy. When a boy of 5 he lost the sight of one eye. A boy threw a piece of glass which struck him in his right eye. After 2 years of suffering, imprisonment in a dark room, and agony of the treatment to save his eye, he came through with the loss of his eye.

William resisted his call to preach, feeling that his youth and inexperience, his lack of education, and want of vision were too heavy a handicap. Of this he said: "It is a solemn ordeal when one ceases to be a youth; when he is to leave the shelter of his father's house and the pitiful tenderness of his mother to take upon himself the responsibilities of life."

But he mounted his horse for a life of wandering. He had a pair of saddlebags stuffed with books and clothing. "It had been arranged that I was to travel with the license of an exhorter in company with my venerated friend, Mr. Peter Akin. He was a presiding elder, having a sort of supervision over a dozen charges located within a circuit of near 500 miles. Mr. Akin, for learning and power as a preacher, was without a peer. He would 'hold forth' for 25 hours. One night, after he had been preaching 2 hours, he noticed a man in the congregation taking out his watch. Mr. Akin said to him: 'Put up your watch; it is not bedtime yet.' Another time when the sermon was protracted a man started to leave the church, when the preacher shouted to him: 'Hold on, I'm not through yet.' The man retorted: 'Go on, sir; I'm just going to dinner. I'll be back before you are through.'"

An episode in the life of our blind young preacher is told in his own language:

"We left Cincinnati on the steamer *Hibernia*. The boat was crowded. Among the passengers there was a considerable number of Congressmen. I cannot say how much I was shocked and how indignant I became at discovering that not a few of these representatives of the people of the United States swore outrageously, played cards day and night, and drank whisky in excess. On Sunday morning a committee of the passengers waited on me to know if I would preach to them. Never did I say 'Yes' more gladly. A congregation of nearly 300 assembled, and I took my stand. I had never spoken under such circumstances before, but preached as well as I could, which is not saying much. At the close of the discourse proper I said to the Congressmen: 'I must tell you that as an American citizen I feel disgraced by your behavior. As a preacher of the gospel I am commissioned to tell you that unless you renounce your evil courses, repent of your sins, and believe upon the Lord Jesus Christ, you will be damned.'

"At the close of the sermon I retired to my stateroom to consider my impromptu address and whether, if called to a reckoning for it, I should be willing to abide by it and its consequences. I came to the conclusion that nothing had been said of which I ought to be ashamed, and I would stand by every word of it, let the issue be what it might. While thus cogitating there was a tap at the door. A gentleman entered, who said: 'I have been requested to wait upon you by the Members of Congress on board, who have had a meeting since the close of the religious exercises. They desire me to present you with this purse of money (handing me between $50 and $100) as a token of your sincerity and fearlessness in reproving them for their misconduct. They also desire me to ask if you will allow your name to be used at the coming election of chaplain for Congress. If you will consent to this, they are ready to assure you an honorable election.' Quite stirred with this double message, I asked time for quiet reflection. As the boat neared Wheeling my decision was asked. I assented to their proposal. They went forward to the Capital. I tarried in Wheeling to preach. By the agency of my new friends I was, in due time, elected. Their money paid my expenses to Washington and I entered upon my duties as Chaplain to Congress.

"Called thus unexpectedly to fill a novel and representative position, I found myself sorely perplexed as to the course I should pursue. Moreover, as one virtually blind, I occupied the most important conceivable position before an audience. When I first stood in the Vice President's place to open the deliberations with prayer, the solemn hush that pervaded the room betokened the grave decorum of the 50 men who stood with their gray heads bowed reverently as a beardless boy commended them to the care and guidance of the God of nations."

In the closing chapter of his book Milburn, after referring to sneers leveled at the Christian ministry, says: "While there may be unworthy members of the clerical profession, for patient toil and disinterested labor, for self-sacrifice extending through life, for brave and cheerful performance of duty, that profession stands unrivaled, unapproached in the annals of the world."

CHESTERFIELD, S. C.

THE LATE SENATORS JONES AND DALE—ADDRESS BY COLE L. BLEASE

Mr. McNARY. Mr. President, a few days ago a former Member of this body, Hon. Cole L. Blease, of South Carolina, at Georgetown, S. C., July 19, 1935, made a very interesting speech touching on the record of two former Members of the Senate. I ask unanimous consent that it be published in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman and my fellow countrymen, ladies, and gentlemen, I appreciate very much indeed the invitation to be with you on this occasion. I am not going to make a speech but simply give you the complete record in the introduction and passage of the act that gave you this bridge. I do not wish under any circumstances to put any unpleasantness in this occasion, but I do think that you should have named the bridge the Andrews and Sawyer Bridge.

General Lafayette was a great man, one whom I loved and have loved and admired from my childhood, but he has monuments in sand, in marble, in stone, in bronze, in brass, and in writing which will forever keep him remembered and loved by all Americans.

Former Mayor Walter H. Andrews was the prime mover and the real cause with the assistance of Dr. Olin Sawyer, also of your city, of this bridge being here today. I do not say that it would not have been built at some time, but it would have been a long time had it not been for my friendship and love for these two men who came and through their personal and political friendship appealed to me to make the record which I read and file with your chairman.

The Republican Party was in power when this record was made, and I am proud to say that I had some influence with their leading men in the United States Senate and appealed to them for their special aid and assistance, which they gave to me. Senator Wesley Jones, who was presiding, recognized Senator Porter Dale, of Vermont (which, by the way, was the State in which Walter H. Andrews was born). At my special request Senator Dale, who was chairman of the committee to whom this bill was referred, went to some extra trouble to aid me in getting a favorable report, pushed it ahead of other bills in order that it might be put through and passed without delay, and when he had his report all ready Senator Jones, by special request from me, gave him the floor, and he made the report out of regular order. I, of course, knew he was going to do so and stood ready. Senator Jones then recognized me, and I made the motion which caused the passage of the bill without it even being placed on the Senate calendar. It is not necessary to speak of my other work in reference to the passage of the bill in the House and what my friends did for me in asking the President to not delay his approval of it. These matters are mentioned that the record may be kept straight.

Congressman GASQUE deserves much credit for the prompt and efficient manner in which the bill was handled in the House of Representatives.

It is with great sorrow that we learn that three of those prominent in securing this structure have passed on to the other home, Messrs. Andrews, Dale, and Jones. We wish that they could be here now to share the pleasures of the day and receive the plaudits of this people. God grant that each of them are receiving as their reward for their labors while on this earth a home in Heaven.

The official record of the introduction and passage of the act which gives to you this beautiful and wonderful structure is as follows:

"UNITED STATES SENATE,
"OFFICE OF THE SECRETARY,
"LIBRARY,
"*Washington, D. C., July 2, 1935.*

"BRIDGE ACROSS PEEDEE AND WACCAMAW RIVERS NEAR GEORGETOWN, S. C.

"S. 4182, Seventy-first Congress, second session, granting the consent of Congress to the County of Georgetown, S. C., to construct, maintain, and operate a bridge across Peedee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C.

"By Mr. Blease; referred to Committee on Commerce, introduced April 16, 1930 (CONGRESSIONAL RECORD, p. 7104).

"Reported with amendments (S. Rept. 534, 71st Cong., 2d sess.) and passed Senate, as amended, April 25, 1930 (CONGRESSIONAL RECORD, p. 7706).

"The PRESIDING OFFICER (Mr. Jones in the chair).

"BRIDGE NEAR GEORGETOWN, S. C.

"Mr. DALE. From the Committee on Commerce I report back favorably with amendments the bill (S. 4182) granting the consent of Congress to the county of Georgetown, S. C., to construct, maintain, and operate a bridge across Black-Pee Dee River and Waccamaw River at or near Georgetown, S. C., and I submit a report (no. 534) thereon.

"Mr. BLEASE. I ask unanimous consent for the immediate consideration of the bill.

"There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

"The amendments were agreed to.

"The bill was reported to the Senate as amended, and the amendments were concurred in.

"The bill was ordered to be engrossed for a third reading, read the third time, and passed.

"The title was amended so as to read: 'A bill granting the consent of Congress to the county of Georgetown, S. C., to construct, maintain, and operate a bridge across the Pee Dee River and a bridge across the Waccamaw River both at or near Georgetown, S. C.'

"Referred to House Committee on Interstate and Foreign Commerce, April 29, 1930 (CONGRESSIONAL RECORD, p. 8016).

"Reported with amendments (H. Rept. 1416, 71st Cong., 2d sess.), May 9, 1930 (CONGRESSIONAL RECORD, p. 8707).

"Amended and passed House, May 20, 1930 (CONGRESSIONAL RECORD, pp. 9249–9250).

"Senate concurs with an amendment to the amendment of the House, May 22, 1930 (CONGRESSIONAL RECORD, pp. 9405–9406).

"House concurs in Senate amendment to House amendment, May 24, 1930 (CONGRESSIONAL RECORD, p. 9490).

"Approved: Act May 29, 1930—Public, No. 282, Seventy-first Congress (46 Stat. 479)."

I thank you for your attention.

REGULATION OF PUBLIC-UTILITY HOLDING COMPANIES—ARTICLE BY WESTBROOK PEGLER

Mr. MINTON. Mr. President, I ask unanimous consent to have printed in the RECORD a very clever article by a brilliant columnist, Westbrook Pegler, as it appeared in the Washington Post of August 3, relative to the regulation of public-utility holding companies.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post of August 3, 1935]

INFLUENCE BY WIRE

By Westbrook Pegler

NEW YORK, N. Y., August 2.—You wouldn't imagine that anyone on the holding companies' side of the row would have the gall to mention the matter, but a little pamphlet issued by the American Federation of Utility Investors, Chicago, contains the following:

"For the first time in the history of our country, Congress has been influenced by the letters and telegrams of millions of investors."

This reference obviously embraces among the millions of investors those thousands of phantom-investors whose names were gathered by telegram messenger boys for a royalty of 3 cents each, after the messengers had explained the deep political and economic meanings of the case.

Where those whom Mr. Harding used to call the "best minds" disagree so violently on a tangled issue, it is only by instinct that the layman chooses his side of the barricade.

In the case, remembering how thoroughly the great body of thrifty, self-supporting citizens who constitute the investor class were frisked by the promoters of holding companies when the frisking was good, it is natural that the ordinary, dumb citizens should look upon the holding companies' solicitude with a fishy eye and ask "Why are you boys trying to be so good to me now?"

It is a queer situation, in which the stick-up man, having gone over his victim once, stands his ground and undertakes to protect him from the cop.

The great body of thrifty, self-supporting citizens who constitute the investor class has been reduced to a handful, thanks in large part to the great altruists who now defend them against the brutal policy of the Government. The small body of survivors have put their money away under a loose brick or in the savings banks or insurance, which amounts to the same thing. A man with money to invest, accumulated by thrift, has no idea where to put his money into action with a reasonable degree of safety. If he invests it in industry there is a danger that the Government will do something to the business which will destroy his investment. On the other hand, he well remembers the great New York banker who was called before Ferd Pecora in Washington and forced to admit that he was getting out from under while the clerks and other employees in the humble ranks of his bank were being docked every pay day for payments on stock in the same bank which they had bought at the peak. Long after he took his loot and touched shoe leather, completing the bargain, these members of the great body of thrifty, self-supporting citizens who constitute the investor class were continuing to make forced payments on a dead horse.

And, finally, adding insult to robbery, they were all assessed for voluntary contributions to buy a $3,000 retirement present for the man who had double-crossed them.

Recalling the sad experiences of the investor class when they were protected only by the conscience of the master patriots who now view with alarm the blow to private industry, it is easy to understand why the survivors hesitate to trust private industry again. Mr. Roosevelt's police methods may be such that in shooting the bandit he will also hit the victim, but the bandit, himself, is in no position to complain about that.

The trial of Mr. Sobbing Sam Insull, in Chicago, showed that the holding-company issue is so complex that the investor class cannot hope to understand what it is all about and will have to trust to luck, realizing, however, that Mr. Roosevelt is more likely to have honest, altruistic motives than the holding companies. In Mr. Insull's trial there were charts endeavoring to show the pyramided relationship of his in-bred holding companies which looked like the family tree of the all-American mutt. Even Mr. Insull, himself, the weeping wizard of the Middle West, was not entirely clear on all the details, and it may be judged from that whether the jury which decided that he was a sick, sad old man and let him go was guided by intelligent understanding of the evidence or by emotion and a wish to be magnanimous to a fallen big shot.

If the great body of thrifty, self-supporting citizens is asked to make a choice of defenders between President Roosevelt, on one extreme, and big-hearted Howard Hopson, the vanishing altruist of the Associated Gas & Electric, on the other, and if all that each side charges against the other is correct, what difference does it make who wins? But when did big-hearted Howard develop this great sentimental crush on the poor widows and orphans of the investor class, and is it really love?

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On July 31, 1935:

S. 1404. An act to promote the efficiency of national defense.

On August 2, 1935:

S. 3059. An act to authorize the acquisition of land on McNeil Island.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the joint resolution (S. J. Res. 167) to amend the public resolution approved June 28, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes."

The message also announced that the House had passed the bill (S. 1629) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 3090) for the relief of Mayme Hughes.

The message also announced that the House had passed a bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 22), as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives in signing the enrolled bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes, be, and the same is hereby, rescinded.

The message returned to the Senate, in compliance with its request, the bill (H. R. 6914) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forest-land management, and for other purposes.

ENROLLED BILLS SIGNED

The message announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2259. An act to amend sections 966 and 971 of chapter 22 of the act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, and for other purposes; and

H. R. 3090. An act for the relief of Mayme Hughes.

LAWS AND RESOLUTIONS OF PHILIPPINE LEGISLATURE

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and, with the accompanying documents, referred to the Committee on Territories and Insular Affairs, as follows:

To the Congress of the United States:

As required by section 12 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands", I transmit herewith a set of the laws and resolutions enacted by the Tenth Philippine Legislature during its first regular session, from July 16 to November 8, 1934, and its first special session, April 8, 1935.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *August 5, 1935.*

REGULATION OF INTERSTATE TRAFFIC BY MOTOR CARRIERS

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 1629) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes, which were, on page 1, line 4, to strike out the word "part" and insert "Part"; on page 2, line 2, to strike out "(II)" and insert "II"; on the same page, line 3, to strike out "(II)" and insert "II"; on the same page, after line 3, to insert "Short Title"; on the same page, line 25, after the word "carriers", to insert "engaged in interstate or foreign commerce"; on page 3, line 9, after the word "the", to insert "exclusive"; on page 7, line 11, after the word "part", to insert a comma and "except the provisions of section 204 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment,"; on the same page, line 24, after the word "monuments;", to insert "or (4a) motor vehicles controlled and operated by any farmer, and used in the transportation of his agricultural commodities and products thereof, or in the transportation of supplies to his farm; or (4b) motor vehicles controlled and operated by a cooperative association as defined in the Agricultural Marketing Act, approved June 15, 1929, as

amended; "; on page 8, line 3, after the word "service; ", to insert "or (6) motor vehicles used exclusively in carrying livestock, fish (including shell fish), or agricultural commodities (not including manufactured products thereof); or (7) motor vehicles used exclusively in the distribution of newspapers; "; on the same page, line 6, after the word "part", to insert a comma and "except the provisions of section 204 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment,"; on the same page, line 6, to strike out "(6)" and insert "(8)"; on the same page, line 20, to strike out "(7)" and insert "(9)"; on page 9, line 20, to strike out "with respect to the" and insert "to promote safety of operation, and to that end prescribe"; on the same page, line 21, to strike out "and safety of operation"; on the same page, line 21, after the word "and" where it appears the second time, to insert "standards of"; on the same page, line 22, after "ment.", to insert "In the event such requirements are established, the term 'motor carrier' shall be construed to include private carriers of property by motor vehicle in the administration of sections 204 (d) and (e); 205; 220; 221; 222 (a), (b), (d), (f), and (g); and 224."; on page 19, line 3, to strike out "though such matter arose" and insert "the Commission has in a matter arising"; on the same page, line 7, to strike out "are provided in" and insert "though such matter arose under"; on page 22, line 1, to strike out "in 1934" and insert "on June 1, 1935"; on the same page, line 5, to strike out "in 1934" and insert "on June 1, 1935"; on the same page, line 15, to strike out "in 1934" and insert "on June 1, 1935,"; on page 26, line 20, to strike out "in 1934" and insert "on July 1, 1935,"; on the same page, line 24, to strike out "in 1934" and insert "on July 1, 1935,"; on page 27, line 7, to strike out "in 1934" and insert "on July 1, 1935,"; on page 29, line 14, after the word "person", to insert "after January 1, 1936,"; on page 38, line 8, after the word "Act", to insert "(including penalties applicable in cases of violations thereof)"; on page 43, line 13, after the word "operated", to insert a colon and the following proviso: *"Provided, however,* That nothing in this part shall empower the Commission to prescribe, or in any manner regulate, the rate, fare, or charge for intrastate transportation, or for any service connected therewith, for the purpose of removing discrimination against interstate commerce or for any other purpose whatever."; on page 47, line 12, after the word "express", to insert "and/or water"; on page 63, line 23, to strike out "July" and insert "October"; on page 64, line 2, to strike out "July" and insert "October"; and on the same page, line 4, to strike out "January" and insert "April."

Mr. McNARY. Mr. President, will the Senator from Montana be kind enough to explain the amendments?

Mr. WHEELER. Mr. President, the House amended the bill in minor details, generally liberalizing the provisions of the measure with reference to trucks which are owned by farmers, and which carry farm products. The bill was also liberalized with reference to associations of cooperative farm organizations. It was liberalized in those respects. I personally have no objection to the amendments, and think the bill is improved.

Mr. McNARY. I understand the amendments cover trucks owned by cooperative farm associations.

Mr. WHEELER. That is correct.

Mr. McNARY. As well as individual farmers?

Mr. WHEELER. The Senator is correct.

Mr. BORAH. Mr. President, is it the truck measure to which the Senator is referring?

Mr. WHEELER. Yes.

Mr. BORAH. The only changes are those liberalizing the uses of such vehicles for farmers and cooperative associations?

Mr. WHEELER. That is correct. I move that the Senate concur in the House amendments.

The motion was agreed to.

HOUSE BILL REFERRED

The bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes, was read twice by its title and referred to the Committee on Finance.

SPECIAL MUNITIONS COMMITTEE—H. S. RAUSHENBUSH

Mr. DICKINSON. Mr. President, sometime since I inserted in the RECORD, without comment on my part, an article by H. S. Raushenbush, who is the investigator for the Special Munitions Committee in the investigations being conducted by it.

Following that, the Senator from North Dakota [Mr. NYE] took occasion to insert in the RECORD a considerable portion of the committee's report. I know of no objection why it should not all be inserted in the RECORD if such is the desire.

The Senator from Missouri [Mr. CLARK], also a member of the committee, took occasion to make some remarks with reference to my insertion of that article in the RECORD.

I wish to say that I did not listen to the statements by those Senators, and I have little concern whether or not they listen to me, but I suggest that a record ought to be made here. My original objection to the selection of Mr. Raushenbush was suggested to a member of the committee in good faith. I had no reason for wanting to criticize the committee in any way. I am a member of the Committee on Military Affairs that reported the resolution providing for the investigation. I have no desire either to handicap or in any way hinder the committee in its investigations. On the other hand, I was and am desirous of having the committee make a thorough investigation; and if there is anything that can be done to make the defense of this country more efficient, I want to see it done. I do not believe that anybody can accuse me of being a big-navy man or a big-army man; in fact, my record in Congress does not so indicate. On the other hand, I do not have a shipbuilding interest of any kind in my State. Therefore my interest in this matter is purely that of a Member of the Senate without any ax to grind, without anyone to favor, or without anyone to punish.

The Senator from Missouri in his statement suggested that undoubtedly I was under the influence of the "unspeakable scoundrel, William B. Shearer." Before going farther, I desire to state that I have never met Mr. Shearer to this good day. I do not know the man. He has never telephoned me. I have never talked to him directly or indirectly. Therefore the accusation on the part of the Senator from Missouri that I was under the influence of Shearer is entirely wrong.

I wish further to state that the suggestion that I quoted from Mr. Shearer's letter is incorrect. When I made my statement on the floor of the Senate I read directly from the article written by Mr. Raushenbush, and I read the portion which I think would stand out in the mind of any red-blooded American if he should read the type of sentiment which is expressed in the article. I did not quote anyone, for the reason that the sentiments expressed in the article, I think, would attract the attention of any good American.

From page 86 of his statement I quoted—and my quotation is found in the CONGRESSIONAL RECORD of June 24, at page 10389—as follows:

> The students coming from the colleges today can do something more than be filled with wholesome and cleansing indignation. They can be of enormous use to the movement as Government officials, starting in small and definitely working on the reasonable hope that in the course of another 10 years we shall have Government control of a much more definite kind over our trusts, banks, and general industries.

The Senator from Missouri, undoubtedly thinking I had read from Mr. Shearer's letter, quoted the same sentence, but he did not signify that Mr. Shearer in his letter did not use the full sentence I had used. The quotation from the statement of the Senator from Missouri is as follows:

> The students coming from the colleges today can do something more than be filled with wholesome and cleansing indignation. They can be of enormous use to the movement as Government officials.

There the quotation stopped, which shows that the elisions are entirely different, and the quotation was not as I in-

cluded it in my statement, and bears out the suggestion which I have made that the quotation as I used it was directly from the article written by Mr. Raushenbush and had no reference whatever to the statement made by Mr. Shearer in his letter.

The same question is involved in the remainder of the quotation. I quoted, as will be found on page 10389 of the CONGRESSIONAL RECORD of June 24, 1935, reading from Mr. Shearer's book, as follows:

One good man, with his eyes, ears, and wits about him, inside the Department—whether it be the Interior, where the oil scandal started and the Boulder Dam bill received most active support, or the Treasury, where the taxation scandals breed and the Government tax policies originate—can do more to perfect the technic of control over industry than a hundred men outside.

The Senator from Missouri quoted the following:

One good man, with his eyes, ears, and wits about him, inside—

And then there was an elision—

can do more to perfect the technic of control over industry than a hundred men outside.

I make this statement in order that the Senate may understand that in no way whatsoever was I under any control or influence of William B. Shearer.

I also suggest that the editorial in the Washington Post, which was under the date line of June 28, 1935, on Boring from Without contained this statement:

Also the same quotations from his earlier writings together with the same elisions.

If the editor had been careful enough and thoughtful enough and student enough, he would have found there was a difference in the elisions, there was a difference in the statements made, and he would have found from the RECORD that my statement was quoted directly from the article published by Mr. Raushenbush, which I inserted in the RECORD.

So much for the question of whether or not I am or was under the influence of Mr. Shearer.

The amusing thing to me is that, although Mr. Shearer is termed an "unspeakable scoundrel", yet I find in the committee's report that there are 28 printed pages devoted to the purpose of discrediting the Navy and reflecting upon the policies of the Navy; and in all the 28 pages there is absolutely nothing but the testimony of Mr. Shearer given in suport of the committee contentions and the committee findings. I quote from page 237 of the committee report, as follows:

Mr. Shearer stated he went to Geneva in 1926 at the request of Admiral Pratt.

Then follows the quotation from Mr. Shearer's testimony. I understand Admiral Pratt retired from the Navy about 1932. He has been a retired officer for a number of years. I do not think he was called by the committee to determine whether or not the statement was true, and yet the "unspeakable scoundrel", the man with whom I was "in bad company", if I was with him at all, is quoted for 28 pages to discredit the Navy.

I am not here to discredit or defend the Navy. I think the Navy has its shortcomings, but I think there are many good, honest men in the Navy dedicating their lives to public service, doing what they think ought to be done. They should be entitled to credence, and we ought to find some evidence other than the testimony of an "unspeakable scoundrel" before we turn aside and indict the Navy for participation in all the matters which have been suggested.

I quote further from page 237 of the report:

Mr. Shearer's intimate relationship with the Navy is revealed in the following Shearer testimony.

The committee continues to quote Mr. Shearer in his testimony through all those pages, and yet they call him an "unspeakable scoundrel." Therefore, I am wondering whether we ought to place any credence in the report of the committee when it is supported so much by the testimony of Mr. Shearer.

Continuing as to the political efforts of the Navy, I quote from page 228 of the report, item K:

The nature of Mr. Shearer's political efforts for Navy purposes is revealed by the following testimony.

The committee was quoting Mr. Shearer only. On page 239 they quoted him as follows:

As evidence of cooperation between the Navy and Shearer, Shearer stated that an unnamed naval officer showed him a secret order for the sinking of the *Washington*, thus giving Shearer an opportunity to prevent the order from being carried out.

There is no other testimony, no defense from the Navy, no statement whatsoever from the Navy.

That is enough to suggest that my relations with Mr. Shearer are those of an entire stranger; that I am not under his influence in any way, shape, or form; that I have never had anything to do with him. On the other hand, whatever I did in this matter has been done for the purpose of defending the country and not against it.

I recall being told on the floor of the Senate following the incident that the chairman of the committee was going to "take me for a ride." If I go for "a ride", I am not going with Mr. Shearer. On the other hand, if I go for "a ride", I am not going to go with either Dorothy Detzer or Mr. Raushenbush. I do not believe in their philosophy of life. I do not believe in their theory of government. In view of the fact that the Senator from Missouri brought in both names I am going to refer to Dorothy Detzer, state briefly who she is, where she comes from, what her object is, and why she is around Washington.

Dorothy Detzer is in Washington representing the Women's International League for Peace and Freedom. In order that Senators may understand what that League is, I am going to give a statement of its aims.

The Women's International League for Peace and Freedom aims at bringing together women of different political and philosophical tendencies united in their determination to study, make known, and abolish the political, social, economic, and psychological causes of war, and to work for a constructive peace. * * *

Conscious that these aims cannot be attained and that a real and lasting peace and true freedom cannot exist under the present system of exploitation, privilege, and profit, they consider that their duty is to facilitate and hasten by nonviolent methods the social transformation which would permit the inauguration of a new system under which would be realized social, economic, and political equality for all without distinction of sex, race, or opinion.

They see as the goal an economic order on a world-wide basis and under world regulation founded on the needs of the community and not on profit.

Under the heading "United States Program, 1934–35", I find that the legislation this league promotes is—

1. Disarmament: Vigorous measures to advance total and universal disarmament by immediate reduction in our own military and naval budgets; by a program for radical naval decreases at the 1935 naval conference, and by continued pressure for complete world disarmament at the disarmament conference.

I think it will be of interest to note that Great Britain has already announced that she has abandoned the 1922 navy-building restriction and that she is going to build such navy as she thinks suitable for her own defense, and that Japan has adopted a similar attitude. Although I presume there are some here who will say that I have been an extreme critic of the present administration, I do say that I believe something was done which should have been done when the administration declared that as the nations of the world build stronger their defense, we will do likewise.

The important phase of the program of the Women's International League is that they propose to disarm whether the rest of the nations of the world disarm or not.

Item no. 2 in the 1934–35 program of the league:

2. Munitions: International treaties and domestic legislation for strict government regulation and control of the munitions industry as a first step toward complete abolition of the industry.

It is not mere regulation they desire, but to do away with defense. I have never seen the time when I thought even a camp meeting could get along very well without a policeman. We always need somebody to help keep order. The

human family still requires that. I do not know of any municipality of any size whatsoever that gets along without a proper police force, nor do I believe that any nation in the world can proceed, particularly one which occupies a position such as our Nation occupies, without proper preparation for defense.

3. Embargo on arms: Passage of the embargo bill to give the President power to forbid the shipment of arms from the United States to any other country.

And yet in today's Washington Times I see great headlines reading:

Ethiopia buys arms from Japan.

I am not saying that we should sell them. I should like to see no further manufacture of arms; but I desire to say that so long as the other countries of the world are manufacturing arms, we had better have a few arms for our own defense; otherwise, we shall find ourselves lacking in defense at a crucial time.

5. Foreign investments: Passage of the Wheeler bill to investigate terms and conditions under which concessions have been obtained in foreign countries by United States citizens and corporations.
6. Philippines: Amendment of Philippine independence bill to prevent economic distress caused by change in tariff policy.
7.—

And this ought to be of great interest to the Senators from California—

Extension of the quota system to immigrants without restriction based on race.
8. Citizenship: Passage of the Griffin bill or similar legislation permitting aliens to acquire citizenship without swearing to bear arms.

And yet we now find ourselves wondering whether or not proper significance is attached to the oath of allegiance of public officials.

9. Antilynching: Passage of the Costigan-Wagner antilynching bill.
10. World Court: Adherence of the United States, with optional clause, during next session of Congress.
11. League of Nations: Cooperation with other organizations toward revision of the League Covenant to eliminate military sections.

In other words, they are a pacifist organization.

ORGANIZATION AND RESEARCH

The first thing they want to do is—

1. Building up of a national congressional committee with local functioning units in all parts of the country.

There is propaganda. While this League may proceed in a manner that is normal; on the other hand, if there is any viciousness in lobbying, I think that viciousness will be shown in this report before I conclude.

2. Development of discussion groups which study and interpret current issues.
3. Study directed toward the problem of cooperation with other peace organizations and with church, labor, and Negro groups.
4. Experimentation toward the development of a pacific technic in labor and mass movements.

The Washington representative of this organization is Dorothy Detzer. I quote from a current report from the press:

The Women's International League for Peace and Freedom, which is holding its international congress in Zurich this month, has been pioneering, and, one may fairly say, crusading, both for peace and for freedom ever since it was born at The Hague in the dark days of 1915. The N. C. P. W. finds its time fully occupied pursuing the first of these aims; the Civil Liberties Union—

Which is probably the strongest communistic organization in the United States at the present time—

has a full-time job with the second.
But the "W. I. L.", as it is popularly nicknamed, in campaigning for "justice without violence", finds its scope broadened as it seeks to establish a world from which violence is banished, alike from the international and the national economic and political relationships.

Quoting further with reference to the United States:

In our own country the W. I. L. has educated for 12 years for recognition of Russia; for repeal of the Platt amendment about as long; for withdrawal of our marines from Nicaragua, with abandonment of the policy of armed intervention, 10 years; and it was the first organization seriously to demand the investigation of the munition makers, an event which would probably not have come to pass had it not been for the work of its national secretary, Dorothy Detzer.

This is the same Dorothy Detzer to whom the Senator from Missouri [Mr. CLARK] referred when he said on June 26, at page 10142 of the CONGRESSIONAL RECORD:

It would appear that Mr. Libby and Miss Dorothy Detzer, moving spirits and the master pacifists of the National Council for the Prevention of War, had something to do with it.

This is the same Dorothy Detzer.

As a matter of fact, Miss Detzer seems to have good standing with this committee. They not only employ Mr. Raushenbush as their chief investigator, but they take lunch with her over here in the Senate Office Building restaurant once in a while.

Quoting further:

The W. I. L. has members in 47 countries and national sections organized in 27 of these, but its greatest strength is centered in the British, United States, and French sections, the Dutch, Scandinavian, Belgian, and Swiss sections constituting a vigorous second line.

Other sections follow these more or less afar off. Italy, Germany, and Austria once had important sections, but they have been more or less destroyed by the Fascist governments. Gertrud Baer, formerly the moving spirit of the German section, is in virtual exile.

* * * * * * *

The national headquarters of the United States section is in Washington, at 532 Seventeenth Street, in the same building as the N. C. P. W. Its national secretary is Dorothy Detzer, one of the most vivid personalities in the whole peace movement and one of the most successful political strategists. Her colleague in the Washington office is Mabel Vernon, who with sound judgment is organizing national activities calculated to make the strength of the peace movement felt politically.

In order to know just what far-reaching effect an organization of this kind has, I now read from the London News-Chronicle of September 27, 1934. This is a report sent there by Gerald Barry—I presume, the American correspondent:

The United States Senate arms inquiry has been adjourned until November, but the muck which it has already brought to the surface will not subside in the interval. There is too much of it, and it stinks too much. Samples of it, I hope, will be taken away and examined by experts under the microscope—and the analysis made use of when the investigation reopens.

Continuing to quote:

I had the pleasure this week of hearing the inside story of how the Senate inquiry was set on foot from the lips of Miss Detzer, who as executive secretary of the Women's International League (American section) was herself very largely responsible for getting it going. The tale she had to tell was sensational, and it emphasized the extreme difficulty of getting past the obstructionists, faint hearts, and vested interests.

At first sight, Miss Detzer is the usual type of charming American woman, young, nice looking, with a pleasant voice and, one would say, considerable social gifts. She must have something else besides to do what she has done against such immense odds. Sheer hard work, helped by a stroke or two of good luck at critical moments, got the Nye resolution drafted, passed through the Senate, and the right people appointed on the committee.

That is very interesting—"the right people appointed on the committee." This is from Mr. Gerald Barry's write-up of Dorothy Detzer and her influence in getting this resolution through the committee.

It was a magnificent effort, and the debt which civilization owes her and the Senator—

Referring, of course, to the senior Senator from North Dakota [Mr. NYE]—

is already a big one.
Naturally the revelations incriminating armament interests in this country have led to demands for an inquiry of our own. I see that the Congregational Union yesterday passed a resolution to this effect. We ought to have one, and I hope we shall get it.
The United States inquiry is only a success because it has full legal powers. It cannot only compel the attendance of witnesses—

This is in the London Times Chronicle:

It cannot only compel the attendance of witnesses, but can demand the surrender of all relevant documents. It can walk alike into Government departments and the offices of manufacturers and make an intensive inquisition into books and papers. It has a staff of over 60 paid investigators and a first sum of $50,000—

Which has now been increased to $125,000—

placed at its disposal for expenses. It is, in fact, for its purposes, omnipotent. And, therefore, it is effective.

It is on account of the powers of this committee, of their authority under the Senate resolution, that they have a right to issue a search warrant and go into the most confidential files of the State Department, of the Army and of the Navy, and take from those files such information as they wish; and, as a result, when a Socialist or a Communist is so employed, he may bring to the committee such information as he wants to give them, but may reserve much for his own use in the future among the organizations with which Mr. Raushenbush was identified, as I will show before I finish this statement.

In order that the country may know just what is involved in this matter, I should call attention to the report of Dorothy Detzer to her own organization as to what she has done. I refer to a Memorandum on the history of the munitions campaign of the Women's International League for Peace and Freedom prepared by Dorothy Detzer, dated June 1934.

Mr. President, in order further to show the activities of the organization of which Dorothy Detzer is secretary, I shall refer to a statement I have here with regard to the type of program and "how to start." I read:

Try to find within the group someone to act at once as legislative chairman. Send her name (she must become a paid-up member of the W. I. L.) to the State chairman. She will be sent special material on important legislative issues from time to time. Such representatives are needed now in every county.

Someone should be delegated to plan for an educational program for the community, covering movies, schools, churches, libraries, clubs, men's groups, etc.

They are going to cover all the territory.

As the group grows, a regular set of officers and carefully kept minutes will become essential. Write to the State office for further information.

Finally—start on a small scale and build up.

Mr. President, I wish to refer to the report prepared by Dorothy Detzer, but before I take that up I shall refer to further methods of work suggested by this organization. All the lobbying in this country is not being done by the public utilities. Some of it is being done by other interests. I read from some further suggestions as to how to proceed:

Investigate the books and magazines in your library. What has it on international affairs? Does it subscribe to the Nation?

The Nation is one of the outstanding liberal publications of the country.

The New Republic, Survey, Christian Century? Does it have the bulletins from various peace organizations? If the librarian is unsympathetic, try having the people ask for the desirable publications and protest the undesirable.

All teachers in the schools of your district should have suggestions from you. Mention available international programs. Learn the attitude of the history teacher and see what history books are used (get a copy of the survey of history textbooks used in Canada). Talk to your city or county superintendent. See what is in your school library. Suggest peace programs for patriotic policies—

And so on.

Send to the W. I. L. for figures and tax blank stickers.

Use:

Lincoln's Birthday for interracial occasions.

Washington's Birthday to tell the truth about war.

Pan American Day to talk about South American neighbors.

Good Will Day to cooperate with children of Wales.

Memorial Day for a peace heroes program.

Kellogg Pact Day for some international good-will project.

Armistice Day for planning a great peace celebration. Stress peace on earth in Christmas programs.

Borrow W. I. L. peace posters. Loan exhibit and use widely.

Arrange debates between a militarist and pacifist.

Secure exhibit of internationally minded books in book week.

Plan interracial or international lunches, suppers, or musicales.

Ask foreign-born residents to give an exhibit of native handiwork.

Hold toy shows before Christmas with educational, not military, emphasis.

Plan a conference on teaching history and geography from an international standpoint.

Study economic conditions in the community and learn the basic causes of labor or racial conflicts.

And on and on; but this is sufficient.

Mr. President, this is the reason we find such publications as the one to which I am about to refer and such public reports as this:

The Nation has placed upon its 1934 honor roll Dorothy Detzer, executive secretary of the Women's International League for Peace and Freedom, for persuading almost single-handed the progressive Senate leaders to demand an inquiry into the arms trade and for her many realistic activities in the interest of peace.

Raymond Fosdick tells us, "The Women's International League does more effective work on a small amount of money than any other peace organization of which I know."

I think the Senate and the country would be interested to some extent in what Miss Detzer has to say about her own activity. I have here her own report. It is not a confidential report, because the matter contained in it is of public concern. This is her report to her own organization:

The Women's International League for Peace and Freedom was born at its first International Congress called by Jane Addams at The Hague in the latter part of April 1915. At that congress, meeting during the second year of the World War, the following resolution was passed, moved by Mrs. Pethick Lawrence, of England, and seconded by Dr. Anita Augspurg, of Germany:

"This international women's congress sees in the private profits accruing from the great arms factories a powerful hindrance to the abolition of war. It urges that by international agreement each country should take over as a state monopoly the manufacture and control of arms and munitions as a step to complete and final international disarmament."

One of the things this committee is investigating is whether or not we should have internationally owned government manufacturing plants. The history of every nation in the world which has ever attempted it has been that its defense began decaying when it adopted such a policy.

At its second international congress, which met at the close of the war in 1919, in Zurich, when the official Peace Conference following the war was opening in Paris, a plan for a League of Nations was submitted to President Wilson by the Congress. In the plan we find this clause:

"Immediate reduction of armaments on the same terms for all states and the abolition of the private manufacture of and traffic in munitions should be undertaken as steps toward total international disarmament."

In other words, the statement was made as far back as the year 1915 that the Government ought to go into the munitions business.

In this same International Congress report of that date there is recorded, under the heading:

"Action to be proposed to the League of Nations when established.

"International commission on war profits: This International Congress of Women asks the League of Nations to appoint an international commission to sit in public with power to take evidence on oath and to command the attendance of any witness it may desire to call to inquire into the facts regarding profitmaking due to war and preparation for war."

So far as I know, there is nothing which now prevents the United States, in the case of declaration of war, from absolutely taking from every concern which manufactures munitions of war every dollar of profit if the Government so desires. There is nothing which will prevent us from confiscating the implements of war as well as commandeering the personnel necessary for war.

Nineteen years later the United States section of the Women's International League has succeeded in getting the United States Senate to take this action for our own country through the Nye resolution calling for an investigation of the munitions industry.

At the time of the 1929 Congress of the Women's International League at Prague, Mme. Waerne-Bugge, of Sweden, presented a report on the traffic in arms. She had made a study of the traffic between the years 1922 and 1929, and as a result of her findings suggested to our International Congress that if it were possible to chart future conflicts through the traffic in arms, we could look for the next crisis to occur in the Pacific area.

In the meantime the United States, through the late Theodore Burton, of Ohio, and Ambassador Hugh Gibson, on June 17, 1925, at Geneva, along with 45 other nations, had signed the Convention for the Supervision of the International Trade in Arms and Munitions and in Implements of War. This convention was only a first step. It provided primarily for publicity and registration. The results were so disappointing to Senator Burton that on his return to the United States he had introduced into the House, where he was a Member, a resolution in the Seventieth Congress (H. J. Res. 183) to forbid the shipment of arms to nations at war.

Mr. President, it seems we have been talking over this matter all these years, and yet the Munitions Committee

seems to think it has made an original finding at this time with respect to the manufacture and sale of munitions.

This measure was immediately endorsed by the Women's International League and other peace organizations in the United States, and in March 1928, hearings were held before the Foreign Affairs Committee of the House at which the Secretary of War, the Secretary of the Navy, and others, appeared opposing the passage of the resolution.

A statement made by Senator Burton at the time seems significant and is here quoted:

"In the hearings upon this resolution, a great variety of interests have been represented, and prominent officials in the War and Navy Departments have been called upon to express their views. The objections to the resolution may be grouped under several classes:

"First. Those who emphasized the profits from domestic manufacture of the articles, the exportation of which the resolution seeks to forbid.

"It certainly is the sentiment of the committee that this argument should not have weight. Our country cannot afford to enjoy profits from the manufacture of death-dealing implements, or promote an industrial or business interest which depends for its success upon foreign wars.

"Second. The cessation of shipments to belligerents in time of war would very much hamper private manufacture of arms, and so forth, manufacturers and dealers in this country, in order to have a sufficient volume of business, must rely on the demands of foreign belligerents."

In spite of the efforts made by Senator Burton and peace organizations at the time, public interest could not be aroused.

The American Legion after the war had, from time to time, urged measures to take the profit out of war, and had sponsored the Capper-Johnson bill for the conscription of capital and labor. This measure sounded well, but it was found that in its practical application, the conscription of capital would be interpreted as confiscation which is unconstitutional.

Dorothy Detzer is even a constitutional lawyer, as may be seen from this report.

Senator Dill, of Washington, thereupon introduced a resolution into the Senate calling for an amendment to the Constitution which would make confiscation of property constitutional. This was so drastic a step and went so far beyond the intention of well-to-do Legion officials, that a joint resolution was introduced into the Seventy-first Congress (Senate Public Resolution 78; H. J. Res. 251), which created what came to be known as "the War Policies Commission." This Commission was composed of 4 Members of the House, 4 Members of the Senate, and 4 members of the Cabinet, the latter being the Secretaries of War, Navy, Agriculture, and Labor. They were authorized to hold public hearings, to study and consider the question of amending the Constitution to provide that private property may be taken by Congress for public use during war, and methods of equalizing the burdens and to remove the profits of war, together with the study of policies to be pursued in the event of war. The Commission was requested to report definite recommendations to the President to be transmitted to the Congress not later than December 1931.

* * * * * * *

At the request of the National Board I represented the W. I. L. and took the following position (p. 726, Hearings before the Commission appointed under the authority of Public Resolution No. 98, 71st Cong., 2d sess., May 14–22, 1931, pt. 3):

"It would seem obvious that if you would take the profits out of war, you must take the profits out of preparation for war; in other words, remove any private gain from preparation * * * I suppose that it is rather trite to suggest that the munitions industries and other industries which gain through the war system must have a return from their investment. In this connection it would seem clear that if to take the profits out of war would help to promote peace, a surer check would be to take the profits out of preparation for war, that is, some control of the munitions industries and those who now gain through preparations for war."

I also read into the RECORD the telegram sent on January 24, 1928, to the Massachusetts Legislature and signed by The Assistant Secretary of War, C. B. Robbins, when this legislature was considering the passage of a measure to control the sale of small arms in Massachusetts. The telegram I quoted is as follows:

"The War Department considers continuance in existence of our arms and ammunition manufacturers as vital to national defense and is opposed to any bill prohibiting the manufacture of small arms or their properly controlled sale to law-abiding citizens which might result in forcing such manufacturers out of existence."

Why does the Army take such a position? It takes that position because any effort to induce Congress to continue to appropriate sufficient money to provide proper preparation for war in the matter of the production of munitions has always been found to be impossible and has never been successful.

Seymour Waldman—

I presume he is one of the outstanding Socialists of the country—

in his book, Death and Profits, which was an analysis of the Commission's study, stated that the W. I. L. recommendation to eliminate peace-time profits in such war industries as munitions was perhaps the most important and practical one made to the Commission.

Passing over a portion of this report, I now read as follows:

The Women's International League sent out not only a questionnaire to candidates for all political offices, but had joined with other left-wing peace organizations—

What does Dorothy Detzer mean by "left-wing peace organizations"? There is only one meaning that can be placed on it, namely, communistic, socialistic organizations—

in a common draft of peace planks for the party platforms, among which was an arms-embargo plank.

Some months later there was a definite reversal of policy on the part of the State Department. The situation in the Chaco had become acute. Neither Bolivia nor Paraguay had a munitions company within its own frontiers, so here was a case in which a war could actually be starved out by the munitions states if they should agree to an arms embargo. The League of Nations was agitating for such action, and the United States Government appointed a member of the Western European Division of the State Department as a munitions expert. Every bit of available material on the subject of munitions control was studied and a bill was drafted by the Department giving the President the power to lay an embargo on arms in cooperation with other countries when in his judgment it was necessary to do so.

Passing over a few pages of the report, I now read from page 10:

In the meantime, President Roosevelt's administration had come into power, and I am informed that the embargo resolution was the only piece of resolution which the President asked to have enacted into law during the short session in the spring of 1933 which was not passed by Congress.

At the annual meeting of the Women's International League in May 1933, the resolutions committee presented a resolution to the meeting which had originally been drafted by Florence Luscomb, of Boston, secretary of our Massachusetts branch. In its final form, after several revisions, it read as follows:

"In view of revelations made regarding influence of private manufacturers of munitions in recently published reports, official and unofficial, which state that armament firms foment war scares, stimulating excessive expenditures for arms, spread false reports, and try to bribe officials; in view of later revelations made during the Shearer investigations and charges that the failure of the embargo resolution in the last session of Congress was due to direct opposition of munitions manufacturers—we, the members of the Women's International League for Peace and Freedom, in convention assembled, call upon President Roosevelt to propose at once a senatorial investigation of the private manufacturer of arms covering:

"1. Stock ownership among leaders of public opinion and public officials—

They wanted to know who owned the stock in these corporations—

"2. Financial support given to militaristic organizations, such as the Navy League, the American Legion, and to other so-called 'patriotic societies.'

"3. Lobby activities in general and particularly for the defeat of the embargo bill in the past session of Congress.

"4. Efforts to prevent the success of the Geneva Disarmament Conference similar to those employed by them in 1927.

"5. Contributions to political parties to control nominations and elections.

"6. Volume of sales to Japan, China, and the South American countries engaged in armed conflict in defiance of the Kellogg Pact.

"7. Profits of the industry."

This was adopted and immediately after the annual meeting broke up, and before the session of Congress closed, I made what efforts I could to find a Senator who would be willing to introduce such a resolution for the investigation of the munitions industry. Out of 96 Senators I picked about 20 who might be willing to introduce it, but some of the answers I received were as follows: "You are asking us to commit political suicide; no one on the floor of the Senate will have the courage to introduce it." During the summer we appealed to practically all the organizations in the country interested in peace, urging them to support such an investigation, and the National Council for the Prevention of War, the National Council of Women, meeting in Chicago during the summer, and various other groups endorsed the idea of an investigation.

When the Morgan Co. was appearing before a Senate investigating committee we again tried to obtain information on the munitions industry by getting questions asked regarding the tie-up between the Morgan banks and the munitions companies,

but could not get any adequate help from any Senators. Then, it seemed possible that there might be some check made through the code.

That is under the famous N. R. A.

The following memorandum was drafted and presented to the Acting Secretary of State:

In considering the whole matter of the control of the munitions industry, and the export and import of arms, it would seem possible that some check might be made through the code.

Our suggestion would be that on the committee known as the "code authority", the President appoint—

This is what might be called "stacking the court."

That the President appoint—

1. A person to represent him to watch the munitions code, not from the angle of industrial relations but—

a. In respect to the sale of small arms, machine guns, etc., to bandits, kidnapers, etc.; and

These are the individuals they were going to have the President appoint—

2. Two persons—one the munitions expert in the State Department, Mr. Joseph Green, and one to represent the public, such as Mr. Raymond Fosdick, to watch the munitions code.

All Senators have to do is to turn to the red network and find out who Mr. Raymond Fosdick is.

a. In respect to the export, import, manufacture, and control of arms for the purposes of war.

The Acting Secretary of State said he considered it an excellent idea and promised to take it up with the President, which he did; and we are informed that the President recommended the suggestion to General Johnson. The latter turned it down in a vigorous note addressed to the President. So any possibility of a check through the code disappeared.

Here Miss Detzer makes reference to negotiating with several Senators who are not on the munitions committee, and, therefore, I shall not read that portion of the report. From page 12 I read the following:

After these eliminations—

Meaning the elimination of a number of Senators from consideration—

there were two Senators left, one of whom was Senator NYE.

On January 2, 1934, after putting the problem up to him and going into great detail, Senator NYE said that if I would continue to press and urge him his conscience would not let him refuse. After his acceptance, then came the need of getting an adequate bill drafted which would cover all the points of the Women's International League resolution, and yet which had a chance to go through the Senate. We were fortunate in securing a very skillful draftsman who was able to accomplish both of these things.

The resolution was introduced in the Senate on February 8, but had practically no publicity for 2 days. The resolution was drafted so as to have it sent to the Foreign Affairs Committee, but Senator PITTMAN apparently was opposed to it, for, after it had lain in committee for a week or so, he asked unanimous consent of the Senate to have it referred to the Military Affairs Committee. This was done, and we feared that this action was going to kill the investigation. However, a subcommittee of the Military Affairs Committee was appointed to deal with the Nye resolution, as well as the bill introduced by Senator VANDENBERG to review the findings of the War Policies Commission in regard to taking the profits out of war. Members of the subcommittee were seen and they eventually recommended to the full committee, which happily concurred in reporting out the resolution favorably and combining both Vandenberg's and Nye's measures. The revised resolution recommended a select committee of seven with the power of subpena and a $50,000 appropriation.

The measure then went to the calendar, and a poll of the Senate, directed by Jean Frost, of the Women's International League, indicated that there would be a good fight on it when the resolution came to the floor, as such persons as Senator DIETERICH, of Illinois, vehemently opposed its passage. The poll also indicated that there were a good many who would not commit themselves until they knew the stand of the administration. It then was necessary to get either the President or the Secretary of State to commit himself, and after a good deal of work this was done. On March 19, the Secretary of State publicly approved it.

At the time that the Nye resolution was introduced into the Senate, the Vinson billion dollar Navy bill was also being considered by that body. The Women's International League urged the passage of the Nye resolution, so that an investigation of the shipbuilding companies could be held before more Government money should be spent for the building of ships.

Mabel Vernon, national campaign director, focused the attention of the membership throughout the country on this policy and as a result our branches and workers kept up a constant barrage of resolutions, letters, telegrams, both on the President and the Senate. Mass meetings were held throughout the country, Senator NYE often being the chief speaker, and this, together with the books and magazine articles which had appeared and the famous speech of Senator BORAH in the Senate, started the enormous popular pressure which rolled up behind the Nye resolution. A meeting at the Belasco Theater in Washington, organized by Miss Vernon, registered the popular support in the Capital itself. At this meeting Walter Van Kirk pledged the powerful support of the Federal Council of Churches against the Vinson bill and for the Nye resolution. More than a thousand people attended a large meeting, similarly organized, in New York about this same time, and meetings of this kind followed throughout the country.

However, the measure was finally put through by an extremely clever parliamentary move on the part of Senator NYE. The tax bill was being debated, and Senator NYE offered an amendment calling for a 98-percent tax on incomes over $10,000 in the event of war. When the amendment was before the Senate, he announced that he had 9 Senators to speak on it, as they desired to be fair and consider every side of the question. This very much disturbed Senator PAT HARRISON, of Mississippi, who was trying to push through the tax bill with dispatch. Accordingly, NYE suggested that if the Senate would consider a unanimous-consent motion for immediate consideration of his resolution for an investigation of the munitions industry, and if this passed, this amendment could be sent to that committee where time could be given for thorough consideration. The unanimous-consent motion was passed and the Senate investigating committee became a fact.

I have read most of this report in order to lead up to the last paragraph, which is as follows:

The committee which was finally chosen by the Vice President, consisting of Senators BONE, VANDENBERG, NYE, POPE, BARBOUR, CLARK, GEORGE, also was no accident, nor the choice of the chief investigator, Stephen Raushenbush.

In other words, this organization takes credit not only for selecting the personnel of the committee but also for selecting the investigator.

With further reference to Miss Detzer's activity, I have a postal card, dated June 12, 1935, which reads as follows:

There will be a hearing before the Foreign Affairs Committee of the House (in the Capitol, third floor, House side) on Tuesday, June 18, at 10 o'clock a. m., on the neutrality legislation.

We are hoping that we may have a large attendance in order to demonstrate the interest in these measures.

Won't you please be there?

Faithfully yours,

DOROTHY DETZER,
National Secretary.

In other words, if the Chairman of the Foreign Affairs Committee of the House or the Chairman of the Foreign Relations Committee of the Senate happened to have a large audience, he could know it was not an accident, but it was by reason of the fact that the members of the audience had been invited.

So much for Dorothy Detzer. She is the one whom the Senator from Missouri approved with his compliments. She is the one with whom the committee takes lunch in the Senate Office Building. That is perfectly all right with me.

I want to go a little further. I listened with keen interest and also read the statements by the members of the committee with reference to the efficiency of Mr. Raushenbush as an investigator. I want the Senate to remember that such an investigator is given the greatest authority with which any man can be clothed under the law. Raushenbush and his corps of assistants have the right to go into the State Department and to search their files; have the right to go into the Navy Department and search their confidential files; have the right to go into the War Department and search their confidential files. Mr. Raushenbush can bring to the attention of the committee such material as he wants to bring, and can reserve in the back of his head such information as he may desire with reference to the future use he can make of it in carrying out the type of program which it has been indicated he has in mind.

Who is Mr. Raushenbush? To my amazement, at least two members of the committee said they selected him after they knew he had written socialistic books. One of the things the Socialist wants to do is to overthrow the defense of the country. I do not know who are Socialists. I am not contending that because a man believes in control of a certain industry he is a Socialist. I am not one of those who believe that because a man happens to have a particular view with reference to public utilities he is a Socialist; I am not one of those who believe if a man happens to be

convinced that public ownership of communications is necessary that he is a Socialist; but I suggest that the whole trend running all through the Government machinery at the present time is of a socialistic character, and one of the things the Socialists want to do is to see to it that they have control of the defense of the country.

Mr. Raushenbush was selected special investigator of the committee. I wonder if they could not have found a man who is an American pure and simple and who believes in American fundamentals?

Let us see who Mr. Raushenbush is. When the attention of the committee was called to the connections of Mr. Raushenbush they said openly, "We selected him. We are going to stand by him. He has written socialistic books." Yet they were giving to him the authority to go into the most confidential files of the various departments of the Government and use as he might see fit the information he could secure for such purpose as he might wish.

He is now or was last week in the State of Pennsylvania speaking before organizations, the record of which I happen to have here. If he is doing anything to instill Americanism into the minds of anyone who listens to him there, I have not seen such a report in the public press.

Who is Hilmar Stephen Raushenbush?

He is the son of Walter Rauschenbush—note the difference in the spelling—a theologue with alleged leanings toward "Christian socialism"; was born May 12, 1896, in New York. He attended public schools of Rochester, N. Y., took his A. B. at Amherst in 1917. While an undergraduate he was president of the Amherst chapter of the Intercollegiate Socialist Society, which society was organized by Jack London and other radicals in 1905, and fell later into such disrepute that its name was changed to "League for Industrial Democracy"—

Of which Mr. Raushenbush is still a member.

What is the League of Industrial Democracy? It is a league which believes that all industry should be run for use and not for profit. Their slogan is: "Production for use and not for profit."

H. S. Raushenbush claims Army service during the World War, and that he has been an oil worker, a labor manager for the United States Consular Service, and is an industrial researcher and special writer. While acting as economics assistant to anthracite miners' organizations in 1922–23 he claims some experience as a coal-mine worker. He was at one time an industrial adviser in the employ of Governor Pinchot, of Pennsylvania; and for some time, beginning in 1922, was a staff member of the Bureau of Industrial Research—part and parcel of the League of Industrial Democracy. In 1925 he was also connected with the National Child Labor Committee, the principal founder of which was that translator and ardent proponent of Karl Marx, the late Florence Kelley, who was also an active founder of the Intercollegiate Socialist Society, now the League for Industrial Democracy.

H. S. Raushenbush spent his boyhood in a Socialist atmosphere, and his entire career to date shows no change in his type of thought. His industrial researches and his reports seem all to have been made with a single eye to the support of Socialist theses, and he is not a stranger to the methods of vilification and the use of part truths which are equivalent to falsehoods in their effect. While identified with the left-wing Socialist leader—

I suppose that "left wing" means the same left wing to which Dorothy Detzer referred a little while ago.

While identified with the left-wing Socialist leader, Norman A. Thomas, in the League for Industrial Democracy, he early became the protégé and collaborator of Harry W. Laidler—

Harry W. Laidler, that outstanding proponent of Government ownership for purposes of building a socialist state.

I shall read some extracts from Mr. Raushenbush and from Mr. Laidler. I am not putting the Senate committee in company with these men. If I am to be "taken for a ride", I do not want to go with Dorothy Detzer and I do not want to go with Mr. Raushenbush. I prefer people who believe in the American flag and a proper type of Army and Navy in order to support it.

Through his research work he for years has kept Laidler supplied with the ammunition for many of his lectures, radio talks, articles and books.

That is the very thing suggested in the article of which Mr. Raushenbush is the author and which I inserted in the RECORD.

How much more information they will be able to give now in view of the fact that Mr. Raushenbush, with such wide authority from the Munitions Investigating Committee, can go into the confidential files of all the departments of the Government and of some of the biggest business concerns of the country, which have paid taxes to help pay the salaries of men who are drawing salaries as United States Senators.

He was joint author with Laidler of a book, Power Control. This connection with Laidler is important, as Laidler (self-styled "economist") is, and has long been, one of the mainstays of the League for Industrial Democracy, as well as of other subversive institutions, and is an open friend of sovietism.

In 1925, through his connection with Laidler and the League for Industrial Democracy, H. S. Raushenbush was made secretary of the adventitious and meddling committee on coal and giant power, a child of the League of Industrial Democracy, which position he held until it died a natural death 2 or 3 years ago. As secretary of this committee he compiled and published a number of pamphlets attacking private industries, notably in the coal and utility fields, all being "set against the background of the book Power Control", and all, like the book, heavily subsidized (and probably completely paid for) by the American Fund for Public Service, which is the Communist "Garland fund", whose directors have publicly stated to confine its aid to projects of a radical nature (with the purpose of changing our form of government).

Mr. Garland, as I recall, is a wealthy man who was sent to the penitentiary for his communistic and free-love activities, and then gave his entire estate for the purpose of setting up the "Garland fund." Whenever one happens to see a book published by the Vanguard Publishing Co., just let him remember that it is the Garland fund, and the book, Socialism of Our Times, is published by the Vanguard Press, League for Industrial Democracy.

Among the members of the executive committee of the Committee on Coal and Giant Power were the ex-anarchist, Oscar Ameringer; the American Civil Liberties Union leader, Arthur Garfield Hays; and Harry W. Laidler himself.

As an example of the type of booklet issued by H. S. Raushenbush we may examine the 89-page High Power Propaganda, published in 1928 by New Republic, Inc. This purports to be an interpreted summary of the first part of the hearings held by the Federal Trade Commission on the subject of propaganda by the power companies. In this pamphlet Raushenbush accuses power companies of "dirtying the waters of public opinion", spending hundreds of thousands of dollars to elect a single legislator, "buying the press", and controlling textbooks and school teaching to the exclusion of truth. He recites that municipal plants give lower rates than corporations, but fails to mention the difference in accounting which puts municipal plants and bonds on the shoulders of all taxpayers. He charges corruption even in the establishment and promotion of public-utilities courses in colleges and universities—but does not mention the biased courses in "economics" given in "workers' schools" supported and instructed by his Socialist associates. The clear impression made by the pamphlet is that H. S. Raushenbush favors Government ownership, with all its political implications and great losses to taxpayers. Some of the Raushenbush pamphlets have been advertised by the League for Industrial Democracy as "L. I. D. classics", an example being the 36-page The People's Fight for Coal and Power, published in 1926, and still thus advertised in the L. I. D. Monthly for October 1929.

His researches as secretary of the Committee on Coal and Giant Power did not consume all of the energy of H. S. Raushenbush. As a member of the Socialist Party he wrote articles for Socialist papers. One of these articles, published March 12, 1927, by the New Leader, official organ of the Socialist Party, is notable for its bearing here. In it Raushenbush outlines the program which the Socialists should carry out in the United States to undermine capitalism and by stages change the system to collectivism. He says that Socialists should work with the monopoly tendency and push everything important into some form of big business, and then declare these monopolies "affected with public interest", with the objective of governmental control, then ownership. Two of his paragraphs follow:

"Our immediate aim is to declare ourselves in on these great consolidations that are going on. In return for giving up our much-touted system of competition for monopoly, it is not impossible to exact the price, to get some share of control which can then be extended as the need for it becomes evident. Once an industry is declared affected with a public interest, it is reasonable to have the books opened, then to go on with a clamping down on excess profits, stock dividends, inflated mergers, etc., and to have a positive hand on stabilization of employment, uniform working conditions, a minimum wage, supervision of all mergers, the establishment of the principle of recapturing excess earnings, as on the railroads, to go into a fund to buy out the industry.

"We must start small, as we did in the Interstate Commerce Commission, make a business of public business, and prove to the workers and the middle class that it works."

With such openly expressed objectives, it was but natural that H. S. Raushenbush should remain in the bosom of the League for Industrial Democracy, serve for at least 8 years (1926–33) as an official of its emergency committee for strikers' relief, and become a national councilor from New York in the league itself.

It has been mentioned that H. S. Raushenbush was for a time connected with the national child-labor committee. This is in exact line with his ingrained desire to establish governmental control and ownership over everything. Under a smoke screen of humanitarian declarations and arguments, the national child-labor committee has as its prime purpose the adoption of an amendment to the Constitution of the United States to give Congress "power to limit, regulate, and prohibit the labor of persons under 18 years of age." No one knows how some future Congress might exercise this power if obtained. Under it, entire social and economic regimentation of the people in their homes and schools could be accomplished; and Federal control over education from the nursery up could be utilized to inculcate the ideology of a new and untried social order; and that was and is the plan. The authors of the movement were Mrs. Florence Kelley Wischnewetsky—

That is good Americanism I presume—

(now deceased), Miss Grace Abbott, then chief of the Children's Bureau; Miss Julia Lathrop, and the Communist, Anna Louise Strong, then a Federal employee under Miss Abbott, and now Mrs. Shubin, of Moscow, who spends much time lecturing in the United States. Miss Strong is the daughter of the "Red Reverend" Sidney Strong, was a founder, and is now an associate editor of the Moscow News, official Soviet English language newspaper published in Moscow and circulated in the United States. Although the child-labor amendment was defeated before the middle of 1927, it was revived by the Socialist associates of H. S. Raushenbush, again defeated, and is still on their program for reintroduction at the earliest possible opportunity.

It has been mentioned that books and pamphlets written by H. S. Raushenbush and Harry W. Laidler were subsidized by the Communist "Garland fund."

This is the same Garland fund to which I referred a little while ago—

Official reports of this fund show H. S. Raushenbush by name to have received at least $16,000 from the fund between 1925 and 1928 for his work in preparing these publications for the League for Industrial Democracy.

The American Fund for Public Service (Garland fund) was founded by Charles Garland, of Massachusetts, who served a term in the penitentiary for operating a "free love" farm. He opposed private ownership of property, so in 1922 he gave his inheritance to establish the fund for the promotion of radical projects. The board of directors of the fund is a self-perpetuating group and has always included Communists. For many years it was the owner and publisher of the magazine New Masses. William Z. Foster, Scott Nearing, Clarina Michelson, Benjamin Gitlow, and Robert W. Dunn, all prominent Communists, have been members of this board, which has permanently disbursed about $2,000,000 for subversive work. Some of the money has been used over and over, on a revolving-fund basis, so that the effect has been that of a larger fund. Anarchist, Communist, I. W. W., American Civil Liberties Union, Socialist, League for Industrial Democracy, and pacifist projects, and many others, have been financially aided by the Garland fund, which at the close of 1934 had been practically all used up or engaged in the commitments for the current year.

Following 1932 H. S. Raushenbush appears to have engaged in a new spurt of activity. That he was by that time recognized as a distinctly left-wing Socialist is shown by his inclusion by Communist publications favorably in their releases. In the Federated Press Clipping Sheet for January 10, 1933, is an announcement by H. S. Raushenbush of the formation of the Pennsylvania Security League.

By the way, that is the very league which has had Mr. Raushenbush lecturing for the past week, filling engagements in various localities all over the State of Pennsylvania. He is still drawing his pay as an investigator for this committee, but is lecturing for this league up in Pennsylvania.

In the Daily Worker, issue of December 5, 1933, is a favorable review by H. S. Raushenbush of a Communist play, Peace on Earth.

The most extensive of the new activities undertaken by H. S. Raushenbush at this period is in connection with the John Dewey group of Socialists, who have long been playing with the Rand School crowd and the Abraham J. Muste-Brookwood Labor College aggregation. Due to Harry W. Laidler's connection and influence with this group, especially in the League for Independent Political Action, the Conference for Progressive Labor Action, and the Conference for Progressive Political Action, H. S. Raushenbush in 1933 became a member of the committee for action of the latter conference.

The Conference for Progressive Political Action is part of the League for Independent Political Action's campaign for state socialism, which has been going on for 6 years. The purpose of this conference is to attract agriculturalists, merchandisers, professional people, and "white collars" generally. Because small groups of agriculturalists must be welded into larger groups, with some degree of fanaticism for a continuing cause, in order to induce the cohesiveness and insure some solidity for such an organization as the Conference for Progressive Political Action; and, of course, in turn, for its parent, the League for Independent Political Action; increasing efforts are being made to form or help form local radical political parties and blocs wherever possible. To such lengths have these efforts extended that doors have been opened wide (through the Communist-controlled American League Against War and Fascism, and other affiliates) for the adherence of such "red" bodies as those organized by Communists like "Mother" Ella Reeve Bloor among the farmers and industrial workers.

In the 1934 political campaign the Conference for Progressive Political Action, with its parent, the League for Independent Political Action, was concerned much with the organization and assistance of liberal and progressive parties in the Northwest States.

On May 25, 1934, while acting as director in the organization of this northwest campaign for the action group, Howard Y. Williams, member of the L. I. P. A. and C. P. L. A., and connected with the League for Industrial Democracy, wrote to his organizers as follows (in part):

"Those State parties we are forming must support President Roosevelt to the limit when he is right. We must push him more to the left, develop a national political movement that will go beyond him if he fails."

It may be noted, without affirming any necessary connection between the two events, that the letter from which an extract has just been quoted was dated just 4 days after the appointment of H. S. Raushenbush to the secretaryship of the Senate Special Munitions Investigation Committee, a position virtually that of prosecutor in its inquiries. With Harry W. Laidler supporting Howard Y. Williams on the one hand and H. S. Raushenbush on the other, it is conceivable that the 4 days gave time for the United States mails to transport to Williams, in the Northwest, the joyful news of Raushenbush's appointment in the East, and that the inspiration of this "further victory for the cause" had something to do with Williams' determined enthusiasm on this occasion.

The membership of H. S. Raushenbush in the Socialist Party, his decade of work under the aegis of the League for Industrial Democracy, his membership on the committee for action of the John Dewey-Harry W. Laidler Socialist group, and his public record in connection with the munitions investigation, are inseparable parts of the picture or map of his attitude toward private ownership, individual or corporate capitalism, and the basic structure of our system of government under the Constitution. From this picture or map can be charted with reliable accuracy his present motives and his future line of action in any field into which he can insert himself or can be inserted by the Laidler-L. I. D. forces.

The chief sponsor of H. S. Raushenbush—namely, Harry W. Laidler—by his writing, speaking, and organization work a mainstay of the Socialist League for Industrial Democracy, was labeled 10 years ago (1925) by the Better America Federation of California as "a professed Socialist who is in with the extreme Communists." And the record of the last decade calls for no revision of the characterization.

Harry W. Laidler is an outstanding advocate of Government ownership; has been outspoken in his prosovietism, and has led the L. I. D.-Open Road, Inc. (Soviet) "Intelligent Student's Tour of Socialism" in the Soviet Union; is now on the faculty of Rand School, and has been connected with Brookwood Labor College, both of which entertain Communist lecturers; was active in arranging for the United States Congress against war which gave birth to the Communist-controlled American League Against War and Fascism; was active in the Brooklyn Civil Liberties Bureau; and, as late as May 18, 1935, was one of the leaders of a large pacifist parade and mass meeting in New York City, in which the Communist song "International" was sung, the red flag of communism displayed, and the following "litany" recited by the crowd under the leadership of one of the immediate associates of Harry W. Laidler—

"If war comes I will not fight.
If war comes I will not enlist.
If war comes I will not be conscripted.
If war comes I will do nothing to support it.
If war comes I will do everything to oppose it.
So help me God!"

Mention has been made of the close cooperation connection of Harry W. Laidler with Abraham J. Muste, for many years and until recently head of the Brookwood Labor College. Muste has been head of the Conference for Progressive Labor Action, previously mentioned as an affiliate of the John Dewey group of organizations, since its inception in 1929. As long ago as 1928 this school was branded by the American Federation of Labor as communistic. All A. F. of L. support was officially withdrawn. Muste is now head of the Workers' Party of the United States of America, the Trotsky Communist organization in this country, and is still working intimately with the Dewey group.

It may be mentioned in passing that the keynote of a pamphlet, Ending the Depression, published by Muste's Conference for Progressive Labor Action, is expressed by one of its chapter heads, "Marxism Fits the Facts."

The League for Industrial Democracy, of whose program H. S. Raushenbush is an indefatigable exponent, is primarily a propaganda institution, one of the mouthpieces and recruiting agencies for the Socialist Party. Mr. John Spargo, a famous educator, who was at one time a member of the executive committee of the National Socialist Party, wrote as follows (in 1928, concerning such activities as it carries on):

"I know, and every well-informed student in America knows, that for many years public ownership and socialism have been preached in American colleges, academies, and high schools by the paid lecturers of organizations maintained for the special purpose. This was true many years before any public utility publicity bureau in this country ever made the least effort to reach those channels. These paid lecturers did not aim to present objective facts; they did not make the slightest pretense that they were aiming at anything other than converting the students to socialism, to belief in public ownership and all the economic and social changes that belief implies."

During the course of the twenty-fifth anniversary celebration of the League for Industrial Democracy, held at Union Theological Seminary, New York City, during the closing days of 1930, Paul Blanshard—one of the paid lecturers of the league—is reported to have said from the rostrum, in answer to questions:

"Any pacifist agitation which does not point to the fact that the causes of war lie in the basis of capitalism is not only futile but it actually aids in causing war.

"I think the Socialist Party should stand squarely against an international conflict; whether we attempt to work for a general strike or attempt to get its members to refuse to serve in the Army and Navy.

"I believe that no man should join the Socialist movement unless he is willing to pledge that he will not be a creature of nationalism in the next war."

The League for Industrial Democracy, which has shaped every step of the career of H. S. Raushenbush, teaches students that "only the abolition of a system that uses war to settle arguments between rival groups of imperialists will achieve" the abolition of war; and "Students, if they are really opposed to war, must carry the fight home to the economic system that produces war."

The League for Industrial Democracy is communistic. It is communistic not only because in the ranks of its leaders are to be found such Communists (expelled for disciplinary reasons from the Communist Party, United States of America, and now allied with A. J. Muste) as J. B. S. Hardman, Ludwig Lore, Jay Lovestone, and James Oneal; not only because many of its leaders are also on the official lists of Communist-aiding and Communist-controlled organizations; not only because many of its leaders meet Sidney Hook's analytical definition, viz, "If by communism one means a form of social organization in which the associated producers democratically control the production and distribution of goods, then it is possible to be a Communist without being a Marxist, although every Marxist must be a Communist"—but particularly because its objective is identical with the final and fundamental objective announced by communism.

* * * * * * *

Raushenbush, using the name "Hilmar Rauschenbush", enlisted at Allentown, Pa. (Medical Department), July 18, 1917. His residence at the time he enlisted was given as Rochester, N. Y. He was discharged at Mitchel Field, June 18, 1919, as private, first class. At the time of enlistment he was 21 years and 2 months.

* * * * * * *

The League for Industrial Democracy "would build a world in which the productively engaged would own and control the economic structure that gives them life". On its membership-solicitation cards it states that its object is "education for a new social order based on production for use and not for profit." Moissaye J. Olgin, publicist, one of the most rabid Communists in the United States, in his pamphlet, Why Communism, recently published by the Communist firm, Workers' Library Publishers, has this to say:

"We do not mean a system where the big industrialists swallow up the small and middle industrialists and where the big banker gobbles up everybody and everything.

"When we Communists speak of a society organized on the basis of planned production and distribution we mean something entirely different. What we have in mind is very simple. It is clear cut. Do away with production for profit."

The League for Industrial Democracy, component of the Socialist Party, career mother of H. S. Raushenbush, is increasingly found—as an organization, and through its leaders—in "united front" and other joint actions with Communists. The public contumely which Communists and Socialists each heap upon the party of the other is but "smoke screen", simulated party jealousy. Prof. Paul H. Douglas, of the University of Chicago, a leader in the League for Industrial Democracy, and an acknowledged spokesman for both the league and the Socialist Party, has written and published articles in which the following phrases occur:

"* * * The doctrines of Karl Marx which have become the fountain head of modern socialism" and "he (Marx) declared that it was the mission of the working class to take over the factory system bodily and run it for their own benefit. No class," he said, "ever voluntarily gave up a system in which they were masters."

The commonly accepted definition of the difference between socialism and communism, both admittedly having as an objective state socialism, has been that socialism would proceed peaceably to attain conditions which communism would attain by the supposedly more rapid and efficacious method of violence. If further evidence than the preceding paragraph is required to indicate the complaisant Socialist attitude toward the Communist method of violence, even to the actual adoption of the method, reference can be made to the proceedings of the 1934 convention of the Socialist Party, United States of America (Detroit), in which official arrangements were made for a revolutionary policy committee to include more violent action in the directives of the party. This removes the last practical difference between socialism and communism in the United States.

Mr. President, it is my understanding that the Munitions Committee has had available $125,000; that the committee is also interested in a munitions and arms project authorized under the F. E. R. A., no. 16; that this project began July 23, 1934; and up to date has had some $37,000; and has had in its employ about 49 persons. I should like to make inquiry concerning that subject in a public way, and I shall ask that the information as to who these employees are be furnished me through the F. E. R. A. In other words, I am told that this organization is employing as investigators men who are able to support themselves; it is employing them and placing them on the relief rolls; it is employing them at the suggestion of the Munitions Committee. I do not know whether or not that is true; I am simply stating the information I have at hand. I also understand that under the F. E. R. A. there is another new project, no. 89, entitled "Revision of Neutrality Laws, etc.", in connection with which a number of people are also being employed under similar circumstances. It seems to me that the F. E. R. A. should give that information to the Senate, and I shall ask it from them in a letter which I shall write to them as soon as I have time.

What is the Communistic Party? The Communistic Party falls under two subheads: First, the Young Communist League; second, the American Civil Liberties Union, and also the National Students' League, to which I have heretofore referred. Under the Young Communist League we find subversive activities in the Army and Navy.

Under the American Civil Liberties Union we find the League for Industrial Democracy, Mr. Raushenbush being its principal spokesman, and the American League Against War and Fascism and also other radical activities.

Under the Young Communist League we find Shipmates' Voice, which is a group of people distributing communistic propaganda among seamen. We also find the Students Review, doing communistic work among the students in our various universities; also Student Activities Against Reserve Officers' Training Corps and Government; also Teachers College, Columbia University; Moscow Universities; Women's International League for Peace and Freedom; Trades Union Unity League; World Peace Ways; Communist Labor Organizations.

I find that some of these organizations preach doctrines which I cannot understand how anyone could support. I find an article by Winifred L. Chappell, secretary Methodist Federation for Social Service. I desire to say that this does not have the approval, as I understand, of the Methodist Protestant Episcopal Church. I quote from her article:

But now a third choice, hardly so much as even heard of during the World War, appears in this possibility: Stay out of jail—why thus separate yourself from the masses? Why thus let yourself be put out of the game? Accept the draft, take the drill, go into the camps and onto the battlefield, or into the munitions factories and transportation work—but sabotage war preparations and war. Be agitators for sabotage. Down tools when the order is to make and load munitions. Spoil war materials and machinery.

I think it would be interesting to know what the members of the munitions committee had in mind even before they began taking any testimony. I cannot speak for the individual members of the committee. I do not say that I can reflect the sentiment of many of the members of the committee. I believe that the committee had a good purpose in mind, but I do not believe that that good purpose has been carried out when it is attempted to justify the existence of the committee through the influence of Dorothy Detzer, or the investigator of the committee in the person of Mr. Raushenbush. I find on August 30, 1934, before any testimony had been taken, that this statement appeared in the New York Times of that date:

Senator NYE, Republican, of North Dakota, chairman of the committee, and Senator BONE, Democrat, of Washington, both go further. They advocate complete Government operation of munitions plants, which, they contend, will lessen the possibility of international conflict by taking the "profits out of war."

Yet all the best authorities on munitions—I do not know of a single, solitary exception—absolutely insist that proper defense cannot be maintained except in cooperation with private interests as we have done ever since the beginning of our country.

Senator CLARK, Democrat, of Missouri, said such a move should be "very desirable", and a "great deal could be accomplished in that direction toward peace", but added that he wished to study the question more thoroughly before taking a positive stand.

The views of other committee members were not obtainable.

"We cannot eliminate the activities of munitions makers in urging huge appropriations for war preparations", Senator POPE said, "or eliminate their subversive activities at peace and disarmament conferences until something is done to remove profit from war."

What the committee does will depend a great deal upon public opinion. If the investigation discloses all that is expected, there will be almost universal demand for Government operation of munitions or other war-material plants.

Almost universal demand!

I read from the New York Times of Tuesday, September 25, 1934:

John Taylor, Legion legislative representative here, predicted that the National Legion convention at Miami next month would advocate stiff penalties for war-time profiteers and a universal draft law.

He said that commodity and labor prices should be "frozen" in the event of war at an average of the prices prevailing for 3 years previously. * * *

Although welcoming these views, Mr. NYE differed with the Legion leader on Government control of munitions making.

"The private munitions manufacturer must be destroyed or be regulated more closely than any other private business", the Senate investigator declared, making it clear that he strongly favored Government monopoly of the production of essential munitions of war.

"The Government can't do that", Mr. Taylor asserted in an interview. "It hasn't the facilities. It cannot hope to maintain, in peace time, an industrial organization prepared to meet the demands of war."

In a speech over the radio the Senator from North Dakota [Mr. NYE] said:

The most effective way to do this is to make the Government the sole munitions maker and to write now, not after we have gone to war, law which will fix the rates of taxation to apply upon incomes automatically with a declaration of war. * * *

It would be unfair to say that munitions makers were wholly responsible for wars, for they are not. But it can be said with large justification that the danger of more war can be very greatly reduced by simply removing the element of profit from preparedness and the prospect of any profit for anyone from war.

I am simply giving the Senate these statements to show what is in the minds of members of this committee with reference to public ownership and operation of plants which produce munitions of war.

Where does that lead us? I find a very definite plan in a socialistic program, and I now quote from the Vigilante:

Every great revolution, but especially the Socialist revolution—even if there had been no external war—is unthinkable without an internal war. The stupidity is evident of the chatter about Democratic unity, the dictatorship of the Democracy, the universal Democratic front, and such like silly twaddle. Anyone who has not learned from the course of the Russian revolution of 1917–18 that half-and-half measures are impossible must be finally dropped. We conquered through methods of suppression. * * * It is necessary to introduce absolutely regular work so that it runs like clockwork. But how can the strictest unity of will be secured? By the subordination of the will of thousands to the will of a single person. Today the revolution demands, and that in the interest of socialism, the unquestioning subordination of the masses under the single will of the director of the process.

In other words, Mussolini is in control of the affairs of government in Italy to a greater extent than the friends of communism would put their dictator in control of the affairs of this country of ours.

Why should I make any complaint? In support of the statement that there was a socialistic trend I inserted into the RECORD an article written by H. S. Raushenbush. I have shown his connection with other men and other organizations. The book from which I will now quote is entitled "The Socialism of Our Times", printed by the Vanguard Press in 1928.

In order to understand why Mr. Raushenbush is eligible to have an article in the book, let me set forth the purposes for which the book was printed. From the introduction on page 13, I read:

It is based on a Conference of the League for Industrial Democracy at Camp Tamiment late in June 1928. While it utilized papers submitted at that conference in discussion at the conference, the book is no mere transcript of proceedings. Papers and discussions have been rearranged and revised with the consent of the authors of the papers and new material has been added. Only the most pertinent parts of the informal discussion at the Tamiment Conference, over which Norman Thomas presided, have been used. The work has been done by men who believe in the general truth of socialism and profoundly believe in the importance, particularly in our headlong America, of straight thinking and the working philosophy on which any wise program of action must depend.

That is a quotation from the introduction of the book, wherein is included, I think, one of the most socialistic articles I ever read under the authorship of our splendid and efficient investigator, Mr. H. S. Raushenbush. I read again from page 14:

Against this background we are ready in part III to take up the various points of view that divide radicals on tactics in general and next steps in America in particular. * * * Such is the purpose of the bill. Its pages in its conclusions must speak for themselves. They must be tested in life. Their importance is anything but academic. They are bound up with the supreme adventure of mankind: The effort of men collectively to manage the physical power they have unloosed and the machinery they have created so as to make them a blessing instead of a curse; a source of freedom for the workers and not their deep slavery; of life, not death, for us all.

The first article, chapter 1, is entitled "The Dynamics of a Socialist Society", and is written by Harry W. Laidler, to whom I have heretofore referred. Let me quote one sentence from page 3:

Socialists, of course, are of the opinion that the workers, when they secure control of government—human nature being as it is—will, sooner or later, decide to use their power to eliminate waste and war and exploitation, to secure an increasing amount of liberty, equality of opportunity, and democracy, and that this can be attained only by increasing control by the workers over their industrial life.

From page 4 I quote the following:

But what about industry? Will all industry be socially owned under a cooperative commonwealth, following the picture of such writers as Edward Bellamy, or will some industry still be retained in private hands? * * *

Of course, the amount of individual ownership and of social ownership will differ, as has been suggested, at different stages of social development, and the boundaries between the two will never be clearly marked. But probably for decades to come individual enterprise will be found in at least four types of industry. These include, first, the field of handicraft industry. * * *

Second, there will probably continue to be considerable private ownership in agriculture.

They are going to let us have a garden—"Considerable private ownership in agriculture."

* * * Thirdly, individual enterprise will probably continue in certain forms of intellectual production.

We will still have something to do with our own minds.

* * * There is also a fourth field where the continuance of private industry may be socially desirable, and that is in the field of new enterprises where business men are experimenting on new inventions or devices.

From page 6 I quote the following:

During the period of private ownership it, of course, would be perfectly possible to safeguard the worker and the consumer by certain legislation relating to hours, wages, sanitary conditions, prices, quality, profits, and taxation. And the employee of a private enterprise would always have the alternative of returning to social industry if dissatisfied with his treatment.

The criterion as to whether private or public ownership should exist in any case would be that of social welfare.

In other words, it is going to be determined by the social dictatorship itself.

From page 7 I read the following:

In dealing with social ownership, there has, in the nature of the case, especially among European Socialists, been a good deal of discussion of late regarding the territory that should be assigned to voluntary cooperative groups on the one hand and community ownership, or, as Webb has it, to compulsory cooperation on the other. The battle is still waging and no Socialist is in a position to dogmatize regarding the limits of the two kinds of control.

The writer still says that there may be a little ownership of private property. I have been quoting from Mr. Laidler's article. He is an adviser, an associate, and a colleague of our friend Raushenbush. I read further from page 8:

Thus a distinct place would be found for private industry and for voluntary cooperative industry under socialism. Finally, and most important, is the field allocated to public, governmental industry—municipal, State, and national. To public control would naturally be allocated the great industries connected with the exploitation of our natural resources—coal, oil, water, power, etc.

I do not know whether or not he has ever heard of the Guffey coal bill.

These resources are now concentrated in the hands of a few interests. Four-fifths of the anthracite coal is owned by eight companies. One-half of our iron-ore reserves are controlled by two corporations. * * *

The banking interests, the power industry, and the more important manufacturing industries would also, sooner or later, be transferred to public ownership. * * *

As for the land used for exploitation or speculation, it would either be made public property or the community would see that any increase in land value, due to community effort, reverted to the public.

This transfer to social control cannot, of course, be accomplished overnight. It is a matter of years. It should be undertaken, under normal circumstances, only as rapidly as the community can assume control on an efficient and democratic basis and is probably likely to proceed in most industries from the most centralized to the less centralized concerns.

I now quote from page 10:

At the present the most intelligent Socialists are thinking rather in terms of nonprofit governmental corporations, operating with very considerable powers outside of the machinery of the political state.

In other words, I take it that that means Delaware corporations organized by various authorities which are given the right to sell electrical equipment and go into the manufacturing business and do anything else they please.

A number of experiments in recent years have forced Socialists increasingly to consider the advantage of this type of organization, including the Government corporations set up during the war, the Russian trusts and syndicates, and such specific bodies as the Ontario "Hydro" Commission and the Port Authority of New York. The guildsmen agitation has also had its effect.

That is preliminary to referring to the main articles to which I wish to call the attention of the Senate. This book, I repeat, was published by the Vanguard Press. A note in the back of the books reads as follows:

This book is published jointly by the Vanguard Press and the League for Industrial Democracy, under the joint publication offer of the Vanguard Press to organizations engaged in education and propaganda in the social sciences.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Iowa yield to the Senator from Illinois?

Mr. DICKINSON. I yield.

Mr. LEWIS. Who is supposed to be the editor of the publication from which the Senator is reading? What is the authority from which the Senator reads?

Mr. DICKINSON. I did not understand the Senator.

Mr. LEWIS. Who is the editor, who is the publisher, what is the authority?

Mr. DICKINSON. The Vanguard Press is the publisher, and it is edited by Harry W. Laidler and Norman Thomas, both gentlemen being well known. One of them often vists Chicago.

Mr. LEWIS. Does the Senator indicate that I should know him because he visits Chicago?

Mr. DICKINSON. From page 133 of this book I quote the following:

Nothing would help European Socialists more than the existence in America of a strong and creative Socialist Party.

I now come to the article written by Mr. Raushenbush. The title of it is "Some Measures in Transition", and I quote from page 83.

The very subject "transitional state" implies that we have accepted the alternative of encroaching control in place of the dream of cataclysmic socalism which has engrossed people dissatisfied with the world for so many years. There is an acceptance here of our own realities. The drama of conflict—the last of the great St. Peterburgs of the world—does not represent the world we live in. It is not pleasant to give up that dream of a violent triumph. We are sensitive about it. We hear the charge of cowardliness, of the unheroic quality of compromise. Let us face that and have it down. It is a conflict and extends into all phases of life.

From page 84, I quote the following:

To throw over economic interest and power for more spiritual values seems a bad and forced second choice. According to Stolberg, Christ did exactly that. In the first stages He was a revolutionary patriot—wanted power. When He saw that He could not have that, He said, "Well, then, at least I will possess my own soul—blessed are the meek." He saw that power, such as all human, full-blooded people want, could not be had without compromise, except at one point—death. The revolutionists today are the true Christians.

What is the duty of the American citizen? Mr. Raushenbush tells us what it is. Mr. Raushenbush is the man who has been given carte blanc authority as the chief investigator for the munitions committee to go into private files where you, Mr. President, cannot go, where I cannot go, and take therefrom any information he may want.

What is the duty of the American citizen? I quote from page 85:

Some of us are introverted and turn away from the bustle of politics to our books and dialectic discussions with so much relief that our political efficacy will probably always be amateurish and slight. Others of us have the capacity to be politicians, and in them our hope for the speeding up of the transitional state rests now.

The carrying drive of any movement or organization in this country today is simply pragmatic. This side of revolution—Russia, Italy, Germany—we can only take what opportunities we can make ourselves or are offered for illustrations in Socialist practice to convince both the workers and the middle class that we are right—that the abolition of the profit system is to their interest and will result in higher real wages, greater security, freedom from wars, and other forms of autocracy.

In other words, this great investigator says that it is only by turning Socialist, turning the country over to the Socialists, that we will attain higher real wages, greater security, freedom from wars, and other forms of autocracy.

Mr. LEWIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Illinois?

Mr. DICKINSON. Certainly.

Mr. LEWIS. May I ask the Senator who it is that named the investigator, or the person whom the Senator characterizes as an investigator, and may I ask the Senator what he is investigating?

Mr. DICKINSON. Permit me to suggest to the Senator that he is the investigator selected by the munitions committee, a special committee appointed by the Senate to determine whether we ought to own, operate, and control all the munitions plants of the country, and also whether the Army and Navy are efficient in their defense and in their methods of preparation for defense. He is the chief investigator.

My complaint is, I will say to the Senator frankly, that he does not want to make the Army or the Navy more efficient. He wants them destroyed if he follows the course he has been heretofore pursuing as a proponent of socialistic measures in this country of ours.

Continuing, I quote from page 85:

We need more leverage places like the latter. And there are parts of our political life today where we have such a wedge.

The students coming from the colleges today can do something more than be filled with wholesome and cleansing indignation. They can be of enormous use to the movement as Government officials, starting in small and definitely working on the reasonable hope that in the course of another 10 years we shall have Government control of a much more definite kind over our trusts, banks, and general industries; that there will be Government corporations operating and managing, not only the port of New York and Muscle Shoals, but many other developments. There is a chance here for young men not only to keep the liberal groups informed about the dirty work going on and times and ways to prevent it, but also to look forward to careers of usefulness in executive positions, making the Government control over industry more adequate, pioneering in a field of essential importance.

* * * * * * *

Yet the problem of Government officials is a major problem of immediate socialism. In Germany, after the revolution, the bureaucracy was nationalist and nearly sabotaged the republican government, until it had been replaced.

Note this in particular:

One good man, with his eyes, ears, and wits about him, inside the Department—

Inside the Department! Inside the Government! This is the man who, through the authority of this investigating committee, can go "inside" where no Member of the Senate can go, to obtain confidential information, all for the purpose of carrying out the objects of this investigation.

One good man, with his eyes, ears, and wits about him, inside the Department—whether it be the Interior, where the oil scandal started and the Boulder Dam bill receives the most active support, or the Treasury, where the taxation scandals breed and the Government tax policies originate—can do more to perfect the technique of control over industry than a hundred men outside.

Yet this is the man who, members of the committee are saying, is most efficient. This is the type of mind he has. I do not know how much information he may give the committee. I do not know how much information he may secure which he will never give to the committee, but may keep for the purpose of writing articles and radio addresses for his friend, Mr. Laidler, who is the author of this book.

—can do more to perfect the technique of control over industry than a hundred men outside. His reward will be more immediate than if he becomes a teacher. If he finally decides to leave the Government for labor, he will bring something more than a general willingness. He will bring a background.

From page 87 I quote:

We need a group of men who will do and be the same for the opposition.

Now this is power politics—just as the proposal that we give our help, support, and honors to the men who are politicians enough to know and help the people in their own districts well enough to be elected by them, is power politics. I admit its dangers in the transitional state of affairs.

Then he speaks of the Tammany organization and continues:

The very idea of saying to people that you want Government ownership of railroads or electric power, not because it is eternally right but because it is cheaper for the workers and can be so proved, will be hailed by some as a compromise or betrayal of socialism. But as I understand it, Lenin himself summed up each situation by itself and met it as he could, practically and pragmatically, and after that was done sat down to write these long, dry theses of rationalization proving that Engels and Marx would have agreed. * * *

The spiritual leaders of the liberal and radical movement will see to it that the new power used for the purposes we have always desired, that the ideals, are not forgotten.

From page 88 I quote:

This was an important thing to the workers of the country, and a nasty position for any honest man to be in, but important because indicative not only of how many tricks the controlling powers would have in the bag to make the transitional state difficult, but of the danger of compromising at the wrong time. Still the business of having leaders at all involves this danger.

There has been more said about the development of a political party that will have some power to effect a transitional state than about the relative places of industrial, parliamentary, cooperative, and educational action in such a State. It is likely that within 10 years the dominant unions—

Meaning the labor unions—

of the country will have exhausted the possibility of their present policy of being respectable at any price.

Being respectable at any price.

Virtue can be its own streetwalker for only so long.

He must be skilled in the art of street walking.

By that time we may expect new leaders and a different drive behind them.

I now read from page 89. Remember that at least two members of the committee have said that they approved this man after they knew he was a Socialist:

There is nothing in a long line of judicial decisions which prevents a control analogous to that which is exercised by the Federal Government over banks from being applied by a State legislature to any industry which is held to be affected with the public interest. * * *

Once an industry is declared affected with the public interest it is reasonable to have the books opened; then to go on with the clamping down on excess profits, stock dividends, inflated mergers, and to have a positive hand in stabilization of employment, uniform working conditions, minimum wage, supervision of all mergers, establishment of the principle of recapturing excess earnings, as in the railroads, to go into a retirement fund through which the State can finally buy out the industry on an annuity plan.

"Through which the State can finally buy out the industry on an annuity plan".

Page 91:

While the long-time aim of the liberal and radical groups is the abolition of the profit system for private use, our present strategy should be to make and take every opportunity to prove that there is something better than the profit system. Within the next 10 years we are going to have a chance such as we have not had for the last 40.

There are some of the views presented by Mr. Raushenbush in his own article, over his own signature, as to what should be done for the benefit of America.

I have referred to this socialistic trend. I now wish to suggest that it is not only in our economic life but it is invading the educational atmosphere of our country. I read from the American Historical Review, from a report of the Commission on the Social Studies, at page 303 of the issue for January 1935:

Educators stand today between two great philosophies of social economy; the one representing the immediate past and fading out in actuality, an individualism in economic theory which has become hostile in practice to the developemnt of individuality for great masses of the people and threatens the survival of American society; the other representing and anticipating the future on the basis of actual trends—the future already coming into reality, a collectivism which may permit the widest development of personality or lead to a bureaucratic tyranny destructive of ideals of popular democracy and cultural freedom.

If education continues to emphasize the philosophy of individualism in economy, it will increase the accompanying social tensions. If it organizes a program in terms of a philosophy which harmonizes with the facts of a closely integrated society, it will ease the strains of the transition taking place in actuality.

In other words, while this report is not by Mr. Raushenbush, Mr. Raushenbush has here a report on social education which apparently hints, at least, at the approval of such a transition as he described.

As to the specific form which this "collectivism", this integration, and interdependence, is taking and will take in the future, the evidence at hand is by no means clear or unequivocal. It may involve the limiting or supplanting of private property by public property, or it may entail the preservation of private property, extended and distributed among the masses. Most likely it will * * * represent a composite of historic doctrines and social conceptions yet to appear. Almost certainly it will involve a larger measure of compulsory, as well as voluntary, cooperation of citizens in the conduct of the complex national economy, a corresponding enlargement of the functions of government, and an increasing State intervention in fundamental branches of economy previously left to individual discretion and initiative—a State intervention that, in some instances, may be direct and mandatory and in others indirect and facilitative.

I also find that one of those associated with Mr. Raushenbush, a man whose name I have already called, is Mr. Paul Blanshard. In the August issue of the Forum I find an article by Mr. Blanshard headed "Shall We Scrap the Constitution?"

Mr. Blanshard says, "Yes." Quoting:

It seems to me that it is the Constitution and not the Supreme Court which is primarily at fault. If we did not have a thoroughly obsolete Constitution, the Supreme Court could not hamper progress by interpreting it literally.

Then Mr. Blanshard sets out several reasons why this is wrong.

First, the Constitution is too inflexible.

Second, the Constitution hampers progress, because it imposes upon us an artificial and obsolete distinction between executive and legislative functions.

That is the very fight which is being made here, all along the line, at the present time.

Third, the Constitution hampers progress because it prevents central control of our economic life and a unified system of labor laws.

In other words, the Constitution is doing the very thing which, in my judgment, it should do.

Fourth, the Constitution frustrates our need of a national system of compulsory social insurance.

That is another man who has been giving expression to the same theory.

I now quote from page 415 of the April Atlantic. This is an article on "The Progressive Tradition", by Rexford G. Tugwell:

Yet this is the most hopeful battle in which the American people have yet joined. And if it should be measurably successful, it will be the most merciful of recorded human revolutions. For our enemies are not individuals so much as they are institutions created by those who misread the strength of our cultural purpose. We shall need no firing squads, no guillotines, no deportations, or concentration camps. A few disconsolate millionaires may take refuge on the Riviera and a scattering of self-conscious entrepreneurs may go into eager exile in Greece or any other country whose extradition laws are flexible.

In other words, he believes in such changes.

This change is being advocated openly and avowedly. Secretary Wallace, in his recent publication, said:

If we finally go all the way toward nationalism, it may be necessary to have compulsory control of marketing, licensing of plowed land, and quotas for every farmer for every product for each month in the year. We may have to have Government control of all surpluses and a far greater degree of public ownership than we have now. It may be necessary to make a public utility out of agriculture. Every plowed land would have its permit sticking up on its post. And yet we have applied in this country only the barest beginnings of the sort of social discipline which a completely determined nationalism requires.

I now read from page 199 of Land and Freedom for July-August 1935. This is the "Code for the Agricultural Artel Adopted by the Second All-Union Congress of Collective Farm Udarniks and Confirmed by the Soviet of People's Commissars of the U. S. S. R., February 17, 1935":

The working peasants of the villages and country voluntarily unite in the (name) Artel, to construct a collective economy by general means of production and collectively organized labor, to secure full victory over the kulak, over all exploiters and enemies of the toilers of hand or brain, to conquer hunger and darkness, overcome the backwardness of small individual agriculture, create a high productivity of labor, and thus secure a better life for the collective farmers.

The members of the Artel pledge themselves to strengthen their organization, work honestly, divide the collective farm income according to the work done by each member, protect the general property, guard the common good, care well for the tractors, machines, and horses, fulfill all duties to the workers' and peasants' government, and so make this collective farm Bolshevist and all collective farmers prosperous.

2. ABOUT THE LAND

All boundary marks, formerly dividing the separate lands of the members of the Artel, are to be abolished, and all lands converted into a single unit for the collective use of the Artel.

The land occupied by the Artel, like all land in the U. S. S. R., is the general property of the people. According to the law of the workers' and peasants' government, it is placed at the disposal of the Artel for perpetual use forever, and shall not be bought, sold, or rented.

Then the article goes on and discusses the manner of the division of the property rights, and so forth. That gives some hint as to what the real Socialist view is with reference to the control of lands.

I find that another leading Socialist has written an article on The Farmer's Way Out. I read from page 7 of that pamphlet:

What can be done about these conditions which the farmers face? Why not do away with this system run on principles that a few grow rich at the expense of the working masses? The workers and smaller farmers can take things in their own hands and abolish the causes which bring poverty, unemployment, hunger, ruin, and war. They can establish their own government, take over the banks, the big industries, the railroads, the mines, and the big capitalist farms. The working farmers can take their own farms. The workers can run production for use, for the benefit of the many, instead of for the profit of the few.

This is the only way to really change things, for the toiling masses in the cities and in the country to take what they have produced, what rightfully belongs to them, to abolish the capitalist government, and establish their own workers' and farmers' government in the United States. They have every right to do this. They are the great majority of the population, they have produced all this wealth and these industries with their own hands, their own sweat and labor. They alone can build a new life for all—the things you want for your children—a secure life, education, and advancement.

Mr. President, following out the suggestions of Mr. Tugwell and Mr. Wallace, which I have just read, I now quote from the column edited by Harvey Ingham in the Des Moines (Iowa) Register of July 8, 1935, as follows:

Has it not meant the biggest improvement of product ever made in the same length of time, relatively the lowest cost and the widest distribution?

Suppose Government regimentation to cure some of the evils of the automobile rivalry of the last 30 years what assurance does anybody have that the community at large would have anywhere near the service it has today if the Government had stepped in at the start?

But that is not all of Government regimentation. What Secretary Tugwell suggests is what they all suggest in the end:

"We thought the challenge to make the world safe for democracy sufficiently important to call out all reserves of man power and of administrative skill. For once the traditional forms of organization were abandoned for those which were plainly necessary to the task at hand."

The inference is perfectly plain and cannot be missed by anybody. That inference runs directly into what Mussolini and Hitler and Stalin are today doing.

It is easy to picture the sort of muddle too much individualism results in. It is easy to picture an industrial heaven when everybody is employed at what he can do best and everything is distributed according to everybody's needs.

But taking the world as it is which of the two programs has actually worked out? Was not the introduction of laissez faire (let alone) the beginning of the modern industrial and commercial world? Has not regimentation everywhere and always deadened initiative and gradually brought things to a standstill?

Suppose the world could today be thrown open to a free competition. Does anybody doubt that we should be at the beginning of a new era, so much more stimulating to the genius and energy of the race than any we have had that only our pioneer period here in America would compare with it?

There is a suggestion with reference to individualism.

I now wish to say a word or two further with reference to the socialistic trend which I feel is taking place in this Government. Under the N. R. A. there was an attempt to regiment industry. Under some of the bills now being introduced industry is to be regimented, even if we have to adopt a constitutional amendment. Under the A. A. A. the farmers are to be regimented. Under T. V. A. public utilities are to be regimented. Under the banking bill we find a centralization of power. There is a general tendency all along the line toward regimentation; and now there is the proposal of this committee that we have a yardstick, which would be a Government navy yard, set up to determine whether or not a vessel is to be built at an ordinary price.

As a member of the Committee on Appropriations I have had some experience with yardsticks. I am confident that the Navy officials today have all the information they could possibly possess if they were building all of the vessels in the navy yards today. In other words, there is everything accessible they could possibly obtain if we had a Government yardstick all along the line. Therefore we are simply adding another to the list of socialized industries.

I do not know how many swallows it takes to make a summer, and I do not believe anyone else does, but I do know that after the industries, and the lands, and all the various interests of the country have been socialized, there is pure, unadulterated socialism; and we are drifting that way now, and we are drifting that way very rapidly.

Mr. President, I find that a pamphlet is issued by the Relief Administration, one of the new publications issued for the people to read. The speakers they will have to talk to the people include representatives of practically every socialistic organization of which I know. Many of the speakers are from the workers' college in New York, known as the strongest socialistic college there is in the country—the Brookwood Labor College. Mr. A. J. Muste is one of them; Mr. David J. Saposs is another. Mr. James O'Neal is of the Rand School, which is also socialistic. We can go down the list, and we find a tendency all along the line toward the teaching of socialism by those in charge of the relief work.

I think one of the most interesting experiments which has been undertaken, which tends along the line of socialism, is the new musical organization. I read from an article in the New York Times of yesterday:



18,000 MUSICIANS TO GET JOBS IN FEDERAL ARTS RELIEF PROGRAM—CREATION OF SYMPHONY ORCHESTRAS AND DANCE BANDS ALL OVER THE COUNTRY IS MAPPED UNDER SOKOLOFF—OFFICIALS PREDICT A "MUSICAL RENAISSANCE" IN NATION

WASHINGTON, August 3.—A project described as the most elaborate State art program ever financed by a government will be undertaken with work relief millions under budgets for the drama, art, music, and writers' programs, now awaiting President Roosevelt's signature.

It was ascertained today that some 18,000 musicians on relief rolls are to be employed on what is termed a constructive and far-reaching musical program, calculated to bring music of all kinds to villages and cities in every part of the country.

The music program developed by the F. E. R. A. for New York City will be expanded to take in the rest of the country from the crossroads of Kansas to metropolitan centers. The music program for New York itself will be amplified, and in all probability changed.

All musicians newly hired will be classified as to the type of work they are best fitted to do, in order that symphony orchestras, dance bands, chamber orchestras, and choral groups may be composed of specialists.

In addition to regular concert programs which will take in all localities where there are musicians on relief rolls, a special national program is planned for composers, and the many orchestras and bands which will operate under the direction of Washington will play the worth-while music of new composers who are not on relief rolls.

Because of financial difficulties most good orchestras today are unable to experiment with the music of unestablished composers, it is said, but there will be no such restrictions on the relief orchestras, and numbers which appear to be worth while can be introduced.

Unemployed professional musicians will give free instructions in choral singing and the use of musical instruments to carefully selected groups which solicit teaching.

The entire program has been drafted with the idea of refraining from competition with private musical organizations and teachers who are still able to make a living from their work.

The intention is to bring music to every American who has any desire to listen. It is not the intention to force "classical" music on every community, but rather to give each one the dance music or other types which fit its taste.

HOPE FOR MUSICAL RENAISSANCE

There probably never has been a time, officials here say, when so many good musicians in this country have been unemployed. This situation is largely due to sound cinema, which did much to eliminate motion-picture orchestras, the dropping of musicians in many legitimate theaters, the restrictions imposed by the depression on the size of established symphony orchestras and the reduction in private support of musical endeavors.

The new program will, it is hoped, bring a musical renaissance in this country. The increasing support of the municipal opera in St. Louis and popular support for similar undertakings elsewhere lead officials to believe that some of the new orchestras to be started may become self-supporting and provide permanent employment for their musicians.

In obtaining the services of Dr. Nikolai Sokoloff, former conductor of the Cleveland Symphony Orchestra, as head of the undertaking, relief officials believe that they have assured a practical working out of the program. Dr. Sokoloff, they say, knows personally most of the important professional musicians in the country, and has an intimate knowledge of the musical needs of most of the larger cities.

NEW YORK EXPANSION PLANNED

The general objectives of the program are:

The providing of physical relief for jobless professional musicians; the establishment and maintenance of high professional standards by reclassification of musicians and the establishment of high technical standards, and the stimulation of community interest in social and recreational music; the creation of a large intelligent musical public.

A legal question as to whether some of these orchestras and choral groups will be permitted to travel about the country remains to be settled.

In New York City at present about 950 men and women are employed on various F. E. R. A. musical enterprises, and it is planned greatly to increase the number, since a large percentage of the jobless musicians are now located in New York.

There are at present 21 relief musical organizations of all types giving concerts in the city. They include orchestras, dance bands, string quartets, a chamber trio, a Harlem string trio, and a boys' club band.

Choral groups under the new program will follow the lines of several now giving performances in Boston.

Following that up, I wish to give just a little information which I think is of interest in connection with what is known as the "Works Progress program." This shows where we are drifting and what we are doing.

Under a code which I understand has been approved, the working procedure is definitely set out. I believe in people enjoying everything possible. I believe they should have an opportunity to enjoy music, and I know of no reason why they should not do so. The only question in my mind is how much music they should enjoy at the expense of the American taxpayer.

I wish to give a set-up of the Work Progress Administration which is going to furnish music. The financial statement of the opera company which is to be organized shows that they are to have the following employees among others:

Two leading sopranos, $500 per week.

Of course we ought to have sopranos—

Two leading sopranos, $400 per week.
Two leading sopranos, $250 per week.
Three small-part sopranos—

I do not know how big they are; they are small-part sopranos, $100 a week each—

Two leading contraltos, $350 per week.
Two leading contraltos, $250 per week.
Two small-part contraltos, $100 per week.
Two leading tenors, $500 per week.

Mr. President, I ask that this entire list be printed in the RECORD, showing the itemized expense account.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE OPERA COMPANY

Administration

Stage manager, salary per week	$200
3 assistant stage managers at $100 per week	300
2 principal conductors, salary per week, $200	400
2 assistant conductors, salary per week, $100	200
Conductor of the ballet, salary per week	150
Ballet master, salary per week	200
Technical director, salary per week	150
Chorus master, prompter, press agent, at $100 per week	300
Stage carpenter and master electrician at $85 per week	170
Property man and wardrobe woman at $85 per week	170
Business manager, salary per week	150
Box office, door tenders, maids, stage hands, ushers, etc	2,300
Business office, royalties, advertising, printing	1,000
Total for administration per week	5,690

The above does not include the salary of the director nor the cost of light, electricity to run the stage, heat, air conditioning, or cleaning. It is likely that everyone would work the whole year with a short vacation. An annual salary of $200 a week equals $10,400, of $150 equals $7,800, of $100 equals $5,200, of $85 equals $4,420.

The principal singers

2 leading sopranos, at $500 per week	$1,000
2 leading sopranos, at $400 per week	800
2 leading sopranos, at $250 per week	500
3 small-part sopranos, at $100 per week	300
	2,600
2 leading contraltos, at $350 per week	700
2 leading contraltos, at $250 per week	500
2 small-part contraltos, at $100 per week	200
	1,400
2 leading tenors, at $500 per week	1,000
2 leading tenors, at $400 per week	800
2 leading tenors, at $250 per week	500
3 small-part tenors, at $100 per week	300
	2,600
2 leading baritones, at $400 per week	800
3 leading baritones, at $300 per week	900
2 leading baritones, at $200 per week	400
2 small-part baritones, at $100 per week	200
	2,300
2 leading basses, at $400 per week	800
3 leading basses, at $300 per week	900
2 leading basses, at $200 per week	400
2 small-part basses, at $100 per week	200
	2,300

Total salaries per week for 42 principal singers, $11,000.

The chorus

Twenty-six sopranos, 16 contraltos, 20 tenors, 24 basses—86 singers.

Singing dancers

Six sopranos, 10 contraltos, 6 tenors, 6 basses—28 singers.
Total chorus singers and singing dancers, 114 at $32, $3,648.

Russian ballet

8 principal dancers, averaging $125 per week	$1,000
40 chorus dancers, at $32 per week	1,280
Total Russian ballet, 48 dancers	2,280

The orchestra

14 first violins	3 flutes
10 second violins	2 alto flutes
8 violas	3 oboes
6 cellos	1 oboe d'amore
6 basses	1 English horn
	3 clarinets
44 strings	1 basset horn
4 harps	1 bass clarinet
	3 bassoons
4 French horns	1 double bassoon
3 trumpets	
3 trombones	19 wood winds
2 euphoniums	
1 bass tuba	1 kettle drummer
5 saxophones	2 percussion
18 brass	88 musicians

Concert master, at $100 per week	$100
10 first instruments, at $80 per week	800
77 others, at $70 per week	5,390
	6,290

Total weekly running expenses

Administration	$5,690
Chorus and dancers	3,648
Russian ballet	2,280
Principal singers	11,200
Total	29,108

A principal singer drawing $500 a week would make $20,000 during a season of 40 weeks, and would sing twice a week; one drawing $400 would make the very comfortable salary of $16,000 in 40 weeks, and they would be able to do their radio work and have what they would earn provided they should be announced each time as a member of the National Opera Co., furthermore, singers must learn to gauge their salaries by the box office.

Preliminary expenses

REHEARSALS

Stage manager, full salary, 6 weeks at $200	$1,200
3 assistant stage managers, 6 weeks at $100	1,800
2 principal opera conductors, 6 weeks at $200	2,400
2 assistant conductors, 6 weeks at $100	1,200
Ballet conductor, full salary, 6 weeks at $150	900
Ballet master, full salary, 6 weeks at $200	1,200
Technical director, full salary, 6 weeks at $150	900
Chorus master, prompter, press agent, 6 weeks at $100	1,800
Stage carpenter and master electrician, 6 weeks at $85	1,020
Property man and wardrobe woman, 6 weeks at $85	1,020
Orchestra, 88 musicians, 70 hours of rehearsal, at $1 per hour	6,160
Total for 6 weeks' rehearsals	19,600

EQUIPMENT

Scenery, costumes, properties, and music for 56 grand operas and musical dramas; 11 light operas and 20 pantomine ballets, in all 87 works covering 67 weeks of performances, at $3,000 per work	$261,000
Organization, travel, printing, advertising, and rent	30,000
Total	291,000
Total preliminary expenses	310,600

Mr. President, I find that there is also another project which ought to be discussed. This relates to visiting music teachers for rural districts. I do not know what is more socialistic than to have to furnish everything for everyone, and furnish it at the expense of the taxpayers.

I read the instructions as to Working Procedure in connection with the project to which I have just referred:

[Code No. —. Revised Feb. 5, 1935; revised July 1, 1935]

WORKS PROGRESS ADMINISTRATION—WORKING PROCEDURE

VISITING MUSIC TEACHERS FOR RURAL DISTRICTS

Description: Teachers on musical subjects will establish a route or circuit to give instructions in schools, agencies, clubs, and other centers to children and adults. Weekly visits could be made in outlying areas. Headquarters might be in county seat or other central location.

Sponsor: Public agency or body, such as department of education or recreation, in cooperation with State university, music schools, music-school settlement, neighborhood house, and other musical organizations.

Plant and equipment: Space in schools or other agencies. Transportation. Participating agencies might share expenses. Piano may be contributed or rented; musicians to furnish own instruments.

Materials: Music scores, songbooks, mimeographed music sheets; may be contributed or rented.

Personnel: Project supervisor and musicians qualified to teach musical subjects. When musicians need retraining in order to qualify for this program a preliminary period for training of teachers for group instruction and other special requirements should be established.

Schedule: 1. The project for visiting teachers should be set up in the county seat or other central location and program and itinerary planned by project supervisor.

2. Groups should be formed in outlying localities for the purpose of study, instruction, and appreciation of music.

3. The instructors should plan to make a circuit of these communities with periodic visits.

4. The following subjects might be taught: History of music; music appreciation; piano; choral, concert, and orchestral music; theory; music accompaniments to dramatic performances, pageants, folk dancing, etc., might also be included.

5. Where a number of units are in operation it is suggested that the work be coordinated through a teachers' institute.

Result: 1. Rural communities which are now inactive in the musical field will receive instruction and encouragement in developing music programs.

2. Many communities will benefit through the services of a comparatively small group of teachers.

Reference: Fera No. F–5.9. This procedure may be improved or modified to meet local conditions. Suggested alterations should be sent to Works Progress Administration, 1734 New York Avenue NW., Washington, D. C.

Here is another project which I think is most interesting. This is under the working procedure:

Operation of the delousing facilities for humans—a method of delousing persons under congregate care, or others needing such treatment.

The statement shows how big a bathroom is required, and so forth, and so on. I am simply referring to it because I do not know its extent.

Here is another project—

Instructions for planting subsistence gardens.

I thought everyone knew how to plant gardens, but evidently that is not so.

A recitation of these projects simply gives some idea as to the socialistic trend which affairs are taking, all at the expense of the taxpayer. It is my judgment that this trend is very apparent. It is found in practically every line of endeavor. As yet I have not referred to the articles and books written by Mr. Raushenbush and Mr. Laidler. I will simply refer to them briefly in closing.

Power Control. This is a book published by Mr. Raushenbush and Mr. Laidler, and I read from page 287:

To regain our lost provinces and to make electricity at reasonable rates available to the people there are, broadly speaking, just two alternatives. One is a rather complete system of public ownership. At present this does not appear to the dominant political consciousness of America. Obviously, public ownership has no self-working magic. It must be carefully planned through the coordination of the Federal Government, the States, and municipalities.

Then they proceed to discuss various difficulties in connection with public ownership. That is as far as I desire to quote. It simply goes to show the trend of mind.

I will read a short quotation with regard to planned economy. I read from the Power of Fight, by Raushenbush, at page 174.

If the price to be paid for Federal regulation is the acceptance of all the speculative values piled up by holding and banking companies, running into hundreds of millions of dollars, then it is about time to call for a new deal all around, to admit that the private initiative for which we are paying such a high price is really private initiative exercised for the purpose of laying heavy burdens upon the consumer, and that instead of paying for it we ought to eliminate it from public business.

There is a direct statement with reference to public ownership.

In the matter of the different classes of socialism I desire to quote from Mr. Douglas in the Liberal Tradition, at page 54, in which he states:

The case is strong against the planners. Experience proves that no group, however divine may be its spark of intelligence, is able successfully to plan the various activities of man engaged in hundreds of thousands of different fields and employed in the production of hundreds of thousands of articles which go to make up our complicated modern social and economic organism.

There is a statement as to the impracticability of the various things which are being proposed by those most interested. In other words, it is my judgment that public ownership will in no way solve the problem of profits in munitions. I have no doubt that if one should go into the purchases of the Army and Navy he would find that many concerns selling automobiles have made profits fully in keeping with the profits made on warships. One would find in the case of those who are selling foods that some of them undoubtedly made the same amount of profits.

If any Senator is interested in following this subject through, I refer him to Socializing Our Democracy, by Laidler, who, following the philosophy which I have tried to explain this afternoon, carries it through, and tells us where it is leading us, and it seems to me that the steps we have been taking here in the past few years are right along the same line.

In order to put one more problem before the Senate with reference to the developments under the administration of Harry Hopkins, I ask leave to have printed in the RECORD at this point a short statement from the Pearson and Allen column in the Washington Herald of this morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Harry Hopkins has got himself into the awkward situation of giving aid and comfort to the radical third party movement.

Almost no one knows it, but the platform of the third party group, which met in Chicago last month, was lifted almost bodily out of an economic survey made with F. E. R. A. Federal funds.

The survey was an effort to give work to unemployed. New York had a lot of technical men in or near the bread lines; set them to boondoggling on this question: What could United States industry produce if worked to capacity?

Their unavoidable conclusion was that the country could produce plenty; that present ills grow out of failure to distribute.

It was but a step from this to accusing capitalism of that failure, advocating its overthrow.

The engineers did not take this step, but the third party, using their findings, did. It lifted the report almost in toto.

One of the engineers helping to prepare the original F. E. R. A. report was Russian-born radical Walter L. Polakov. Having finished the report, Polakov is now working directly under Hopkins in Washington.

Mr. DICKINSON. Mr. President, this problem is not new. People have been working on the subject of disarmament for all these years. Men can agree to follow a covenant or a treaty when they are in agreement and then they can break it at will in disagreement. Of course, I am for any reasonable savings we can make in the Army and Navy. I do not believe we are ever going to effect a saving by following out the suggestions of an investigator who does not want to have an army or a navy. As a matter of fact, I do not intend by these statements to discredit the work of this committee. The members of the committee have worked hard. They have held many hearings. Their report is a reflection of the views of Mr. Raushenbush, so far as I have been able to analyze it. That being the case, I am convinced that the people ought to read that report in the light of the background which I have feebly attempted to outline here in this short period this afternoon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, August 5, 1935, that committee presented to the President of the United States the enrolled bill (S. 2259) to amend sections 966 and 971 of chapter 22 of the act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, and for other purposes.

REVISION OF COPYRIGHT ACT

The Senate resumed the consideration of the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. TRAMMELL].

Mr. TRAMMELL. Mr. President, I should like to make some very slight modifications in my amendment, and to ask the Senator in charge of the bill if he is not willing to accept the amendment in the modified form. I propose, in line 1 of my amendment, to strike out the words "The proviso of"; and in line 4, on page 1, where there appears a purely typographical error, I propose, after the word "States", to strike out the word "on" and to insert in lieu thereof the word "in." With these modifications I hope the Senator will find it consistent to accept the amendment and make that much progress with the bill.

Mr. DUFFY. Mr. President, the Senator from Florida believes that the amendment proposed will in no way interfere with the provisions of the treaty which is now on the Executive Calendar awaiting action by the Senate. The pending bill is largely an enabling act to enable this country to adhere to that treaty. I had some doubt on the question, but the Senator from Florida feels very certain about his position. Assuming that he is correct I have no objection to the adoption of the amendment as modified at this time.

The PRESIDING OFFICER. The clerk will state the amendment of the Senator from Florida [Mr. TRAMMELL], as modified.

The LEGISLATIVE CLERK. It is proposed, on page 10, to strike out lines 3 to 15, inclusive, and insert, as modified, a new section 11, as follows:

SEC. 11. Section 15 of such act, as amended, is hereby amended to read as follows: "That all copies of any copyright material in the English language which shall be distributed in the United States in book, pamphlet, map, or sheet form shall be printed from type set within the limits of the United States, either by hand or by the aid of any kind of typesetting machine, and/or from plates made within the limits of the United States; or, if the text be produced by lithographic, photogravure, or photoengraving, or any kindred process or any other process of reproduction now or hereafter devised, then by a process wholly performed within the limits of the United States; and the printing or other reproduction of the text, and the binding of the said book or pamphlet, shall be performed within the limits of the United States. Said requirements shall extend also to any copyright illustrations, maps, or charts within any book or pamphlet, or in sheet form. Said requirements shall not apply to works in raised characters for the use of the blind."

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from Florida [Mr. TRAMMELL] as modified.

The amendment, as modified, was agreed to.

SPECIAL MUNITIONS COMMITTEE—H. S. RAUSHENBUSH

Mr. VANDENBERG. Mr. President, I shall spend only a moment or two in commenting upon the long and involved address which has just been made by the distinguished Senator from Iowa [Mr. DICKINSON]. I heard only a portion of it, but I should not want to let his studied implications pass without a brief rejoinder, so far as the Senate's Special Munitions Committee may seem to be involved.

Apparently the Senator from Iowa has sought to leave the impression, if not deliberately to create the inference, that practically all and everything which the munitions inquiry has produced by way of an advanced antiwar program is either of Socialist origin or of communistic net result. My colleagues upon the committee are amply able to speak for themselves, but I think what I am about to observe will have the approval of my fellow "Communist" the distinguished senior Senator from Georgia [Mr. GEORGE], and my fellow "Communist" the able junior Senator from Idaho [Mr. POPE], who occupies the chair at this moment. These are the only other members of our guileless and gullible committee now present on the floor.

I think I am about as far from being a Socialist or a Communist as any man in the world, but I refuse to subscribe to the absurd philosophy that I immediately become one of the other if I happen to condemn the sinister war system which has crucified the world for a thousand years. I decline to allow the Socialist Party and the Communists of America to enjoy a monopoly of that clear-thinking, right-thinking, clean-thinking effort which proposes, if humanly

possible, to quarantine this war monster, so far as it can be done, and, insofar as possible, save the generation of tomorrow from a repetition of the martial tragedies of yesterday.

Mr. President, if the Senator from Iowa intends his indictment of Mr. Raushenbush to attach solely to his writings or respecting the socialistic state, I have no comment to make whatever. I have no defense to offer for a socialistic state because I have no interest in it, and I join him in condemning many of the bureaucratic schemes now attempting to regiment American freemen and rob them of their liberties. But if, Mr. President, the purpose be to make it difficult by such attacks for the munitions committee and its proposal to demonetize war and to promote neutrality, if the purpose be—or if the effect be—to make it difficult for that program to succeed, then I protest in the name of millions of Americans who are not Socialists and who are not Communists, but who decline again to be swept into needless war and who refuse longer to condone cash-register patriotism.

The Senator from Iowa has not had the benefit of all the testimony that has been adduced before our committee. The able Senator from Iowa does not know all the things that we know—the horrible things that we know—about the commercial motives and the sordid things that have been done more than once to promote war and to urge us on into armed conflict. I doubt whether the Senator from Iowa knows all the things that we know about the exploitation of the American people, yea, the exploitation of the American soldier under arms, in the front-line trench, by profiteers at home, who have not hesitated to put their dollar signs upon the battle flags of the Republic.

I charitably give him the credit for not knowing what he is talking about. [Laughter.] If he did, it would make no difference to him if the whole program submitted by our committee was written in fact by Socialists. The net result would justify itself. I simply cannot join him in giving socialism that much monopoly of credit. He intimates that we have been misled by pacifists. Yet our program—making a common reservoir of all our resources in the unhappy event of another war—would make America utterly impregnable.

Let the program stand for what it is. Let it speak for itself. Never mind what Mr. Raushenbush, who is only one faithful employee of the committee, may have done upon some other day—although upon one of those other days he was fighting for his country and earning three decorations, which ordinarily is not the vestibule to insult.

Never mind Mr. Raushenbush or anybody else. Take the report of the committee for what it is worth. Attack the report. Take the proposed legislation as it stands. Attack the legislation. Take the legislation as it has been proposed to the Senate not upon the responsibility of Mr. Raushenbush but upon the responsibility of the Senator from North Dakota [Mr. NYE], the Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. POPE], the Senator from Missouri [Mr. CLARK], the Senator from New Jersey [Mr. BARBOUR], the Senator from Washington [Mr. BONE], and the junior Senator from Michigan. Let the proposed legislation speak for itself. It does propose to take the profit out of war. It does propose to decommercialize the war motive if it is humanly possible to do it, and it does propose to end exploitation and profiteering. If that be treason, make the most of it. If it be socialism, make the most of it. However, the net result will be, in the judgment of our committee, regardless of whom we may have incidentally employed in the course of our inquiry, if that program may reach the statute books the children of tomorrow will be a little safer than were the children of yesterday. For that I make no apology. I am proud to march in such an adventure. [Manifestations of applause in the galleries.]

The PRESIDING OFFICER. The Chair calls the attention of the occupants of the galleries to the fact that no demonstrations are permitted under the rules of the Senate.

WHAT IS THE LONG TERRITORY AND THE PRESIDENT'S ANTI-LONG CAMPAIGN?

Mr. LONG. Mr. President, for some weeks I have undertaken to refrain from engaging in political discussion on the floor of the Senate. I am not responsible for the articles which continue to find their way into the newspapers. I have been a model of political perfection from the standpoint of silence and inaction for some days. Nonetheless, it seems to be regarded by the public press that I should take some notice of certain of the headlines and news articles of yesterday. I read a headline from the Star of Sunday morning, August 4, as follows:

ROOSEVELT TO MAKE ARKANSAS FIRST BATTLEGROUND WITH LONG. Tentative itinerary calls for speech at Little Rock to aid ROBINSON. May visit Mississippi.

Another Washington newspaper, the Washington Herald of the same day, Sunday, August 4, 1935, carries on its front page a story under the headline:

ROOSEVELT PLANS ARKANSAS SPEECH. To aid ROBINSON and HARRISON against HUEY LONG.

Another Washington newspaper, the Washington Post of Sunday, August 4, 1935—and I am reading from only the front pages of these newspapers—carries this headline:

FIGHT ON LONG BY ROOSEVELT SEEN IN TOUR. President plans speech for ROBINSON, foe of Louisianan.

The New York Herald Tribune of the same day has a three-column headline on the right-hand side of the page reading:

ROOSEVELT TO TAKE STUMP IN ARKANSAS. Carry war against LONG in South. To speak at Little Rock for ROBINSON. May go on into Mississippi and rally HARRISON votes. Battle for control of party beginning.

Then in the Philadelphia Inquirer of the same day there is a similar story headed:

ROOSEVELT PLANS INVASION OF SOUTH IN WAR UPON LONG. Seeks to heal party dissension by fight for ROBINSON and HARRISON.

A well-known organ of the administration, the Philadelphia Record, of Sunday, August 4, 1935, carries this headline:

F. D. R.—

I suppose that should be Franklin Delano Roosevelt—

will invade Arkansas to assist anti-Long battle. Speech for ROBINSON on coast trip will set political precedent.

I will not read any more of these newspaper headlines; but inasmuch as they appear in the accredited public journals of the country, and particularly inasmuch as they appear under such glamorous headlines in newspapers friendly to the administration, I suppose that I should make a response, which I will endeavor to do in as few words as possible.

I have no message, Mr. President, from the President of the United States as to whether he is going down to the South or not, and I have no word from him as to whether he is going down there to give me battle or not. As I said some days ago, I have to receive these communications and take them in such light as a reasonable public accepts them, and, as I also said, the method of communication from the White House to me is through these indirect channels. I have no means of knowing that the President of the United States thinks it is a good thing to go down into the South to give me battle; but, if he has that idea, why pick Arkansas? There is no election coming off in Arkansas for a long time; that is, not next fall. The election there will be a year from now, and the people will forget all about this gauntlet that has been thrown down at the feet of the Senator from Louisiana. There will be an election on in Louisiana in this coming January. I do not know how badly certain gentlemen may need the help of the President in Mississippi and in Arkansas next fall, a year from now, but I can tell him that the anti-Long element needs him in Louisiana mighty bad right now. They are fiercely in need of help there.

Following the injunction of the scripture to "love your enemies and do good to those who hate you", I would say on behalf of my political opposition that, if the President wishes to throw down the gauntlet and make an anti-Long war in the South, I live in the State of Louisiana, and the campaign will come there first. Our people would feel greatly honored if the Chief Executive should see fit to visit our State. I assure him that we would turn out in large numbers to hear him. Someone may tell him differently,

but I assure him that information to the contrary would be positively incorrect. I assure him the people of Louisiana would feel more or less slighted in this kind of a crusade if we were deprived of the pleasure of such a visit.

I have only this guaranty to give to the Chief Executive of his receiving a very large audience. I am satisfied he will need no assistance other than my own, but, nevertheless, in order that there may be a 100-percent guaranty that there will be a large attendance, I am almost willing, if he should insist, to volunteer my own presence on the same stump on which he may speak. Never has there failed to be a good-sized crowd in late years when I have spoken in that or in any other State, but particularly in that State. If the President should demand it, I would be willing that the subject most familiar to his heart might be there and then discussed, to wit, "What has become of the promises of the candidate of the Democratic party for the Presidency, and what can be expected from him in the future based upon the character of performances which we have had through the preceding 2½ years?"

Mr. President, an article appeared in some of the newspapers this morning pointing out that I have been quite silent on the statements which those newspapers have published relative to this contemplated southern invasion. I did not know until yesterday that the President conceded me a territory so wide and so large. I had not been given the information and am not given it yet, unless I take the newspapers as reflecting the President's viewpoint, that a territory so large and so wide as to embrace the neighboring States and other territory is under the Long banner. I am sure that many of the Senators representing those States would not only not make that kind of statement, but that they would most vehemently and properly protest any such allusion.

I should like to have a little more direct information. I should like to be just a little better informed. Just what territory is it that the President considers foreign to his political welfare? Just what is the line and the boundary which he designates as "Long territory" or territory inimical to the kind of alleged Democratic rule now prevailing in this country?

I only undertake to fight on my home soil. I fight only a defensive political war. I never invade foreign territory. But under the captions displayed in these friendly and, possibly, some of them, unfriendly newspapers, it would appear that the President of the United States has spread the veil over a vast part of the United States and drawn a shadow apparently reflected from a light which is hidden by my own figure, so that this territory is blighted with an influence credited to me. I do not know how wide the mind of the President may be in that particular domain as being friendly to me and unfriendly to him. I claim influence only in my own native State which sends me to the Senate.

However, if the President of the United States alleges that this shadow, friendly to me or caused by me, extends beyond the portals of the State of Louisiana, I want to assure him, if I have that right, which I do not assert and which I and others for the present will deny, that he will be welcomed wherever he may deem it to be unfriendly to himself or friendly to me, and if at any time, in order that there may be complete harmony and understanding, I can accommodate the gentleman even outside the confines of the State of Louisiana in helping to lay before the voters of the United States "What has become of the pledges on which he was elected to office", I am at his beck and call and, as an humble servant, always ready to bow in respectful recognition of the desire or call of the learned Chief Executive of the United States.

REVISION OF COPYRIGHT ACT

The Senate resumed the consideration of the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes.

Mr. GEORGE. Mr. President, I desire to offer an amendment to the pending bill and ask consideration of it at this time. I am compelled to leave the Chamber and that is my reason for the request. I send the amendment to the desk.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 16, in line 25, after the word "case", to strike out the colon and insert the following:

But in case of a newspaper reproduction of a copyrighted photograph such damages shall not exceed the sum of $200.

Mr. GEORGE. Mr. President, I should like to address myself to the chairman of the committee and the Senator in charge of the bill and ask if there be objection to the particular amendment.

I merely call attention to the fact that under the present copyright law a limitation of $200 for the publication by a newspaper of a copyrighted photograph is fixed. Under the bill as it stands, without the amendment, there is no limitation except the general limitation of damages in the amount of $20,000.

I believe it will occur to the Senator from Wisconsin [Mr. DUFFY] that it is advisable to restore the limitation of $200 for any publication by a newspaper of a copyrighted photograph.

Mr. DUFFY. Mr. President, I understand that the amendment proposed by the Senator from Georgia restores the language as it now exists in the law. It was, as the result of some experience previous to that time, over a course of years that the present provision was inserted in the law. I have no objection to the amendment.

Mr. LEWIS. Mr. President, may I say to the Senator from Wisconsin [Mr. DUFFY] and the Senator from Georgia [Mr. GEORGE] that from my State of Illinois have come a number of telegrams from newspapers insisting that the amendment of the Senator from Georgia expresses what they feel is equity in behalf of the publishers, while a previous provision, such as suggested by the Senator from Wisconsin as previously prevailing, or the possibilities of it, was a matter of great injustice to them. I feel, sir, that acceptance by the Senator from Wisconsin of the amendment of the Senator from Georgia makes unnecessary the tender by myself or other Senators of any amendment to that provision of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment was agreed to.

SPECIAL MUNITIONS COMMITTEE—H. S. RAUSHENBUSH

Mr. CLARK. Mr. President, I regret exceedingly that I was unable to be present during the whole of the valiant effort of the senior Senator from Iowa [Mr. DICKINSON] to get under the wing of the munitions manufacturers and become a candidate of the American Liberty League for the Presidency of the United States.

Some 2 months ago, entirely apropos of nothing, the Senator from Iowa saw fit to make an attack on Mr. Raushenbush, chief investigator for the munitions committee, and indirectly upon the committee itself. On the following day the Senator from North Dakota [Mr. NYE], the Senator from Michigan [Mr. VANDENBERG], and I made some observations on the subject of the remarks made by the Senator from Iowa, assisted to some extent by the Senator from Georgia [Mr. GEORGE] and the Senator from Idaho [Mr. POPE], the other members of the munitions committee.

I may say that the Senator from North Dakota and I, before addressing ourselves on the floor of the Senate to the subject of the remarks made on the previous day or the second previous day by the Senator from Iowa, took the trouble to notify the Senator from Iowa that it was our purpose to reply to his remarks. We did this separately and without consultation between ourselves. For reasons best known to him the Senator from Iowa considered it the point of wisdom and prudence to remain in the lobby and declined to come into the Chamber while the Senator from North Dakota and I were answering his remarks.

In the course of my remarks I called attention to the fact that the Senator from Iowa had made precisely, word for

word and line for line, the attack on Mr. Raushenbush which had been made some 3 weeks previously by the notorious lobbyist for the shipbuilding interests, Mr. William B. Shearer, who had charged the shipbuilding companies thousands upon thousands of dollars, as I recall, for sabotaging the Geneva Peace Conference. I stated at that time that it was apparent the Senator from Iowa was marching under the flag of Mr. Shearer, the munitions manufacturers, and the sabotagers of the disarmament and peace conference.

Some days later the Senator from Iowa informed me that it was his purpose in a day or two further to address the Senate on the subject of the activities of the Munitions Committee and further to reflect upon the character of the activities of Mr. Raushenbush. At that time, on behalf of the Munitions Committee in general and myself in particular, I preferred only one request, and that was that I be notified when he intended to speak so I might be present in order to participate in the discussion.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. WAGNER. Would the Senator object if I should raise the point of no quorum? May I do that in order that the Senator from Iowa [Mr. DICKINSON] may be present?

Mr. CLARK. I should be very glad. I did not notify the Senator from Iowa on this occasion because I was unable to obtain the floor at the conclusion of his speech, and in view of his previous treatment of me I did not deem it necessary to notify him to be present. However, I should be very glad to have a quorum called at this time.

Mr. WAGNER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Logan	Robinson
Ashurst	Dieterich	Lonergan	Russell
Austin	Donahey	Long	Schall
Bachman	Duffy	McAdoo	Schwellenbach
Bankhead	Fletcher	McCarran	Sheppard
Barbour	Frazier	McGill	Shipstead
Barkley	George	McKellar	Smith
Black	Gerry	McNary	Steiwer
Borah	Gibson	Minton	Thomas, Okla.
Bulkley	Glass	Moore	Townsend
Bulow	Gore	Murphy	Trammell
Burke	Guffey	Murray	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Hastings	Norbeck	Van Nuys
Capper	Hatch	O'Mahoney	Wagner
Caraway	Hayden	Overton	Walsh
Chavez	Johnson	Pittman	Wheeler
Clark	King	Pope	White
Connally	La Follette	Radcliffe	
Copeland	Lewis	Reynolds	

The PRESIDING OFFICER. Seventy-eight Senators have answered to their names. A quorum is present.

Mr. CLARK. Mr. President, I regret exceedingly that the quorum call, which was so kindly requested by the Senator from New York [Mr. WAGNER] for the purpose of producing the presence of the senior Senator from Iowa [Mr. DICKINSON], has failed to induce the Senator to come into the Chamber.

As I was remarking at the time of the quorum call, on the occasion some 2 months ago when the Senator from North Dakota [Mr. NYE], the Senator from Michigan [Mr. VANDENBERG], and myself found it desirable to comment on some of the remarks made 2 days before by the Senator from Iowa on the activities of Mr. Raushenbush, the chief examiner for the Munitions Committee itself, we took the trouble to notify the Senator from Iowa and invite his presence on the floor. At that time, as on this occasion, the Senator from Iowa, either from choice or from considerations of prudence, deemed it desirable to stay outside the Chamber.

The only request I made of the Senator from Iowa, when notified that he intended to pursue this subject further, was to suggest to him that I should like to be notified when he was about to make his remarks, so that I might be able to be present. Of course, I understand that Mr. Shearer is a very much overworked man, and it probably has taken Mr. Shearer some time to work up the necessary data for the resumption of the attack by the Senator from Iowa; but it is a singular coincidence that in the several weeks which have elapsed since the previous interchange on this subject the first day on which the Senator from North Dakota and myself both happened to be absent from the city was the day chosen by the Senator from Iowa to make his attack. The Senator from North Dakota was unavoidably detained, and I myself, due to the illness of two of my children, was unable to be present on the floor of the Senate until shortly before 3 o'clock, near the close of the very eloquent attack of the Senator from Iowa.

I have not had the advantage of seeing the transcript of the complete address of the Senator from Iowa. I do not desire to reply at this time to something I have not had an opportunity of seeing. I am not undertaking to censure or blame the Senator from Iowa. We all know the hopes he entertains for next year, illusive though they may be, ridiculous though they may seem to some; and we all know, not only from the investigation of the Munitions Committee but from other investigations, the fact that munition makers are among the most liberal of all contributors to Presidential campaign funds. Therefore, I should not desire in any way to criticize or to hamper the style of my friend the senior Senator from Iowa. I simply desire to say that not having been afforded an opportunity to have knowledge that the Senator was to address the Senate today on this subject, and having been unavoidably detained until just before the close of his remarks, I shall not undertake to detain the Senate further at this time in replying to the remarks of the Senator from Iowa; but I shall carefully read his remarks in the RECORD in the morning, and if there is anything in his remarks that is worth replying to, it is my purpose to reply as soon as I can obtain the floor after the meeting of the Senate tomorrow.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the following bills and joint resolutions of the Senate:

S. 1227. An act to authorize the issuance and sale to the United States of certain bonds of municipal governments in Puerto Rico, and for other purposes;

S. 1726. An act to authorize the Secretary of War to grant a right-of-way for street purposes upon and across the San Antonio Arsenal, in the State of Texas;

S. 3289. An act to authorize the attendance of the Marine Band at the United Confederate Veterans' 1935 reunion at Amarillo, Tex.;

S. 3329. An act to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the Fort Knox Military Reservation, Ky., for the construction thereon of certain public buildings, and for other purposes;

S. J. Res. 96. Joint resolution to carry out the intention of Congress with reference to the claims of the Crow Tribe of Indians of Montana and any band thereof against the United States;

S. J. Res. 117. Joint resolution to provide for the reappointment of Frederic A. Delano as a member of the Board of Regents of the Smithsonian Institution;

S. J. Res. 139. Joint resolution requesting the President to extend to the International Statistical Institute an invitation to hold its twenty-fourth session in the United States in 1939; and

S. J. Res. 145. Joint resolution authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the period August 16, 1935, to August 31, 1935, both inclusive.

The message also announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 351. An act for the relief of Jane B. Smith and Dora D. Smith;

H. R. 2125. An act for the relief of George William Henning; and

H. R. 3230. An act for the relief of Rufus Hunter Blackwell, Jr.

The message further announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 3641. An act to amend section 559 of the Code of the District of Columbia as to restriction on residence of members of the fire department;

H. R. 3642. An act to amend section 483 of the Code of the District of Columbia as to residence of members of the police department;

H. R. 3979. An act to safeguard the estates of veterans derived from payments of pension, compensation, emergency officers' retirement pay and insurance, and for other purposes;

H. R. 4507. An act to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes; and

H. R. 7447. An act to amend an act to provide for a Union Railroad Station in the District of Columbia, and for other purposes.

The message also announced that the House insisted upon its amendments to the bill (S. 405) for the suppression of prostitution in the District of Columbia, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and that Mrs. NORTON, Mr. PALMISANO, and Mr. DIRKSEN were appointed managers on the part of the House at the conference.

The message further announced that the House insisted upon its amendments to the bill (S. 2034) to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mrs. NORTON, Mrs. JENCKES of Indiana, and Mr. DIRKSEN were appointed managers on the part of the House at the conference.

THE AIR MAIL SERVICE—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I ask the Senator in charge of the pending bill whether he would object to my bringing up at this time the conference report on the air mail bill? I do not think it will take long.

Mr. DUFFY. If there is no controversy about it, I shall not have any objection; but I believe we are getting close to a vote on the pending bill. On the theory that the conference report will not take any time, I shall not object.

Mr. McKELLAR. We shall undertake, at any rate, to dispose of the report.

I ask the Chair to lay the report before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the conference report on the air mail bill, which will be read.

The legislative clerk read the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the Air Mail Service.

(For conference report, see p. 12245, CONGRESSIONAL RECORD, of Thursday, Aug. 1, 1935.)

Mr. McKELLAR. I ask for the consideration of the report at this time.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. McKELLAR obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes.

Mr. McNARY. Several Senators have requested that they be notified at the time this matter is considered. I, therefore, suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Logan	Robinson
Ashurst	Dieterich	Lonergan	Russell
Austin	Donahey	Long	Schall
Bachman	Duffy	McAdoo	Schwellenbach
Bankhead	Fletcher	McCarran	Sheppard
Barbour	Frazier	McGill	Shipstead
Barkley	George	McKellar	Smith
Black	Gerry	McNary	Steiwer
Borah	Gibson	Minton	Thomas, Okla.
Bulkley	Glass	Moore	Townsend
Bulow	Gore	Murphy	Trammell
Burke	Guffey	Murray	Truman
Byrd	Hale	Neely	Vandenberg
Byrnes	Hastings	Norbeck	Van Nuys
Capper	Hatch	O'Mahoney	Wagner
Caraway	Hayden	Overton	Walsh
Chavez	Johnson	Pittman	Wheeler
Clark	King	Pope	White
Connally	La Follette	Radcliffe	
Copeland	Lewis	Reynolds	

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. McKELLAR. Mr. President, I desire to make a very short statement about the conference report.

Senators will recall that last year we passed a bill directing that air mail contracts be let to the lowest bidders, under quite a number of conditions that were set out in the bill. We also provided that the Interstate Commerce Commission should be vested with power to examine into the affairs of these air mail companies, their income, their accounts, their books, their investments, and that thereafter the Interstate Commerce Commission should have the rights to fix rates for air mail companies within certain limitations; namely, that for the first 300 pounds they should fix a rate of not exceeding 40 cents a mile and that where a plane carried in excess of 300 pounds a mile a graduated additional rate was fixed up to 40 cents. The Interstate Commerce Commission made some investigation of the matter, although it did not examine any of the companies' books, and reported an increased rate over the bid price in a number of cases. Under a construction placed on all, however, which may or may not have been correct, these increased rates over the rates bid have never been put into effect.

Under the old system, prior to the air mail bill of last year, and prior to the cancelation by the Postmaster General under the existing air mail contracts, the Government had paid out from $19,000,000 to $21,000,000 a year for carrying air mail. Under the new bill, the amount paid to air mail companies from July 1, 1934, to June 30, 1935, was approximately $8,918,016.85. The increased rates allowed by the Interstate Commerce Commission, which are allowed to go into effect by this bill, will amount to $1,609,314.95. This makes the total cost for air mail this year $10,527,331.80. In other words, the first result of our action last year in turning ratemaking over to the Interstate Commerce Commission is an increase of rates over those which the companies themselves had bid of $1,609,314.95.

In fixing its rates, the Interstate Commerce Commission, as I have stated, did not examine the books, accounts, and records of any air mail companies. On eight of the companies, as is set out in the bill, the Commission allowed the maximum rate of 33⅓ cents. On all the other companies it allowed a lesser sum, but on the average a rate of about 26 cents.

In the House bill there was a provision for a 20-percent increase in the limitation of the rate. In round numbers, this would have raised the limitation basic rate from about 33⅓ cents to 40 cents. The Senate did not provide for any increase in the limitation of rates. The conferees left the limitations as they are in the present law but agreed to the following amendment:

> The Commission is hereby authorized and directed, after having made a full and complete examination and audit of the books, and after having examined and carefully scrutinized all expenditures and purported expenditures, of the holders of the contracts hereinafter referred to, for goods, lands, commodities, and services, in order to determine whether or not such expenditures were fair and just, and were not improper, excessive, or collusive, in the cases of the eight air mail contracts which are allowed, by a previous report of the Commission, the rate of 33⅓ cents per mile, under the provisions of the act of June 12, 1934, on routes numbered 7, 12, 13, 14, 19, 25, 27, and 32, and the Commission shall make a report to the Congress, not later than January 15,

1936, whether or not, in its judgment, a fair and reasonable rate of compensation on each of said eight contracts, under the other provisions and conditions of said act, as herein amended, is in excess of 33⅓ cents per mile; together with full facts and reasons in detail why it recommends for or against any claim for increase.

Frankly, I do not believe the Interstate Commerce Commission will recommend that any company be allowed a rate of over 33⅓ cents after an examination of the books because I do not think the facts will justify paying any company even so large an amount as 33⅓ cents. In abundance of caution, however, the conferees agreed to this amendment. After we get the report of the Interstate Commerce Commission on January 15, 1936, the Senate and the House will have the opportunity of passing on the report of the Interstate Commerce Commission.

The ratification of the Interstate Commerce Commission's action in raising the rates, as heretofore explained, and this provision directing a special examination as to these eight companies to be reported on by the Interstate Commerce Commission January 15, 1935, are the two principal changes in the present law. Another change of less importance was that, at the request of all the Pacific coast Senators and Congressmen and delegations of citizens from that territory, the Pacific coast route from Seattle to San Diego was made a secondary route in order that the transcontinental route now owning the Pacific route could retain it. Whether this was wise or not, I cannot say, but as the people and representatives from the Pacific coast all desired it, the committee agreed to their desire.

The eastern route from New York to Miami, Fla., was treated in much the same manner.

One of the transcontinental lines had bid upon its line in three separate contracts. Authority was given the Postmaster General in the amended bill to regard these three contracts as one. Authority was also given to extend this transcontinental line from New York to Boston.

Provision was also made to safeguard more carefully the rights of pilots.

Additional safeguards were thrown around interlocking directorates. In last year's bill the Postmaster General was authorized to examine each company's books, but not directed to do so. The Interstate Commerce Commission was authorized and directed to examine each company's books, and it did not do so. This present bill requires an examination by the Interstate Commerce Commission of each company's books and reports to be made to Congress.

Each company is also required to report to Congress the number of free passes given, with the names of the donees.

The Interstate Commerce Commission is given jurisdiction to pass upon unfair practices as between air mail companies.

Mr. President, I might say that the Senator from Vermont [Mr. AUSTIN] insisted that an amendment be adopted, and it was adopted, providing for an increase of the eastern route along the Atlantic seaboard to Boston. The House conferees were unwilling to agree to that, and the amendment was left out.

In the Senate provision was made for permitting old-line companies to appear before the Interstate Commerce Commission in order to have adjusted any unfair practices or any other difficulties as between them and other carriers. Of course, we had no jurisdiction over those matters entirely outside of air mail, because only air mail carriers are under the jurisdiction of the Committee on Post Offices and Post Roads.

The House was unwilling to accept our amendment, and we had great difficulty. We really had to take the bill back to conference twice in order to obtain an agreement under which, in my judgment, any carrier may take his troubles to the Interstate Commerce Commission and have that Commission pass upon the differences which may arise regarding unfair practices.

I believe I have about covered the report as it has been submitted, and I ask that it be agreed to, unless some Senator wishes to ask a question or desires to discuss the report.

Mr. JOHNSON. Mr. President, the bill which is presented, after very great study and meticulous care by the House and the Senate, is an extremely important one, important not alone from the fact that it is dealing with a new mode of transportation, a new mode of subsidy, as it were, but important because, as best we can, we are endeavoring to make our people air-minded, and to provide them with the very best means of transportation in the air, as we have sought to do with transportation upon the land.

I address myself to a single point in regard to this conference agreement. It is necessary that we should understand that there have been two conference reports, in order wholly to comprehend the subject matter here. In the first conference report submitted the endeavor was made, unwittingly, of course, I think, on the part of the Senate conferees and the House conferees, to freeze the situation so far as transcontinental lines were concerned, and to give unto those particular transportation air lines which held contracts with the Government an absolute monopoly, an absolute monopoly, I repeat, which is obnoxious, of course, to most of us here, and obnoxious generally in regard to any transportation facilities.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. McKELLAR. I do not think it was the purpose of any of the conferees, certainly not of the Senate conferees, and I do not believe of the House conferees, to bring about such a situation. Indeed, it seemed to me that we had prevented that in the first report, and when the Senator from California first came to me I told him that I did not think there was any such provision in the bill; but upon a more careful examination I found that what the Senator from California said was absolutely true, and for that reason I asked unanimous consent, and received it, to take the bill back to conference and that new conferees be appointed, which was done, and I think we have remedied the difficulty, certainly to a very great extent, if not entirely.

Mr. JOHNSON. What the Senator from Tennessee [Mr. McKELLAR] says about what was done here is entirely accurate. I approached him when the first conference report was presented to the Senate, and called his attention to the fact that the amendment which had been presented to the Senate by representatives of the West had been deleted in the conference report, and that the effect was to do exactly what I have said—to give a monopoly to those subsidized air transportation companies which were dealing with transcontinental transportation. That was the effect of it, though, of course, not so designed. I acquit the Senator from Tennessee and the other conferees of any such design.

Thereafter the first conference report was taken back and an endeavor was made in very good faith, in my opinion, and generously, so far as I was concerned, to correct the evil of which I complained. I do not think the object has been attained, as it was attained by the amendment which the committee of the Senate adopted, and the amendment which was written into the bill by the Senate, and because of that fact I desire to call the Senate's attention to the situation, and then permit the Senate to act as it may see fit, of course, in respect to the second conference report.

Senators realize that to us living 3,000 miles away one of the most important things in air transportation is the transcontinental line itself. Senators also realize that with us not only is its existence important but the time consumed in a transcontinental trip is of importance as well. Assume there was a line, transcontinental in character, which made the trip from Los Angeles to Kansas City, to Chicago, to Pittsburgh, to Washington, and that it made the trip with a greater degree of speed than any other transcontinental line which was in existence. If such transcontinental line were an "offline", as it is termed, in making its trip by the route I have designated—Los Angeles, Kansas City, Chicago, Pittsburgh, Washington—then that line was denied the privileges which should have been accorded a transcontinental line, and the transcontinental line that had another route which was not so rapid was frozen in its benefits, and had a monopoly so far as the bill we are now passing is concerned.

That I think will go without saying. The Senate endeavored to correct that defect by its amendment by which

it provided in so many words that if the Interstate Commerce Commission gave a certificate of necessity and convenience, then the operation might be had and might be authorized. The first conference report and the agreement of the conferees deleted every word of that amendment, and not only deleted every word of it but deleted an amendment which had been adopted on the floor of the Senate, as I recall, into which the question of competition between the two lines did not enter at all, and which provided that upon the issuance of a certificate of convenience and necessity, such as the Interstate Commerce Commission issues in certain transportation matters, the particular air transportation company should be permitted to run its line.

It cannot be our purpose, of course, to favor one line as against another. It cannot be our purpose, of course, to freeze a situation which is profitable to one company and is not participated in by another. The reason which was given for the original action, as I understand, was that it was not fair competition for the one line to make a great expenditure and run its airplanes all over the continent in the fashion that some companies are now doing, because such competition would become unfair, as it was designated, by the fact that it might decrease the business of a subsidized transcontinental line; and from that, said the friends of those who would freeze the situation in the manner which I have indicated, would flow the necessary consequence that the rates of subsidy would be higher in payment from the United States Government to the line that already had the contract with the Government and that was affected by the competition of another line.

To that sort of logic I cannot for a moment subscribe. If there is a transcontinental line which runs its airplanes across the continent and which has its mail contracts, and another line of its own initiative or by the initiative of the people of the West or of the East endeavors to establish a competing service, it is ridiculous, from my point of view, to say that the second line shall not be permitted to do business because it may interfere with the profit which will be made by the line which is subsidized by the Government. That is exactly what was done by the conferees in the first place—unwittingly, I say—and which was attempted to be corrected by the Senator from Tennessee in the next conference.

Let us see how it is corrected. I read from the last conference report of August 1, 1935:

> Upon application of the Postmaster General or of any interested air mail contractor, setting forth that the general transport business or earnings upon an air mail route are being adversely affected by any alleged unfair practice of another air mail contractor, or by any competitive air transport service supplied by an air mail contractor other than that supplied by him on the line of his prescribed air mail route, or by any service inaugurated by him after July 1, 1935, through the scheduling of competitive nonmail flights over an air mail route, the Interstate Commerce Commission shall, after giving reasonable notice to the air mail contractor complained of, inquire fully into the subject matter of the allegations; and if the Commission shall find such practice or competition or any part thereof to be unfair, or that such competitive service in whole or in part is not reasonably required in the interest of public convenience and necessity, and if the Commission shall further find that in either case the receipts or expenses of an air mail contractor are so affected thereby as to tend to increase the cost of air mail transportation, then it shall order such practice or competitive service, or both, as the case may be, discontinued or restricted in accordance with such findings, and the respondent air mail contractor named in the order shall comply therewith within a reasonable time to be fixed in such order.

I hope that the language is apparent to all of us here, and that we understand exactly what the conditions are upon which a discontinuance of air service may be ordered.

The following amendment in the second conference report was finally inserted, which it is insisted meets the requirements of the western transcontinental lines:

> If the Commission shall find after like application, notice, and hearing, that the public convenience and necessity require additional service or schedule—

I am reading it grammatically, not as printed—

> additional service or schedules and such service or schedules do not tend to increase the service of air mail transportation, it may permit the institution and maintenance of such schedules and prescribe the frequency thereof.

I submit that that language does not wholly do what the Senate sought to do and what the amendments presented to the committee and adopted by it and presented to the Senate and adopted by the Senate actually did do. There ought to be no question of the right of any transcontinental airway to operate its airplanes as it sees fit across the continent, save for the supervision, of course, of the Interstate Commerce Commission, and the question ought not to be in the last instance as it is made here by the Senate and the House conferees, whether or not the maintenance of that sort of a line would reduce some profits which might accrue to an airline that already has a contract with the Government.

That is my objection to the report as presented. It is the one objection which I think is of a fatal character to the accomplishment which is desired by all of us here in relation to the bill. I want to encourage air mail contracts. I want to encourage air transportation.

I do not want to freeze our transportation absolutely in accordance with air mail contracts. I want the right of one that is an off-line carrier, as it is termed, to compete with any other air line company that may exist.

Mr. McKELLAR. Mr. President, may I say to the Senator from California that I agree with him entirely that there should be no monopoly, and there never will be if I can prevent it?

In the next place, I agree with the Senator entirely that there ought to be absolute fairness. Under the provision which he last read and which was inserted in the bill after a very strong protest on the part of those who represented the House, I believe it will do, substantially at any rate, what was required by the original Senate provision.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from California?

Mr. McKELLAR. Certainly.

Mr. JOHNSON. What was the objection to adopting the Senate amendment?

Mr. McKELLAR. It was the same objection the Senator has just mentioned, namely, that it was felt it would raise the rates. It seems to me the objection was not well founded.

Mr. JOHNSON. That is, it would raise the rates——

Mr. McKELLAR. It would raise the rates which the Government would have to pay because it would allow one company to take away the business of an air mail company.

Mr. JOHNSON. I submit there is a fundamental question presented. The fundamental question presented is whether fair competition will be permitted to exist in air transportation.

Mr. McKELLAR. Unquestionably, if the Interstate Commerce Commission will examine carefully and pass upon the question, there will be fairness under this provision.

Mr. AUSTIN. Mr. President, I have no hope of affecting in any degree the legislation about to be passed. I have stood on the floor of the Senate attempting to contribute the product of weeks of extensive study to the consideration of the subject of the air mail. No assertion that my interest was purely in behalf of the public welfare or that the contributions I desired to make were nonpolitical made any difference whatever in the measure as it finally passed the Senate. I do not hope for a different result at the present time. Nevertheless, I do hope that there may be a salutary effect as the emotionalism growing out of the air mail investigation gradually recedes and Senators become willing really to face the facts which were developed and reported, to confront the situation as it is today, and to undertake to carry out the great plan of a competitive air mail service evenly competitive at all important points, or as nearly evenly competitive as we can devise it.

Every piece of legislation on this subject we have enacted since the McNary-Watres Act was destroyed has seemed to have for its objective the destruction of that principle of competition which is so essential in the building up of a new and infant industry such as this in order that equality of service in respect to safety and speed and all the things

for which the air mail must stand may be encouraged and promoted rather than discouraged; that we may hold out incentive for improvement rather than incentive for reduction in the safety and efficiency of the institution.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Tennessee?

Mr. AUSTIN. Certainly.

Mr. McKELLAR. It has been suggested that we empower the Interstate Commerce Commission to receive bids, say, once every 3 years, so as to promote the idea of competition. Would the Senator be willing to state what would be his reaction to that suggestion? So far as the committee is concerned, the committee is very much in favor of air mail and wants to see it progress and prosper. I am wondering what the Senator would think about having competitive bidding periodically?

Mr. AUSTIN. This is the first time that idea has been presented to me. I am perfectly willing to give an off-hand opinion on it, reserving, as I am entitled to do, the right to change that opinion upon more mature consideration. Off-hand, that sounds very good to me in two regards. One is the period of 3 years, which contains at least a more diffused impression of stability which the present legislation does not contain, and the other is the appearance, at least, of freedom from political influence.

Mr. McKELLAR. May I say to the Senator that my reaction to the suggestion was exactly the same as his.

Mr. AUSTIN. What I have to say I am going to try to make brief, but I wish to develop certain thoughts affecting the air mail report from the conference committee in the hope that some day we who appear to be opposed to each other upon the subject may get together, and that, although nothing may be done today, something may be done later to remedy the defects which we are apparently consolidating in our air mail legislation.

Let us take the amendment which was so ably discussed by the Senator from California [Mr. JOHNSON]. Let us realize that the Senator from Vermont is discussing it not from the State point of view but rather the national point of view, and yet that perhaps his thought upon the subject is affected by the fact that he knows the Atlantic coast. Let us consider that feature of the conference report so ably discussed by the Senator from California and do it in its application to the Atlantic coast.

The amendment which was adopted unanimously by the Senate—there was no controversy at all about it—was this; and I refer to the RECORD at page 9969:

> The next amendment, offered by Mr. McKELLAR to the committee amendment—

It will be understood that the Senator from Tennessee, chairman of the committee, was offering the amendment on behalf of the Senator from Vermont, as he stated according to the RECORD, on page 9968, the opposing parties having gotten together and agreed on it.

I continue to read:

> was, on page 17, line 20, after the word "schedules", to insert "and after such hearing it may permit an air mail contractor to maintain passenger or express service off the line of his air mail route whether it competes with passenger or express service available upon another air mail route or not."

In other words, to put the whole amendment together, this is what everybody in interest agreed to——

Mr. JOHNSON. Mr. President, may I ask the Senator whether that amendment was adopted by the Senate?

Mr. AUSTIN. It was adopted by the Senate.

Mr. JOHNSON. Who offered the amendment?

Mr. AUSTIN. The Senator from Tennessee [Mr. McKELLAR], on behalf, as he said, of the Senator from Vermont, we having agreed on it.

Here is what the legislation would have been, had the conference committee of Senate and House stayed with the amendment. I read——

Mr. McKELLAR. Mr. President, will the Senator yield before he begins to read?

Mr. AUSTIN. Yes.

Mr. McKELLAR. The Senator knows how very difficult it is to keep in a bill all of the amendments of either House. It is almost impossible to conclude a conference without giving and taking. I very much regret that the House did not agree to that amendment. I think it was a very wise amendment, and that it should have been acquiesced in by the conferees.

Mr. AUSTIN. Mr. President, I fully accept the statement of the Senator from Tennessee; and what I have to say should not be interpreted as a criticism of the representatives of the Senate in the conference.

Mr. McKELLAR. Oh, no; I do not so interpret the Senator's remarks; but I desire to explain to the Senator just what our difficulties were.

Mr. AUSTIN. Yes; I realize that those difficulties were very great, and I have considerable commiseration for the representatives of the Senate, because they either gave up or lost out on every one of the amendments adopted by the Senate—a most strange coincidence.

Here is the way the legislation would have read had we been able to maintain the amendment adopted by the Senate. I read from page 17 of the draft of the bill as it then stood. This cannot be read from the committee report, because it is entirely deleted:

> *Provided, however,* That if the Interstate Commerce Commission, on petition of any contractor interested or on its own initiative, after due notice to the Postmaster General and all parties in interest and a hearing thereon, shall be of the opinion that the public interest so requires, it may by order require the suspension or the decrease or may permit an increase in the frequency of such schedules; and after such hearing it may permit an air mail contractor to maintain passenger or express service off the line of his air mail route whether it competes with passenger or express service available upon another air mail route or not.

That language is not susceptible of confusion. That language crystallizes, not monopoly, but competition; and, as applied to the northeastern section of the United States and the Atlantic coast, Senators can see the picture of what is meant.

Here is American Airways, with a contract for a route running straight from New York to Montreal. Can it, as an off-line route, carry passengers or express into my home city of Burlington? I can sit on my back porch and observe the ships of the American Airways flying over Lake Champlain within half a mile of our airport; but they do not stop and serve us. If they did, we might go out to the airport and get into an airplane and fly to Washington. Can we do it? No. Can such a condition possibly be brought about under this proposed legislation? No; absolutely not. It is prohibited by the law we are today enacting, because under this new law an air mail contractor cannot obtain an off-line route, not even for half a mile, unless certain facts are found. What are they?

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. MOORE in the chair). Does the Senator from Vermont yield to the Senator from Tennessee?

Mr. AUSTIN. I do.

Mr. McKELLAR. Right there, I call the Senator's attention to the last sentence but one in section 15, on page 6, of the report:

> If the Commission shall find and after like application, notice, and hearing that the public convenience and necessity requires additional service or schedules and such service or schedules do not tend to increase the cost of air mail transportation, it may permit the institution and maintenance of such schedules and prescribe the frequency thereof.

Under that provision, in the very case the Senator mentions, if it were desired by those interested to make stops or to change schedules, they could go before the Interstate Commerce Commission and have it done.

Mr. AUSTIN. I wish that construction could be made of this proposed law.

Mr. McKELLAR. That is what was intended to be done.

Mr. AUSTIN. I have not any doubt at all of the good intentions of the representatives of the Senate in the conference; but there is not one word of authority in what has

just been read from page 6 to allow the creation of an off-line route. There is not any authority at all given by this addition, save to increase the schedules on a route already established; that is all.

Mr. McKELLAR. Mr. President, I think the companies themselves feel that they have that right under this provision.

Mr. AUSTIN. Mr. President, I have not talked with a representative of a single company relative to this subject. I do not know what they think about it. Of course, I should respect what they think, if I did know; but I have to deal with this proposed legislation as a legislator. I have to interpret it with such faculties as the good Lord permits me to have; and, as I read that language, it deals with schedules in as plain English as anyone can use. It does not deal with any additional routes; and, what is worse than that, the schedules may not be increased or decreased until after the conditions which are attached to this power shall have been met.

To what does the provision on page 6 refer? Does it refer to off-line routes? Not at all. The subject of off-line routes is not involved in any way at all. It deals with the subject of unfair competition and unfair practices of another air mail contractor; and it has for its objective not off-line routes, new routes, additional competition, but the prevention of competition. Read it carefully, and it will be seen that as a palliative, a mere sop, something with which to fool somebody, it is grafted on a tree of so strange a character that we cannot possibly identify it as the same kind of a tree we were dealing with originally in the Senate when we adopted the Senate amendment.

All that may be done under that power will not help us. All that may be done under that power will not save the great transcontinental lines operating out of Los Angeles and San Francisco. They may not, under this proposed legislation, obtain an off-line route unless these conditions shall be found, namely:

That the general transport business or earnings upon an air-mail route are being adversely affected by any alleged unfair practice of another air mail contractor.

That is one of the first things they must show. They must show that they are suffering from some unfair treatment by their competitor before they may get into the class referred to in this section of the proposed law.

Proceed further with the examination of that section, and it will be seen that there is a very narrow and limited class which may have the benefit of this new sentence:

If the Commission shall find after like application, notice, and hearing, that the public convenience and necessity requires additional service or schedules and such service or schedules do not tend to increase the cost of air mail transportation, it may permit the institution and maintenance of—

Of what? A new route, an off-line route? No; but of "such schedules and prescribe the frequency thereof."

That is all the right it gives, and that right is given to a very limited class. The class comprehended by the amendment adopted by the Senate unanimously, agreed to by the parties who especially studied it, included the entire class of those who might fly and carry passengers and express. Hear it. It may permit an air mail contractor to maintain passenger or express service off the line of its air mail route whether it competes with passenger or express service available by another air mail route or not.

There is no limit to it at all. It is easy to see what has been done to the Senate in the conference with respect to that very important objective of legislation, namely, even open competition.

I think I will take no more of the valuable time of the Senate upon that particular point. Let us go back to the very first amendment which was adopted, and I call attention to page 9968 of the CONGRESSIONAL RECORD.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. JOHNSON. Before the Senator leaves the question he has been discussing, I wish to have the record perfectly plain as to the interpretation and construction by the Senator and myself upon the one sentence he has read, which constitutes the amendment in the second conference report:

If the Commission shall find after like application, notice, and hearing that the public convenience and necessity requires additional service or schedules and such service or schedules do not tend to increase the cost of air mail transportation, it may permit the institution and maintenance of such schedules and prescribe the frequency thereof.

That alone is the amendment presented by the second conference report.

Mr. McKELLAR. On this particular subject.

Mr. JOHNSON. On this subject. That does not mean, in the opinion of the Senator from Vermont, that any off line could be or would be permitted in any air transportation?

Mr. AUSTIN. That is correct, provided the contractor applying has a contract. Of course, this proposed law is supposed to deal with mail contractors, and my answer has to be considered with reference to that basic assumption.

Mr. JOHNSON. Of course, that was my assumption, because we are dealing solely with the contractual relations of the air lines and the Government.

Mr. AUSTIN. Yes.

Mr. JOHNSON. But under the bill there could not be operated at all an off-line of the character we have indicated?

Mr. AUSTIN. That is correct.

Mr. JOHNSON. I think the Senator is entirely correct.

Mr. AUSTIN. And I will point out why not.

Mr. McKELLAR. Mr. President, will the Senator from Vermont yield to me?

Mr. AUSTIN. I yield.

Mr. McKELLAR. If the Senator will look at the top of page 6 of the report he will find these words:

Upon application of the Postmaster General or of any interested air mail contractor, setting forth that the general transport business or earnings upon an air mail route are being adversely affected by any alleged unfair practice of another air mail contractor, or by any competitive air-transport service supplied by an air mail contractor other than that supplied by him on the line of his prescribed air mail route, or by any service inaugurated by him after July 1, 1935, through the scheduling of competitive nonmail flights over an air mail route, the Interstate Commerce Commission shall, after giving reasonable notice to the air mail contractor complained of, inquire fully into the subject matter of the allegations.

Then it prescribes what shall be done. At the beginning of the next sentence it is provided that if the Commission shall find after like application, and so forth, all the things that are recited in the beginning of the paragraph I have read, beginning near the top of page 6, it shall act. In other words, the provision applies to all these routes, competitive routes, off-line routes, if they have to do with air mail carriers, and the Interstate Commerce Commission is made the sole arbiter of the unfair practices and can take off schedules or increase schedules, or do whatever is necessary in order that right may be done and fairness be reached in the premises.

Mr. JOHNSON. Mr. President, will the Senator from Vermont yield to me to ask the Senator from Tennessee a question?

Mr. AUSTIN. I yield.

Mr. JOHNSON. What does the Senator from Tennessee mean by "like applications"?

Mr. McKELLAR. When the Postmaster General or any interested air mail contractor files a complaint against an air mail contractor, if another air mail contractor desires to file a complaint, he will have the right to do so. In other words, any air mail contractor—and this deals only with air mail contracts—whether defendant or plaintiff, may have justice done him if he will apply to the Commission.

Mr. JOHNSON. Then as the Senator construes it, any air mail contractor who may be upon an off-line could make an application to the Interstate Commerce Commission for the determination as required by the act?

Mr. McKELLAR. Absolutely.

Mr. JOHNSON. We are at variance.

Mr. AUSTIN. Mr. President, I promised to point out why no air mail contractor could, after the enactment of this proposed legislation, obtain the right to a route off his line—that is, an off-line route—and I do so now.

On page 5 of the report, section 12, referring to section 15 of the original act as amended, contains the following prohibition:

After June 30, 1935—

From now on, at any time after the law shall be enacted—

After June 30, 1935, no air mail contractor shall be allowed to maintain passenger or express service off the line of his air mail route which in any way competes with passenger or express service available upon another air mail route, except that off-line competitive service which has been regularly maintained on and prior to July 1, 1935, and such seasonal schedules as may have been regularly maintained during the year prior to July 1, 1935, may be continued if restricted to the number of schedules and to the stops scheduled and in effect during such period or season.

Do Senators desire anything plainer than that? There is an absolute prohibition, so clear that everyone may understand it. It seems to me that closes the incident. This piece of legislation probably never was understood.

Let us now go to another amendment.

Mr. BORAH. Mr. President, who gets the benefit of that monopoly?

Mr. AUSTIN. It is difficult to say. The situation may be such that those who now possess the air mail contract will have the benefit of it. Of course, the objective which we had in this matter was to serve the public by trying to have at least two lines which might come into the same point, which would be evenly competitive, if possible. That was our idea. That is the objective transcontinentally. That is the objective up and down the east and west coasts. I intend to discuss those coastal lines a little later. So far as the East is concerned, to which perhaps I ought to confine my remarks, the Senate can readily see that with two lines serving the northeastern part of the United States, and one of them going right through it, not stopping until it gets to Montreal, we really have under this proposed law a consolidation of the position of one of the air line organizations which now does reach us, and we prevent the other line from coming down out of the sky one-half a mile away and competing evenly at points in the northeastern section of the country where air mail service is really needed.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. McKELLAR. I call the Senator's attention to the sentence just preceding the one he read:

It shall be unlawful for air mail contractors, competing in parallel routes, to merge or to enter into any agreement, express or implied, which may result in common control or ownership.

The purpose of this bill is to prevent monopoly, and not to permit it.

Mr. AUSTIN. Mr. President, the point of complaint we make is, admitting the purpose to have been good, that the execution of it was bad; and the Senator from Tennessee has now called attention to the fact that right in that one paragraph we have two inconsistent ideas expressed. In the first sentence of the paragraph we find the idea of preventing the creation of monopoly by combination, and in the second sentence we find the idea of permitting the creation of monopoly by consolidation of the situation.

Mr. JOHNSON. Mr. President, if the Senator from Vermont will permit me, may I answer the query which was propounded by the Senator from Idaho?

Mr. AUSTIN. Yes.

Mr. JOHNSON. It is admitted here—none will deny it—that the purpose of this legislation in curtailing activities of other air lines is to prevent them from taking business from air lines which have contracts with the Government, because, forsooth, these gentlemen say the Government would thereupon be required to pay more money for the carrying of the air mail. The very design was originally to freeze the situation so that that sort of thing could not occur, and the very purpose of some of the language of this bill now is to prevent an off-line air carrier from taking business by competition from an air line carrier which is under contract with the Government, so that the Government should not have to pay more in air line subsidies thereafter.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. McKELLAR. The Senator from California did not intend to do so, but he covered a little more territory than I admitted. The fact about it is that the bill has nothing to do with any air mail companies, except air mail contracting companies, and the purpose of the last conference report was to prohibit aircraft companies carrying air mail from doing injustice one to the other; and the Interstate Commerce Commission is given full authority to pass on questions which arise. That is all there is in this section.

Mr. BORAH. Mr. President, may I ask a question of the Senator from Tennessee?

Mr. AUSTIN. I yield.

Mr. BORAH. Do I understand correctly that the Senator contends that this bill deals solely with air mail carrier contractors?

Mr. McKELLAR. Yes. The bill came before the Committee on Post Offices and Post Roads, and of course the committee is dealing merely with air mail contractors at the present time.

Mr. AUSTIN. Mr. President, of course that is what we assume in discussing the report; and when I speak of the northeastern section of the country I am dealing with two air mail contractors. There is route no. 27, from Boston, Mass., to Bangor, Maine, and to Burlington, Vt., controlled by the National Airways, Inc., operating in conjunction with the Boston & Maine Railroad and the Central Vermont Railway. There is also the American Airways, flying from New York to Montreal, carrying the mails. Those are two contractors with the Federal Government; but because they are contractors Congress steps in today and says, "We will control the competition here so that it cannot be changed in the interest of the public or in the interest of competition. We will solidify just what the Commission is now doing, and we will prevent the establishment of an off-line route, even one-half mile long." The only condition under which an air mail contractor may have a change made in his schedules—and that is not off-line, let it be understood, but on-line—is by showing unfair competition. He may have his schedules changed either by diminishing or by increasing them if he can show the unfair competition which is set forth in the bill.

I hope that some time before the Congress again takes up this question legislators here will really consider the subject, look at the situation as it is, and the next time we have legislation on this subject try to frame a bill which will be really consistent with itself and which will really create, or at least permit, competition.

Mr. McKELLAR. Mr. President, I know the Senator will agree with me when I say that I was very much in favor of the Senate bill as we passed it, and I greatly regretted that we could not get the House to accept it. Frankly, I think a mistake was made in section 15, one which I did not think at the time had been made, and I unwittingly misled my good friend the Senator from California [Mr. JOHNSON] about it. However, I wish to say that I have no ax to grind, and I am sure the Senator from California knows I have not. I have but one desire, and that is to see that justice and fairness is done between the air mail contractors, and to do what is best for them to carry on well in the interest of the Government, and to do a good job, and to help build up the aircraft business in this country.

Mr. AUSTIN. Mr. President, I call attention to the first amendment which was adopted by the Senate, which is found on page 9968 of the CONGRESSIONAL RECORD, and I read as follows:

On page 9, line 16, after the word "route" and the semicolon, it is proposed to strike out the following provisos:

"*Provided*, That the present route from Seattle to San Diego may be held and regarded as other than a primary route: *Provided further*, That the eastern coastal route from Newark (or New York City, as the case may be) to Miami, Fla., and the southern transcontinental route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles shall be designated as primary routes."

And in lieu thereof to insert:

"*Provided*, That the present routes from Seattle to San Diego and from Boston via Newark (or New York City, as the case may be) to Miami, Fla., may be held and regarded as other than primary routes: *Provided further*, That the southern transcontinental route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles shall be designated as a primary route."

What would that do? It would make identical the treatment of the coastal lines on the Pacific and on the Atlantic. As the bill came to us in the Senate it discriminated between those two coastal lines. One of them could be treated as a secondary route or other than a primary route, but the other could not be. Was that important? Indeed it was, because in this legislation is a distinct limitation upon the number of routes which may be granted to one contractor, and that number is limited to one for a primary route and it is limited to three for secondary routes. Thus it can be seen that it would put an end to the contractor's rights if he must have a route which included a coastal line as well as a transcontinental line in order to carry on his business.

But worse than that, on the Atlantic coast it struck Boston right off from the coastal lines. It took out that very essential link in the chain between Boston and New York so that it severed New England from the rest of the United States. Speaking of New England in the sense of the air mail map, it took a link right out of the chain. So the amendment was readily observed to be fair and constructive and had for one of its objectives even competition at Boston, because it permitted competition between the three great transcontinental routes, to every one of which that line from New York to Boston was necessary and important.

From near the forty-fifth parallel of latitude one has to fly down to Boston, get out of the plane and then find another airplane, making a break in really a comparatively short trip from the forty-fifth parallel to Washington. That is nonsense, is it not? Is there any objective in such legislation as that? I claim there is no good objective, and there is absolutely nothing of harm to the public that could come out of the amendment which was adopted by the Senate.

But what happened to it? When it got into conference, the word "Boston" was stricken out, the amendment was emasculated, so that the new law will contain the same old defect. All I can say is that I believe our representatives in the conference must not have understood what they were doing.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Tennessee?

Mr. AUSTIN. Certainly.

Mr. McKELLAR. I think the Senate conferees understood all right, but they were not able to get the House conferees to agree to the position taken by the Senate. I was just as much in favor of the provision as when it was adopted by the Senate. If I could cooperate with the Senator from Vermont and those who believe as we do, I should be very happy to do what I can to have that situation righted.

Mr. AUSTIN. Mr. President, what is taking place at this moment is one of the objectives of my remarks. I am glad to have a record of the statement just made by the Senator from Tennessee. To me it is a very wholesome sign. It is at least a beginning of the meeting of our minds and a dropping of the politics which has dogged this subject.

Mr. McKELLAR. I shall be very glad to cooperate with the Senator about the matter.

Mr. AUSTIN. Let me say further that the contracts are important only if they have a degree of stability, of permanence, which will enable the contractor to finance them and to perform a very expensive service for the Government and for the public. One of the worst things, I believe, about the whole air mail agitation was the sudden ruthless destruction of contracts, the effect of which was not limited to the immediate contractors, but spread throughout the land among thousands and millions of people—effects financial, effects humane, effects moral.

I listened with some amusement to the claim of saving money here when I reflected that for a long period of time we did not have any service at all in the air mail for which the money had been provided, and that we lost young men, young pilots, the value of whose lives cannot be appraised.

So we fought here to take away the arbitrary power of cancelation without cause. We handled the matter without publicity, without debate on the floor of the Senate, because we wanted to keep away from the political color which necessarily attaches to a discussion of that kind. By quiet negotiation and calm consideration we decided that there should be stricken out of the bill the power given by it to cancel upon 60 days' notice and without cause.

Of course, that power, having once been used, could be used again. A contract which can be canceled, not for cause but in the discretion and at the will of a person on 60 days' notice, is good only for 60 days. That provision was stricken out.

What happened to it in conference? Here is the situation—and I am told it cannot be remedied, but that we must take it or leave it.

I read from page 4, the latter part of section 8:

But any contract so continued in effect may be terminated by the Commission upon 60 days' notice, upon such hearing and notice thereof to interested parties as the Commission may determine to be reasonable; and may also be terminated, in whole or in part, by mutual agreement of the Postmaster General and the contractor, or for cause by the contractor upon 60 days' notice.

Is it not amusing to have that provision come back here in an inverted form? In the original bill the words "for cause" were attached to the power to cancel which was given to the Commission, as follows—and I read from page 14, line 13, of the original bill as we passed it:

But any contract so continued in effect may be terminated for cause by the Commission upon 60 days' notice, upon such hearing and notice thereof to interested parties as the Commission may determine to be reasonable; and may also be terminated, in whole or in part, by mutual agreement of the Postmaster General and the contractor.

That was the end of it. That is where the period was put, and that is the way the Senate agreed it ought to be. That gave all the right of cancelation that any fair and honest government should have. It was a reiteration of the policy of Congress, declared time after time upon this subject. That is the power of cancelation after notice and hearing, and for cause.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. AUSTIN. Yes; I yield.

Mr. McKELLAR. Let me read the language of the report:

But any contract so continued in effect may be terminated by the Commission upon 60 days' notice, upon such hearing and notice thereof to interested parties as the Commission may determine to be reasonable—

Certainly that is right, that they have to have a hearing and give a reason for it.

Mr. AUSTIN. Mr. President, I have to say "No"; that is not right. The conferees should not have struck out the words "for cause."

Mr. McKELLAR. I think the other language certainly requires them to be able to give a reason or a cause for their action.

Mr. AUSTIN. Then, why did the conference committee strike out the words "for cause" after the word "terminated"? If there was not any sense in doing it, why did they do it?

Mr. McKELLAR. I doubt very much whether it had any effect at all upon the sentence.

Mr. AUSTIN. Then it should not have been done.

Mr. McKELLAR. Then there is put in this language:

And may also be terminated, in whole or in part, by mutual agreement of the Postmaster General and the contractor—

Which is immaterial, in my judgment—

or for cause by the contractor upon 60 days' notice.

Mr. AUSTIN. Oh, yes; that language was hitched on afterward. That simply added insult to injury. After reliev-

ing the Government from the duty of showing cause the conferees must hitch a clause on the end of the sentence imposing upon the contractor the obligation to show cause if he sought a cancelation.

It seems to me that the conference committee could not have devised a more complete reversal of the policy of the Senate than it did in that case. It absolutely overturned—not merely struck out but completely reversed—the action of the Senate.

Mr. President, before I finish I intend to discuss in this connection a little history which I believe will show that this particular amendment contains the essence of vindictiveness; that it is not in the interest of legislation for the benefit of the public, but has in it the saving of the face of an administration which used a power arbitrarily and ruthlessly, and which must, if possible, do something to save its face.

Mr. McNARY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Oregon?

Mr. AUSTIN. I do.

Mr. McNARY. Is the Senator from Tennessee [Mr. McKELLAR] willing to have the conference report go over until tomorrow? It will take the Senator from Vermont three-quarters of an hour to conclude his remarks, and I think one or two other Senators wish to speak on the report.

Mr. McKELLAR. Mr. President, if the Senator from Vermont is tired and does not wish to finish tonight, that course will be agreeable.

Mr. AUSTIN. I am not tired, Mr. President. I am under the impression, however, that if the report should go over until tomorrow I might discuss the remainder of this matter with less emotion than if I should do so tonight.

Mr. McKELLAR. I shall not object.

Mr. McNARY. Then, may we take up the other conference report?

The VICE PRESIDENT. Does the Senator from Vermont yield for the purpose of taking up another conference report?

Mr. AUSTIN. I yield.

Mr. McKELLAR. I have no objection.

SECOND DEFICIENCY APPROPRIATIONS—CONFERENCE REPORT

Mr. ADAMS submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 12, 18, 31, 34, 35, 38, 39, 42, 43, 47, 55, 66, 68, 71, 72, 75, 77, 84, 85, 87, and 88.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 6, 8, 9, 14, 16, 17, 19, 22, 23, 24, 25, 28, 30, 32, 33, 41, 45, 46, 50, 51, 52, 53, 54, 57, 58, 60, 61, 62, 63, 64, 67, 73, 74, 82, 86, 89, 90, 91, 92, 93, 94, 95, 96, 97, and 98; and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "$62,500, of which $36,000 shall be available for the fiscal year 1936 and no part of such sum of $36,000 shall be used to compensate any person at a rate in excess of $10,000 per annum, and"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In line 6 of the matter inserted by said amendment, strike out "$300,000" and insert in lieu thereof: "$200,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment, before the syllable "con-" insert a comma, and in line 9, strike out "$600,000" and insert in lieu thereof "$500,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "Salaries: For an additional amount for personal services, fiscal year 1936, $45,000."; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lines 6 and 7 of the matter inserted by said amendment, strike out the following: "to remain available until expended,"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In line 7 of the matter inserted by said amendment strike out "5927-91" and insert in lieu thereof "4927-91"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$70,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out "$7,550,000" and insert in lieu thereof "$3,050,000"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment before the period insert ", or so much thereof as may be necessary"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: In line 2 of the matter inserted by said amendment strike out "1301581" and insert in lieu thereof "0301581"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Sec. 2. In all suits now pending in the Court of Claims by an Indian tribe or band which have not been tried or submitted, and in any suit hereafter filed in the Court of Claims by any such tribe or band, the Court of Claims is hereby directed to consider and to offset against any amount found due the said tribe or band all sums expended gratuitously by the United States for the benefit of the said tribe or band; and in all cases now pending or hereafter filed in the Court of Claims in which an Indian tribe or band is party plaintiff, wherein the duty of the court is merely to report its findings of fact and conclusions to Congress, the said Court of Claims is hereby directed to include in its report a statement of the amount of money which has been expended by the United States gratuitously for the benefit of the said tribe or band: Provided, That expenditures made prior to the date of the law, treaty, agreement, or Executive order under which the claims arise shall not be offset against the claims or claim asserted; and expenditures under the Act of June 18, 1934 (48 Stat. L. 984), except expenditures under appropriations made pursuant to Sec. 5 of such Act, shall not be charged as offsets against any claim on behalf of an Indian tribe or tribes now pending in the Court of Claims or hereafter filed: Provided further, That funds appropriated and expended from tribal funds shall not be construed as gratuities; and this section shall not be deemed to amend or affect the various acts granting jurisdiction to the Court of Claims to hear and determine the claims listed on page 678 of the hearings before the subcommittee of the House Committee on Appropriations on the second deficiency appropriation bill for the fiscal year 1935: *Provided further*, That no expenditure under any emergency appropriation or allotment made subsequently to March 4, 1933, and generally applicable throughout the United States for relief in stricken agricultural areas, relief from distress caused by unemployment and conditions resulting therefrom, the prosecution of public works and public projects for the relief of unemployment or to increase employment, and for work relief (including the civil-works program) shall be considered in connection with the operation of this section."

And the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows: In line 9 of the matter inserted by said amendment, strike out the comma where it appears the first time and insert in lieu thereof "and"; and the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$36,000,000"; and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: ": *Provided further*, That not to exceed $1,000,000 shall be expended on the dam on the Hiwassee River"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and

agree to the same with an amendment as follows: In lieu of the sum proposed insert "$21,250,000"; and the Senate agree to the same.

Amendment numbered 83: That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment as follows: In lieu of the sum proposed, insert: "$60,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7, 13, 27, 29, 36, 37, 40, 48, 49, 59, and 65.

ALVA B. ADAMS,
CARTER GLASS,
KENNETH MCKELLAR,
FREDERICK HALE,
L. J. DICKINSON,
Managers on the part of the Senate.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
JOHN N. SANDLIN,
JOHN TABER
(Except as to T. V. A.),
ROBERT L. BACON,
Managers on the part of the House.

Mr. ADAMS. I ask for the immediate consideration of the conference report, and move its adoption.

The VICE PRESIDENT. Is there objection to the request of the Senator from Colorado?

There being no objection, the Senate proceeded to consider the conference report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

EXECUTIVE BUSINESS

Mr. ROBINSON. Mr. President, I understand that the consideration of the conference report on the air mail bill has been suspended, and that the Senator from New York is not ready to proceed this afternoon with reference to the copyright bill. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations (and withdrawing a nomination for postmaster), which were referred to the appropriate committee.

(For nominations this day received and nominations withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of several officers for promotion, and also for appointment, by transfer, in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of Hugh Gladney Grant, of Alabama, to be Envoy Extraordinary and Minister Plenipotentiary to Albania.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Albert M. Cristy, of Hawaii, to be second judge, first circuit, Territory of Hawaii.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 57 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Tuesday, August 6, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 5 (legislative day of July 29), 1935

ASSISTANT SECRETARY OF COMMERCE

Ernest Gallaudet Draper, of New York, to be Assistant Secretary of Commerce, vice John Dickinson.

FEDERAL TRADE COMMISSION

Charles H. March, of Minnesota, to be a Federal Trade Commissioner for a term of 7 years from September 26, 1935. (Reappointment.)

COLLECTOR OF CUSTOMS

Joseph A. Ziemba, of Chicago, Ill., to be collector of customs for customs collection district no. 39, with headquarters at Chicago, Ill., to fill an existing vacancy.

PUBLIC WORKS ADMINISTRATION

Carl H. Bauer, of Illinois, to be director for the Public Works Administration in Illinois.

RESETTLEMENT ADMINISTRATION

The following-named persons to be regional directors of the Resettlement Administration:

A. W. Manchester, of Connecticut.
Mrs. Dorothy Beck, of Connecticut.
R. I. Nowell, of Wisconsin.
Walter Duffy, of Wisconsin.
E. A. Norton, of Illinois.
R. C. Smith, of Ohio.
James M. Gray, of North Carolina.
Homer H. B. Mask, of North Carolina.
William A. Hartman, of Florida.
Philip Weltner, of Georgia.
Buford M. Gile, of Arkansas.
T. Roy Reed, of Arkansas.
Sherman E. Johnson, of Scuth Dakota.
C. P. Blackwell, of Oklahoma.
D. P. Trent, of Oklahoma.
Walter Packard, of California.
Elmer A. Starch, of Montana.
J. H. Jenkins, of Colorado.
Rex E. Willard, of Washington.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

First Lt. George Frederick Conner, Infantry (detailed in Quartermaster Corps), with rank from March 1, 1935.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONELS

Lt. Col. George Veazey Strong, Infantry, from August 1, 1935.

Lt. Col. Charles School Blakely, Field Artillery, from August 1, 1935.

Lt. Col. George Bowditch Hunter, Cavalry, from August 1, 1935.

Lt. Col. Joseph Warren Stilwell, Infantry, from August 1, 1935.

Lt. Col. Robert Melville Danford, Field Artillery, from August 1, 1935.

Lt. Col. James Kerr Crain, Ordnance Department, from August 1, 1935.

Lt. Col. Matthew Arthur Cross, Coast Artillery Corps, from August 1, 1935.

Lt. Col. Edward Lorenzo Hooper, Infantry, from August 1, 1935.

Lt. Col. Stanley Koch, Cavalry, from August 1, 1935.

Lt. Col. Irving Joseph Phillipson, Infantry, from August 1, 1935.

Lt. Col. Edmund Bristol Gregory, Quartermaster Corps, from August 1, 1935, subject to examination required by law.

Lt. Col. William Vaulx Carter, Adjutant General's Department, from August 1, 1935.

TO BE LIEUTENANT COLONELS

Maj. Everett Collins, Ordnance Department, from July 10, 1935.

Maj. Russell Peter Hartle, Infantry, from July 15, 1935.

Maj. Oswald Hurtt Saunders, Infantry, from August 1, 1935.

Maj. Spencer Ball Akin, Signal Corps, from August 1, 1935.

Maj. Robert Gibson Sherrard, Infantry, from August 1, 1935.

Maj. John Wesley Hyatt, Infantry, from August 1, 1935.

Maj. Raymond Waite Hardenbergh, Infantry, from August 1, 1935.

Maj. Rigby Dewoody Valliant, Quartermaster Corps, from August 1, 1935.

Maj. George Luberoff, Quartermaster Corps, from August 1, 1935.

Maj. Arthur Brainard Hitchcock, Infantry, from August 1, 1935.

Maj. Benjamin Lester Jacobson, Finance Department, from August 1, 1935.

Maj. Edward Warden Turner, Coast Artillery Corps, from August 1, 1935.

Maj. William Arthur Turnbull, Judge Advocate General's Department, from August 1, 1935.

Maj. Chester Benjamin McCormick, Field Artillery, from August 1, 1935.

Maj. William Alexander Smith, Infantry, from August 1, 1935.

Maj. George Place Hill, Judge Advocate General's Department, from August 1, 1935.

TO BE MAJORS

Capt. Frank James Keelty, Finance Department, from July 13, 1935.

Capt. Jacob Herschel Lawrence, Infantry, from August 1, 1935.

Capt. Gwynne Conrad, Quartermaster Corps, from August 1, 1935.

Capt. Harry A. Vacquerie, Quartermaster Corps, from August 1, 1935.

Capt. Norris Peters Walsh, Field Artillery, from August 1, 1935.

Capt. Hans Ottzenn, Quartermaster Corps, from August 1, 1935.

Capt. Grover Cleveland Graham, Infantry, from August 1, 1935.

Capt. Edgar Joseph Tulley, Infantry, from August 1, 1935.

Capt. Oscar Kain, Infantry, from August 1, 1935.

Capt. Clyde Arthur Lundy, Infantry, from August 1, 1935.

Capt. Leland Warren Skaggs, Infantry, from August 1, 1935.

Capt. Wilbert Vernon Renner, Quartermaster Corps, from August 1, 1935.

Capt. Joseph Howard Rustemeyer, Infantry, from August 1, 1935.

Capt. Thomas Settle Voss, Air Corps, from August 1, 1935.

Capt. Harry Foster, Cavalry, from August 1, 1935.

Capt. Daniel Becker, Cavalry, from August 1, 1935.

Capt. Norman Norton Rogers, Cavalry, from August 1, 1935.

Capt. Theodore Maurice Roemer, Cavalry, from August 1, 1935.

Capt. James Carlyle Ward, Cavalry, from August 1, 1935.

Capt. Harvey Newton Christman, Cavalry, from August 1, 1935.

TO BE CAPTAINS

First Lt. Foster Joseph Tate, Field Artillery, from July 10, 1935.

First Lt. Carl Robinson, Infantry, from July 13, 1935.

First Lt. Richard Tobin Bennison, Field Artillery, from July 13, 1935.

First Lt. Henry John Dick Meyer, Field Artillery, from August 1, 1935.

First Lt. Elton Foster Hammond, Field Artillery, from August 1, 1935.

First Lt. Ernest Marion Brannon, Infantry, from August 1, 1935.

First Lt. John Wyville Sheehy, Infantry, from August 1, 1935.

First Lt. John Joseph Burns, Field Artillery, from August 1, 1935.

First Lt. Leslie Edgar Jacoby, Field Artillery, from August 1, 1935.

First Lt. John Raikes Vance, Infantry, from August 1, 1935.

First Lt. Clarence John Kanaga, Field Artillery, from August 1, 1935.

First Lt. Richard Powell Ovenshine, Infantry, from August 1, 1935.

First Lt. Edwin Virgil Kerr, Field Artillery, from August 1, 1935.

First Lt. Thomas McGregor, Field Artillery, from August 1, 1935.

First Lt. Harrison Howell Dodge Heiberg, Cavalry, from August 1, 1935.

First Lt. William Irwin Allen, Coast Artillery Corps, from August 1, 1935.

First Lt. James Edmund Parker, Air Corps, from August 1, 1935.

First Lt. William Wesson Jervey, Signal Corps, from August 1, 1935.

First Lt. George Raymond Burgess, Coast Artillery Corps, from August 1, 1935.

First Lt. Edward Lynde Strohbehn, Field Artillery, from August 1, 1935.

First Lt. Maurice Keyes Kurtz, Field Artillery, from August 1, 1935.

First Lt. William Holmes Wenstrom, Signal Corps, from August 1, 1935.

First Lt. Leo Clement Paquet, Infantry, from August 1, 1935.

First Lt. Thomas Maurice Crawford, Infantry, from August 1, 1935.

First Lt. Eugene McGinley, Field Artillery, from August 1, 1935.

First Lt. Hugh Brownrigg Waddell, Cavalry, from August 1, 1935.

First Lt. Lester DeLong Flory, Coast Artillery Corps, from August 1, 1935.

First Lt. Isaac Haiden Ritchie, Coast Artillery Corps, from August 1, 1935.

TO BE FIRST LIEUTENANTS

Second Lt. Edward Wharton Anderson, Air Corps, from July 10, 1935.

Second Lt. John Coleman Covington, Air Corps, from July 13, 1935.

Second Lt. Winslow Carroll Morse, Air Corps, from July 13, 1935.

Second Lt. Casper Perrin West, Air Corps, from August 1, 1935.

Second Lt. William Leroy Kennedy, Air Corps, from August 1, 1935.

Second Lt. Jesse Auton, Air Corps, from August 1, 1935.

Second Lt. John Paul Ryan, Air Corps, from August 1, 1935.

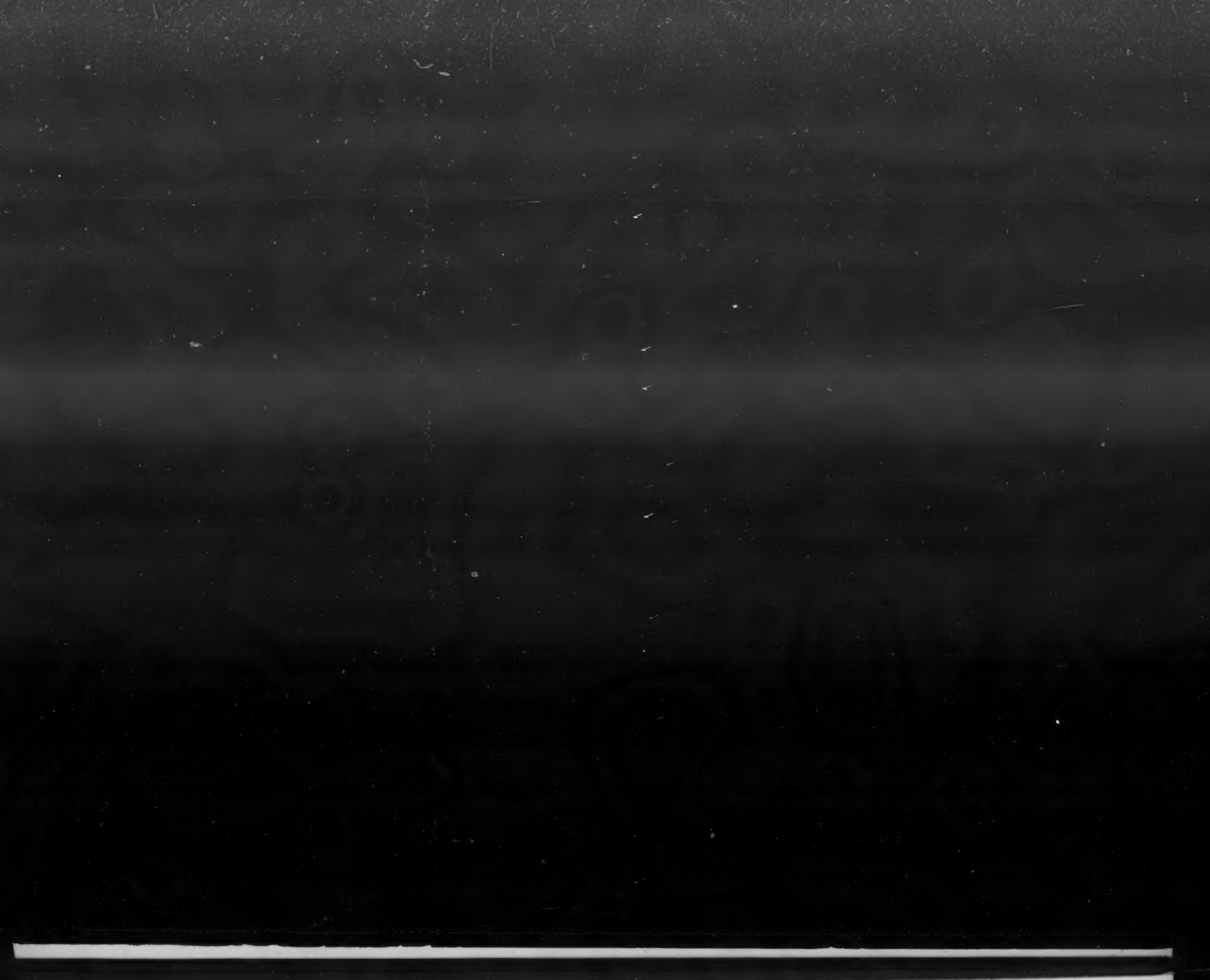
Second Lt. Albert Wynne Shepherd, Air Corps, from August 1, 1935.

Second Lt. Robert Shuter Macrum, Air Corps, from August 1, 1935.

Second Lt. Charles Lawrence Munroe, Jr., Air Corps, from August 1, 1935.

Second Lt. Llewellyn Owen Ryan, Air Corps, from August 1, 1935.

Second Lt. William Richard Morgan, Air Corps, from August 1, 1935.





Second Lt. Philo George Meisenholder, Air Corps, from August 1, 1935.
Second Lt. John Waldron Egan, Air Corps, from August 1, 1935.
Second Lt. Hanlon H. Van Auken, Air Corps, from August 1, 1935.
Second Lt. Robert Oswald Cork, Air Corps, from August 1, 1935.
Second Lt. William Courtney Mills, Air Corps, from August 1, 1935.
Second Lt. Herbert Henry Tellman, Air Corps, from August 1, 1935.
Second Lt. John Koehler Gerhart, Air Corps, from August 1, 1935.
Second Lt. Harold Loring Mace, Air Corps, from August 1, 1935.
Second Lt. Elder Patteson, Air Corps, from August 1, 1935.
Second Lt. Francis Hopkinson Griswold, Air Corps, from August 1, 1935.
Second Lt. Leon Ray Brownfield, Air Corps, from August 1, 1935.
Second Lt. Robert Whitney Burns, Air Corps, from August 1, 1935.
Second Lt. Daniel Webster Jenkins, Air Corps, from August 1, 1935.
Second Lt. William Marshall Prince, Air Corps, from August 1, 1935.
Second Lt. Clarence Frank Hegy, Air Corps, from August 1, 1935.
Second Lt. James Presnall Newberry, Air Corps, from August 1, 1935.
Second Lt. Stoyte Ogleby Ross, Air Corps, from August 1, 1935.
Second Lt. Joseph Wiley Baylor, Air Corps, from August 1, 1935.
Second Lt. William John Clinch, Jr., Air Corps, from August 1, 1935.
Second Lt. James McKinzie Thompson, Air Corps, from August 1, 1935.
Second Lt. Gerald Hoyle, Air Corps, from August 1, 1935.
Second Lt. Arthur Francis Merewether, Air Corps, from August 1, 1935.
Second Lt. Jarred Vincent Crabb Air Corps, from August 1, 1935.
Second Lt. Tom William Scott, Air Corps, from August 1, 1935.
Second Lt. Lawrence C. Westley, Air Corps, from August 1, 1935.
Second Lt. John Hubert Davies, Air Corps, from August 1, 1935.

Promotion in the Philippine Scouts

TO BE MAJOR

Capt. Ray Eugene Quigley, Philippine Scouts, from July 10, 1935.

Appointments in the Regular Army

AIR CORPS

To be second lieutenants with rank from August 1, 1935

Staff Sgt. Opal Ellis Henderson, Air Corps.
Corp. Daniel Ira Moler, Air Corps.
Pvt. Lawrance Owen Brown, Air Corps.
Pvt. Henry Bishop Fisher, Air Corps.
Pvt. Eugene Brecht, Jr., Air Corps.
Pvt. Clayton Baxter Claassen, Air Corps.
Pvt. William Thomas Hudnell, Jr., Air Corps.
Pvt. Harold Lawrence Kreider, Air Corps.
Pvt. John Oman Neal, Air Corps.
Pvt. Watson Mitchell Frutchey, Air Corps.

Promotions in the Navy

Pay Director Charles Conard to be Paymaster General and Chief of the Bureau of Supplies and Accounts in the Department of the Navy, with the rank of Rear Admiral, for a term of 4 years.

MARINE CORPS

Lt. Col. Samuel M. Harrington to be a colonel in the Marine Corps from the 30th day of June 1935.

The following-named majors to be lieutenant colonels in the Marine Corps from the 27th day of July 1935:

Leo D. Hermle
Lemuel C. Shepherd, Jr.

Maj. Robert Blake to be a lieutenant colonel in the Marine Corps from the 1st day of August 1935.

Capt. William M. Marshall to be a major in the Marine Corps from the 29th day of May 1934.

Capt. Eugene F. C. Collier to be a major in the Marine Corps from the 30th day of June 1935.

The following-named captains to be majors in the Marine Corps from the 27th day of July 1935:

Lee H. Brown
Richard Livingston
Fred S. Robillard

The following-named first lieutenants to be captains in the Marine Corps from the 1st day of June 1935:

Leslie H. Wellman
William C. Lemly
Charles W. Kail

The following-named first lieutenants to be captains in the Marine Corps from the 27th day of July 1935:

James E. Kerr
William G. Manley
Albert D. Cooley
Theodore A. Holdahl
Robert O. Bare
Charles L. Fike

The following-named second lieutenants to be first lieutenants in the Marine Corps from the 2d day of June 1935:

Thomas J. Colley
Marion A. Fawcett
Robert O. Bisson

Promotion in the Coast Guard

Commander Lloyd T. Chalker to be a captain in the Coast Guard of the United States, to rank as such from June 1, 1935, in place of Captain Eugene Blake, Jr., retired.

Postmasters

ALABAMA

Robert L. Gordy to be postmaster at Chatom, Ala., in place of Effie Jordan. Incumbent's commission expired December 19, 1933.

CALIFORNIA

Toss W. Brown to be postmaster at Lemoore, Calif., in place of F. L. Powell. Incumbent's commission expired January 22, 1935.

Joseph Freitas to be postmaster at Atwater, Calif., in place of Maybel Lewis. Resigned.

Richard J. Wallace to be postmaster at Brentwood, Calif., in place of C. A. French. Incumbent's commission expired February 4, 1935.

Ivy E. Reynolds to be postmaster at Byron, Calif., in place of M. E. Holway. Incumbent's commission expired February 4, 1935.

George W. Hull to be postmaster at Camino, Calif., in place of Peter Garrick. Resigned.

Minnie O. Bauhaus to be postmaster at Carpinteria, Calif., in place of J. A. Lewis. Incumbent's commission expired December 18, 1934.

Walters R. McCutchen to be postmaster at Coachella, Calif., in place of E. R. Nance. Incumbent's commission expired February 14, 1935.

Edna M. Shelley to be postmaster at Dorris, Calif., in place of M. G. Robinson. Incumbent's commission expired January 28, 1935.

Richard J. Homan to be postmaster at Encinitas, Calif., in place of M. C. Rathyen. Incumbent's commission expired June 26, 1934.

John W. Winton to be postmaster at Fowler, Calif., in place of Henry Metzler. Incumbent's commission expired February 14, 1935.

David S. Mason, Sr., to be postmaster at Ione, Calif., in place of G. M. Heath. Incumbent's commission expired December 18, 1934.

Carl J. Hase to be postmaster at Ontario, Calif., in place P. E. Berger. Transferred.

Martin E. Collins to be postmaster at Pinole, Calif., in place of G. W. Fraser. Incumbent's commission expired February 4, 1935.

Elizabeth S. Pelle to be postmaster at Pleasanton, Calif., in place of C. S. Graham. Incumbent's commission expired February 14, 1935.

Katharine A. Creedon to be postmaster at Rodeo, Calif., in place of E. B. Ackerman. Incumbent's commission expired February 4, 1935.

Lloyd S. Pringle to be postmaster at Soquel, Calif., in place of W. A. Hensel. Incumbent's commission expired February 20, 1935.

COLORADO

Joseph A. Pfost to be postmaster at Arapahoe, Colo., in place of Amy Hill. Incumbent's commission expired February 20, 1935.

GEORGIA

Sara K. Polk to be postmaster at Moreland, Ga. Office became Presidential July 1, 1935.

Ivey M. Cox to be postmaster at Newton, Ga., in place of I. M. Cox. Incumbent's commission expired March 2, 1935.

Hugh J. Alderman to be postmaster at Pavo, Ga., in place of G. H. Broome, resigned.

Grover C. Alston to be postmaster at Richland, Ga., in place of D. M. Lovvorn. Incumbent's commission expired February 25, 1935.

ILLINOIS

Arthur L. Knable to be postmaster at Abingdon, Ill., in place of C. O. Merricks, removed.

Leslie Lynn to be postmaster at Brookport, Ill., in place of H. B. Kerr. Incumbent's commission expired June 9, 1934.

Thomas S. Murray to be postmaster at De Kalb, Ill., in place of T. F. Olsen, retired.

John E. Garrett to be postmaster at Dwight, Ill., in place of J. E. Seabert. Incumbent's commission expired February 14, 1935.

Ben Gramlett to be postmaster at Enfield, Ill., in place of C. T. Land. Incumbent's commission expired January 16, 1934.

Frederick M. Rawlings to be postmaster at Hinsdale, Ill., in place of S. B. Roth, retired.

William A. Cook to be postmaster at Irving, Ill., in place of W. V. Berry. Incumbent's commission expired February 25, 1935.

William V. Webb to be postmaster at Karnak, Ill., in place of W. E. Ford. Incumbent's commission expired December 18, 1933.

Glenn G. Smith to be postmaster at Manito, Ill., in place of W. L. Beebe, removed.

James W. Duffy to be postmaster at Maywood, Ill., in place of H. D. Oakland. Incumbent's commission expired March 2, 1935.

Lewis H. Coleman to be postmaster at Oneida, Ill., in place of Eleanor McGovern, removed.

Edward G. Zilm to be postmaster at Streator, Ill., in place of M. J. Donahue. Incumbent's commission expired February 25, 1935.

Joseph Dixson to be postmaster at Stronghurst, Ill., in place of J. C. Painter. Incumbent's commission expired February 14, 1935.

INDIANA

Edna Shanline to be postmaster at Avilla, Ind., in place of C. H. Baum. Incumbent's commission expired February 21, 1935.

Frederick J. Berg to be postmaster at Cedar Lake, Ind., in place of A. J. McLaughlin, removed.

Harvey E. Hull to be postmaster at Cromwell, Ind., in place of H. H. Galloway. Incumbent's commission expired February 21, 1935.

George Andrew Raub, Jr., to be postmaster at Logansport, Ind., in place of O. R. Nethercutt, removed.

Justina E. Meyer to be postmaster at Monroeville, Ind., in place of L. H. Pillers. Incumbent's commission expired February 21, 1935.

Perry H. McCormick to be postmaster at North Judson, Ind., in place of A. B. Wobith, removed.

Sarah I. Crews to be postmaster at West Terre Haute, Ind., in place of A. B. Gosnell. Incumbent's commission expired February 25, 1935.

IOWA

Myrtle A. Barnes to be postmaster at Delhi, Iowa. Office became Presidential July 1, 1935.

Dorothy E. Wagner to be postmaster at Bagley, Iowa, in place of H. N. Chapman. Incumbent's commission expired February 20, 1935.

Elbert R. Adams to be postmaster at Blockton, Iowa, in place of L. M. Poe. Incumbent's commission expired February 14, 1935.

Glendan R. Streepy to be postmaster at Menlo, Iowa, in place of Ava Rigdon. Incumbent's commission expired February 25, 1935.

Carroll E. Caslow to be postmaster at Yale, Iowa, in place of D. L. Rundberg. Incumbent's commission expired December 20, 1934.

KANSAS

Edward H. Malleis to be postmaster at Halstead, Kans., in place of J. G. Frazer. Incumbent's commission expired February 5, 1935.

Matilda E. Albright to be postmaster at Hope, Kans., in place of W. R. Waring. Incumbent's commission expired January 22, 1935.

John W. Vancil to be postmaster at White Water, Kans., in place of H. N. Jessen. Incumbent's commission expired December 18, 1934.

KENTUCKY

Emily B. Ison to be postmaster at Benham, Ky., in place of C. C. Compton. Incumbent's commission expired January 22, 1935.

Darwin N. White to be postmaster at Hazel, Ky., in place of H. I. Neely. Incumbent's commission expired April 22, 1934.

MAINE

Raymond S. Joy to be postmaster at Addison, Maine, in place of S. S. Drisko, removed.

Ward F. Snow to be postmaster at Blue Hill, Maine, in place of E. H. Snow. Incumbent's commission expired December 10, 1934.

Edward J. Doyle to be postmaster at Calais, Maine, in place of R. T. Horton. Incumbent's commission expired February 25, 1935.

John J. Harriman to be postmaster at Cherryfield, Maine, in place of James Mahaney. Incumbent's commission expired February 4, 1935.

Eugene E. Ross to be postmaster at Guilford, Maine, in place of O. J. Lombard. Incumbent's commission expired December 20, 1934.

Donald L. Needham to be postmaster at Hebron, Maine, in place of K. E. Cantello. Incumbent's commission expired December 18, 1933.

Ernest F. McCloskey to be postmaster at Howland, Maine, in place of G. W. Hopkins. Incumbent's commission expired December 20, 1934.

MARYLAND

Herman W. Hurst to be postmaster at Vienna, Md., in place of E. N. McAllister. Incumbent's commission expired February 4, 1935.

Howard H. Wiley to be postmaster at White Hall, Md., in place of T. H. Lytle. Incumbent's commission expired December 20, 1934.

MASSACHUSETTS

James H. Anderson to be postmaster at Ware, Mass., in place of L. E. St. Onge, retired.

John F. Finn to be postmaster at Stoughton, Mass., in place of C. F. Fobes. Incumbent's commission expired May 2, 1934.

William L. Carrick to be postmaster at Whitinsville, Mass., in place of L. M. Blair, removed.

MICHIGAN

Jack W. Foster to be postmaster at Bellaire, Mich., in place of E. R. Fate. Incumbent's commission expired February 5, 1935.

Ernie T. McGlothlin to be postmaster at Belleville, Mich., in place of C. T. Greedus. Incumbent's commission expired January 22, 1934.

Joseph L. Dobbek to be postmaster at Ontonagon, Mich., in place of W. A. Chamberlain. Incumbent's commission expired February 20, 1935.

John J. Corbett to be postmaster at Stambaugh, Mich., in place of O. W. Greenlund. Incumbent's commission expired December 18, 1934.

MINNESOTA

Hugh P. Griffin to be postmaster at Cold Spring, Minn., in place of C. C. Gilley. Incumbent's commission expired March 2, 1933.

Ralph M. Sheppard to be postmaster at Hoffman, Minn., in place of Henry Hendrickson. Incumbent's commission expired June 20, 1934.

Henry E. Bye to be postmaster at Pequot, Minn., in place of A. J. Derksen. Incumbent's commission expired April 8, 1934.

Teresa C. Franta to be postmaster at Wabasso, Minn., in place of A. J. Bauer. Incumbent's commission expired February 27, 1935.

John H. Arth to be postmaster at Finlayson, Minn., in place of Emil Kukkola. Incumbent's commission expired June 17, 1934.

MISSISSIPPI

Annie S. Langston to be postmaster at Clinton, Miss., in place of M. A. Stapleton. Incumbent's commission expired April 16, 1934.

Josie P. Bullock to be postmaster at Drew, Miss., in place of Willie Ramsey. Incumbent's commission expired February 21, 1935.

Columbus C. Goza to be postmaster at Magnolia, Miss., in place of S. W. Pendarvis. Incumbent's commission expired June 17, 1934.

MISSOURI

Nelson H. Mullen to be postmaster at Belton, Mo., in place of J. O. Gochnauer, retired.

Eugene H. Randol to be postmaster at Kennett, Mo., in place of V. M. Blankinship, removed.

Chester T. Hoover to be postmaster at Laclede, Mo., in place of C. F. Sayles. Incumbent's commission expired April 8, 1934.

Fred D. Conner to be postmaster at Maitland, Mo., in place of W. E. Hodgin. Incumbent's commission expired February 25, 1935.

Harvey Nalle to be postmaster at Pattonsburg, Mo., in place of C. E. Morris. Incumbent's commission expired March 8, 1934.

Fred A. Lambert to be postmaster at Princeton, Mo., in place of L. W. Hoover. Incumbent's commission expired January 31, 1933.

Clyde W. Greenwade to be postmaster at Springfield, Mo., in place of G. W. Hendrickson, retired.

Edna E. Saunders to be postmaster at Stewartsville, Mo., in place of H. H. Fluhart. Incumbent's commission expired February 14, 1935.

MONTANA

Carl Ottis Haun to be postmaster at Winifred, Mont., in place of S. E. Sande. Incumbent's commission expired February 27, 1935.

NEBRASKA

Fred Ferguson to be postmaster at Deshler, Nebr., in place of F. H. Herrlein. Incumbent's commission expired April 15, 1934.

Ben D. A. Quigley to be postmaster at Indianola, Nebr., in place of J. C. Rollins. Incumbent's commission expired January 13, 1935.

Lenna L. McReynolds to be postmaster at Nehawka, Nebr. Office became Presidential July 1, 1935.

Catherine Childs to be postmaster at Oakdale, Nebr., in place of D. K. Warner, resigned.

NEW HAMPSHIRE

Earl X. Cutter to be postmaster at Antrim, N. H., in place of A. R. Thompson. Incumbent's commission expired February 4, 1935.

Arthur L. Prince to be postmaster at Manchester, N. H., in place of J. H. Geisel. Incumbent's commission expired February 25, 1935.

Leon A. Warren to be postmaster at Groveton, N. H., in place of H. A. Cole. Incumbent's commission expired February 4, 1935.

Sidney F. Downing to be postmaster at Lincoln, N. H., in place of W. C. Fogg. Incumbent's commission expired January 13, 1935.

NEW JERSEY

Fraser Bliss Price to be postmaster at Eatontown, N. J., in place of A. B. Nafew. Incumbent's commission expired March 18, 1934.

Nellie Potter to be postmaster at Glen Gardner, N. J., in place of C. E. Green. Incumbent's commission expired February 25, 1935.

Lydia R. Masterson to be postmaster at Minotola, N. J., in place of M. A. Crowell. Incumbent's commission expired February 25, 1935.

John B. Geary, Jr., to be postmaster at South Plainfield, N. J., in place of H. J. Manning. Incumbent's commission expired April 22, 1934.

William E. Bayley to be postmaster at Hackettstown, N. J., to place of M. K. Thorp. Incumbent's commission expired February 25, 1935.

Victor R. Keller to be postmaster at Northfield, N. J., in place of Lillie Conover. Incumbent's commission expired December 20, 1934.

NEW MEXICO

James G. Lanier to be postmaster at Aztec, N. Mex., in place of M. W. Lenfestey. Incumbent's commission expired February 28, 1935.

Robert W. Cumpsten to be postmaster at Hagerman, N. Mex., in place of C. G. Mason. Incumbent's commission expired February 27, 1935.

Katherine Hall to be postmaster at Hatch, N. Mex., in place of J. N. Norviel. Incumbent's commission expired February 27, 1935.

Wisdom E. Bilbrey to be postmaster at Fort Bayard, N. Mex., in place of J. A. Dickson, removed.

NEW YORK

Gertrude L. Miller to be postmaster at Accord, N. Y., in place of L. H. Miller. Incumbent's commission expired January 13, 1935.

Daniel Grant to be postmaster at Afton, N. Y., in place of L. E. Fredenburg. Incumbent's commission expired February 20, 1935.

Arthur J. Gormley to be postmaster at Belfast, N. Y., in place of E. J. Franklin. Incumbent's commission expired February 20, 1935.

Morgan Crapser to be postmaster at Central Bridge, N. Y., in place of Seward Latham. Incumbent's commission expired December 20, 1934.

Alfred C. Brondstatter to be postmaster at Cold Brook, N. Y., in place of F. J. Davis. Incumbent's commission expired February 25, 1935.

Timothy C. Sullivan to be postmaster at Comstock, N. Y., in place of L. C. Baker, removed.

William J. Rokos to be postmaster at Congers, N. Y., in place of R. D. Southward, removed.

Leo A. Fanning to be postmaster at Cornwall on the Hudson, N. Y., in place of Nellie Fredricson, removed.

John H. S. Griffin to be postmaster at Delhi, N. Y., in place of W. S. Oles. Incumbent's commission expired January 22, 1935.

Amasa W. Howland to be postmaster at Hudson Falls, N. Y., in place of W. D. Walling. Incumbent's commission expired January 22, 1935.

Leo P. Cass to be postmaster at Huntington Station, N. Y., in place of E. M. Pabst. Incumbent's commission expired February 20, 1935.

Della M. Rexford to be postmaster at Loch Sheldrake, N. Y., in place of G. F. Yaple. Incumbent's commission expired January 23, 1935.

Mary A. Cahill to be postmaster at Lynbrook, N. Y., in place of G. H. Morris, removed.

Henry F. McCall to be postmaster at Madrid, N. Y., in place of B. F. King. Incumbent's commission expired February 4, 1935.

Michael F. Conroy to be postmaster at Milton, N. Y., in place of C. G. Mackey, Jr. Incumbent's commission expired February 4, 1935.

William F. Riordan to be postmaster at Newark Valley, N. Y., in place of H. T. Nowlan. Incumbent's commission expired February 4, 1935.

Jay W. Lee to be postmaster at New Woodstock, N. Y., in place of C. J. Lansing. Incumbent's commission expired February 20, 1935.

Ambrose Lee Huber to be postmaster at Rhinebeck, N. Y., in place of Harry Pottenburgh. Incumbent's commission expired March 2, 1935.

Catherine L. O'Leary to be postmaster at Roslyn Heights, N. Y., in place of Violet Breen. Incumbent's commission expired June 20, 1934.

Cletus T. Glackin to be postmaster at St. Bonaventure, N. Y., in place of B. J. Kuhn, resigned.

Harold M. Drury to be postmaster at Scarsdale, N. Y., in place of D. R. Dunn. Incumbent's commission expired March 2, 1935.

Eugene F. Govern to be postmaster at Stamford, N. Y., in place of C. H. Peters. Incumbent's commission expired February 20, 1935.

Walter Frank Baltes to be postmaster at Tonawanda, N. Y., in place of Fred Hahn. Incumbent's commission expired December 20, 1934.

Frank Piliere to be postmaster at Valley Cottage, N. Y., in place of C. R. Stone. Incumbent's commission expired January 22, 1935.

William J. Eagan to be postmaster at Wappingers Falls, N. Y., in place of A. F. Crandall. Incumbent's commission expired January 22, 1935.

Helen F. Hallahan to be postmaster at Brasher Falls, N. Y., in place of R. W. Munson. Incumbent's commission expired February 20, 1935.

John J. Diffily, Jr., to be postmaster at Chester, N. Y., in place of H. F. House. Incumbent's commission expired February 4, 1935.

Thomas J. McManus, Jr., to be postmaster at Corfu, N. Y., in place of C. H. Brown. Incumbent's commission expired February 20, 1935.

John Frank Gagen to be postmaster at Cutchogue, N. Y., in place of G. W. Mohlfeld. Incumbent's commission expired March 8, 1934.

Le Roy K. Kurlbaum to be postmaster at Fonda, N. Y., in place of E. C. Davis. Incumbent's commission expired February 6, 1934.

J. Herbert T. Smallwood to be postmaster at Glenwood Landing, N. Y., in place of B. M. Bergersen. Incumbent's commission expired February 20, 1935.

Herbert O'Hara to be postmaster at Haines Falls, N. Y., in place of J. H. Layman. Incumbent's commission expired January 23, 1935.

Elsa D. Hart to be postmaster at High Falls, N. Y., in place of LeRoy Krom. Incumbent's commission expired January 13, 1935.

George E. Blust to be postmaster at Holland Patent, N. Y., in place of M. A. Davies. Incumbent's commission expired December 20, 1934.

Frances S. Murphy to be postmaster at Lisbon, N. Y., in place of B. H. Kelly. Incumbent's commission expired February 20, 1935.

Robert F. Talbot to be postmaster at New Berlin, N. Y., in place of M. E. Butterfield, resigned.

Robert S. Pearson to be postmaster at Newfield, N. Y., in place of G. A. Gardner. Incumbent's commission expired January 13, 1935.

Rollie J. Kennedy to be postmaster at Newman, N. Y., in place of C. J. Carey. Incumbent's commission expired February 20, 1935.

John S. VanKennen to be postmaster at Norfolk, N. Y., in place of B. E. McGee. Incumbent's commission expired January 23, 1935.

Anne R. Cardona to be postmaster at Rocky Point, N. Y. Office became Presidential July 1, 1933.

Leslie M. Saunders to be postmaster at St. Regis Falls, N. Y., in place of R. G. Giffin. Incumbent's commission expired December 18, 1934.

John W. Moore to be postmaster at Savona, N. Y., in place of William Sanford. Incumbent's commission expired January 22, 1935.

Harry F. Corr to be postmaster at Schaghticoke, N. Y., in place of G. B. Sample. Incumbent's commission expired January 13, 1935.

Devillo Cobb to be postmaster at Sinclairville, N. Y., in place of T. S. Spear. Incumbent's commission expired January 23, 1935.

Augustus D. Seeber to be postmaster at South Dayton, N. Y., in place of C. H. Brown. Incumbent's commission expired February 4, 1935.

J. Newton Post to be postmaster at Stanfordville, N. Y., in place of B. A. Fradenburg. Incumbent's commission expired January 13, 1935.

Mary C. Eichhorn to be postmaster at Thornwood, N. Y., in place of George Anderson. Incumbent's commission expired January 22, 1935.

Anna Marriott to be postmaster at Vernon, N. Y., in place of F. C. Smith. Incumbent's commission expired January 23, 1935.

Joseph Hilton to be postmaster at Voorheesville, N. Y., in place of W. H. Young. Incumbent's commission expired March 2, 1935.

Gail B. Liner to be postmaster at Wassaic, N. Y., in place of R. E. Barlow. Incumbent's commission expired April 28, 1934.

James J. Collins to be postmaster at Water Mill, N. Y., in place of F. R. Bennett. Incumbent's commission expired October 16, 1933.

Oliver Townsend to be postmaster at West Coxsackie, N. Y., in place of George Hubbard. Incumbent's commission expired March 8, 1934.

George W. Probasco to be postmaster at Whitesville, N. Y., in place of G. M. Lewis. Incumbent's commission expired February 20, 1935.

NORTH CAROLINA

William G. Crutchfield to be postmaster at Haw River, N. C., in place of J. H. Freshwater, removed.

Annie L. Scott to be postmaster at Sanford, N. C., in place of R. A. Kennedy, removed.

Margaret W. Davis to be postmaster at Walnut Cove, N. C., in place of M. C. Lewellyn. Incumbent's commission expired February 14, 1935.

NORTH DAKOTA

Irnie C. Hogue to be postmaster at Belcourt, N. Dak. Office became Presidential July 1, 1935.

Reuben A. Lehr to be postmaster at Fredonia, N. Dak., in place of Otto Gackle, removed.

Harry Jerome Mealy to be postmaster at Reynolds, N. Dak., in place of O. J. Lebacken. Incumbent's commission expired February 4, 1935.

OHIO

Herbert L. Gray to be postmaster at Gnadenhutten, Ohio, in place of O. C. Wheland. Incumbent's commission expired February 4, 1935.

George R. Kinder to be postmaster at Rockford, Ohio, in place of M. A. Jackson. Incumbent's commission expired February 14, 1935.

Bert L. Peer to be postmaster at Groveport, Ohio, in place of G. R. Warren. Incumbent's commission expired December 18, 1934.

William A. Cowen to be postmaster at Loudonville, Ohio, in place of G. A. Case, resigned.

Albert S. Keechle to be postmaster at Waverly, Ohio, in place of J. T. Gibson. Incumbent's commission expired December 18, 1934.

Charles A. Kempf to be postmaster at West Lafayette, Ohio, in place of C. W. Phillips, removed.

OKLAHOMA

Eddie A. Blackman to be postmaster at Crescent, Okla., in place of J. R. Wilson. Incumbent's commission expired February 14, 1935.

James P. Todd to be postmaster at Oilton, Okla., in place of Herbert Harris, resigned.

George E. Raouls to be postmaster at Picher, Okla., in place of J. H. Durnil, resigned.

Fred Allison to be postmaster at Westville, Okla., in place of W. C. Colvin, removed.

OREGON

M. Eleanor Reed to be postmaster at Aurora, Oreg., in place of J. W. Sadler, deceased.

Marvin O. Hawkins to be postmaster at Coquille, Oreg., in place of G. A. Belloni, removed.

Frank J. Dooher to be postmaster at Cornelius, Oreg., in place of D. M. Crance. Incumbent's commission expired December 18, 1934.

Edna M. Jamieson to be postmaster at Port Orford, Oreg. Office became Presidential July 1, 1935.

PENNSYLVANIA

William Glenn Rumbaugh to be postmaster at Avonmore, Pa. in place of W. C. Alcorn. Incumbent's commission expired January 12, 1933.

Henry N. Byers to be postmaster at Bolivar, Pa., in place of W. L. Hendricks. Incumbent's commission expired December 18, 1933.

Charles H. Cullen to be postmaster at Derry, Pa., in place of W. T. Cruse. Incumbent's commission expired February 14, 1935.

Jacob Fink Lauffer to be postmaster at Export, Pa., in place of Alexander Hamilton. Incumbent's commission expired January 9, 1935.

Peter A. Conway to be postmaster at Girardville, Pa., in place of M. C. Cleaver, removed.

Howard Walter Stough to be postmaster at Grapeville, Pa., in place of H. D. Klingensmith. Incumbent's commission expired December 18, 1933.

Charles M. Shoup to be postmaster at Ligonier, Pa., in place of W. H. Lowry. Incumbent's commission expired January 9, 1935.

Robert E. Pfauts to be postmaster at Lititz, Pa., in place of P. M. Seaber, transferred.

Wilford G. Stauffer to be postmaster at New Holland, Pa., in place of I. H. Snader. Incumbent's commission expired March 8, 1934.

Joseph Regis, Jr., to be postmaster at Rimersburg, Pa., in place of C. A. Fritz. Incumbent's commission expired February 14, 1935.

Frederick A. Phoenix to be postmaster at Shinglehouse, Pa., in place of A. F. Nichols. Incumbent's commission expired January 22, 1935.

Thomas H. McKlveen to be postmaster at Trafford, Pa., in place of D. R. Clifford. Incumbent's commission expired January 9, 1935.

Arthur R. Cramer to be postmaster at Bangor, Pa., in place of Whitfield Pritchard. Incumbent's commission expired February 25, 1935.

Boyd E. Martin to be postmaster at Bentleyville, Pa., in place of W. J. Wilson. Incumbent's commission expired January 9, 1935.

Joseph R. Stanich to be postmaster at Bessemer, Pa., in place of H. A. Lago. Incumbent's commission expired January 9, 1935.

Charles H. Beck to be postmaster at Bushkill, Pa., in place of L. E. Carpenter. Incumbent's commission expired January 28, 1935.

Harry L. Hause to be postmaster at Catawissa, Pa., in place of L. C. Mensch. Incumbent's commission expired January 9, 1935.

C. William Boozer to be postmaster at Centre Hall, Pa., in place of R. M. Smith. Incumbent's commission expired February 21, 1935.

Sylverius A. Waltman to be postmaster at Chicora, Pa., in place of C. S. Bell. Incumbent's commission expired January 9, 1935.

Harry R. Schneitman to be postmaster at Elizabethtown, Pa., in place of A. S. Plummer, removed.

Valentine L. Pfaff to be postmaster at Emlenton, Pa., in place of S. B. Daniels. Incumbent's commission expired January 22, 1935.

Joseph J. Quinn to be postmaster at Gallitzin, Pa., in place of W. H. Weston. Incumbent's commission expired January 9, 1935.

Robert M. Sutter to be postmaster at Homer City, Pa., in place of R. B. Kunkle. Incumbent's commission expired February 14, 1935.

Earl W. Montague to be postmaster at Hughesville, Pa., in place of Paul Smith. Incumbent's commission expired January 28, 1935.

John Harry Grube to be postmaster at Landisville, Pa., in place of F. H. Shenck. Incumbent's commission expired March 22, 1934.

Kathryn A. B. Pinnock to be postmaster at Le Raysville, Pa., in place of S. F. Williams. Incumbent's commission expired February 14, 1935.

Fleetwood W. Brumbaugh to be postmaster at Martinsburg, Pa., in place of A. R. Lykens. Incumbent's commission expired January 9, 1935.

Jay C. Watts to be postmaster at Millville, Pa., in place of J. W. Biddle. Incumbent's commission expired January 28, 1935.

Alexander Grafton Sullivan to be postmaster at New Kensington, Pa., in place of Kenneth Cooper. Incumbent's commission expired March 2, 1935.

Eleanor S. Casey to be postmaster at Paoli, Pa., in place of E. M. Shinton. Incumbent's commission expired January 8, 1934.

James E. Dereich to be postmaster at Perrysville, Pa., in place of C. J. Hieber. Incumbent's commission expired January 28, 1935.

Joseph R. Roach to be postmaster at Petrolia, Pa., in place of S. E. Crawford. Incumbent's commission expired January 9, 1935.

Lisle H. Deviney to be postmaster at Pitcairn, Pa., in place of P. C. Rupp. Incumbent's commission expired February 25, 1935.

Jacob S. Williams to be postmaster at Port Matilda, Pa., in place of W. J. Woodring. Incumbent's commission expired June 20, 1934.

Philip B. Thompson to be postmaster at Rutledge, Pa., in place of W. K. Pearce. Incumbent's commission expired January 26, 1933.

Hazel C. Wingard to be postmaster at Spring Mills, Pa., in place of C. A. Wingard. Incumbent's commission expired March 2, 1935.

Lillie B. Atkin to be postmaster at Tidioute, Pa., in place of H. A. Fuellhart. Incumbent's commission expired June 20, 1934.

Harry H. Howell to be postmaster at Union Dale, Pa., in place of H. T. Williams. Incumbent's commission expired February 25, 1935.

George J. Moses to be postmaster at West Chester, Pa., in place of Wayne Elliott, resigned.

RHODE ISLAND

Ralph H. Chapman to be postmaster at Esmond, R. I., in place of R. H. Chapman. Incumbent's commission expired March 18, 1934.

SOUTH CAROLINA

Arthur M. Parker to be postmaster at Lake City, S. C., in place of G. E. Munn. Incumbent's commission expired December 20, 1934.

James M. Riley to be postmaster at Allendale, S. C., in place of J. C. Spann, resigned.

SOUTH DAKOTA

Frederick J. Bowar to be postmaster at Reliance, S. Dak., in place of B. P. Humphreys. Incumbent's commission expired February 4, 1935.

Harold F. Gilbert to be postmaster at Buffalo, S. Dak., in place of A. D. Flagg, removed.

Charles E. Smith to be postmaster at Lemmon, S. Dak., in place of C. E. Smith. Incumbent's commission expired February 25, 1935.

Ralph V. Millstead to be postmaster at Philip, S. Dak., in place of C. A. Carlson, removed.

Oscar C. Larson to be postmaster at Valley Springs, S. Dak., in place of A. B. Elliott. Incumbent's commission expired January 7, 1935.

TENNESSEE

James R. Hobbs to be postmaster at Lebanon, Tenn., in place of T. E. Bryan. Incumbent's commission expired March 3, 1931.

Joseph McDonald Ernest to be postmaster at Oliver Springs, Tenn., in place of M. G. Booth, resigned.

Vance C. Pendleton to be postmaster at Bulisgap, Tenn., in place of J. A. Berry, resigned.

William H. Pritchett to be postmaster at Dresden, Tenn., in place of S. A. Winstead. Incumbent's commission expired February 25, 1935.

Grace G. Shell to be postmaster at Elizabethton, Tenn., in place of R. T. Johnson, Jr., resigned.

Lee N. Alley to be postmaster at Oakdale, Tenn., in place of L. M. Jeffers, resigned.

TEXAS

Victor D. Brown to be postmaster at Centerville, Tex., in place of Hester Thomason, resigned.

Chevis R. Cleveland to be postmaster at Granbury, Tex., in place of S. D. Smith, deceased.

Alwyn L. Golden to be postmaster at Leonard, Tex., in place of J. L. Dillon. Incumbent's commission expired January 13, 1935.

Olen C. Arthur to be postmaster at Spur, Tex., in place of L. H. Perry. Incumbent's commission expired February 25, 1935.

Woster E. Everett to be postmaster at Lometa, Tex., in place of J. E. Moore. Incumbent's commission expired February 20, 1935.

Phil S. Bouchier to be postmaster at Post, Tex., in place of C. A. Quails, removed.

Lyndsay W. Phillips to be postmaster at Stephenville, Tex., in place of T. H. Perry, removed.

Alice Hines to be postmaster at Venus, Tex., in place of T. W. Hines, deceased.

UTAH

Mary Jeanette M. Smith to be postmaster at Farmington, Utah, in place of Annie Palmer. Incumbent's commission expired February 5, 1935.

Frank Gibson Eastman to be postmaster at Tooele, Utah, in place of A. L. Hanks. Incumbent's commission expired February 4, 1935.

VERMONT

Forrest E. Allen to be postmaster at Bradford, Vt., in place of B. W. Crafts. Incumbent's commission expired February 25, 1935.

Frederick H. Horsford to be postmaster at Charlotte, Vt., in place of F. S. Williams. Incumbent's commission expired February 4, 1935.

VIRGINIA

Robert C. Wilkinson to be postmaster at Warm Springs, Va., in place of R. M. Cleek. Incumbent's commission expired January 13, 1935.

WASHINGTON

George E. Starr to be postmaster at Seattle, Wash, in place of C. M. Perkins, transferred.

George L. Gordon to be postmaster at Silverdale, Wash., in place of R. E. Gordon. Incumbent's commission expired January 22, 1935.

George C. Eller to be postmaster at Wenatchee, Wash., in place of A. A. Bousquet. Incumbent's commission expired February 6, 1935.

Roy Emerson to be postmaster at North Bonneville, Wash. Office became Presidential January 1, 1935.

WEST VIRGINIA

Virgil W. Knight to be postmaster at Burnsville, W. Va., in place of W. M. Kidd. Incumbent's commission expired February 6, 1935.

Glenn A. Fowler to be postmaster at Harrisville, W. Va., in place of E. M. Pierpoint. Incumbent's commission expired February 20, 1935.

Lee S. Switzer to be postmaster at Weston, W. Va., in place of J. W. Farnsworth. Incumbent's commission expired February 20, 1935.

Oma Corder to be postmaster at West Union, W. Va., in place of F. E. Strickling. Incumbent's commission expired February 6, 1935.

WISCONSIN

John R. Bernard to be postmaster at Necedah, Wis., in place of G. W. Taft. Incumbent's commission expired January 22, 1935.

John H. Hillberry to be postmaster at Blue River, Wis., in place of F. D. Bartels. Incumbent's commission expired February 25, 1935.

Virgil R. Hines to be postmaster at East Ellsworth, Wis., in place of Blanch Lyon. Incumbent's commission expired February 20, 1935.

Tony W. Schuh to be postmaster at Elcho, Wis., in place of R. J. Hansen. Incumbent's commission expired February 25, 1935.

Andrew J. Clark to be postmaster at Milltown, Wis., in place of J. D. Nicholson. Incumbent's commission expired February 25, 1935.

George Lincoln Abraham to be postmaster at Minocqua, Wis., in place of E. R. Schilling. Incumbent's commission expired February 25, 1935.

Francis J. Kugle to be postmaster at Reedsville, Wis., in place of L. A. Busse. Incumbent's commission expired February 25, 1935.

John W. Kelley to be postmaster at Rhinelander, Wis., in place of P. P. Dandoneau, deceased.

William F. Garvin to be postmaster at Rio, Wis., in place of C. L. Schultz. Incumbent's commission expired January 22, 1935.

Herman S. Morris to be postmaster at Sharon, Wis., in place of C. L. Wolf. Incumbent's commission expired February 25, 1935.

Aaron R. White to be postmaster at Wonewoc, Wis., in place of E. G. Lawsha. Incumbent's commission expired February 14, 1935.

WYOMING

John Barwick to be postmaster at Superior, Wyo., in place of H. A. Wylam. Incumbent's commission expired December 18, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 5 (legislative day of July 29), 1935

JUDGE OF CIRCUIT COURT, TERRITORY OF HAWAII

Albert M. Cristy, second judge, first circuit, Territory of Hawaii.

POSTMASTERS

NEW YORK

John Hartigan, Chatham.
James A. Wigg, Hyde Park.
Mae J. Pessenar, Pine Hill.

WITHDRAWAL

Executive nomination withdrawn from the Senate August 5 (legislative day of July 29), 1935

POSTMASTER

NORTH DAKOTA

Wallace W. O'Hara to be postmaster at Neche, in the State of North Dakota.

HOUSE OF REPRESENTATIVES

MONDAY, AUGUST 5, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who are the burden bearer and the Lamb of sacrifice from the beginning of the world, we pray Thee to make our lives larger and stronger, wiser and better. Wherever they are do Thou comfort the sick and the captives of misfortune; look with loving favor upon all little children. Grant that our daily demeanor may be a manifestation of fidelity and devotion to duty; may it show forth the worthiness of our high calling. Father in Heaven, free our understanding from all fatal errors and release our souls from the clogging and binding fetters of sense. Blessed Lord, open our eyes that we may see the spiritual universe, the new life, and the undying world. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Saturday, August 3, 1935, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On August 2, 1935:

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington;

H. R. 4410. An act granting a renewal of Patent No. 54296 relating to the badge of the American Legion;

H. R. 4413. An act granting a renewal of Patent No. 55398 relating to the badge of the American Legion Auxiliary;

H. R. 5917. An act to provide for the appointment of additional United States judges;

H. R. 8297. An act to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives;

H. J. Res. 182. Joint resolution to provide for membership of the United States in the Pan American Institute of Geography and History, and to authorize the President to extend an invitation for the next general assembly of the institute to meet in the United States in 1935, and to provide an appropriation for expenses thereof; and

H. J. Res. 208. Joint resolution to provide for the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the Ordinance of 1787 and the settlement of the Northwest Territory.

On August 3, 1935:

H. R. 29. An act to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty;

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons, to authorize the Attorney General to contract for the care of United States prisoners, to establish Federal jails, and for other purposes;

H. R. 6703. An act for the relief of Joanna Forsyth;

H. R. 7050. An act to amend the act of June 7, 1930 (ch. 634, 46 Stat. 820);

H. R. 7882. An act to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works;

H. R. 8209. An act temporarily to exempt refunding bonds of the government of Puerto Rico from the limitation of public indebtedness under the Organic Act; and

H. R. 8270. An act to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes.

H. NEWLIN MEGILL

The SPEAKER laid before the House the following communication:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D. C., August 2, 1935.

The SPEAKER, *House of Representatives,*
Washington, D. C.

SIR: Desiring to be temporarily absent from my office, I hereby designate Mr. H. Newlin Megill, an official in my office, to sign any and all papers for me which he would be authorized to sign by virtue of this designation and of clause 4, rule III, of the House.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

A PLEA FOR THE WINNEBAGO INDIANS

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein an affidavit on the Winnebago Indians.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Mr. Speaker, I wish to call attention of Members of this House of Representatives to the plight of the Winnebago Tribe of Indians, who are my constituents, and who now live in my district—the Third Nebraska. At the same time I wish to plead their cause and ask support of Members for my bill, H. R. 6740, which has been reported favorably by the House Committee on Indian Affairs.

After careful study and much consideration it is my belief that these Indians have not been treated fairly by our Government and I feel that my bill should be passed in order that these Government wards shall be given the same opportunity as members of other tribes—to appear in the Court of Claims and secure justice.

My bill calls for the amending of an act approved December 17, 1928, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment thereon in claims which the Winnebago Tribe of Indians may have against the United States, and for other purposes."

The story of the sufferings of members of the Winnebago Tribe is one which should touch the hearts of every Member of this House. These people are entitled to be heard in the Court of Claims. This peace-loving tribe of Indians have not waged war against the white, but were victims of circumstance. They were driven from their homes and their lands and homes were taken from them because of the acts of some other tribe of Indians. The Winnebagos were "sent down the river" into a strange country. Their lands were sold by our Government to homesteaders. American people believe in fair play, and I plead with you that you study this bill and report, which has been filed by the House Committee on Indian Affairs.

George W. Maypenny, in Our Indian Wards, tells much about how these Winnebago Indians were treated after the massacre of the whites by another Indian tribe in Minnesota. I give this story to Members in order that you may know more of these particulars.

The Winnebagoes, not by reason of anything done by them, but because of the massacre of the whites by the Sioux in Minnesota in 1862, and the excited feeling growing out of that sad affair, were compelled to leave their reservation in that State. Congress, in response to the demand of the people in the region in which they lived, passed an act providing for their removal. They had no previous warning, and remonstrated against this act of injustice, but their protest was unheeded. They were, as stated, taken on boats and carried down the Mississippi and up the Missouri to Crow Creek. All were dissatisfied with their treatment on the journey and their location at Crow Creek. Much sickness prevailed and many died. They were living in Minnesota in peace and quiet, and had been so for years. They had made considerable advancement in civilization. Many of them had farms and houses, and had acquired habits of industry and economy.

Such was their dissatisfaction at Crow Creek that large numbers of them during the summer and fall made their way down the Missouri in canoes, landing at different points, where they managed to live through the winter of 1863–64. It is said that at the time

of their forcible removal they were supplied with grain, stock, implements of husbandry, etc., most of which were stolen or destroyed, since they were unable to take their property with them. Little Hill, a Winnebago chief, thus told the story at Dakota City, Nebr., to a member of the joint committee of Congress, charged with the investigation of Indian affairs in 1865. The chief said:

"You are one of our friends, as it appears. We are very glad to meet you here. Here are some of our old chiefs with me, but not all. And we will tell you something about how we have lived for the past 4 years. Now you see me here today. Formerly I did not live as I now do. We used to live in Minnesota. While we lived in Minnesota we used to live in good houses, and always took our Great Father's advice and did whatever he told us to do. We used to farm and raise a crop of all we wanted every year. While we lived there we had teams of our own. Each family had a span of horses or oxen to work, and had plenty of ponies; now we have nothing.

"While we lived in Minnesota another tribe of Indians committed depredations against the whites, and then we were compelled to leave Minnesota. We did not think we would be removed from Minnesota, never expected to leave; and we were compelled to leave so suddenly that we were not prepared; not many could sell their ponies and things they had. The superintendent of the farm for the Winnebagoes was to take care of the ponies we left there and bring them on to where we went, but he only brought to Crow Creek about 50, and the rest we do not know what became of them. Most all of us had put in our crops that spring before we left, and we had to go and leave everything but our clothes and household things; we had but 4 days' notice. Some left their houses just as they were, with their stoves and household things in them. They promised they would bring all our ponies, but they only brought 50, and the hostile Sioux came one night and stole all these away.

"In the first place, when we started from Minnesota, they told us they had got a good country for us, where they were going to put us. After we got on a boat we were as though in a prison. We were fed on dry stuff all the time. After we got there (to Crow Creek), they sometimes gave us rations, but not enough to go round most of the time. Some would have to go without eating 2 or 3 days. It was not a good country; it was all dust. We found, after a while, that we could not live there. Many of them (the women and children) died because they could not get enough to eat. We do not know who was to blame. They had a cottonwood trough made and put beef in it, and sometimes a whole barrel of flour and a piece of pork, and let it stand a whole night, and the next morning, after cooking it, would give us some to eat. We tried to use it, but many got sick on it and died.

"I am telling nothing but the truth. They also put in the unwashed intestines of the beeves, and liver and the lights, and after dipping out the soup, the bottom would be very nasty and offensive. The pork and the flour that we left in Minnesota that belonged to us was brought over to Crow Creek and sold to us by our storekeepers at Crow Creek. For myself, I thought I could stay there for a while and see the country, but I found it wasn't a good country.

"I lost six of my children, and so I came down the Missouri. When I got ready to start some soldiers came there and told me if I started they would fire on me. I had 30 canoes ready to start. No one interceded with the soldiers to permit me to go; but the next night I got away, and started down the river; and when I got down as far as the town of Yankton, I found a man there and got some provisions; then came on down farther and got more provisions, and then went on to the Omahas. After we got to the Omahas somebody gave me a sack of flour and someone told us to go to the other side of the Missouri and camp, and we did so. We thought we would keep on down the river, but someone came and told us to stay, and we have been there ever since."

Little Hill's narrative is quite lengthy, and in all its parts is corroborated by Big Bear, Little Chief, and Docorah, all Winnebago chiefs. Big Bear, in his testimony, contrasts the treatment of the Indians with what it was "many years ago" when they lived in the State of Iowa "when the men used to get two pairs of blankets apiece, but we do not know", said he, "what becomes of the goods now."

Mr. Speaker, I also include with my remarks the affidavit of Joseph La Mere, which has a bearing on this subject:

JOSEPH A. LA MERE AFFIDAVIT

STATE OF NEBRASKA,
Thurston County, ss:

Joseph A. Le Mere being first duly sworn, deposes and says: That he is a member of the Winnebago tribe of Indians in Nebraska, 78 years old at his next birthday in December. That he lived with the Winnebago Indians on their reservation in Blue Earth County, Minn., during the last 7 years of the 8 years that the tribe lived on this reservation, and has lived continuously with them since that date. That at the time of the removal of the Winnebago Indians from their reservation in Blue Earth County, affiant was 13 years of age and remembers well the circumstances of that terrible time.

Affiant states that he knows positively from his own knowledge and from traditions of his people that they were always at peace and were friendly with the white man. That as far back as he can remember, and as far back as affiant is acquainted with the tribal tradition, the Winnebagos have always recognized the superior power of the white man, both in numbers and in development, and the policy of his people has always been one of conciliation with the white race. There may have been trouble at times between individual members of his tribe and white people, but there never was war between the Winnebago Tribe of Indians and the whites. That notwithstanding this fact the Winnebago Indians were slandered and accused of being parties to the New Ulm, Minn., massacre.

This accusation excited the Indians, and there was much talk about it, so an investigation was made by the Indians and it was found that the report was entirely false and that no Winnebago Indians participated in or were parties to that massacre. The Sioux and the Winnebagos visited each other, but only a few did this, and that at the time of the massacre a few Winnebagos were at the Sioux Reservation but knew nothing of what was happening until afterward, when they immediately left and returned home. After the massacre some Sioux Indians came and were hiding out on the Winnebago Indian Reserve, and three of these who were caught were executed by the Winnebagos for having participated in the massacre. Affiant remembers well the excitement of that time and knows the fact to be that the Winnebago Indians were not in any manner connected with the massacre and there was no foundation for the accusations made against them.

The Indians did not know or believe that these accusations were so serious until they were informed by officials that the Great Father at Washington required them to move at once to a place at Crow Creek, Dak. The Indians were unwilling to leave their reservation, but no time was given for consideration; they were loaded below deck on shipboard, with officers and soldiers above; they were packed in so tightly that there was great suffering right from the beginning, and thus the trip for Crow Creek, Dak., was begun. The Indians were unwilling to go aboard ship, but most of them obeyed the orders of the officers in charge to get aboard. The band of Chief Winnesheik resisted the orders and refused to embark; these were forced aboard by soldiers and were sent with the rest.

The embarkation and departure was so abrupt that no one had any time to dispose of personal property or pack and bring it along, so it was wholly lost by being left behind. Had the belongings been assembled to carry along it would have been impossible to do so, for every inch of space on the boat was occupied, the Indians being crowded like sardines in a box. The Winnebagoes in Minnesota were divided into 12 bands, not one of which was willing to surrender and leave their reservation, but the band of Chief Winnesheik was the only one to offer open resistance to orders of the Government. Chief Baptiste, of the band to which affiant belonged, persuaded his band to obey the orders, and he went with them to Crow Creek. The chief soon returned to Minnesota, where he remained for many years, but finally moved to the reservation in Nebraska, where he died.

Chief Baptiste was treated well in Minnesota and he explained that the officials had induced him to persuade his band to move. That they had given him presents and that they gave him $500 in cash and 80 acres of land to induce him to betray his people; he also said he did not know things would be so bad at Crow Creek. These things were not said to affiant by Chief Baptiste, but were of common report on the reservation. That the tribe was well housed and well fixed in their homes at Blue Earth Reservation; that they had plenty in provisions and clothing, and were contented and happy. That the experience of the trip from Minnesota to Crow Creek was horrible; that cattle and hogs are incomparably better treated in shipment to market than were the Indians on this trip to Crow Creek. They were a long time in getting there, and when they arrived at Crow Creek there was no home to go to. They arrived there with just what they had on their backs.

The suffering of the Indians on this trip had been severe, and the treatment received at the hands of those in charge was most inhuman. The arrival at Crow Creek brought to them no relief. With no proper shelter to protect them from the inclement climate, the Indians suffered severely. The food was very scarce, and what there was was hardly fit to eat. Drought destroyed the crops we attempted to raise, and during the 2 years that we remained at Crow Creek more than 600 of our people died from exposure and malnutrition. George W. Manypenny has attempted to describe the suffering of the Indians at Crow Creek, but this cannot be done, what he has said is true, but it is impossible to write and describe the horrors suffered during this terrible time. The officials or those in charge at Crow Creek were inhuman. The Indians have always thought that the Government would have provided had the truth been known at Washington, and that gross slander and deception caused the Government to remove the Indians from their reservation in Minnesota, where they had good homes and were prosperous and comfortable to the hell at Crow Creek, Dakota. Affiant states that there is no place to end an affidavit like this, but thinks this is long enough. He could spend weeks recalling and describing the brutal happenings at Crow Creek, Dakota. Over 600 Indians lost their lives, many were able to get past the guards and flee, affiant was among those who remained until the end.

JOSEPH A. LA MERE.

Subscribed and sworn to before me this 16th day of May 1928.

[SEAL] D. D. WHITCOMB,
Notary Public.

PRESERVATION OF THE AMERICAN CONSTITUTION

Mr. TOBEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein an address which I made in Boston last week.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. TOBEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my address on July 30 in Faneuil Hall, Boston, at a nonpartisan meeting under the auspices of various patriotic women's organizations of Massachusetts:

No subject could be more timely than that which calls us here tonight, the preservation of the American Constitution and the liberties thereunder. And there could be no more appropriate place for the consideration of this subject than in this historic hall, so justly called "the cradle of liberty."

Here for more than a century the principles of free government have been defended, and these walls have echoed and reechoed the words of those who have defended the Nation from attacks on the liberties of a free people.

What is the occasion for such a meeting as this?

The Constitution is under attack, and its enemies are to be found sitting in high places in the Government service.

Suddenly their words and actions have become understandable to us. The scales have fallen from our eyes. We have begun to see what is being attempted. It is time to be aroused.

What gives rise to our concern and apprehension?

Let me present the case as I see it.

For a century and a half now this Nation has had its Federal Constitution, the fundamental law of our land. Under its provisions and the interpretations thereof by the Supreme Court, the Nation has grown from an infant in swaddling clothes to the leading Nation in the world.

Under its provisions every citizen, whatever his station in life, is guaranteed religious and civic liberty, freedom of speech, the right of assembly, the right to petition his Government for redress of grievances, the security of home against unreasonable search and seizure, and may not be deprived of life, liberty, or property without due process of law.

Material benefits and blessings have come to our citizens. They enjoy the highest standards of living the world over, shorter hours of work, improved health conditions, superior educational advantages, and many others.

Despite the noisy chorus of critic peep and cynic bark aimed at the Constitution, and its having been challenged as outmoded, the fact remains that these guaranties and benefits accrue to every citizen regardless of his lot or station in life. And while as a Nation we have many weaknesses, and injustice may for a time hold sway, yet it remains true that the proudest title anyone can bear is to be able to say, "I am an American citizen."

All the powers of the Constitution come from the people, who can change it when they believe it wise and necessary. It is the Magna Charta of their liberties.

The Constitution prescribes our form of government—three coordinate branches—the executive, the legislative, and the judicial. Each has its peculiar and separate functions, and no one should encroach upon the field of any other.

Washington, realizing such a potential danger, wrote: "But let there be no change by usurpation. * * * It is the customary weapon by which free governments are destroyed."

But, notwithstanding this injunction, instance after instance can be cited showing attempts of the Executive to encroach upon the powers of the legislative branch, contravening the intent of the Constitution, and contrary to the oath of office in which he swears to defend and preserve the Constitution.

It is a deplorable fact that the functioning of Congress as a deliberative body is almost a thing of the past. The Executive and his so-called "brain trust" originate legislation far-reaching in its import. It has often come to us from such parentage accompanied by a nursemaid in the shape of a gag rule. Under such rules there is but little opportunity for debate in the House, and amendments are often limited.

In the Senate the rules permit of freer debate; but even there, because of administration pressure, its passage is usually assured.

To most intents and purposes the legislative branch of our Government has ceased to function as the Constitution prescribes and intended, and the tragic feature is that no one seems very much concerned, and usance may make such practices the accepted order.

Legislation by coercion has become the common thing. Important bills are placed in the hands of committee chairmen, the origin or authorship of which it is almost impossible to ascertain. Many of these bills are the product of a group of young lawyers in various Government bureaus and commissions. Young men not long out of college, long on theory, but woefully lacking in experience, and actuated by a philosophy which bodes ill for our form of government.

Under administration endorsement and pressure, such bills have become law. Among the coercive influences used to bring about their passage are promises of patronage, and contributions from the great funds made available for relief and public-works programs.

Yet vicious and unsound as such practices are, they are less important than the efforts of the administration to circumvent and evade the Constitution itself.

In 1933, with the incoming of the new administration, in the aftermath of a world-wide financial and economic depression, the Congress was asked to pass a series of measures declared necessary to meet an emergency. It was then stated that these measures were but temporary, and would either lapse or be suspended by Executive order once the emergency was behind us.

Emergency. What legislative monstrosities have been conceived and born in thy name.

Let me give a few illustrations.

There was the absurdity of thousands of laws having been set up by executive decree, disobedience thereto constituting a crime; there was the issuance of thousands of Executive orders having the force of law, not codified and arranged so that one might know if they were being infringed; there was the storekeeper who was convicted and punished because he dared to give a loaf of bread with the sale of a quart of milk; there was the tailor convicted and imprisoned because he charged less than code price for pressing a pair of trousers; and in terrible contrast there were great corporations, which, freed from the operations of the antitrust laws, got together with their fellows, and crucified small business concerns all over the land, through price fixing, and through control of code committees and conditions thereunder; there are the processors of agricultural products being taxed to the extent of hundreds of millions of dollars, and then when it appeared that the courts might hold this tax unconstitutional, a law was passed by the lower House of Congress which would bar the processors from suing for refund, should the tax be held illegal.

So we might go on ad absurdum, ad nauseam.

Claude Bowers wrote a book descriptive of the reconstruction period, entitled "The Tragic Era." There is a superabundance of material available to some author from which to write a story of the past few years, and if availed of and written, it might fittingly be entitled "The Muddled Era."

I assert, on good authority, that the Executive an dhis advisers felt that some of the more important of these measures were unconstitutional, but believed them justified to meet the emergency.

I do not condemn them for this as I do for their later action, when, holding grave doubts as to their constitutionality, the administration used its great powers and influence to defer as long as possible determination as to their legality by the Supreme Court.

Such action is in my opinion neither ethical nor legal nor in harmony with the oath of office.

The application of the philosophy that the end justifies the means is fraught with grave danger. Our courts do not recognize it as a defense in cases involving the civil or moral code. It is presumption to attempt to make it square with the Constitution.

Then there came that day when the Supreme Court spoke, and rendered its epochal decisions—unanimous decisions, against the administration and against the Executive.

Impatient and exasperated by the scope and the unanimity of the decisions, the Executive in that memorable press conference, gave voice to criticisms which have opened the eyes of the Nation to the attitude of the administration toward the Constitution.

Yet notwithstanding the decisions of the Court, the administration still seeks to circumvent and evade the Constitution by coercing Congress and further usurping the powers of the legislative branch as set forth in that instrument.

Still crying "emergency", the President recently addressed a letter to the great Committee on Ways and Means with reference to the so-called "Guffey coal bill", saying: "I hope your committee will not permit doubt as to its constitutionality, however reasonable, to block the suggested legislation."

Truly an amazing request, but one which clearly illustrates the philosophy behind much that is being attempted today in Washington.

To my mind such a request is at variance with the promise in his oath of office to preserve and defend the Constitution.

A while ago I listened to the present Attorney General speak in defense of the Constitution, and well recall an outstanding sentence. He said: "There can be no qualified allegiance to the Constitution of the United States." I commend that statement to the administration.

I challenge tonight this virtual disregard of the Constitution by the present administration; its usurpation of the constitutional powers of the Congress; the imposing of the will of the Executive upon the Congress through coercion; its attempts to set the Supreme Court at variance; and its audacity in expecting that body to approve unsound and illegal proposals under the plea of an emergency.

The Supreme Court, in the epochal Schechter decision, said: "Extraordinary conditions do not create or enlarge constitutional power", and Senator BORAH well points out that it is a fallacy to hold that because an emergency exists, this in some way enlarges the power of the Congress and the Executive under the Constitution.

Now let us proceed from another angle.

In the past 2 years there have been many attempts, some of them successful, to have the Federal Government take over the powers of the States, far beyond any grant of power which had been made by the States. I cannot refrain from wondering if our President is the same man who, as Governor of the great State of New York, a few years ago said:

"As a matter of fact and law, the governing rights of the States are all of those which have not been surrendered to the National Government by the Constitution and its amendments. Wisely or not, Congress was given power to legislate on prohibition, but this is not the case in the matter of a great number of other vital problems of government, such as the conduct of public utilities,

of banks, of insurance, of business, of agriculture, of education, and a dozen other important features. In these Washington must not be encouraged to interfere. Federal Government costs us $3,500,000,000 every year, and if we do not call a halt on this steady process of building commissions and regulatory bodies and special legislation, like huge inverted pyramids over everyone of the constitutional provisions, we will soon be spending many billions of dollars more."

What a tremendous contrast is evidenced in these statements made a few years ago as chief executive of the great Empire State, and the recent attempts to evade the spirit and intent of the Constitution and invade the powers of States thereunder.

Do these attempts originate with the executive, or are they, as some of us believe, the product of a group, which, with scant respect for the constitutional order, believe it has passed its usefulness, and would substitute their own un-American philosophy of government?

Fellow Americans, I challenge the philosophy of these theorists in Washington, who sit in the seat of the scornful, belittling the ideas and the ideals which have made our Nation great. All of us realize that in the years leading up to the depression, serious mistakes were made, that in the mad rush for commercial and financial power we cut corners and came very near the brink of chaos. But the thing to do is to face the facts, apply the necessary remedies under the Constitution, and shape our course ahead once more—not to tear down and demolish the structure which has sheltered us these 150 years, and not to disregard the lessons and experiences of the past.

Every thinking person realizes that the passing years bring with them changed conditions which affect the lives of the people and the Nation. Here I give you the words of Lincoln to the Congress in 1862, when he said, "The dogmas of the quiet past are inadequate to the stormy present. As our case is new, we must think anew and act anew." True today as it was then.

The Constitution itself contains provisions for its adaptation to the needs of the people. The fathers, conscious of their own inability to visualise conditions beyond their day, wisely made provisions for its amendment. Jefferson said that the people must from time to time be attentive to amendments to the Constitution, to make it keep pace with the advance of the age, in science and experience.

The question before us now, and in the coming campaign in my opinion will be: Shall the people retain control of their political destinies, or will they grant to a single individual supreme power to rule over them? Shall democracy still obtain, or shall we permit such changes in our fundamental law as to potentially set up a Fascist or dictator regime in these United States? Such matters transcend mere partisanship.

Forty years ago the book of the day was one bearing the Latin title "Quo Vadis?" which, freely translated, asks the question, "Which way are you going?" Let us propound that question to ourselves as citizens of this Nation, in the light of the revelations and trends in this, our day. Then may there rise before us the picture of old St. John's Church in Richmond on that afternoon in May 1775, as in the meeting of the House of Burgesses, Patrick Henry sprang up, and in his great patriotic speech said, "I have but one light to guide my feet, and that is the lamp of experience, I know of but one way to judge the future and that is by the past."

New Hampshire and Massachusetts have many common denominators, but none greater than the part which each State has played in the life and work of the immortal statesman, Daniel Webster. Born in New Hampshire, educated at Dartmouth College, starting his law practice in the Granite State, his later domicile in Massachusetts, his great legal attainments, his outstanding accomplishments in the Congress, his masterly defense of the Constitution; we join together in revering his memory.

So tonight, in this historic hall, where he once lifted up his voice in defense of this same Constitution which we tonight defend, let him again speak through his words uttered at the one hundredth anniversary of the birth of Washington, warning of the dangers of tampering with the Constitution.

"Other misfortunes may be borne or their effects overcome. If disastrous wars should sweep our commerce from the ocean, another generation may renew it; if it exhausts our Treasury, future industry may replenish it; if it desolates and lays waste our fields, still, under a new cultivation, they will grow green again and ripen to future harvests.

"But who shall reconstruct the fabric of demolished Government; who shall rear again the well-proportioned columns of constitutional liberty; who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again."

Webster, being dead, yet speaketh to us today, and out of the historic past of our Nation there come before us the spirit and admonitions of Madison, father of the Constitution; of Jefferson, coauthor and colaborer with him; of Washington, man of prescience; of Marshall, interpreter of the Constitution; and of Lincoln, lover of mankind. Could these but speak to us today, I am confident that they would join in the admonition of Webster, and unite with us in calling to our fellow Americans to defend their handiwork, and in insisting upon maintaining the allocation of powers between the coordinate brauches of our Government, as prescribed in the Constitution.

In conclusion, let me point out that there is always the danger that our defense of and expressions of regard for the Constitution may be confined to lip service. Its effectiveness lies in proportion to its being made alive in the influence of the daily lives of the men and women who constitute the United States.

It is said of Sparta in olden times that a stranger coming into the city was surprised at the lack of walls around it. Approaching Lycurgus he asked, "Where are the walls of Sparta?" And Lycurgus, pointing to the masses of citizens as they passed to and fro in the market place, said: "These are the walls of Sparta."

In like manner may the people of America, whose instrument the Constitution is and who themselves control its destiny, appraise anew the blessings and liberties which have been their heritage and constitute themselves as its powerful defense.

To this high calling I summon you tonight.

AN UNINTENTIONAL INJUSTICE TO VETERANS THAT SHOULD BE CORRECTED

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, unintentional but very obvious injustice is being done to thousands of veterans throughout the United States in the administration of work relief. I have brought this matter to the attention of Hon. Harry Hopkins, the Works Progress Administrator, and I hope that an amendment to the regulations may speedily be adopted which will terminate this discrimination. My letter to Mr. Hopkins is as follows:

My dear Mr. HOPKINS: In the performance of my duties as a Member of Congress I am called upon to assist many veterans who draw low rates of compensation and who find that in the administration of Government relief they are automatically cut off by existing regulations from participating in work relief with its higher monthly benefits. This, it seems to me, is an unintentional but very obvious injustice imposed upon many thousands of veterans throughout the United States, and is, in fact, a wrong that should be speedily corrected.

As a concrete illustration I quote from a letter just received from an Indianapolis veteran, who says: "Just a few lines in regard to a job on this F. E. R. A. work. I have been up to see them about a job, and they tell me that I have to be on relief. I am an ex-soldier and I draw $22.50 a month compensation, and I can't get on relief. I am living with my father, who is going blind, and we cannot make it on what I get. I have lived in this city all my life."

If this veteran were not drawing a small pittance from the Government in the form of veterans' compensation he would be on relief and would be eligible for work relief at a salary somewhere between $55 and $94 a month, according to his qualifications, but in no event less than $55 a month.

All over the United States veterans are finding, or will find, themselves shut out of work-relief employment for the reasons cited by my constituent. I feel sure that it is not the intention that any injustice should be done the veterans in the administration of the great work-relief program. For that reason I wish to present the suggestion that the regulations shall be so amended that veterans may at least be granted enough days' work each month to make up the difference between the amount of their meager compensation and the amount they would receive regularly if they were on relief and were transferred from the relief rolls to work relief. In that event the constituent whose letter is quoted above would be allowed work equivalent to $32.50 per month, if his status is that of a common laborer, or more if his qualifications are of a higher order.

I know that there is no thought or purpose to discriminate against the men who fought to save the Nation in its darkest hours, and I respectfully ask that the regulations be modified so as to wipe out the real injustice that now exists in the administration of work relief.

Very sincerely yours,

LOUIS LUDLOW, M. C.

THE PHILIPPINE ISLANDS

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 19 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands", I transmit herewith a set of the laws and resolutions enacted by the Tenth Philippine Legislature during its first regular session, from July 16 to November 8, 1934, and its first special session, April 8, 1935.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *August 5, 1935.*

REVENUE BILL OF 1935

The SPEAKER. The unfinished business today is the motion of the gentleman from Massachusetts to recommit the bill (H. R. 8974) to provide revenue, equalize taxation, and for other purposes.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON and Mr. SNELL demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 282, nays 95, not voting 52, as follows:

[Roll No. 154]

YEAS—282

Adair	Duffey, Ohio	Kopplemann	Rankin
Amlie	Duffy, N. Y.	Kramer	Rayburn
Andresen	Duncan	Kvale	Reilly
Arnold	Dunn, Pa.	Lambertson	Rich
Ashbrook	Eagle	Lambeth	Richards
Ayers	Eckert	Larrabee	Robinson, Utah
Beam	Ekwall	Lea, Calif.	Rogers, Okla.
Beiter	Ellenbogen	Lemke	Romjue
Bell	Evans	Lewis, Colo.	Ryan
Berlin	Faddis	Lewis, Md.	Sabath
Binderup	Farley	Lloyd	Sadowski
Blanton	Fiesinger	Lucas	Sanders, La.
Bloom	Fitzpatrick	Luckey	Sanders, Tex.
Boehne	Flannagan	Ludlow	Sandlin
Boileau	Fletcher	Lundeen	Sauthoff
Boland	Ford, Calif.	McAndrews	Schaefer
Boylan	Ford, Miss.	McClellan	Schneider
Brennan	Fuller	McCormack	Schuetz
Brewster	Fulmer	McFarlane	Schulte
Brooks	Gambrill	McGehee	Scott
Brown, Ga.	Gasque	McGrath	Scrugham
Brown, Mich.	Gassaway	McLaughlin	Sears
Brunner	Gehrmann	McReynolds	Secrest
Buchanan	Gilchrist	McSwain	Sirovich
Buck	Gildea	Mahon	Sisson
Buckler, Minn.	Gillette	Maloney	Smith, Wash.
Buckley, N. Y.	Gingery	Mansfield	Snyder
Burdick	Goldsborough	Marcantonio	Somers, N. Y.
Caldwell	Gray, Ind.	Martin, Colo.	South
Cannon, Mo.	Gray, Pa.	Mason	Spence
Cannon, Wis.	Green	Massingale	Stack
Carlson	Greenway	Maverick	Starnes
Carmichael	Greenwood	May	Steagall
Carpenter	Gregory	Mead	Stefan
Cary	Griswold	Meeks	Sullivan
Casey	Guyer	Merritt, N. Y.	Sumners, Tex.
Castellow	Gwynne	Mitchell, Ill.	Tarver
Celler	Haines	Mitchell, Tenn.	Taylor, Colo.
Chandler	Hamlin	Monaghan	Taylor, S. C.
Citron	Hancock, N. C.	Montet	Terry
Clark, Idaho	Harlan	Moran	Thom
Coffee	Hart	Moritz	Thomason
Colden	Harter	Mott	Thompson
Cole, Md.	Healey	Murdock	Thurston
Colmer	Higgins, Mass.	Nelson	Tolan
Connery	Hildebrandt	Nichols	Tonry
Cooley	Hill, Ala.	Norton	Truax
Cooper, Tenn.	Hill, Knute	O'Brien	Turner
Costello	Hill, Samuel B.	O'Connor	Umstead
Cox	Hobbs	O'Day	Utterback
Cravens	Hoeppel	O'Leary	Vinson, Ga.
Crosby	Hook	O'Malley	Vinson, Ky.
Cross, Tex.	Hope	O'Neal	Wallgren
Crosser, Ohio	Houston	Owen	Walter
Crowe	Huddleston	Palmisano	Warren
Cummings	Hull	Parsons	Weaver
Daly	Imhoff	Patman	Welch
Dear	Johnson, Okla.	Patterson	Werner
Deen	Johnson, Tex.	Patton	West
Delaney	Johnson, W. Va.	Pearson	Whittington
DeRouen	Jones	Peterson, Fla.	Wilcox
Dies	Kee	Pettengill	Williams
Dingell	Keller	Pfeifer	Wilson, La.
Disney	Kelly	Pierce	Withrow
Dobbins	Kennedy, Md.	Pittenger	Wood
Dorsey	Kennedy, N. Y.	Polk	Woodrum
Doughton	Kenney	Quinn	Young
Doxey	Kerr	Rabaut	Zimmerman
Drewry	Kloeb	Ramsay	Zioncheck
Driscoll	Kniffin	Ramspeck	
Driver	Kocialkowski	Randolph	

NAYS—95

Allen	Burnham	Dempsey	Granfield
Andrew, Mass.	Carter	Dirksen	Greever
Andrews, N. Y.	Cavicchia	Ditter	Halleck
Arends	Christianson	Dondero	Hancock, N. Y.
Bacharach	Church	Doutrich	Hartley
Bacon	Cole, N. Y.	Eaton	Hess
Biermann	Collins	Engel	Higgins, Conn.
Blackney	Cooper, Ohio	Englebright	Hoffman
Bland	Crawford	Fish	Hollister
Bolton	Crowther	Focht	Holmes
Buckbee	Darden	Gavagan	Jenckes, Ind.
Burch	Darrow	Gearhart	Jenkins, Ohio
Kahn	Marshall	Robsion, Ky.	Thomas
Kinzer	Martin, Mass.	Rogers, Mass.	Tinkham
Kleberg	Merritt, Conn.	Russell	Tobey
Knutson	Michener	Seger	Treadway
Lamneck	Millard	Short	Turpin
Lanham	Perkins	Smith, Va.	Wadsworth
Lehlbach	Plumley	Smith, W. Va.	Wearin
Lord	Powers	Snell	Wigglesworth
McLean	Ransley	Stewart	Wolcott
McLeod	Reed, Ill.	Sutphin	Wolfenden
Maas	Reed, N. Y.	Taber	Woodruff
Mapes	Robertson	Taylor, Tenn.	

NOT VOTING—52

Bankhead	Dockweiler	Lee, Okla.	Richardson
Barden	Dunn, Miss.	Lesinski	Rogers, N. H.
Bulwinkle	Edmiston	McGroarty	Rudd
Cartwright	Eicher	McKeough	Shanley
Chapman	Fenerty	McMillan	Shannon
Claiborne	Ferguson	Miller	Smith, Conn.
Clark, N. C.	Fernandez	Montague	Stubbs
Cochran	Frey	O'Connell	Sweeney
Corning	Gifford	Oliver	Underwood
Culkin	Goodwin	Parks	Wheichel
Cullen	Hennings	Peterson, Ga.	White
Dickstein	Jacobsen	Peyser	Wilson, Pa.
Dietrich	Kimball	Reece	Wolverton

So the bill was passed.

The following pairs were announced:

On this vote:

Mr. Cullen (for) with Mr. Wilson of Pennsylvania (against).
Mr. Barden (for) with Mr. Gifford (against).
Mr. Rudd (for) with Mr. Reece (against).
Mr. McKeough (for) with Mr. Goodwin (against).

Until further notice:

Mr. Wheichel with Mr. Culkin.
Mr. Cochran with Mr. Kimball.
Mr. Oliver with Mr. Dietrich.
Mr. Montague with Mr. Stubbs.
Mr. Bulwinkle with Mr. Eicher.
Mr. Parks with Mr. Frey.
Mr. Miller with Mr. McGroarty.
Mr. McMillan with Mr. Ferguson.
Mr. Bankhead with Mr. Edmiston.
Mr. Chapman with Mr. Claiborne.
Mr. Dickstein with Mr. Clark of North Carolina.
Mr. Cartwright with Mr. Shanley.
Mr. Peterson of Georgia with Mr. Dockweiler.
Mr. Rogers of New Hampshire with Mr. Lesinski.
Mr. Sweeney with Mr. Corning.
Mr. O'Connell with Mr. Richardson.
Mr. Smith of Connecticut with Mr. Dunn of Mississippi.
Mr. White with Mr. Fernandez.
Mr. Jacobsen with Mr. Underwood.
Mr. Hennings with Mr. Lee of Oklahoma.

Mr. BOLAND. Mr. Speaker, my colleague, Mr. FREY, is unavoidably detained. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

On motion of Mr. DOUGHTON, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COOPER of Tennessee. Mr. Speaker, I desire to announce that the distinguished gentleman from New York, Mr. CULLEN, who has rendered such valuable assistance in the bill just passed, is unavoidably detained. I am authorized to announce that if present he would have voted "no" on the motion to recommit and "aye" on the passage of the bill.

Mr. SABATH. Mr. Speaker, my colleague, Mr. MCKEOUGH, is unavoidably absent. If present, he would vote "aye" on the passage of the bill.

Mr. CLARK of Idaho. Mr. Speaker, my colleague, Mr. WHITE, is unavoidably absent. If present, he would have voted "aye" on the passage of the bill.

SMOKE IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2034) to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes, insist on the House amendment, and agree to the conference asked for by the Senate.

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mrs. NORTON, Mrs. JENCKES of Indiana, and Mr. DIRKSEN.

PROSTITUTION IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 405) for the suppression of prostitution in the District of Columbia, insist on the House amendment, and agree to the conference asked for.

There being no objection, the Speaker appointed as conferees on the part of the House Mrs. NORTON, Mr. PALMISANO, and Mr. DIRKSEN.

RESTRICTION OF RESIDENCE OF MEMBERS OF THE FIRE DEPARTMENT

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3641) to amend section 559 of the Code of the District of Columbia as to restriction on residence of members of the fire department, with Senate amendment, and agree to the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 1, line 3, after "of" where it appears the first time, insert "Title 20 of."

Mr. BLANTON. Reserving the right to object, I want to ask the lady just what this Senate amendment does?

Mrs. NORTON. It is merely a clarifying amendment.

Mr. BLANTON. It does not change the law in any respect?

Mrs. NORTON. Not in any way.

The Senate amendment was agreed to.

RESIDENCE OF MEMBERS OF THE POLICE DEPARTMENT

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3642) to amend section 483 of the Code of the District of Columbia as to residence of members of the police department, with a Senate amendment, and agree to the Senate amendment.

There being no objection, the Clerk read the Senate amendment, as follows:

Page 1, line 3, after "of" where it appears the first time, insert "Title 20 of."

The Senate amendment was agreed to.

AMENDMENT TO UNION STATION ACT

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7447) to amend an act to provide for a Union Railroad Station in the District of Columbia, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The SPEAKER. The gentlewoman from New Jersey asks unanimous consent to take from the Speaker's table the bill H. R. 7447, with Senate amendments thereto, and concur in the Senate amendments. The Clerk will report the Senate amendments.

The Clerk read the Senate amendments, as follows:

Page 2, strike out line 18 and insert "connecting."

Page 2, line 19, after "with", insert "New York Avenue at such point as may be determined by the said Commissioners between Fourth Street Northeast and."

Page 2, lines 20 and 21, strike out "at its intersection with New York Avenue."

Page 2, line 24, after "bridge", insert ", said viaduct bridge either to connect directly with New York Avenue at grade or to pass over said avenue with connections thereto as the said Commissioners may direct."

Page 4, lines 20 and 21, strike out "subway or underpass structure, retaining walls, and."

Page 4, line 22, after "District of Columbia", insert "the cost of maintenance of said subway or underpass structure and the retaining walls is to be borne entirely by said railroad companies."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider the vote by which they were concurred in was laid on the table.

ESTATES OF VETERANS, ETC.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3979) to safeguard the estates of veterans derived from payments of pensions, and so forth, with Senate amendments thereto, and concur in the Senate amendments.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to take from the Speaker's table the bill H. R. 3979, with Senate amendments thereto, and concur in the same. The Clerk will report the Senate amendments.

The Clerk read the Senate amendments, as follows:

Page 1, line 6, after "compensation", insert "adjusted compensation,".

Page 4, line 21, strike out all after "beneficiary" down to and including "paid", in line 2, page 5.

Page 6, line 13, after "amended", insert "Public Law No. 484, Seventy-third Congress."

Page 6, line 14, strike out "thereto" and insert "of such acts."

Page 7, lines 6 and 7, strike out ", or any action begun thereunder," and insert "before the enactment of this act."

Page 7, line 8, strike out "thereof" and insert "of said sections."

Page 8, line 11, after "passage", insert ", but the provisions hereof shall apply to payments made heretofore under any of the acts mentioned herein."

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I reserve the right to object. Has this been passed by the Veterans' Committee unanimously?

Mr. RANKIN. It was passed by the Committee on World War Veterans' Legislation.

Mr. RICH. Unanimous report?

Mr. RANKIN. Yes; and passed the House unanimously, and the Senate unanimously with these amendments. I have also consulted with the ranking minority member on the committee.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point a letter from the Administrator of Veterans' Affairs.

The SPEAKER. Is there objection?

There was no objection.

The letter referred to is as follows:

VETERANS' ADMINISTRATION,
Washington, July 31, 1935.

Hon. JOHN E. RANKIN,
House of Representatives, Washington, D. C.

MY DEAR MR. RANKIN: This letter has reference to H. R. 3979, an act to safeguard the estates of veterans derived from payments of pension, compensation, emergency officers' retirement pay and insurance, and for other purposes, which was passed by the House of Representatives June 3, 1935, and which was passed by the Senate with amendments on July 29, 1935. The amendments adopted by the Senate are set forth in the report of the Committee on Finance, Report No. 1072, Calendar No. 1121, and for your information and consideration will be set out as follows:

"On page 1, line 6, of the bill as adopted by the House, there was inserted after 'compensation' the words 'adjusted compensation.'"

The purpose of this amendment is to authorize and permit the Administrator to supervise adjusted-compensation funds paid to a guardian of an Administration beneficiary the same as is done with respect to all other benefits so paid.

"On page 4, line 21, following the word 'beneficiary', there was struck out the comma and inserted in lieu thereof a period, and there was struck out all of the language following in that sentence, including lines 21 to 25, inclusive, page 4, and lines 1 and 2, page 5."

The effect of this amendment will be to avoid the payment of interest on the moneys deposited in the "fund due incompetent beneficiaries", as was provided by the House bill. The Bureau of the Budget indicated that if this provision were omitted, the bill would be in accordance with the President's financial program. It is understood that the position of the Acting Director of the Budget is that since this fund is quite active, due to monthly accretions thereto and withdrawals therefrom, the calculation of interest would entail great administrative difficulty and, further, that the payment of interest would constitute a departure from long-established governmental procedure. Further, funds so held are not subject to the ordinary fees and expenses allowable to a fiduciary administering the estate of an incompetent or minor beneficiary, and while on deposit in the "fund" there is no hazard of investment.

"On page 6, line 13, after 'amended', the following was inserted: 'Public Law No. 484, Seventy-third Congress'; and on the same page, line 14, the word 'thereto' was struck out and in lieu thereof there was substituted 'to such acts.'"

The purpose of this amendment is to extend the provisions of section 2, concerning embezzlement, to moneys paid a fiduciary appointed for a beneficiary entitled to payments under Public, No. 484, or under any of the amendments to said act and to the other acts mentioned in said section. In other words, it is to make for uniform application of the penal provisions concerning embezzlement of funds paid guardians of administration beneficiaries.

"On page 7, after the word 'committed', in line 6, there was struck out the comma and the following language in lines 6 and 7: 'or any action begun thereunder', and there was substituted in lieu thereof 'before the enactment of this act.' On the same page, line 8, after 'terms', there was struck out 'thereof' and inserted in lieu thereof 'of said sections.'"

The purpose of this amendment is to make clear that any offense committed under the various penal acts repealed by this act, where such offense occurred prior to said repeal, may be prosecuted under the provisions of the acts repealed.

"On page 8, line 11, after 'passage', there was struck out the period and inserted a comma and the following: 'but the provisions hereof shall apply to payments made heretofore under any of the acts mentioned herein.'"

The purpose of this amendment is to make it absolutely clear that while the act is prospective in its operation it will apply in the future to payments made heretofore; that is, the provisions as to supervision of estates in the hands of fiduciaries contained in section 1, the provisions as to embezzlement contained in section 2, and those regarding exemptions contained in section 3 will apply uniformly in the future to payments made at any time under any of the acts mentioned in this act. It is believed that this amendment removes any question of construction and makes the bill absolutely clear in this respect.

I am enclosing a copy of H. R. 3979 as it passed the Senate, which shows the foregoing amendments as made to the bill which passed the House of Representatives. There is also enclosed a copy of Senate Report No. 1072, which accompanied H. R. 3979.

I desire to state that the amendments adopted by the Senate are entirely satisfactory to the Veterans' Administration, and I believe that the bill, if enacted, will be of great benefit in the carrying out of the program of the Veterans' Administration looking toward the safeguarding of the interests of its beneficiaries who are under legal disability, which program was initiated in accordance with the laws enacted by Congress.

I desire to take this opportunity to thank you and through you to express appreciation to the committee of which you are chairman for the cooperation that has been extended to the Veterans' Administration and for the great help which will, I am sure, result from the efforts of yourself and your associates on behalf of the incompetent and of the minor beneficiaries of this Administration. The present bill, as amended, is the result of such efforts, and will, I am sure, enable me to carry out fully the desires of the Congress with respect to these beneficiaries.

Very truly yours,

FRANK T. HINES, *Administrator.*

The SPEAKER. The question is on agreeing to the Senate amendments.

The Senate amendments were concurred in.

A motion to reconsider the vote by which the Senate amendments were concurred in was laid on the table.

BOARD OF SHORTHAND REPORTING

Mr. EAGLE. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H. R. 4887, to create a board of shorthand reporting, and for other purposes.

The SPEAKER. The gentleman from Texas asks unanimous consent for the present consideration of the bill H. R. 4887. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object in order to get an explanation of what the bill does.

Mr. EAGLE. Mr. Speaker, the bill provides for the appointment by the President, and confirmation by the Senate, of a board of shorthand reporting, made up of three members. It will not cost the Government a single penny.

Mr. SNELL. Does it come with the unanimous report from the Committee on the Judiciary?

Mr. EAGLE. It does.

Mr. MICHENER. I beg the gentleman's pardon, but it does not. I reserve the right to object. There is no minority report filed, but it was not unanimously reported by the Committee on the Judiciary.

Mr. EAGLE. I thought it was.

Mr. MICHENER. As a matter of fact, the bill sets up a board to require people engaged in shorthand reporting, especially for the Government, to take an examination and get a certificate. It is very similar to a certificate for public accountants, and makes it standard all over the country. I do not think the bill ought to be passed here without consideration. It is not an emergency.

Mr. EAGLE. Mr. Speaker, further replying to my friend from New York [Mr. SNELL] and to the observation of the gentleman from Michigan, at the present time and for years past contracts have been and are let for shorthand reporting for the boards, bureaus, departments, commissions, and other independent agencies of the committee to the lowest bidder. The result has been total incompetency, so that the stenographic reports are not worth the paper they are written on, in many instances. They are not reliable.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. EAGLE. Mr. Speaker, if I may first answer the gentleman from New York. The Senate Committee on the Judiciary has reported the bill, and the Senate has unanimously passed the bill. The subcommittee of the House Committee on the Judiciary reported it with an amendment, which corresponds with the amendments already in the bill as passed by the Senate. The full committee of the House Committee on the Judiciary considered the report made to it by its own subcommittee, and I thought had unanimously reported it. At least, it was favorably reported and the chairman requested a report thereof be made, which was made and is printed and on the calendar. I see no reason why my friend should object to its present consideration.

Mr. MICHENER. There are at least three members of the committee on both sides here right now who did not vote for it, and they are ready to object to it. It is not a new bill. It is a matter that has been before the Congress for years, and to bring it up at this time under unanimous consent is something I do not think should be done.

Mr. EAGLE. How else can it be brought up except at some time?

Mr. McFARLANE. Mr. Speaker, I demand the regular order.

Mr. MICHENER. Mr. Speaker, I object.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2666) for the relief of the Nacional Destilerias Corporation. The bill has been passed by the Senate, and a similar bill has been unanimously reported from the House Committee on Claims and is now on the House calendar. This is a very worthy bill, and it needs this finishing touch. I hope the gentleman will not object.

Mr. TRUAX. Reserving the right to object, on what calendar is this bill?

Mr. LUDLOW. It is on the Private Calendar.

Mr. TRUAX. Why not consider it tomorrow?

Mr. LUDLOW. It will not be reached tomorrow. It will probably not be reached this session.

Mr. TRUAX. What is the bill?

Mr. LUDLOW. It is a bill for the relief of the Nacional Destilerias Corporation, of Indianapolis, Ind.

Mr. TRUAX. Is that the so-called "Whisky Trust" that we hear so much about?

Mr. LUDLOW. Oh, no. It has no connection with the Whisky Trust. The Nacional Destilerias Corporation of Indianapolis imported 265 cases of gin from the Philippines. When those goods arrived at the port of Seattle the company paid the tax on the gin. It was then discovered that it was not up to standard. It was rejected in toto and the gin was sent back to the Philippines. In the meantime, this corporation had paid the tax. This bill simply provides that the tax which the corporation paid shall be refunded to it. I do not believe that anyone will say that the tax should not be refunded. It is a perfectly simple case. The Government has no right to keep the corporation's money and the only way justice can be done is to pass this bill. I hope no one will object.

Mr. SNELL. Is not this bill on the Private Calendar?

Mr. LUDLOW. It has been reported from the House committee. It has passed the Senate. My request is for unanimous consent that it may be made a finished piece of legislation by the acceptance of the Senate bill.

Mr. SNELL. It seems to me that should come up in the normal and regular way the same as other bills.

Mr. LUDLOW. I will say that it is so far down on the Private Calendar that it probably will not be reached this session. As it has passed the Senate and has the unanimous approval of the House Committee on Claims, I hope the gentleman will not object.

Mr. SNELL. I have three bills in the same situation. If we are going to start in I want to take them all up, but I understand it is the intention to go through this Private Calendar before the Congress adjourns.

Mr. LUDLOW. Of course, if the gentleman wants to object, that is his privilege, and I cannot help it. I only

hope that he will see this matter as I do and permit the bill to be taken up.

Mr. SNELL. I think the gentleman is unfair in calling it up at this time.

Mr. LUDLOW. Since it has been reported unanimously by the House Committee and since it has passed the Senate, I see no reason why it should not be taken up.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

Mr. TABER. Mr. Speaker, I object.

RELIEF OF GEORGE WILLIAM HENNING

Mr. BURNHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2125) for the relief of George William Henning, with Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 5, strike out "$3,000" and insert "$1,500."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider the vote by which the Senate amendment was agreed to was laid on the table.

EXTENSION OF REMARKS

Mr. FORD of California. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. FORD of California. Mr. Speaker, political observers are well aware of the fact that the issue between the new deal and the old order is being sharply drawn right now. While business was facing ruin and while it was being saved by the emergency legislation of the new deal, its spokesmen permitted this administration to sandwich in social legislation designed to bring new hopes and new opportunities to the rank and file of our people.

But now that business is on its feet, its spokesmen are again mounting the rostrum and preaching their gospel of exploitation.

Let me say, in passing, that I do not consider that these spokesmen, supported by what we know as special interests, represent the feeling or the opinion of the majority of business men. They represent the exploiters, the special interests, the unenlightened and unconverted supporters of an order that has failed.

One of these is that false prophet, Roger Babson, who from 1926 to 1929 preached to a nation of speculators that the millenium was at hand, and who from 1930 to 1933 kept seeing a vision of a prosperity that hovered just around the corner.

Babson is out again. His latest shot was fired at Wellesley, Mass., before the summer Institute for Social Progress.

There Mr. Babson made some astonishing statements. He said we must do two things in order to be prosperous:

First. Encourage production, so that there will be more to divide.

Second. Reduce the number of wage earners, so that there will be fewer to divide among.

This contradictory program, if it means anything, means that the workingman and woman is to be made to work harder and longer. For, with a decreased number of workers, increased production involves heavier burdens on the individual producers.

Of course, the program is chimerical and worse. Our aim must be to shorten hours of labor and to increase the number of men and women employed. Only by putting all of our employable men and women to work can we keep our relief rolls down and our consumption and production up. Yet Babson suggests birth control, with the object, as our false prophet puts it, of bringing about a condition where "those who produce more than they consume shall be encouraged to breed, while those who do not should be taught not to breed."

While we are learning all about breeding, those now unemployed may starve. Who cares for the present population? Let us think only of the strange millennium, planned only for those who produce more than they consume. In that millennium where would Babson be?

Mr. Babson's economic theories, if we can so dignify such a contradictory set of dicta as anything but economic balderdash, are as antiquated as the stage coach. His major premise is his major fallacy. This is that poverty is due to scarcity of commodities. This derives from the outworn Malthusian theory that population tends to increase faster than the means of subsistence. Even before the machine age increased our productive power far beyond our ability to purchase and consume our products, the Malthusian theory had been shot as full of holes as a discarded shooting gallery target.

Every literate person knows that we can produce more of the needed commodities—wheat, cotton, corn, hogs, beef, fruits, vegetables, and all the rest—than our people can possibly purchase and consume. It is false to say that poverty and want and hunger are due to a scarcity of goods.

While wealth and prosperity are impossible without plenteous production, they are just as impossible under a system wherein some commodities are produced in such excess that the producer is unable to make a living.

If all our farmers produce all the wheat they possibly can, and have to sell it on a glutted market at a price below the cost of production, they will be ruined. If our farmers are ruined, as they very nearly were under the regime of Babsonism, they will be obliged to cease producing. And, then, indeed, dire want will prevail.

In the same way, if all our cotton land were planted and cultivated so as to produce the largest possible amount of cotton, our cotton farmers would be ruined, because they would be unable to sell their product on a glutted market at a price that would enable them to make ends meet.

These two examples illustrate the fallacy of those who, like Babson, shriek against controlled production of basic commodities.

We have, under controlled production, plenty of wheat; and that in spite of last year's drought. We have plenty of meat; and that in spite of last year's drought.

I know that it is a tragic truth that in this land of plenty thousands of our people are unable to buy as much food as they could well consume. But even if every man, woman, and child in the United States were in a position to purchase all the wheat and wheat products and all the meat they could use, there would be no scarcity.

The tragic failure of those who flourished in high places and encouraged a false and speculative prosperity during the unenlightened era of the unleashed profiteers, from 1921 to 1933, was due to a reliance on the brand of economics for which Babson stands.

That economics was concerned with profits. Not small and reasonable profits, earned by production, but enormous profits gotten by methods as dishonest as they were spectacular. The holding-company racket, the stock-market racket, the investment-trust racket, were all encouraged and all considered as sound and just.

A perverted moral sense might seem to have been responsible for such a state of business ethics. A calm appraisal, however, justifies our attributing much of it to a hysteria that banished all judgment and all standards of integrity.

Doubtless some of the exploiters knew what they were doing and knew how to get out and leave their victims holding the bag. But many naturally honest men were confused and misled. And among those who misled them were such forum hounds as Roger Babson.

What was done ruined millions of frugal and trusting people. That is a cold fact, and we have to face it. Attempted punishment of the racketeers in high places has proven unsuccessful and unproductive of any good to anybody. But we have one clear duty to perform, and that is to prevent a recurrence. Sound legislation to that end has been passed or is in the process of being passed.

And it is this very legislation that has aroused the pirates from their lairs and caused them to band together to prevent the passage of such legislation. This is what concerns us

now. We must be on our guard or those false leaders of finance and of business will once again get control.

Even if we could conceive of these men being honest and sincere we could not trust them, because their thinking is wrong and is antisocial. They see only profits. To them finance and industry are not instruments to be used to promote human well-being and widely distributed prosperity. They are instead instruments by which to profiteer and exploit.

The vision of a happy nation of people, well housed and well clothed, properly nourished, and enjoying to the full the plenteous production of a regulated machine age is uninspiring to the exploiters. They see in widely distributed plenty less opportunity for the piling up of enormous fortunes.

They are not interested in balancing production to our needs. They prefer to have surpluses piled up in certain lines so they can profit. They scoff at the idea of keeping our farmers on their farms prosperous and protected from the profiteers. They prefer the uncertainties of an unregulated and unbalanced production, because it is under those very uncertainties that the profiteers reap their harvest.

So now they are putting up the cry against controlled production. And some, who know that production is essential to prosperity, do not stop to analyze, but instead bewail the curtailment of overproduction in some lines and the encouragement of needed production in others.

The same cry is being made over legislation passed by this Congress in the interest of justice to labor. It will, forsooth, increase the cost of living, say our false profits. How will providing for a peaceful and fair way of solving labor disputes between employer and employee increase the cost of living? It will promote steady employment at fair wages, will increase production, add to pay rolls, create additional purchasing power in the hands of the masses, and thus promote business and prosperity. But it will also prevent gross profiteering in industry. Hence the prophets of profiteering are against it, as they are against the new deal in all its phases.

The new economics is less concerned with profits than it is with human welfare. It encourages balanced production because it knows the wealth of a nation depends upon production. But production is to be balanced and promoted in order that our people may enjoy its products. We are going to produce for consumption and not in order that a few piratical groups may become overwhelmingly rich while the many go hungry and homeless and enormous surpluses go to waste on our farms. Produce enough for all to have plenty, including the producer; avoid wasteful surpluses in some products; and stimulate production where needed. Thus we shall be producing for use and for human happiness.

The new-deal economists are not advocating any change in our democratic system. They are not advocating any abandonment of the Constitution. They believe that our system, by proper control and strict regulation, can be made to function for the benefit of all the people. They believe that under our Constitution, amended from time to time as changing conditions have indicated and may indicate, we can continue to enjoy personal and political liberty and at the same time have our economic rights protected. In fact, we think that by using our brains and our efforts we can adapt our system to the machine age and thus bring to all our people a share of our national plenty.

EXPLANATION OF VOTE

Mr. KOPPLEMANN. Mr. Speaker, a few moments ago we voted on the revenue bill of 1935. Two of my colleagues, the gentleman from Connecticut, Mr. SMITH, and the gentleman from Connecticut, Mr. SHANLEY, were on official business at the Department of Justice and were unable to be present and did not vote. Had they been present, they would have voted "aye."

INTERNATIONAL STATISTICAL INSTITUTE

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 139, requesting the President to extend to the International Statistical Institute an invitation to hold its twenty-fourth session in the United States in 1939.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. SNELL. Reserving the right to object, will the gentleman tell us what this is?

Mr. McREYNOLDS. This simply gives the President the right to extend an invitation to the International Statistical Institute to meet in this country in 1939.

Mr. SNELL. Is there any expense attached to this?

Mr. McREYNOLDS. Not a cent. The committee would not have passed the resolution out had there been any expense attached to it.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read as follows:

Whereas the American Statistical Association will celebrate its centenary in 1939; and

Whereas it desires to invite the International Statistical Institute, an international organization with similar objectives, to be its guest at that time; and

Whereas for 50 years the institute has met on invitation from the government of the country in which the meeting occurs: Therefore, be it

Resolved, etc., That the President be, and he is hereby, requested to extend to the International Statistical Institute an invitation to hold its twenty-fourth session in the United States in the year 1939.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

APPOMATTOX COURT HOUSE NATIONAL HISTORICAL PARK

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4507) to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 2, strike out "five" and insert "one and one-half."

Page 2, line 5, strike out "national-park" and insert "national-monument."

Page 2, line 8, strike out "park" and insert "monument."

Page 2, line 10, strike out "Park" and insert "Monument."

Page 2, line 13, strike out "section 1."

Page 2, line 25, after "thereof", insert "within the limits of the appropriation as authorized in section 2."

Page 3, line 5, strike out "Park" and insert "Monument."

Amend the title so as to read: "An act to amend sections 1, 2, and 3 of the act entitled 'An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.', approved June 18, 1930, and to establish the Appomattox Court House National Historical Monument, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. RICH. Reserving the right to object, I would like to know if this bill has been passed unanimously by the Committee on the Public Lands?

Mr. McSWAIN. This bill was passed unanimously by the Committee on Military Affairs and passed by the House of Representatives unanimously and went to the Senate and was amended in the particulars mentioned.

Mr. RICH. How many committees of the House deal with these public monuments and public parks?

Mr. McSWAIN. This started as a national military park, over which the Military Affairs Committee had jurisdiction. The Senate decided the Department of the Interior should have jurisdiction over such matters, and amended it accordingly, and we ask to concur in the amendments so that it will be under the jurisdiction of the Department of the Interior.

Mr. RICH. The gentleman knows we are establishing more monuments and more parks at this time, and after a while it will require greater taxation to maintain those parks.

I would like to know where the end is going to be in the establishment of national parks.

Mr. McSWAIN. Not being a prophet, I cannot inform the gentleman.

Mr. RICH. It will be a millstone around the neck of the taxpayers of this country.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. McSWAIN]?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

FORT KNOX MILITARY RESERVATION

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3329) to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the Fort Knox Military Reservation, Ky., for the construction thereon of certain public buildings, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to make transfers to the jurisdiction and control of the Secretary of the Treasury of such portions of the property at present included within the Fort Knox Military Reservation, Ky., and upon such conditions as may be mutually agreed upon by the Secretary of War and the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized to construct within the limits of the property so transferred such building or buildings, appurtenances, and approaches thereto, as he may deem adequate and suitable for the use of the Treasury Department as a depository, and for use in carrying out any other functions or duties of the Treasury Department: *Provided*, That upon cessation of such use the premises or any part thereof so transferred shall revert to the jurisdiction of the War Department.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider and a similar House bill (H. R. 8981) were laid on the table.

DEPARTMENT OF AGRICULTURE EXTENSIBLE BUILDING

Mr. LANHAM. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 3192) to increase the limit of cost for the Department of Agriculture Extensible Building.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. SNELL. Mr. Speaker, reserving the right to object, I would like to ask the gentleman a question. As I understand, it is absolutely necessary to have this bill passed at this time in order to complete a building for which the contract has been let. I understand also that it will materially reduce the expense to the Federal Government if it is done at this time.

Mr. LANHAM. I will say to my friend from New York that this has to do with the extensible building of the Department of Agriculture which has remained uncompleted for more than 21 months by reason of the fact that the Government has been unable to turn all the site over to the contractors. They have sustained certain losses in that regard, and this is to provide for the payment of such losses as may have been incurred after the items have been submitted to and passed upon by the Secretary of the Treasury and the Comptroller General.

If authorization is not made now there will simply be additional delay which will increase the cost to the Government. In the meantime the building remains unfinished and much of it not adapted to use.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. JENKINS of Ohio. Several English scholars have asked me the reason for the use of the word "extensible" in connection with this building. Can the gentleman enlighten me in this respect?

Mr. LANHAM. I will say to my friend from Ohio that I did not give the building this name. By any other name it might perform as worthy a function, but it seems now to be extensible in view of the fact that we are doing something in the way of an extension.

Mr. JENKINS of Ohio. It is being extended, certainly.

Mr. LANHAM. I should think the gentleman would get a more satisfactory answer to his question if he called upon the man who gave it that name.

Mr. JENKINS of Ohio. I never understood why it was called "extensible." It might well be called "extension."

Mr. TRUAX. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Texas some questions. As I understand this bill, it involves an extra authorization of $300,000 for the completion of the ends of one of the five wings of the Department of Agriculture Building. Is that correct?

Mr. LANHAM. The situation is this, the work to be done——

Mr. TRUAX. If the gentleman does not mind, would he answer me first about the amount; this provides an extra authorization of $300,000.

Mr. LANHAM. Three hundred and fifty thousand dollars.

Mr. TRUAX. There has already been spent in excess of $5,000,000 for this particular part of the Department of Agriculture Building. The total expenditure up to date, as I understand it, is more than $13,000,000 for this immense Department of Agriculture plant.

Mr. LANHAM. I think the gentleman's information is inaccurate in that regard.

Mr. TRUAX. Well, what is it, I would ask the gentleman?

Mr. LANHAM. The original authorization of appropriation was for $12,800,000.

Mr. TRUAX. That is not so far away from $13,000,000.

Mr. LANHAM. No; that is right.

Mr. TRUAX. The pending bill provides $350,000 more. The Comptroller General has refused to write a letter recommending that this legislation be enacted until the contractor furnishes the Comptroller General with an accurate statement of accounts.

Mr. LANHAM. I think the gentleman is in error in that statement.

Mr. TRUAX. No; not according to the report.

Mr. LANHAM. The letter in the report recently received from the Comptroller General is to the effect that in this way the matter can be settled and determined. Furthermore, this bill does not provide for any specific sum to be paid to the contractors. It provides simply that such an amount should be paid to the contractors as represents the cost they have been put to by the Government in the delay which the Government has caused them and for which they have been in no way responsible.

I will say to the gentleman that I hold in my hand a pictorial representation of the present condition down there.

Mr. TRUAX. That is a very good one. Any Member can see that condition by driving down this narrow street back here that has been partially closed off for 2 or 3 years. I contend that if they had used ordinary good business sense there the completion of this wing would have been concluded.

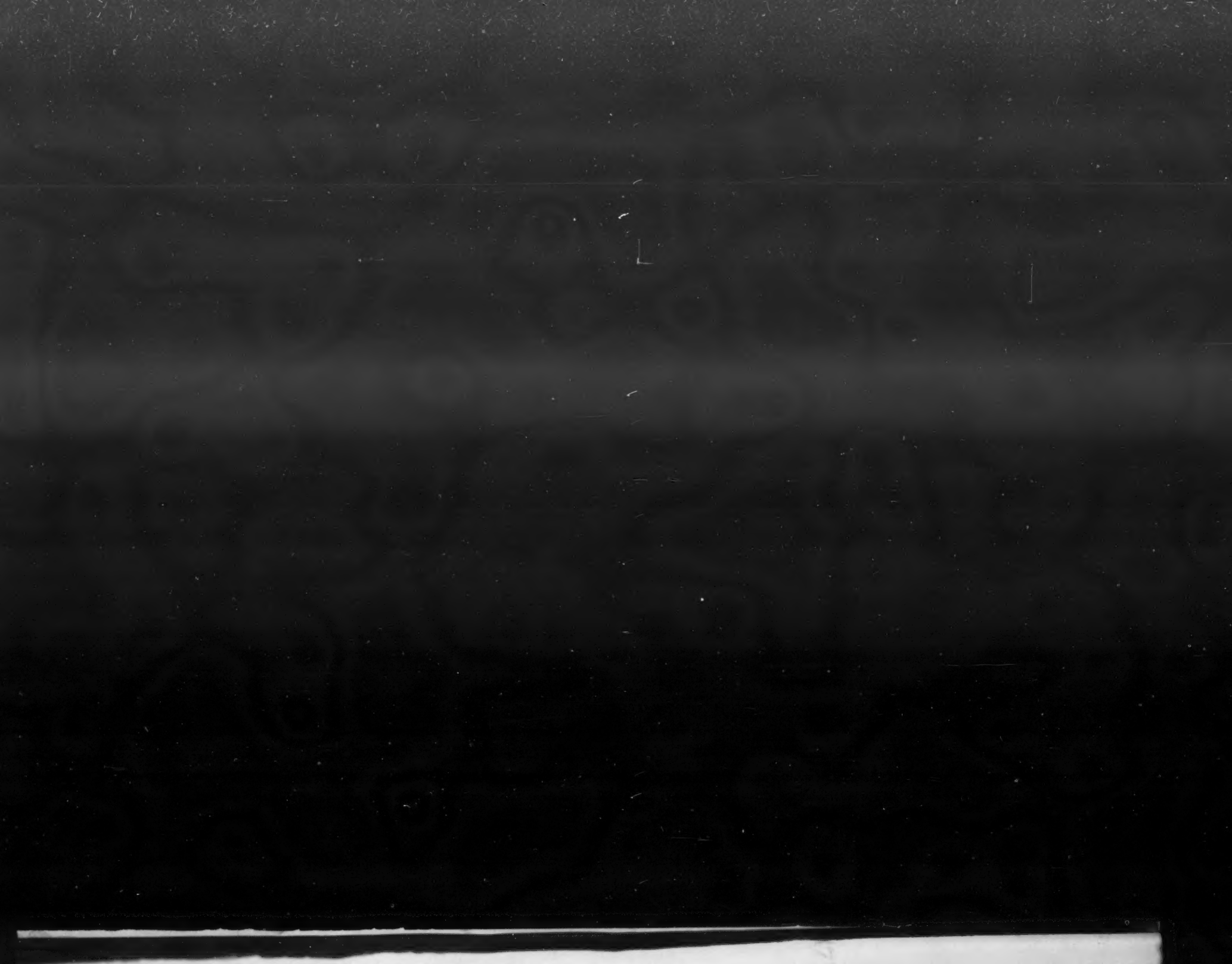
Now, the Comptroller General says that the contractor does not or will not furnish him with an accurate estimate of the damage he has sustained.

Mr. LANHAM. No. The contractors have been damaged and have submitted to the Treasury Department an itemized statement of the loss. It will have to be passed upon by both the Treasury Department and the Comptroller General.

May I call the attention of my friend from Ohio to the fact that if this matter is not determined at this session of Congress then it simply goes over an additional year, and the cost, naturally, increases. The most economical way of dealing with this matter is to give it attention at this time and prevent the accruing of further costs.

Mr. TRUAX. Why was not the claim brought in in the regular way? Why is it submitted here at the last moment when Congress is about to adjourn? This matter has been held up for a year or so, during which time that condition has existed.

Mr. LANHAM. The Department has not been in a position to turn over to the contractors the site upon which to carry out step three of this project. It has not been through any





fault of the contractors, but, on the contrary, it has been the fault of the Government.

Mr. TRUAX. I may say to the gentleman that this wing of the building, which is incomplete now, is intended to be used for an extension of the laboratory of the Food and Drug Division of the Department of Agriculture. I contend that the farmers of America are uninterested in that division. Further, it is going to be used to house more of these bureaucrats who are going to administer the contemplated food and drug bill to which thousands of people in this country are opposed. I contend they should be made to furnish this House with an accurate estimate and not just to appropriate the sum of $350,000.

Mr. HOFFMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HOFFMAN. How much time did the gentleman have?

The SPEAKER. The gentleman has asked unanimous consent for the immediate consideration of a bill.

Mr. COSTELLO. Should not the Court of Claims be called upon to determine the amount of loss?

Mr. LANHAM. It will be passed upon by the Treasury Department and the Comptroller General.

Mr. TRUAX. Mr. Speaker, I object to the present consideration of the bill.

FUNDS FOR MAINTENANCE OF PUBLIC ORDER

Mrs. NORTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 145, authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the period August 16, 1935, to August 31, 1935, both inclusive.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There being no objection the Clerk read as follows:

Resolved, etc., That the sum of $35,000, or so much thereof as may be necessary, is hereby authorized to be appropriated, payable wholly from the revenues of the District of Columbia, to maintain public order and protect life and property in the District of Columbia from the 16th day of August 1935 to the 31st of August 1935, both inclusive, including the employment of personal service, the payment of allowances, traveling expenses, hire of means of transportation, and other incidental expenses in the discretion of the said Commissioners. There is hereby further authorized to be appropriated the sum of $4,000, or so much thereof as may be necessary, payable as aforesaid, for the construction, rent, maintenance, and for incidental expenses in connection with the operation of temporary public-convenience stations, first-aid stations, and information booths, including the employment of personal services in connection therewith during such period

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JANE B. SMITH AND DORA D. SMITH

Mr. SNELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 351), for the relief of Jane B. Smith and Dora D. Smith, with Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate amendment, as follows:

Page 1, line 5, strike out "$7,500" and insert in lieu thereof "$5,000."

The Senate amendment was agreed to.

RIGHT-OF-WAY ACROSS SAN ANTONIO ARSENAL, TEX.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1726), to authorize the Secretary of War to grant a right-of-way for street purposes upon and across the San Antonio Arsenal, in the State of Texas.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the consideration of the bill?

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to grant an easement for a right-of-way to the city of San Antonio, State of Texas, to construct and maintain a street to be known as "Main Avenue", on the San Antonio Arsenal Military Reservation, Tex., on such terms and conditions as the Secretary of War may prescribe: *Provided*, That the construction and maintenance of said thoroughfare shall be without expense to the United States, and whenever the lands within said right-of-way shall cease to be used for street or highway purposes they shall revert to the United States.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SPANISH-AMERICAN WAR VETERANS

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HOUSTON. Mr. Speaker, the emergency which existed in the spring of 1933 and the despair of the people in the face of it was an opportune circumstance that was taken advantage of by the Economy League to bring to an immediate and successful conclusion the deliberate campaign of propaganda and misrepresentation which the league had then been waging for 2 years against the veterans of all wars. That campaign may be likened to an artillery barrage laid down upon an unsuspecting enemy. The object of that campaign was to demoralize the people, to destroy their confidence and pride and interest in their veterans and, by cruel, libelous, and cunning propaganda to prepare the people to acquiesce in the brutal punishment which the Economy Act was designed to mete out to the defenders of the Nation.

The CONGRESSIONAL RECORD, on the day that the bill was returned to the House from the Senate for conference after passage by both Houses, contains an accurate prediction in regard to the bill, made by the Honorable JAMES W. MOTT, as follows:

The business of this day will return to plague the Congress and the President as well. An act so inherently and so fundamentally wrong cannot endure the awakened conscience of the people when they realize, as at last they must, what they have done. Already the whirlwind of hysteria which made possible the enactment of this law is passing. Already regrets are heard from those who have thought it incumbent upon them to support this bill. I hope and I believe that in the not distant future the country will be ready to stand behind us in an effort to undo this wrong; to bring back at least within the scope of legislative jurisdiction the veterans who have this day been disinherited by their Congress, and to again restore constitutional and parliamentary government to the United States.

I believe that when every fact and circumstance is taken into consideration, among all of those who were unjustly penalized by the Economy Act the Spanish War soldiers suffered the worst infliction. I believe that the files of my office, almost bursting as they are with evidence from innumerable cases showing the hardships and distress through which Spanish War soldiers and their wives have passed since that ill-advised law was enacted, bear out this statement. The Economy Act was unjust toward many soldiers of other wars also, especially the World War, and I have done all I could to help them to secure a restoration of their rights, which, in part, has been realized.

At the time the Economy Act was passed, the status of the Spanish War soldiers was that they were about 60 years old on the average; that they were too old to obtain work; that they could not obtain evidence of the service origin of their disabilities because no records were kept when they left the service; and, in my opinion, they were entitled to continue to draw service pensions in reasonable amounts the same as the Civil War soldiers.

Great was my amazement and indignation when I found that instead of having to sustain only a reasonable cut, many of the Spanish War soldiers were cut off entirely and others were reduced to a pitiful $15 per month. Thus the Spanish War veterans and their wives, who had ordered their lives on the pension the veteran had been receiving and

who usually had no other means save the pension, were plunged into the depths of despair. Since that time thousands and thousands of our Spanish War comrades have gone through an awful experience, with indescribable suffering and misery as their lot—an experience that never should have come to them and their loved ones and which never would have come to them if the Government which they served so faithfully and well had been as sympathetic and as alive to its responsibilities as it should have been.

It will always be a subject of wonderment to me why the Spanish War veteran was picked on as he was in framing the Economy Act regulations. The Spanish War soldier was called into service under the same laws that had governed the calling out of Civil War veterans. They asked for nothing and received nothing in special favors, but took it for granted that their contract of enlistment with the Government carried with it just what the Civil War enlistment had carried for the Civil War soldiers.

As a service pension was granted to the Civil War veterans when they arrived at the average age of 46, so it was that in time a service pension also was granted to the Spanish War veterans, not quite so large perhaps, but a service pension just the same. They believed, and had every right to believe, that they would continue to be treated just as the Civil War veterans had been treated, and they arranged the future order of their lives on the basis of the pension they were receiving. So anyone can see what a tremendous drop, what an awful calamity befell them when the Economy Act regulations cut down their pension to a mere trifle.

The average Spanish War veteran is now past 61 years old. He cannot get a job, and in many cases he could not hold one if he could get it. Let any person 61 years old, veteran or nonveteran, try to get a job these days in industry and see how he will come out. The Spanish War veteran, receiving a piddling little pension, is not eligible for relief under our relief set-up because he receives that pension. As to proving service connection of his disabilities, that is out of the question. No one ever dreamed that he would have to prove service connection. No records of sickness during service were kept. With the veteran's bunk mates now deceased, his first sergeant and officers and regimental surgeon dead, he could not possibly make proof of service-connected injuries or disease.

The Spanish War veteran is entitled to be placed where the Civil War veteran was when the Civil War veteran was the same age. The soldier of the War with Spain is now the Nation's old soldier and should be treated as such. Remember that he was a volunteer and a member of one of the most patriotic and one of the worst-treated armies ever assembled by the American Republic. He is on his way to the last exit, and certainly in the closing years of his life he deserves relief from the pain and suffering that came to him under the Economy Act.

I am happy to say that I, a Member of the Seventy-fourth Congress, had the opportunity to support and vote for measures designed to sponge out these cruelties, and to enthrone justice where rank injustice held sway.

ATTENDANCE OF MARINE BAND AT AMARILLO, TEX.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3289) to authorize the attendance of the Marine Band at the United Confederate Veterans' 1935 Reunion at Amarillo, Tex.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. SNELL. Mr. Speaker, reserving the right to object, this is the same as has always been done in the past?

Mr. VINSON of Georgia. This is the usual kind of bill of this nature.

Mr. RICH. Mr. Speaker, reserving the right to object, do I understand that this is to send the Marine Band down to Texas?

Mr. VINSON of Georgia. That is correct.

Mr. RICH. How did they get permission to have the Marine Band go to Texas?

Mr. VINSON of Georgia. I am asking for that permission now.

Mr. RICH. There have been other requests made to have the Marine Band sent out and permission could not be obtained.

Mr. VINSON of Georgia. I think the gentleman is mistaken. I may say to the gentleman that every bill of this character in reference to the Grand Army of the Republic annual meeting and the Confederate Veterans' annual meeting has been favorably considered by the House, so far as I know. This is the usual bill of this character.

Mr. RICH. A request was made 2 years ago to have the Marine Band go to Rochester and permission was refused.

Mr. VINSON of Georgia. I may say to the gentleman that the Congress passed that bill; the money was appropriated, but the President held up the money. Those are the actual facts in the case.

Mr. RICH. There is $10,000 involved in this bill?

Mr. VINSON of Georgia. There is $10,000 involved in this bill; yes.

Mr. RICH. If the President held up the bill 2 years ago, how in the name of God can you get the money today when the Treasury is in debt to the extent of $31,000,000,000?

Mr. VINSON of Georgia. I may say to the gentleman that I do not know whether we can get the appropriation. This is merely an authorization, and I trust the gentleman will not object.

Mr. RICH. I hope the gentleman is not successful in getting the money.

The SPEAKER. Is there objection to the consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the President is authorized to permit the band of the United States Marine Corps to attend and give concerts at the United Confederate Veterans' reunion to be held at Amarillo, Tex., on September 3, 4, 5, and 6, 1935.

SEC. 2. For the purpose of defraying the expenses of such band in attending and giving concerts at such reunion there is authorized to be appropriated the sum of $10,000, or so much thereof as may be necessary, to carry out the provisions of this act: *Provided*, That in addition to transportation and Pullman accommodations the leaders and members of the Marine Band be allowed not to exceed $5 per day each for actual living expenses while on this duty, and that the payment of such expenses shall be in addition to the pay and allowances to which they would be entitled while serving at their permanent station.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 8914) was laid on the table.

REVENUE BILL OF 1935

Mr. HIGGINS of Massachusetts. Mr. Speaker, the gentleman from New Hampshire, Mr. ROGERS, has been unavoidably absent. Had he been present when the vote was taken on the revenue bill, he would have voted "aye."

Mr. HENNINGS. Mr. Speaker, I was unavoidably absent at the Post Office Department when the vote was taken on the revenue bill. Had I been present, I would have voted "aye."

GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

The SPEAKER. When the House adjourned on the last suspension day there was under consideration the bill (S. 2865) to amend the joint resolution establishing the George Rogers Clark Sesquicentennial Commission, approved May 23, 1928. The question is on the motion to suspend the rules and pass the bill. This motion is, therefore, the unfinished business, as the Chair understands debate was concluded on the measure.

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent, before the vote is taken, to offer a clarifying amendment, which I have sent to the Clerk's desk.

The SPEAKER. The gentleman from Indiana asks unanimous consent for the insertion of an amendment, which the Clerk will report.

The Clerk read as follows:

Page 1, line 6, after the word "Commission", insert the words "is continued from June 30, 1935, and", so that section 8 will read: "The Commission is continued from June 30, 1935, and shall cease and terminate June 30, 1937."

Mr. TABER. Mr. Speaker, reserving the right to object, this is a bill where they are coming back to the Treasury on the fourth trip in the erection of one monument. Inasmuch as this is a suspension I shall not object to the amendment of the bill and having the bill providing for their fourth trip to the Treasury just the way they want it, but I think we ought to defeat the bill.

Mr. GREENWOOD. I may say to the gentleman that this is just a clarifying amendment with respect to the legal phases of the Commission.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER. The question is on the motion to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 109, noes 34.

Mr. TABER. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 259, nays 90, not voting 80, as follows:

[Roll No. 155]

YEAS—259

Amlie	Duffy, N. Y.	Kocialkowski	Rayburn
Arnold	Duncan	Kopplemann	Reilly
Ashbrook	Dunn, Pa.	Kramer	Richards
Ayers	Eagle	Kvale	Richardson
Beam	Eckert	Lamneck	Robinson, Utah
Beiter	Edmiston	Lanham	Rogers, Okla.
Bell	Ellenbogen	Larrabee	Romjue
Berlin	Evans	Lee, Okla.	Russell
Biermann	Faddis	Lemke	Sabath
Bland	Farley	Lewis, Colo.	Sadowski
Blanton	Fiesinger	Lucas	Sanders, La.
Bloom	Fitzpatrick	Luckey	Sanders, Tex.
Boehne	Fletcher	Ludlow	Sandlin
Boileau	Ford, Calif.	Lundeen	Sauthoff
Boland	Fuller	McAndrews	Schneider
Bolton	Fulmer	McClellan	Schuetz
Boylan	Gambrill	McCormack	Schulte
Brennan	Gasque	McFarlane	Scott
Brooks	Gassaway	McGehee	Scrugham
Brown, Ga.	Gavagan	McGrath	Sears
Brown, Mich.	Gehrmann	McLaughlin	Secrest
Brunner	Gildea	McReynolds	Shanley
Buck	Gingery	Mahon	Sirovich
Buckbee	Granfield	Maloney	Smith, Conn.
Buckler, Minn.	Gray, Ind.	Mansfield	Smith, Va.
Buckley, N. Y.	Gray, Pa.	Mapes	Smith, Wash.
Burnham	Green	Martin, Colo.	Smith, W. Va.
Caldwell	Greenway	Mason	Snyder
Cannon, Mo.	Greenwood	Massingale	Somers, N. Y.
Cannon, Wis.	Greever	Maverick	South
Carmichael	Gregory	May	Spence
Carter	Griswold	Meeks	Stack
Cary	Guyer	Merritt, N. Y.	Starnes
Casey	Gwynne	Mitchell, Ill.	Steagall
Celler	Haines	Monaghan	Sutphin
Chandler	Halleck	Montet	Tarver
Citron	Hancock, N. C.	Moritz	Taylor, Colo.
Coffee	Harlan	Mott	Terry
Colden	Hart	Murdock	Thomason
Cole, Md.	Harter	Nelson	Thompson
Cooley	Healey	Nichols	Thurston
Cooper, Tenn.	Hennings	Norton	Tolan
Costello	Higgins, Mass.	O'Brien	Tonry
Cox	Hildebrandt	O'Connor	Treadway
Cravens	Hill, Ala.	O'Day	Turner
Cross, Tex.	Hill, Knute	O'Leary	Umstead
Crosser, Ohio	Hill, Samuel B.	O'Malley	Vinson, Ga.
Crowe	Hobbs	O'Neal	Vinson, Ky.
Cummings	Hoeppel	Owen	Wallgren
Daly	Huddleston	Palmisano	Walter
Dear	Imhoff	Parsons	Warren
Deen	Jenckes, Ind.	Patman	Wearin
Delaney	Johnson, Okla.	Patton	Weaver
Dempsey	Johnson, Tex.	Peterson, Fla.	Welch
Dickstein	Johnson, W. Va.	Pettengill	Werner
Dies	Jones	Pfeifer	West
Dingell	Kee	Pierce	Whittington
Disney	Keller	Pittenger	Wilcox
Dobbins	Kelly	Plumley	Williams
Dorsey	Kennedy, Md.	Quinn	Wilson, La.
Doughton	Kennedy, N. Y.	Rabaut	Withrow
Doxey	Kenney	Ramsay	Woodruff
Drewry	Kerr	Ramspeck	Zimmerman
Driscoll	Kleberg	Randolph	Zioncheck
Driver	Kloeb	Rankin	

NAYS—90

Allen	Andrews, N. Y.	Bacon	Carlson
Andresen	Arends	Blackney	Carpenter
Andrew, Mass.	Bacharach	Brewster	Castellow
Cavicchia	Gillette	Maas	Short
Christianson	Hancock, N. Y.	Marcantonio	Snell
Church	Hartley	Marshall	Stefan
Cole, N. Y.	Hess	Martin, Mass.	Taber
Collins	Higgins, Conn.	Merritt, Conn.	Taylor, S. C.
Colmer	Hoffman	Michener	Taylor, Tenn.
Crawford	Hollister	Millard	Thom
Crowther	Holmes	Mitchell, Tenn.	Thomas
Darrow	Hope	Patterson	Tinkham
Dirksen	Hull	Pearson	Tobey
Ditter	Jenkins, Ohio	Perkins	Truax
Dondero	Kahn	Polk	Turpin
Duffey, Ohio	Kinzer	Powers	Utterback
Eaton	Kniffin	Ransley	Wadsworth
Ekwall	Knutson	Reed, Ill.	Wigglesworth
Engel	Lambertson	Reed, N. Y.	Wolcott
Englebright	Lambeth	Rich	Wolfenden
Focht	Lehlbach	Robsion, Ky.	Young
Ford, Miss.	McLean	Rogers, Mass.	
Gilchrist	McLeod	Seger	

NOT VOTING—80

Adair	Darden	Jacobsen	Reece
Bankhead	DeRouen	Kimball	Robertson
Barden	Dietrich	Lea, Calif.	Rogers, N. H.
Binderup	Dockweiler	Lesinski	Rudd
Buchanan	Doutrich	Lewis, Md.	Ryan
Bulwinkle	Dunn, Miss.	Lloyd	Schaefer
Burch	Eicher	Lord	Shannon
Burdick	Fenerty	McGroarty	Sisson
Cartwright	Ferguson	McKeough	Stewart
Chapman	Fernandez	McMillan	Stubbs
Claiborne	Fish	McSwain	Sullivan
Clark, Idaho	Flannagan	Mead	Sumners, Tex.
Clark, N. C.	Frey	Miller	Sweeney
Cochran	Gearhart	Montague	Underwood
Connery	Gifford	Moran	Whelchel
Cooper, Ohio	Goldsborough	O'Connell	White
Corning	Goodwin	Oliver	Wilson, Pa.
Crosby	Hamlin	Parks	Wolverton
Culkin	Hook	Peterson, Ga.	Wood
Cullen	Houston	Peyser	Woodrum

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following additional pairs:

On this vote:

Mr. Dietrich and Mr. Jacobson (for) with Mr. Gifford (against).
Mr. Stubbs and Mr. Ferguson (for) with Mr. Wilson of Pennsylvania (against).
Mr. Cullen and Mr. Rudd (for) with Mr. Goodwin (against).
Mr. Sullivan and Mr. Mead (for) with Mr. Reece (against).

Until further notice:

Mr. Barden with Mr. Cooper of Ohio.
Mr. McSwain with Mr. Doutrich.
Mr. Robertson with Mr. Fish.
Mr. Cochran with Mr. Kimball.
Mr. Chapman with Mr. Lord.
Mr. Oliver with Mr. Stewart.
Mr. Connery with Mr. Gearhart.
Mr. Whelchel with Mr. Culkin.
Mr. Parks with Mr. Burdick.
Mr. DeRouen with Mr. Fenerty.
Mr. Rogers of New Hampshire with Mr. Wolverton.
Mr. Sisson with Mr. Crosby.
Mr. Sumners of Texas with Mr. Binderup.
Mr. Woodrum with Mr. Lesinski.
Mr. Buchanan with Mr. Claiborne.
Mr. Burch with Mr. Moran.
Mr. Lea of California with Mr. Clark of North Carolina.
Mr. Sweeney with Mr. Peterson of Georgia.
Mr. Wood with Mr. Ryan.
Mr. Underwood with Mr. Frey.
Mr. Schaefer with Mr. Houston.
Mr. Flannagan with Mr. White.
Mr. Fernandez with Mr. Dockweiler.
Mr. Bankhead with Mr. Lloyd.
Mr. Bulwinkle with Mr. McGroarty.
Mr. Cartwright with Mr. Lewis of Maryland.
Mr. McKeough with Mr. Clark of Idaho.
Mr. Montague with Mr. O'Connell.
Mr. Darden with Mr. Corning.
Mr. McMillan with Mr. Hook.
Mr. Miller with Mr. Goldsborough.
Mr. Hamlin with Mr. Dunn of Mississippi.
Mr. Eicher with Mr. Peyser.

The result of the vote was announced as above recorded.

REVENUE BILL OF 1935

Mr. LEE of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. LEE of Oklahoma. Mr. Speaker, I was at the Department of the Interior this morning and missed the vote on the tax bill. I was strong for this bill; and if I had been here, I would have voted "aye." I am sorry I missed the vote.

RUFUS HUNTER BLACKWELL, JR.

Mr. WEAVER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3230) for the relief of Rufus Hunter Blackwell, Jr., with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

There being no objection, the Clerk read the Senate amendment, as follows:

Page 1, line 7, strike out "$2,755.25" and insert "$2,000."

The Senate amendment was concurred in.

BOY SCOUT JAMBOREE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I want to call the attention of the House to a very serious situation.

We have in this country an epidemic of infantile paralysis. There is a world-wide Boy Scout Jamboree scheduled to meet in Washington in a few days. My honest opinion is that this jamboree ought to be called off, and I am calling on the Bureau of Public Health to take steps to have it called off.

The public health officer in my State has notified the boys of that State, according to the press, that it would be best for them not to come here, and I cannot sit here and see this great jamboree assembled here with this horrible epidemic spreading throughout this section of the country, and now invading the city of Washington, with the direful probability it might result in scattering this dreadful disease all over the world. So, for one, I want to protest now against this jamboree being held, and I am calling upon the Bureau of Public Health to have it called off, or postponed until this danger passes.

CONSENT CALENDAR

The SPEAKER. The Clerk will call the first bill on the Consent Calendar.

The Clerk called the bill (H. R. 5731) to amend in certain particulars the act approved February 28, 1925, entitled "An act to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve", as amended, and for other purposes.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. MAAS. This bill has been passed over four or five times.

Mr. ZIONCHECK. The Chairman of the Committee on Naval Affairs says the committee is going into this matter fully.

Mr. MAAS. While the Committee on Naval Affairs may be going into the matter of reorganization of the whole Reserve, that will not take effect for another year. The main thing in this bill is it places the boys under workman's compensation, to which they are entitled, and the total cost will not be over $2,000.

Mr. ZIONCHECK. The Chairman of the Committee on Naval Affairs asked me to request that this bill be passed over.

Mr. MAAS. If the chairman has made that request, I will not oppose it.

The SPEAKER. Is there objection to passing the bill over without prejudice?

There was no objection.

GRAZING RESERVE FOR INDIANS OF FORT M'DERMITT, NEV.

The Clerk called the bill (H. R. 4126) to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.

There was no objection, and the bill S. 1142 was substituted for the House bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That public-domain lands in the States of Nevada and Oregon described as lots 3, 4, and west half lot 5 of section 1; lots 1 to 9, inclusive; west half lot 10 and north half southwest quarter section 2; lots 1 to 10, inclusive, and south half section 3; lots 1 to 10, inclusive, and southeast quarter section 4; lots 1 to 4, inclusive, and lots 8, 10, 11, and 12 of section 5; north half northeast quarter section 9; north half northwest quarter and northwest quarter northeast quarter section 10, township 47 north, range 39 east, of the Mount Diablo meridian, Nevada; and southeast quarter section 20; west half southeast quarter and southeast quarter southeast quarter section 21; south half section 22; northwest quarter, southeast quarter, and south half southwest quarter section 26; west half southeast quarter, west half northeast quarter and northeast quarter northeast quarter section 27; all of section 28; east half and southwest quarter section 29; all of sections 31, 32, 33, 34, 35, and southwest quarter section 36, of township 40 south, range 44 east; and all of sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, west half, northeast quarter, north half southeast quarter and southwest quarter southeast quarter section 12; west half section 13; all of sections 14, 15, 16, 17, 18, and fractional sections 19, 20, 21, 22, 23, and west half of fractional section 24 of township 41 south, range 44 east, of the Willamette meridian, in Oregon, containing approximately 21,500 acres, be, and the same are hereby, withdrawn from the public domain and reserved for the use and occupancy of Indians of the former Fort McDermitt Military Reserve, Nevada: *Provided*, That the rights and claims of bona fide settlers initiated under the public land laws prior to July 7, 1933, shall not be affected by this act.

The bill was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table, and a similar House bill was laid on the table.

OSAGE INDIAN DRUG AND LIQUOR ADDICTS

The Clerk called the bill (H. R. 6625) conferring jurisdiction on United States district courts over Osage Indian drug and liquor addicts.

The SPEAKER. Is there objection?

Mr. ZIONCHECK, Mr. TRUAX, and Mr. McFARLANE objected.

AMENDING THE JOINT RESOLUTION FOR RELIEF OF PUERTO RICO

The Clerk called House Joint Resolution 129, to amend the joint resolution entitled "Joint resolution for the relief of Porto Rico", approved December 21, 1928, to permit an adjudication with respect to liens of the United States arising by virtue of loans under such joint resolution.

There being no objection, the Clerk read the resolution, as follows:

House Joint Resolution 129

Resolved, etc., That the joint resolution entitled "Joint resolution for the relief of Puerto Rico", approved December 21, 1928, is hereby amended by adding at the end thereof a new section reading as follows:

"SEC. 7. (a) Upon the conditions herein prescribed for the protection of the United States, the consent of the United States is given, to be named a party in any suit which is now pending or which may hereafter be brought in any of the insular courts of the island of Puerto Rico by the Federal Land Bank of Baltimore, or the Land Bank Commissioner acting pursuant to part 3 of the Emergency Farm Mortgage Act of 1933, and the Federal Farm Mortgage Corporation acting pursuant to the Federal Farm Mortgage Corporation Act, for the foreclosure of any mortgage or other lien upon real estate for the purpose of any mortgage or other lien upon real estate for the purpose of securing an adjudication touching any junior mortgage or other junior lien the United States may have or claim by virtue of loans made pursuant to the provisions of this joint resolution. Service upon the United States shall be made by serving the process of the court with a copy of the bill of complaint upon the United States attorney for the district or division in which the suit has been or may be brought and by sending copies of the process and bill, by registered mail, to the Attorney General of the United States at Washington, District of Columbia. The United States shall have 60 days after service as above provided, or such further time as the court may allow, within which to appear and answer, plead, or demur. Any such suit brought against the United States in any insular court may be removed by the United States to the United States district court for the district in which the suit may be pending. The removal shall be effected in the manner prescribed by section 29 of the Judicial Code (U. S. C., title 28, sec. 72): *Provided*, That the petition for removal may be filed at any time before the expiration of 30 days after the time herein or by the court allowed by the United States to answer, and no removal bond shall be required. The court to which the cause is removed may, before judgment, remand it to the insular court if it shall appear that there is no real dispute respecting the rights of the United States, or all the other parties shall concede of record the claims of the United States. Except as herein otherwise provided, a judicial sale made in pursuance of a judgment in such a suit shall have the same effect respecting the discharge of the property from liens and encumbrances held by the United States as may be provided with respect to such matters by the law of Puerto Rico and in which island the land is situated: *Provided*, That a sale to satisfy a lien inferior to one of the United States shall be made subject to and without disturbing the lien of the United States, unless the United States, by its attorneys, consents that the property may be sold free of its mortgage or lien and the proceeds divided

as the parties may be entitled. In any case where the debt to the United States is due, the United States may ask, by way of affirmative relief, for the foreclosure of its own lien or mortgage and in any case where the property is sold to satisfy a first mortgage or first lien held by the United States, the United States may bid at the sale such sum not exceeding the amount of its claim with expenses of sale, as may be directed by the chief of the department, bureau, or other agency of the Government which has charge of the administration of the laws in respect of which the claim of the United States arises. No judgment for costs or other money judgment shall be rendered against the United States in any suit or proceeding which may be instituted under the provisions of this section. Nor shall the United States be or become liable for the payment of the costs of any such suit or proceeding or any part thereof: *Provided*, That if the Federal Land Bank of Baltimore, or the Land Bank Commissioner and the Federal Farm Mortgage Corporation acquire the property involved in the proceedings in which the United States was made a party under the provisions of this section, any amount the bank or the Land Bank Commissioner and the Federal Farm Mortgage Corporation may receive upon the ultimate disposition of the property, exceeding the amount of its investment, but not to exceed the amount of the Commission's lien, shall be paid by the said bank in its own behalf or in behalf of the Land Bank Commissioner and the Federal Farm Mortgage Corporation to the Puerto Rican Hurricane Relief Commission.

"(b) The Hurricane Relief Commission is hereby authorized to waive any priorities it may have or claim over liens in favor of the Federal Land Bank of Baltimore, such priorities arising out of reamortization agreements entered into between the Federal Land Bank of Baltimore and its borrowers who are also indebted to the Commission.

"(c) If the Federal Land Bank of Baltimore, or the Land Bank Commissioners and the Federal Farm Mortgage Corporation acquire or deem it necessary to acquire by foreclosure proceedings any real or personal property in Puerto Rico by virtue of a lien upon the said referred property duly filed of record in the jurisdiction in which the same is located, and a junior lien in favor of the United States attached to such property by virtue of loans made pursuant to the provisions of this joint resolution the said banking institution may make a written request to the Puerto Rican Hurricane Relief Commission to have the same extinguished. If after appropriate investigation, in appears to such Commission that the proceeds from the sale of the property would be insufficient to satisfy in whole or in part, the lien of the United States, or that the claim of the United States has been satisfied, or by lapse of time or otherwise has become unenforceable, such Commission shall so report to the Comptroller General, who thereupon may authorize it to issue a certificate of release, which shall operate to release the property from such lien: *Provided*, That any amount that may be realized by the said bank or by the Land Bank Commissioner and the Federal Farm Mortgage Corporation in the ultimate sale of this property, over and above its investment, but not to exceed the amount of the Commission's lien, shall be paid by the bank in its own behalf or in behalf of the Land Bank Commissioner and the Federal Farm Mortgage Corporation to the Puerto Rican Hurricane Relief Commission."

With the following committee amendments:

On page 2, line 3, strike out beginning with the word "Baltimore" down through the word "and" in line 5 and insert in lieu thereof "Baltimore or."

On page 2, line 6, strike out beginning with the word "acting" down through the comma in line 7.

On page 4, line 12, strike out beginning with the word "Baltimore" through the word "and" in line 13 and insert in lieu thereof "Baltimore or."

On page 4, line 17, strike out beginning with the word "bank" down through the word "and" and insert in lieu thereof "Federal Land Bank of Baltimore or."

On page 4, line 21, strike out beginning with the word "in" down through the word "Corporation" in line 23 and insert in lieu thereof "or the said corporation."

On page 5, line 7, strike out beginning with the word "Baltimore" down through the word "and" in line 8 and insert in lieu thereof "Baltimore or."

On page 5, line 9, strike out "acquire or deem" and insert in lieu thereof "acquires or deems."

On page 6, line 2, strike out beginning with the word "said" down through the word "and" in line 3 and insert in lieu thereof "Federal Land Bank of Baltimore or."

On page 6, line 6, strike out beginning with the word "bank" down through the word "Corporation" in line 8 and substitute in lieu thereof "said bank or the said corporation."

On page 6, line 9, strike out the quotation marks after the word "Commission" and add the following paragraph:

"(d) For the purposes of this section, the terms 'Puerto Rican Hurricane Relief Commission', 'Hurricane Relief Commission', and 'Commission' shall be deemed to refer to the department, bureau, or other agency of the Government having charge of the administration of this resolution."

The committee amendments were agreed to.

The resolution as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FREDERIC A. DELANO

The Clerk called House Joint Resolution 195, for reappointment of Frederic A. Delano as a member of the Board of Regents of the Smithsonian Institution.

The SPEAKER pro tempore (Mr. COOPER of Tennessee). Is there objection?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object.

The SPEAKER pro tempore. This bill requires three objectors.

Mr. WOLCOTT. My objection originally went to the fact that there was no report. I rise now to pay the gentleman from Illinois [Mr. KELLER], his committee, a high compliment on the report filed as a supplementary report. It does credit to him.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Without objection, a similar Senate joint resolution will be substituted, Senate Joint Resolution 117.

There was no objection, and the Clerk read the Senate joint resolution, as follows:

Resolved, etc., That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, caused by the expiration of the term of Frederic A. Delano, of the city of Washington, on January 21, 1935, be filled by the reappointment of the recent incumbent (Frederic A. Delano) for the statutory term of 6 years.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House joint resolution was laid on the table.

REVENUES OF SHOSHONE POWER PLANT, WYOMING

The Clerk called the bill (H. R. 6875) providing for the allocation of net revenues of the Shoshone power plant of the Shoshone reclamation project in Wyoming.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK, Mr. TRUAX, and Mr. COSTELLO objected.

PRESERVATION OF HISTORIC AMERICAN SITES

The Clerk called the bill (H. R. 6670) to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, the author of the bill has consented to agree to two amendments.

Mr. MAVERICK. Mr. Speaker, I agree to at least one. Meantime I ask unanimous consent to substitute Senate bill 2073, which has several amendments, and which makes the bill more satisfactory.

Mr. TRUAX. One section which I objected to is the section which authorizes the contract for concessions to be made without competitive bidding. The gentleman has agreed to an amendment which opens that to competitive bidding.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas that a similar Senate bill be substituted?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the Senate bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That it is hereby declared that it is a national policy to preserve for public use historic sites, buildings, and objects of national significance for the inspiration and benefit of the people of the United States.

SEC. 2. The Secretary of the Interior (hereinafter referred to as the Secretary), through the National Park Service, for the purpose of effectuating the policy expressed in section 1 hereof, shall have the following powers and perform the following duties and functions:

(a) Secure, collate, and preserve drawings, plans, photographs, and other data of historic and archaeologic sites, buildings, and objects.

(b) Make a survey of historic and archaeologic sites, buildings, and objects for the purpose of determining which possess exceptional value as commemorating or illustrating the history of the United States.

(c) Make necessary investigations and researches in the United States relating to particular sites, buildings, or objects to obtain true and accurate historical and archaeological facts and information concerning the same.

(d) For the purpose of this act, when authorized by Congress, acquire in the name of the United States by gift, purchase, or otherwise any property, personal or real, or any interest or estate therein, title to any real property to be satisfactory to the Secretary: *Provided*, That no such property which is owned by any religious or educational institution, or which is owned or administered for the benefit of the public shall be so acquired without the consent of the owner, when authorized by Congress.

(e) Restore, reconstruct, rehabilitate, preserve, and maintain historic or prehistoric sites, buildings, objects, and properties of national historical or archaeological significance and, where deemed desirable, establish and maintain museums in connection therewith.

(f) Erect and maintain tablets to mark or commemorate historic or prehistoric places and events of national historical or archaeological significance.

(g) Operate and manage historic and archaeologic sites, buildings, and properties acquired under the provisions of this act together with lands and subordinate buildings for the benefit of the public, such authority to include the power to charge reasonable visitation fees and grant concessions, leases, or permits for the use of land, building space, roads, or trails when necessary or desirable either to accommodate the public or to facilitate administration.

(h) Develop an educational program and service for the purpose of making available to the public facts and information pertaining to American historic and archaeologic sites, buildings, and properties of national significance. Reasonable charges may be made for the dissemination of any such facts or information.

(i) Perform any and all acts, and make such rules and regulations not inconsistent with this act as may be necessary and proper to carry out the provisions thereof. Any person violating any of the rules and regulations authorized by this act shall be punished by a fine of not more than $500 and be adjudged to pay all cost of the proceedings.

SEC. 3. A general advisory board, to be known as the "Advisory Board on National Parks, Historic Sites, Buildings, and Monuments", is hereby established, to be composed of not to exceed 11 persons, citizens of the United States, to include representatives competent in the fields of history, archaeology, architecture, and human geography, who shall be appointed by the Secretary and serve at his pleasure. The members of such board shall receive no salary, but may be paid expenses incidental to travel when engaged in discharging their duties as such members.

It shall be the duty of such board to advise on any matters relating to national parks and to the administration of this act submitted to it for consideration by the Secretary. It may also recommend policies to the Secretary from time to time pertaining to national parks and to restoration, reconstruction, conservation, and general administration of historic and archaeologic sites, buildings, and properties.

SEC. 4. The Secretary, in administering this act, is authorized to cooperate with and may seek and accept the assistance of any Federal, State, or municipal department or agency, or any educational or scientific institution, or any patriotic association, or any individual.

(b) When deemed necessary, technical advisory committees may be established to act in an advisory capacity in connection with the restoration or reconstruction of any historic or prehistoric building or structure.

(c) Such professional and technical assistance may be employed without regard to the civil-service laws, and such service may be established as may be required to accomplish the purposes of this act and for which money may be appropriated by Congress or made available by gifts for such purpose.

SEC. 5. Nothing in this act shall be held to deprive any State, or political subdivision thereof, of its civil and criminal jurisdiction in and over lands acquired by the United States under this act.

SEC. 6. There is authorized to be appropriated for carrying out the purposes of this act such sums as the Congress may from time to time determine.

SEC. 7. The provisions of this act shall control if any of them are in conflict with any other act or acts relating to the same subject matter.

With the following committee amendments:

Page 2, line 14, strike out all of subsection (d) and insert in lieu thereof the following:

"(d) For the purpose of this act, acquire in the name of the United States by gift, purchase, or otherwise any property, personal or real, or any interest or estate therein, title to any real property to be satisfactory to the Secretary: *Provided*, That no such property which is owned by any religious or educational institution, or which is owned or administered for the benefit of the public shall be so acquired without the consent of the owner: *Provided further*, That no such property shall be acquired or contract or agreement for the acquisition thereof made which will obligate the general fund of the Treasury for the payment of such property, unless or until Congress has appropriated money which is available for that purpose.

"(e) Contract and make cooperative agreements with States, municipal subdivisions, corporations, associations, or individuals, with proper bond where deemed advisable, to protect, preserve, maintain, or operate any historic or archaeologic building, site, object, or property used in connection therewith for public use, regardless as to whether the title thereto is in the United States: *Provided*, That no contract or cooperative agreement shall be made or entered into which will obligate the general fund of the Treasury unless or until Congress has appropriated money for such purpose."

Page 3, line 22, strike out "(c)" and insert in lieu thereof "(f)."
Page 4, line 3, strike out "(f)" and insert in lieu thereof "(g)."
Page 4, line 6, strike out "(g)" and insert in lieu thereof "(h)."
Page 4, line 15, insert:

"(i) When the Secretary determines that it would be administratively burdensome to restore, reconstruct, operate, or maintain any particular historic or archeologic site, building, or property donated to the United States through the National Parks Service, he may cause the same to be done by organizing a corporation for that purpose under the laws of the District of Columbia or any State."

Page 4, line 22, strike out "(h)" and insert in lieu thereof "(j)."
Page 5, line 4, strike out "(i)" and insert in lieu thereof "(k)."

The foregoing committee amendments were severally reported and severally agreed to.

The Clerk reported the following committee amendment:

Page 4, line 11, after the word "permit", insert "without advertising and without securing competitive bids."

The committee amendment was rejected.

Mr. MAVERICK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAVERICK: Page 4, line 14, strike out the period after the word "administration" and insert a colon in lieu thereof and the following: "*Provided*, That such concessions, leases, or permits shall be let at competitive bidding to the person making the highest and best bid."

The amendment was agreed to.

Mr. KENNEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. KENNEY. Are the amendments referred to, which have just been adopted, one of which was rejected, the amendments reported by the Committee on the Public Lands?

The SPEAKER pro tempore. The bill was reported by the Committee on the Public Lands with amendments, which have been reported.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider the vote laid on the table.

A similar House bill was laid on the table.

STATUE OF GEN. ROBERT E. LEE IN ARLINGTON NATIONAL CEMETERY

The Clerk called the next business, House Joint Resolution 232, authorizing the erection of an equestrian statue of Gen. Robert E. Lee in the Arlington National Cemetery.

The SPEAKER pro tempore. Is there objection to the present consideration of the joint resolution?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this resolution be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

CLAIMS OF OMAHA TRIBE OF INDIANS, NEBRASKA

The Clerk called the next bill, H. R. 7202, to investigate the claims of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. STEFAN. Reserving the right to object, this bill was passed favorably by the committee. We have accepted all of the amendments recommended by the Department. This simply asks that these people be given an opportunity to appear. Whether they have any claims or not would depend upon the Court of Claims. I think they have the right to appear in court.

Mr. McFARLANE. I appreciate what the gentleman says, but if you will look at the bill you will see that this bill would create a very bad precedent, as far as the Government is concerned. This is the statement we have from the Bureau:

There are thousands of people in the United States who claim to possess Indian blood. If this precedent were established the

Treasury of the United States would be unable to pay the distributive shares of such claimants. It has been about 135 years since the marriage of Laughing Buffalo to Count Barada and it would be rather difficult to find all of the heirs.

Under the circumstances, I will be forced to object to the consideration of the bill unless my request to have the bill passed over is granted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. McFARLANE]?

Mr. O'MALLEY. Mr. Speaker, I object to the request of the gentleman from Texas.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. McFARLANE, Mr. COSTELLO, and Mr. ZIONCHECK objected.

ERADICATION OF MEDITERRANEAN FRUIT FLY

The Clerk called the next bill, H. R. 1419, to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture.

The SPEAKER pro tempore. Is there objection?

Mr. BACON, Mr. TABER, and Mr. DITTER objected.

SPANISH WAR MEMORIAL PARK, TAMPA, FLA.

The Clerk called the next bill, H. R. 7085, to provide for the creation of a memorial park at Tampa, in the State of Florida, to be known as "The Spanish War Memorial Park", and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 2426) will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That when title to such lands located on Davis Island in the city of Tampa, Fla., as shall be designated by the Secretary of the Interior, in the exercise of his judgment and discretion as necessary and suitable for the purpose, shall have been vested in the United States, said area shall be set apart as The Spanish War Memorial Park, for the benefit and inspiration of the people: *Provided*, That said lands shall be donated without cost to the United States by the city of Tampa, Fla., and the Secretary of the Interior is authorized to accept such conveyance of lands.

SEC. 2. That there is hereby authorized to be located and constructed within said memorial park a suitable monument or memorial to commemorate the patriotic services of the American forces in the War with Spain, which, with landscape treatment of the grounds, sidewalks, and suitable approaches, shall not exceed the cost of $500,000; and the Secretary is for that purpose further authorized and empowered to determine upon a suitable location, plan, and design for said monument or memorial, by and with the advice of the National Commission of Fine Arts.

SEC. 3. In the discharge of his duties hereunder, the Secretary of the Interior, through the National Park Service, is authorized to employ, in his discretion, by contract or otherwise, landscape architects, architects, artists, engineers, and/or other expert consultants in accordance with the usual customs of the several professions without reference to civil-service requirements or to the Classification Act of 1923, as amended, and that expenditures for such employment shall be construed to be included in any appropriations hereafter authorized for any work under the objectives of this act.

SEC. 4. The Secretary of the Interior is further authorized, by and with the advice of the National Commission of Fine Arts, to authorize and permit the erection in said memorial park of suitable memorials in harmony with the monument and/or memorial herein authorized that may be desired to be constructed by Spanish War organizations, States, and/or foreign governments: *Provided*, That the design and location of such memorials must be approved by the Secretary of the Interior, by and with the advice of the National Commission of Fine Arts, before construction is undertaken.

SEC. 5. The administration, protection, and development of the aforesaid Spanish War Memorial Park, including any and all memorials that may hereafter be erected thereon, shall be exercised under the direction of the Secretary of the Interior by the National Park Service.

Mr. PETERSON of Florida. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PETERSON of Florida: Page 2, lines 6, 7, 8, inclusive, beginning with the word "the", strike out all of the language up to and including the figure "$500,000" and substitute the following in lieu thereof: "the American forces in the War with Spain. The cost of establishing such monument or memorial, of constructing suitable sidewalks and approaches, and of landscaping such site, may be paid from any fund or moneys available for such purpose, except from the general fund of the Treasury."

The amendment was agreed to.

The Senate bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

BRIDGE ACROSS DELAWARE RIVER NEAR EASTON, PA.

The Clerk called the next bill, H. R. 7346, authorizing the Delaware River Joint Toll Bridge Commission of the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N. J.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. TRUAX, Mr. COSTELLO, and Mr. MORITZ objected.

BRIDGE ACROSS POTOMAC RIVER NEAR OLD TOWN, MD.

The Clerk called the next bill, H. R. 7395, authorizing M. R. Carpenter, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Potomac River between Old Town, Md., and Green Spring, W. Va.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. ZIONCHECK, Mr. TRUAX, and Mr. McFARLANE objected.

BRIDGE ACROSS OHIO RIVER NEAR WELLSBURG, W. VA.

The Clerk called the next bill, H. R. 7807, authorizing the Brookewell Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near Wellsburg, W. Va.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX, Mr. COSTELLO, and Mr. ZIONCHECK objected.

BRIDGE ACROSS OHIO RIVER AT SISTERSVILLE, W. VA.

The Clerk called the next bill, H. R. 7592, to extend the times for commencing and completing the construction of a bridge across the Ohio River at Sistersville, W. Va.

The SPEAKER pro tempore. Is there objection?

Mr. O'MALLEY. Reserving the right to object, is the author of the bill present?

Mr. McFARLANE. Mr. Speaker, I think the gentleman is ill. I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

BRIDGE ACROSS MISSISSIPPI RIVER NEAR NEW BOSTON, ILL.

The Clerk called the next bill, H. R. 7780, to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near New Boston, Ill.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK, Mr. TRUAX, and Mr. McFARLANE objected.

BRIDGE ACROSS MISSOURI RIVER, RULO, NEBR.

The Clerk called the next bill, S. 1988, to extend the time for the construction of a bridge across the Missouri River at or near Rulo, Nebr.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. McFARLANE. Mr. Speaker, I object.

Mr. LUCKEY. Mr. Speaker, will not the gentleman withdraw his objection and let the bill be passed over without prejudice?

Mr. McFARLANE. Mr. Speaker, I withdraw my objection.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

BRIDGES ACROSS MONONGAHELA, ALLEGHENY, AND YOUGHIOGHENY RIVERS, PA.

The Clerk called the next bill, H. R. 7438, to amend the act entitled "An act to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers in the county of Allegheny, Pa.", approved June 4, 1934.

Mr. DUNN of Pennsylvania. Mr. Speaker, reserving the right to object, will the author of the bill inform me whether these are to be toll bridges or free bridges?

Mr. BROOKS. The purpose of this bill is just to get authority for the erection of bridges. I do not specify whether they should be made of steel or granite, whether they shall be free bridges or toll bridges.

Mr. DUNN of Pennsylvania. Or whether they shall be made of gold or silver.

Mr. BROOKS. Or whether they shall be made of gold or silver. I am applying for authority to get any kind of a bridge built.

Mr. DUNN of Pennsylvania. I appreciate the fact that that is the purpose of the gentleman, and I believe that bridges and tunnels should be built to put people to work; but I really should like to know if tolls are to be charged. The gentleman said, however, he does not know about that.

Mr. TRUAX. Mr. Speaker, if the gentleman will yield, I will answer that question.

Mr. DUNN of Pennsylvania. Mr. Speaker, I yield.

Mr. TRUAX. This bridge is to be a free bridge. As a result of the activity of many of the people to be affected by this bridge, and as the result of the cooperation of the Pittsburgh press, the authorities have decided to erect four free bridges, as I understand it, instead of the six toll bridges that were formerly contemplated. I have an amendment to offer to the bill, and the gentleman from Pennsylvania [Mr. MORITZ] has an amendment to offer. If the author of the bill, the gentleman from Pennsylvania [Mr. BROOKS] will agree to accept these amendments, the bill will not be objected to. Does that answer the gentleman's question?

Mr. DUNN of Pennsylvania. That answers my question.

Mr. MORITZ. Mr. Speaker, reserving the right to object, is that agreeable to the gentleman from Pennsylvania [Mr. BROOKS]?

Mr. TRUAX. Mr. Speaker, if the gentleman will yield, does the gentleman from Pennsylvania accept the amendments?

Mr. BROOKS. I cannot say until I know what the amendments are.

Mr. TRUAX. I will read the gentleman my amendment to the bill H. R. 7438:

On page 3, line 4, strike out "and of tolls collected from time to time."

Mr. MORITZ. My amendment is this: Page 2, line 7, strike out all of lines 7 to 23, both inclusive, and insert in lieu thereof the following:

SEC. 2. No toll or other charge shall be made for the use of the said bridges or any of them, or the approaches to them or any of them, and no toll or charge shall be made for the use of such other public works or improvements as may be associated with said bridges and approaches.

Mr. BROOKS. Mr. Speaker, I will accept the amendments.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That clause (c) of section 1 of the act entitled "An act to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers in the county of Allegheny, Pa.", approved June 4, 1934, be, and the same is hereby, amended as follows:

"(c) Across the Monongahela River, at a point suitable to the interests of navigation, in the city of Pittsburgh, Pa., between the Smithfield Street and Point Bridges."

SEC. 2. Section 2 of said act is amended to read as follows:

"SEC. 2. If tolls are charged for the use of said bridges, or any of them, the rates of toll may be so adjusted as to provide a fund sufficient to pay such part or all of any one or more of the following items as shall not be from time to time otherwise provided for, namely: (a) The reasonable cost of maintenance, repair, and operation of said bridges, approaches, and such other public works and improvements as may be associated with said bridges and approaches or any of them in any loan agreement heretofore entered into, or hereafter to be entered into between the United States of America and said Allegheny County Authority or said county of Allegheny; and (b) the amortization, within a reasonable time and under reasonable conditions of any loan or loans, including reasonable interest, taxes, and financing charges, made or to be made in connection with the construction of said bridges, approaches, and other such associated public works and improvements."

SEC. 3. Section 3 of said act is amended to read as follows:

"SEC. 3. An accurate record of the cost of said bridges, approaches, and associated public works and improvements and of all expenditures for maintaining, repairing, and operating the same and of tolls collected from time to time shall be kept and shall at all reasonable times be available for the information of all persons interested in the construction, operation, and maintenance thereof."

SEC. 4. Said act is further amended by adding a new section, to be known as "section 4", reading as follows:

"SEC. 4. The times for commencing and completing said bridges and each of them and the approaches of each of them is hereby extended for periods of 1 and 3 years, respectively, from June 4, 1935."

SEC. 5. Said act is further amended by renumbering section 4 thereof as section 5 and section 5 thereof as section 6.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. MORITZ. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORITZ: Page 2, line 7, strike out all of lines 7 to 23, both inclusive, and insert in lieu thereof:

"SEC. 2. No toll or other charge shall be made for the use of the said bridges or any of them or the approaches to them or any of them, and no toll or charge shall be made for the use of such other public works or improvements as may be associated with said bridges and approaches."

Mr. WOLCOTT. Mr. Speaker, I rise in opposition to the amendment for the purpose of asking if the amendment has been considered by the committee.

Mr. TRUAX. Which committee?

Mr. WOLCOTT. Has the Committee on Interstate and Foreign Commerce given any consideration to the gentleman's amendment?

Mr. TRUAX. Not to my knowledge.

Mr. WOLCOTT. Mr. Speaker, it has been the custom of this House for many years to refer these bridge bills to a highly specialized subcommittee of the Committee on Interstate and Foreign Commerce, which has worked very diligently and studied a good many years to perfect themselves on bridge bills.

They have come to the definite conclusion, as I understand it, that under certain circumstances toll bridges are absolutely necessary; for if tolls cannot be charged, then those particular bridges cannot be built.

Mr. TRUAX. Mr. Speaker, will the gentleman yield at that point?

Mr. WOLCOTT. I yield.

Mr. TRUAX. That is not true in this case. The commissioners have rearranged their financial program so as to build four free bridges instead of the six toll bridges originally contemplated. They have made their arrangements with the P. W. A. officials, and this is possible under the new arrangement. Of course, the procedure was not taken up with the Committee on Interstate and Foreign Commerce because this is an entirely new procedure, and one that will require quick action to get the work under way this year. I hope the gentleman, in view of these facts, will withdraw opposition.

Mr. WOLCOTT. Has the author of the bill considered it? Has it been submitted to him?

Mr. TRUAX. Yes; he has accepted the amendment.

Mr. WOLCOTT. I have no interest in the bridge, except we have had this committee for this purpose, and I do not want it overlooked. I do not think we should write bridge bills on the floor of the House.

Mr. TRUAX. I hope the gentleman will withdraw his opposition so we can see whether this can be done. It seems to me we shall find that we can build free bridges and eliminate toll bridges in the future.

Mr. WOLCOTT. I agree with the gentleman that under certain circumstances we can and should build free bridges; that is, where the State or the municipality is in a position to build the bridge, such as the State of Pennsylvania must be, if these amendments go through. However, there are

certain cases where the bridges never would be built if the States had to build them out of State highway funds and where it would be illogical and impractical to take the highway funds to build bridges on the theory that the people who use the bridge should pay for it, the same as in Ohio, Michigan, and in a majority of the States. We maintain our roads, for instance, by a gas tax on the theory the people who use the roads should pay for them.

So, if these bridges are built, possibly the State of Pennsylvania and Allegheny County will consent to build and give them to the people as free bridges. I think they are to be congratulated if they are in a financial position to build four bridges across the Youghioheny, Monongahela, and Allegheny Rivers, giving the bridges to the people for their free use. We do not want to establish this as a precedent because the gentleman from Ohio knows that in numerous instances we cannot do that, otherwise the bridge will not be built. If it is satisfactory to the sponsor, and if it is satisfactory to those representing the States or communities which are most vitally interested and which have to pay the bill, then, surely, I have no objection.

Mr. TRUAX. I thank the gentleman.

Mr. DUNN of Pennsylvania. Mr. Speaker, I move to strike out the last word. I rise to ask a question of my colleague the gentleman from Ohio [Mr. TRUAX]. In his opinion, the amendment offered by my colleague the gentleman from Pennsylvania [Mr. MORITZ], or whoever it was who prepared it, will result in no toll charges being made through the tubes in Allegheny County?

Mr. TRUAX. There will be no charges whatsoever.

Mr. TERRY. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, the subcommittee on bridges had this bill up for consideration and approved the bill in its present form. I doubt if the subcommittee would have approved the bill with the amendment suggested by the gentleman from Ohio.

Mr. TRUAX. They will approve it if the House agrees to the amendment?

Mr. TERRY. This might entirely change the financial set-up of the project. It seems to me that we should pass this bill as approved by the subcommittee and under that financial arrangement. I understand the gentleman from Ohio is opposed to tolls as a general proposition, but in a great many instances the bridges could not be built unless tolls were charged.

Mr. TRUAX. But they can in this instance.

Mr. COLE of Maryland. Will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Maryland.

Mr. COLE of Maryland. Mr. Speaker, this calendar is full of bridge bills, all reported by a subcommittee of which the distinguished gentleman from Arkansas is a member. These bills have been thoroughly considered by a subcommittee and by the main committee before being reported out. As I understand the situation now, there has not been a bill reported out by the Interstate and Foreign Commerce Committee having language in it similar to this amendment. The sponsor of the bill is told that he may have the bill if he accepts the amendment, but not otherwise. As one member of the Committee on Interstate and Foreign Commerce which has given consideration to all these bills, I hope that the House will pass the bills as reported because of a uniform and long-standing policy and not adopt such amendments as now offered.

Mr. TRUAX. Mr. Speaker, I rise in support of the amendment.

Mr. Speaker, if certain Members have their way today we will be in exactly the same position we have been in for 40 years, namely, the perpetuation of iniquitous toll bridges on the public of this country. Due to the far-sightedness of certain citizens of Allegheny County, they have gone into this matter more fully and more thoroughly than any of these gentlemen. Simply because it has been a policy of 40 years, an "ox cart" policy, if you please, is no reason why this House should accept the policy any longer. It is no reason why this body should not follow the desires, the wishes, and the recommendations of the commissioners of Allegheny County and the desires and recommendations of the great majority of people who have to use the bridge day after day.

Simply because this has been the policy of a certain committee of the House is no reason for the maintenance of that policy indefinitely. The valuation of the bridge in contemplation under this bill is of sufficient magnitude, and the valuation of the district affected, is sufficient to make it a just and a meritorious proposition to make it a free bridge.

Mr. Speaker, why should we have toll bridges at all? Why should we not just as well have toll roads? When we build roads in the State of Pennsylvania, in the State of Maryland, or in the State of Iowa, we build modern, hard-surfaced, wide roads. Why should there not be gates put there and then say to the people who pass, "You must pay a quarter; you must pay 50 cents; you must pay $1 for the privilege of traveling on this road"?

Mr. Speaker, I regret to state that when those who are interested in the welfare of the common people who have to shell out their quarters, their dimes, and their 50-cent pieces to cross these bridges, bring up this subject, certain gentlemen in this House want to stick to that old policy, because it is tradition. They want to tie themselves to that sacred old white ox of tradition. I, for one, object to the continuation of such policy. I say to the Membership of this House that they have the opportunity for the first time in 40 years to establish a new policy in America; namely, that the bridges of this country shall be free to the use of the travelers thereon, the same as our good roads are free to those users.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Do I understand the gentleman to say that the Commissioners of Allegheny County, Pa., the authority which will build this bridge, are asking that it be made a free bridge?

Mr. TRUAX. So I am informed.

Mr. WOLCOTT. Then I see no particular reason why this House should offer any objection to the plan if that is what they want.

[Here the gavel fell.]

Mr. FADDIS. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, I fail to see why the personal prejudice of one or two individuals in this House against toll bridges should be allowed to hold up a program which is vital to the people of the communities in which these bridges are to be built.

If the gentleman from Ohio objects to toll bridges in the State of Pennsylvania, then he should travel on roads where such toll bridges do not exist. Any man who has ever traveled where roads cross the rivers of the country would certainly prefer to cross on a bridge and pay a toll to crossing on a ferry and paying toll in that way. There is hardly a toll-bridge bill introduced in this House which does not propose a bridge to replace a ferry which is dangerous, which takes a great deal more time, and is more expensive than a toll bridge.

I think we have passed the time in the history of this House when the biased objection of a few Members should be allowed to rob the communities of the opportunity of building bridges as they desire them. I think we have passed the time in this House when the personal prejudice of a few Members should be allowed to take the matter out of the hands of a committee which has made a study of the problem and has gone into the bridge situation of the country thoroughly.

Mr. BROOKS. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, the purpose of the bill which we are considering today, as you know, is to get authority to build a bridge over navigable streams. This bill passed at the last session of the Congress and I say our duty stopped there. It is not our duty to decide whether the bridge shall be built of granite or cement or steel. This is a secondary consideration which is not mentioned in my bill and is one which I leave to the people of Allegheny County and their authorities. My bill gives them permission to do anything

they want. They can build this as a free bridge or they can charge tolls if they want to or do anything they please. If they charge tolls they can raise $42,000,000. If it is to be a free bridge they can probably only get about $9,000,000 or $10,000,000, but I claim we should leave this matter to them.

This bill is the same as all other bills required by law, and I say in all fairness to my friend from Ohio that I know of no man in Pennsylvania who would step into any county and block a P. W. A. project involving the employment of as many men as this involves.

Mr. TRUAX. Mr. Speaker, will the gentleman yield for a question?

Mr. BROOKS. Yes.

Mr. TRUAX. Is it not a fact that this plan is satisfactory to the people in that particular community and this is what they want?

Mr. BROOKS. I do not think the gentleman from Ohio has the right to make that statement.

Mr. TRUAX. The gentleman so informed me, I will state to the House.

Mr. BROOKS. I do not think we know that and I want the gentleman from Ohio to leave this to their discretion. I am asking today only to build this bridge over navigable streams, and why should we not leave the details to the people concerned?

Mr. TRUAX. I would remind the gentleman from Pennsylvania that he himself first imparted this information to me and seemed to be very happy over the facts as outlined. The gentleman further furnished me with newspaper clippings outlining the project as I have just recited. The gentleman agreed to the amendments and has accepted them.

Mr. BROOKS. I may say to the gentleman that if this bill is not passed, Allegheny County does not get one penny and we cannot put a single man back to work.

Mr. TRUAX. I understand that.

Mr. BROOKS. For this reason I am only asking for authority to build the bridge and asking you to leave the rest to the people back home who will decide how they shall do it.

Mr. TRUAX. Does the gentleman think the bill with the proposed amendments will not be approved by the officials here or by the officials in Allegheny County?

Mr. BROOKS. I have no idea, but I want to leave the matter to them; and if you pass my bill the way it is now, it leaves it altogether to them.

Mr. DUNN of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. Yes.

Mr. DUNN of Pennsylvania. Did not the gentleman agree to the amendments presented by the gentleman from Pennsylvania [Mr. MORITZ]?

Mr. BROOKS. Yes; I agreed because there were three objections to the bill, and if the bill is not passed Allegheny County does not get a cent. This is a public-works project to put men back to work and the bill must pass, so far as I am concerned.

Mr. DUNN of Pennsylvania. We believe in putting men back to work. That is what is wrong with this country now. There are not enough people at work.

Mr. COLE of Maryland. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, the issue before the House at this time with respect to the particular bridge is one in which I am personally not greatly concerned, but it involves a principle in which I am interested. This is whether the philosophy of the gentleman from Ohio as to the road-building program of this country shall prevail or whether the program and policy of the Department of Agriculture, the Bureau of Public Roads, the War Department, and the long-standing and universal policy of this House shall prevail.

I venture to say that many bridges have been built in the gentleman's own State as the result of small tolls. Every bridge bill on this calendar has been seriously considered by the subcommittee, and then the main committee. Every one of them as a prerequisite to reporting out by the committee has the approval of the Secretary of War and the Secretary of Agriculture—the latter because of the Bureau of Public Roads.

It is perfectly evident that we are not going to get bridge bills through the House if they impose tolls, it matters not how small—if the House supports the attitude of the gentleman from Ohio in the amendment he has offered, as it rejects the long-standing theory of this House and the attitude of your committee in considering these bills.

Talk about no toll bridges. You start to take ten or fifteen million dollars from the Federal and State road fund and put it into a bridge instead of building concrete roads at $30,000 or less per mile and you will find the gentleman from Ohio in opposition.

No one likes unnecessary toll bridges. I certainly do not, but many of them have and will blaze the way for new connecting links which would otherwise not be with us. They frequently replace old and inefficient ferries. When crossing navigable waters, over which Congress has jurisdiction, a definite time is imposed in the legislation for complete amortization of the cost so as to assure reasonably soon a free bridge.

I hope we will support the gentleman from Pennsylvania and pass the bill as reported from the committee, and vote down the amendment.

Mr. McFARLANE. Mr. Speaker, I rise in favor of the amendment. As I understand, the author of the bill had agreed to this amendment which would make this a free bridge, otherwise the bill would not have come before the House, but would have been objected to. I see no reason why the members of the Commerce Committee should show all this personal animosity to the people of Allegheny County about getting a free bridge. The valuation of the district affected is amply sufficient to build a free bridge. These people are paying big gasoline taxes and other taxes, and they should be entitled to these free bridges, where the valuation is such that they can have them. I do not understand why all this talk should be had about building toll bridges, when the valuation of the district will permit building of free bridges.

The only justification you can have for building a toll bridge is where the valuation is insufficient to justify a free bridge. Of course, it is well known that toll-bridge construction favors the large property owner, for it releases him from such tax payment. However, toll bridges bear heaviest on the user—the great masses of the people, and regardless of their poverty extracts its toll.

Mr. BROOKS. Will the gentleman yield?

Mr. McFARLANE. Yes.

Mr. BROOKS. I want to correct the gentleman. The county has not sufficient borrowing power to build all these bridges.

Mr. McFARLANE. I did not say anything about the borrowing power. I was speaking of the valuation. The question is, Who is to pay for this? The construction of these bridges will increase the value of all surrounding property and the people should be willing to be taxed on this basis—the poor who have no such property under a toll will thus be paying for the bridge for the benefit of the property owners. It is a poverty tax not based on benefits received.

Mr. FADDIS. Will the gentleman yield?

Mr. McFARLANE. Yes.

Mr. FADDIS. The difference between paying for the bridge in taxes and paying for it in tolls is those who use the bridge pay the tolls, and some of those who pay taxes may not use the bridge at all.

Mr. McFARLANE. That is a very deep question. The expense involved in toll bridges built for profit is much greater than in building free bridges. Past experiences with toll bridges have clearly demonstrated that toll bridges have made large sums of money for those connected with them, and they have proven a very lucrative field for the bond brokers. The salaries, commissions, and so forth, paid under operation of toll bridges in many instances have proven unreasonable for the services rendered. Highway transportation now pays entirely too much tax for the service received. There is entirely too much diversion now of car-

license and gasoline-tax funds. All such funds should be spent for road and bridge construction and maintenance and less for so many other purposes.

Mr. TRUAX. Mr. Speaker, the gentleman from Pennsylvania [Mr. FADDIS] ascribed my position to personal prejudice. I ask the gentleman, Is it personal prejudice to be interested in and doing something for the common people instead of the bond grabbers?

Mr. McFARLANE. Mr. Speaker, in conclusion let me say many Members favor a sales tax, a consumption tax, that rests heaviest upon the poor, as a means of supporting the Government. I have never favored that sort of a tax. There are many people who favor the idea that the poor people who use the toll bridges most should be the ones who should pay for them. I have never agreed with that. I believe the people of the whole area affected should have a part in paying for the bridge according to the property benefits received. It is a matter of your viewpoint on a public question of this kind. Since the gentleman [Mr. BROOKS] has agreed to these amendments in order to get this bill considered, I hope the amendments will be adopted and the bill passed.

Mr. MORITZ. Mr. Speaker, the history of the location of this bridge ought to be gone into a little bit. We have in Allegheny County, Pa., many bridges. Some years ago, at great expense, the county commissioners saw to it that no toll bridge should be constructed in Allegheny County. We have that situation at the present time. There are no toll bridges in that county. In the last 5 years we have constructed three bridges at great cost to the taxpayers. We do not need any of these improvements now, but it is suggested to build these bridges to give people work. In order to provide work, they want to place this burden on the small-wage earner; so that you might just as well say it is proper to tear down a skyscraper to give people work.

The other part of the history of this section is that the location affected is a suburban section, and people have built houses there at great expense. And if these bridges are built and tolls are put onto them, the property in that suburban section would depreciate greatly in value, and it would not be fair to them. Mr. FADDIS, who states toll bridges are like ferries, comes from a rural section where there are ferries. We do not have ferries in Allegheny County.

Mr. BROOKS. I call the attention of the gentleman to the fact that close by these new bridges that may be toll or may be free there are other bridges that can be used. The map shows that they are very close to them.

Mr. MORITZ. And the gentleman is the author of the bill?

Mr. BROOKS. Yes.

Mr. MORITZ. And the gentleman agreed to my amendment?

Mr. BROOKS. Yes.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MORITZ].

The question was taken; and on a division (demanded by Mr. DUNN of Pennsylvania) there were—ayes 10, noes 81.

Mr. TRUAX. Mr. Speaker, I object to the vote upon the ground that there is no quorum present, and make the point of order that there is no quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and fifty-six Members present, not a quorum. The Clerk will call the roll.

The question was taken; and there were—yeas 49, nays 261, not voting 119, as follows:

[Roll No. 156]

YEAS—49

Amlie	Gray, Ind.	Larrabee	Pierce
Ashbrook	Greenway	Lemke	Rankin
Binderup	Greenwood	Luckey	Scott
Burdick	Guyer	Ludlow	Sears
Carpenter	Higgins, Mass.	Lundeen	Secrest
Carter	Hill, Knute	McFarlane	Tolan
Christianson	Hoeppel	McLaughlin	Truax
Colden	Houston	Marcantonio	Wallgren
Costello	Hull	Martin, Colo.	Young
Dunn, Pa.	Jenckes, Ind.	Moritz	Zioncheck
Ellenbogen	Kniffin	O'Day	
Fletcher	Kramer	O'Malley	
Gehrmann	Kvale	Patterson	

NAYS—261

Allen	Dobbins	Kloeb	Richardson
Andresen	Dondero	Knutson	Robertson
Arends	Dorsey	Kocialkowski	Robinson, Utah.
Ayers	Doughton	Lambeth	Rogers, Mass.
Bacharach	Driscoll	Lanham	Rogers, Okla.
Bacon	Driver	Lea, Calif.	Russell
Bell	Duffey, Ohio	Lee, Okla.	Sanders, La.
Berlin	Duffy, N. Y.	Lehlbach	Sanders, Tex.
Biermann	Duncan	Lewis, Colo.	Schuetz
Blackney	Eagle	Lloyd	Schulte
Bland	Eaton	Lord	Scrugham
Blanton	Eckert	McAndrews	Seger
Bloom	Edmiston	McClellan	Shanley
Boehne	Ekwall	McGehee	Short
Boileau	Engel	McGrath	Smith, Conn.
Boland	Englebright	McLean	Smith, W. Va.
Bolton	Evans	McLeod	Snell
Boylan	Faddis	McReynolds	Snyder
Brennan	Fiesinger	Maas	Somers, N. Y.
Brewster	Fitzpatrick	Mahon	South
Brooks	Flannagan	Maloney	Spence
Brown, Ga.	Focht	Mansfield	Stack
Brown, Mich.	Ford, Miss.	Mapes	Starnes
Brunner	Fuller	Marshall	Stefan
Buchanan	Gambrill	Martin, Mass.	Sumners, Tex.
Buck	Gasque	Mason	Sutphin
Buckbee	Gassaway	Massingale	Taber
Buckler, Minn.	Gavagan	Maverick	Tarver
Caldwell	Gearhart	Mead	Taylor, Colo.
Cannon, Mo.	Gilchrist	Merritt, Conn.	Taylor, S. C.
Carlson	Gildea	Merritt, N. Y.	Taylor, Tenn.
Carmichael	Gillette	Michener	Terry
Cary	Granfield	Millard	Thom
Casey	Green	Mitchell, Tenn.	Thomason
Castellow	Gregory	Monaghan	Thompson
Cavicchia	Griswold	Mott	Thurston
Celler	Gwynne	Nelson	Tinkham
Chandler	Haines	Nichols	Tobey
Church	Halleck	Norton	Tonry
Citron	Hancock, N. Y.	O'Brien	Treadway
Clark, Idaho	Harlan	O'Connor	Turner
Cole, Md.	Hart	O'Leary	Turpin
Cole, N. Y.	Healey	Owen	Umstead
Collins	Hennings	Palmisano	Utterback
Colmer	Hess	Parsons	Vinson, Ky.
Cooley	Higgins, Conn.	Patman	Wadsworth
Cooper, Tenn.	Hildebrandt	Patton	Walter
Corning	Hill, Ala.	Pearson	Warren
Cox	Hill, Samuel B.	Perkins	Wearin
Cravens	Hobbs	Peterson, Fla.	Weaver
Crawford	Hoffman	Pettengill	Welch
Crosby	Holmes	Pfeifer	Werner
Crosser, Ohio	Huddleston	Pittenger	West
Crowe	Imhoff	Plumley	White
Daly	Jenkins, Ohio	Polk	Whittington
Darden	Johnson, Okla.	Powers	Wigglesworth
Darrow	Johnson, Tex.	Rabaut	Wilson, La.
Dear	Johnson, W. Va.	Ramsay	Wolcott
Deen	Kahn	Ramspeck	Wolfenden
Delaney	Kee	Randolph	Wood
Dempsey	Kelly	Ransley	Woodruff
Dickstein	Kennedy, Md.	Reed, Ill.	Woodrum
Dies	Kennedy, N. Y.	Reed, N. Y.	Zimmerman
Dingell	Kenney	Reilly	
Dirksen	Kerr	Rich	
Ditter	Kleberg	Richards	

NOT VOTING—119

Adair	Doutrich	Kinzer	Rogers, N. H.
Andrew, Mass.	Doxey	Kopplemann	Romjue
Andrews, N. Y.	Drewry	Lambertson	Rudd
Arnold	Dunn, Miss.	Lamneck	Ryan
Bankhead	Eicher	Lesinski	Sabath
Barden	Farley	Lewis, Md.	Sadowski
Beam	Fenerty	Lucas	Sandlin
Beiter	Ferguson	McCormack	Sauthoff
Buckley, N. Y.	Fernandez	McGroarty	Schaefer
Bulwinkle	Fish	McKeough	Schneider
Burch	Ford, Calif.	McMillan	Shannon
Burnham	Frey	McSwain	Sirovich
Cannon, Wis.	Fulmer	May	Sisson
Cartwright	Gifford	Meeks	Smith, Va.
Chapman	Gingery	Miller	Smith, Wash.
Claiborne	Goldsborough	Mitchell, Ill.	Steagall
Clark, N. C.	Goodwin	Montague	Stewart
Cochran	Gray, Pa.	Montet	Stubbs
Coffee	Greever	Moran	Sullivan
Connery	Hamlin	Murdock	Sweeney
Cooper, Ohio	Hancock, N. C.	O'Connell	Thomas
Cross, Tex.	Harter	Oliver	Underwood
Crowther	Hartley	O'Neal	Vinson, Ga.
Culkin	Hollister	Parks	Whelchel
Cullen	Hook	Peterson, Ga.	Wilcox
Cummings	Hope	Peyser	Williams
DeRouen	Jacobsen	Quinn	Wilson, Pa.
Dietrich	Jones	Rayburn	Withrow
Disney	Keller	Reece	Wolverton
Dockweiler	Kimball	Robsion, Ky.	

So the amendment was rejected.

The Clerk announced the following pairs:

General pairs:

Mr. Burch with Mr. Cooper of Ohio.
Mr. Fernandez with Mr. Fish.
Mr. Chapman with Mr. Hartley.

Mr. Drewry with Mr. Goodwin.
Mr. Fulmer with Mr. Robsion of Kentucky.
Mr. Hancock of North Carolina with Mr. Wolverton.
Mr. Cochran with Mr. Kimball.
Mr. Cullen with Mr. Wilson of Pennsylvania.
Mr. Jones with Mr. Andrew of Massachusetts.
Mr. Rudd with Mr. Reece.
Mr. Vinson of Georgia with Mr. Thomas.
Mr. Steagall with Mr. Kinzer.
Mr. Sabath with Mr. Hollister.
Mr. Rayburn with Mr. Crowther.
Mr. Cross of Texas with Mr. Burnham.
Mr. Parks with Mr. Andrews of New York.
Mr. Montague with Mr. Gifford.
Mr. Miller with Mr. Stewart.
Mr. Oliver with Mr. Doutrich.
Mr. McSwain with Mr. Culkin.
Mr. McCormack with Mr. Fenerty.
Mr. Arnold with Mr. Hope.
Mr. McMillan with Mr. Sauthoff.
Mr. Beam with Mr. Lambertson.
Mr. Sandlin with Mr. Schneider.
Mr. Sullivan with Mr. Withrow.
Mr. Beiter with Mr. Wilcox.
Mr. Jacobsen with Mr. DeRouen.
Mr. Schaefer with Mr. Murdock.
Mr. Cartwright with Mr. Lamneck.
Mr. Adair with Mr. McGroarty.
Mr. Bankhead with Mr. Coffee.
Mr. Peterson of Georgia with Mr. Dockweiler.
Mr. Sweeney with Mr. Keller.
Mr. Whelchel with Mr. Hook.
Mr. Underwood with Mr. Sisson.
Mr. Ford of California with Mr. Rogers of New Hampshire.
Mr. O'Connell with Mr. May.
Mr. Lewis of Maryland with Mr. Barden.
Mr. Lesinski with Mr. Buckley of New York.
Mr. McKeough with Mr. Bulwinkle.
Mr. Quinn with Mr. Meeks.
Mr. Cannon of Wisconsin with Mr. Dunn of Mississippi.
Mr. Smith of Virginia with Mr. Gingery.
Mr. Harter with Mr. Stubbs.
Mr. Smith of Washington with Mr. Hamlin.
Mr. Ryan with Mr. Farley.
Mr. Greever with Mr. Sirovich.
Mr. Gray of Pennsylvania with Mr. Eicher.
Mr. Goldsborough with Mr. Ferguson.
Mr. Dietrich with Mr. Montet.
Mr. Connery with Mr. Claiborne.
Mr. Disney with Mr. Cummings.
Mr. Clark of North Carolina with Mr. Doxey.
Mr. Mitchell of Illinois with Mr. Frey.
Mr. Romjue with Mr. Peyser.

Mr. KVALE changed his vote from "no" to "aye."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment proposed by Mr. TRUAX: Page 3, line 4, strike out the words "and the tolls collected from time to time."

Mr. TRUAX. Mr. Speaker, I wish to briefly review the occasion for this amendment. As most of the Members know, there have been a few Members on this side who have made an honest and sincere attempt to establish in this country the principle of free bridges as against the old-established custom of toll bridges. I have been repeatedly informed by some Members that that cannot be done; that the only way bridges could be constructed across navigable rivers is by charging a toll. In most cases those tolls are perpetual. They exist and they run on to the end of time. I would say to those Members who are not fully informed as to the history of these toll bridges that I have obtained assurances from the officials of the county of Allegheny of the State of Pennsylvania through the gentleman from Pennsylvania [Mr. BROOKS] and their approval to construct free bridges. That is what we intend to do. They intend to build four free bridges in the county of Allegheny. That is not due to my personal prejudices, as Members have alleged here. It is not due to the so-called "prejudice of my colleagues" who have joined with me. It is due to the demand that has been created back home in Allegheny County. The citizens there, the newspapers there, including the Pittsburgh Press, have joined in this demand for free bridges. [Applause.] Well, it is usual to be met with jeers when one tries to do something for the common man who has to foot these bills. I wish that could be placed in the RECORD.

The gentleman who sponsored this agreed to accept two amendments, one of which was my amendment. I am sorry to state that the gentleman, instead of supporting those amendments, has done a great deal to defeat them. That is the second time that has happened. It occurred on a former session of the Consent Calendar when the gentleman from Pennsylvania [Mr. FADDIS] agreed to accept similar amendments, and those amendments were then defeated, the Pennsylvania delegation voting practically en masse against them. I say to you that those who are opposed to free bridges for the people will take heart at the defeat of these amendments.

[Here the gavel fell.]

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. WALTER. Mr. Speaker, I object.

Mr. WOLCOTT. Mr. Speaker, I rise in opposition to the amendment.

I think I can appreciate what the gentleman from Ohio is trying to do. I think we might be in accord with certain parts of his program, but I cannot predicate and I do not think this House can predicate the building of free bridges on the ground that it is going to help the common man, the forgotten man, or whatever we may call him.

I have no particular interest in Allegheny County, surely not the interest that I have in St. Clair County, Mich., or the other counties that I represent, but I do travel through Allegheny County on my way to and from Washington, and I am perfectly willing to pay toll to ride over the bridges that I cross, if it means the difference between driving over that bridge and taking a ferry. I think we should look at it from this standpoint, that if I from Michigan am willing to pay toll to go over a bridge across the Monongahela River, then it is saving the forgotten man, the taxpayer of Allegheny County, that much money, and there is that much less money that is to be assessed against the property of Allegheny County to build these bridges. I understand there are five bridges across this river at Pittsburgh now contemplated. If those are so-called "free bridges", let us not fool ourselves into believing that they are built for nothing. They are going to cost somebody some money. They are going to cost the people of that locality some money. As far as I am concerned, I am willing to pay my little tariff to travel over that bridge. I do not expect the people of Allegheny County or the city of Pittsburgh to pay in order that I may have transportation through their city.

That condition exists not only in Pittsburgh and in Allegheny County but it exists all over the United States, across the Missouri River, the Ohio River, the Mississippi River, and the St. Clair River, at Niagara Falls, and all over the United States. There are bridges in contemplation today that never will be built unless the people outside of those communities help to build them. I am willing to help build these bridges in Allegheny County. I am surprised that the gentleman comes here and tells us that the commissioners of this great county of Allegheny say that they want to build a free bridge; that they do not want to build a toll bridge. I should like to see the letter; I should like to see the newspaper clippings; I should like to see something tangible on that score. I cannot imagine how the commissioners of any county are going to saddle the cost of five bridges, costing at least $25,000,000, onto the taxpayers of that county and the people of Pittsburgh with a clear face, when the rest of the people of the United States are perfectly willing and anxious to pay their little share in building the bridge.

Mr. O'MALLEY. If a bridge is built, of course, and is free, more traffic will go into the community than if it is a toll bridge; and they will do business in the community. Furthermore, the millions of people who will cross those bridges will not receive $10,000 a year salaries as we Congressmen do.

Mr. WOLCOTT. I do not feel that way myself.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. McFARLANE. If the gentleman will ask the author of the bill, I am sure he will be furnished with the names of the commissioners and also with the newspaper clippings

showing the people of his district want this to be a free bridge and want this amendment adopted.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to proceed for 1 additional minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, until the proceedings of the board of county commissioners of Allegheny County are put in the RECORD and are presented to the subcommittee on bridges of the Interstate and Foreign Commerce Committee, I shall follow the recommendation of the Committee on Interstate and Foreign Commerce.

Mr. MORITZ. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, for a few minutes I want to try to give you something of the background of this situation. In a letter written by the gentleman from Pennsylvania [Mr. BROOKS] to the Chairman of the Committee on Interstate and Foreign Commerce on April 15 of this year, he said:

> This construction project for which the Public Works Administration proposed to lend and grant to the Authority more than $24,000,000 includes 5 major bridges, 3 road and street improvements, 1 twin traffic tunnel, 1 grade separation plaza and wharf improvements of the Allegheny and Monongahela Rivers around the Triangle. Tolls are proposed to be collected only on the 5 bridges, the tunnel and the grade separation, and on the wharf improvement, leaving the 3 road and street improvements nontoll and nonrevenue producing.

The tunnels have been built more than 5 years and have been entirely free. It is proposed now to put tolls on the new project and also to put tolls on the old bridge and tunnel which have already been paid for. Imagine the situation which would arise. People bought property on one side of the tunnel in contemplation of no tolls. To have tolls charged now certainly will depreciate their property because of the added expense of crossing the river.

With this background, and knowing that the county commissioners 5 years ago spent millions of dollars to free the remaining bridges which were toll bridges, you can understand the nature of the opposition. We were very proud of the fact that all the bridges in Allegheny County, and there are many, are free bridges.

It is proposed now to make these five new bridges toll bridges, and the excuse they give for it is that it will put people to work. It may put people to work but they will be charged to cross the very bridges they build. Then, again, we do not know whether the people of Pittsburgh will get the work of building these bridges, for the low bidder may be a contractor in Illinois or some other foreign State who will bring his gang with him, people whom he knows, and the idle workmen of Pittsburgh will have the happy situation of standing by and watching the work going on, realizing that they will be charged to cross those very bridges.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. MORITZ. I yield.

Mr. McFARLANE. Did I understand the gentleman to say that it is proposed in the bill not only to charge tolls on new bridges to be built but on bridges that already have been built and are now in use?

Mr. MORITZ. That is possible for at least one old bridge and train tunnel. Let me tell you another thing, the Pittsburgh Press, the liberal newspaper of Pittsburgh, has fought these tolls day in and day out, and their opinion is respected. Why should not gentlemen living miles away, go along with us on the amendments we want in the bill that tolls be not charged.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield for a question?

Mr. MORITZ. I yield.

Mr. LEHLBACH. Is not this a local question for the determination of Allegheny County?

Mr. MORITZ. That is right.

Mr. LEHLBACH. By the city of Pittsburgh?

Mr. MORITZ. That is right.

Mr. LEHLBACH. Why should the United States Congress legislate for the community? Why should we not permit the people there to build this bridge under such conditions as they themselves want?

Mr. MORITZ. The gentleman means to allow them to charge tolls if they want to? Three men—the county commissioners—can decide this question for the entire community.

Mr. LEHLBACH. Certainly; what business is it of ours?

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. MORITZ. I yield.

Mr. O'MALLEY. Do not the gentlemen from Pennsylvania [Mr. MORITZ and Mr. DUNN] represent the district to be served by these bridges?

Mr. MORITZ. Yes.

Mr. O'MALLEY. I think the House ought to agree with these Representatives on what should be done in their districts.

Mr. MORITZ. That is right. [Applause.]

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. MORITZ. I yield.

Mr. BROOKS. The first thing I should like to have the House understand is that this bill is just an ordinary bill amending an act which was passed before.

Mr. MORITZ. What is the gentleman's question? I yielded for a question.

Mr. BROOKS. I do not think the things the gentleman said are exactly correct and I want to explain them.

Mr. MORITZ. What is the gentleman's question?

Mr. BROOKS. Is there anything in my bill that specifies that tolls shall be charged?

Mr. MORITZ. The gentleman's own letter so states.

Mr. BROOKS. Is it provided in the bill?

Mr. MORITZ. The gentleman's own letter——

Mr. BROOKS. Read the bill, my good friend.

Mr. MORITZ. The gentleman's letter is a background for the bill.

Mr. BROOKS. That is not the provision of the bill.

Mr. MORITZ. The gentleman's own letter reads: "Tolls are proposed to be collected"—the gentleman's letter appears in the report.

Mr. DUNN of Pennsylvania. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, according to the information I received, if this bill is passed and there are going to be toll charges——

Mr. BROOKS. If.

Mr. DUNN of Pennsylvania. All right. The word "if" is a big word, although I cannot see it. May I ask the gentleman to permit me to interrogate him?

Mr. BROOKS. Surely.

Mr. DUNN of Pennsylvania. Did I not ask you the question when the gentleman from Pennsylvania [Mr. MORITZ] offered an amendment whether you would agree to his amendment, which was to prevent the collection of tolls? Mr. BROOKS, you did agree to the Moritz amendment, but you voted against the amendment which you agreed to support. I just want to say that there are people who live in the South Hills who have valuable property. If these tolls are charged, their property is going to decrease in value.

Mr. BROOKS. If.

Mr. DUNN of Pennsylvania. Oh, it is bound to.

Mr. BROOKS. The gentleman says "if." That is my contention.

Mr. DUNN of Pennsylvania. That is a fact. Now, I received the following information from an independent bus concern. They maintain that when this toll is charged they will be compelled to go out of business. The gentleman from Pennsylvania [Mr. BROOKS] and my other colleague from Allegheny County, Mr. MORITZ, know there is not a toll bridge in Allegheny County. They know that several years ago the commissioners of Allegheny County, Pa., were instrumental in having all the bridges in that district freed of tolls, and we also know that the tubes going to South Hills were paid for by a bond issue. Now, do not try to pull one over and tell us there is not going to be a toll charge on the tubes if this bill is enacted into law. That is absolutely true. The people in Allegheny County do not want toll bridges and they do not want to be compelled to pay again for tubes that they paid for a few years ago. I also want to state that

I believe my colleague, Mr. BROOKS, is conscientious in what he is doing. He wants employment to be given to the people of Allegheny County. I also want to say that my colleague, Mr. MORITZ, and I are very anxious to obtain employment for the unfortunate jobless of Allegheny, but we do not want the expenses of the toll bridges to be saddled on the poor of Pittsburgh and Allegheny County.

Mr. O'MALLEY. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, as stated by several other gentlemen, I have always been opposed to toll bridges, but I think this bridge bill presents a question we ought to leave to the representatives of the people in Pittsburgh, as so ably defended by the two gentlemen from that city [Mr. DUNN and Mr. MORITZ].

Mr. BROOKS. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from Pennsylvania.

Mr. BROOKS. I agree with the gentleman's first statement to leave it to the people of Allegheny County as to how the bridges should be built.

Mr. O'MALLEY. The gentleman knows that the people of Allegheny County, insofar as this Congress is concerned, are represented here only by the Members of the House which they have elected. We have heard from the gentlemen from Pennsylvania [Mr. DUNN and Mr. MORITZ], who represent the great proportion of that county, that free bridges are what their people want. They therefore ask Congress to pass a bill providing that these new bridges be free bridges. I think the House should heed the voice of the people of Pittsburgh and Allegheny County, as expressed through their Representatives. I heard the gentleman from Pennsylvania [Mr. BROOKS] agree to this amendment and a previous one, and then I heard him, after agreeing to accept the first free-bridge amendment, not only vote against it, but get up and speak against it so as to aid in its defeat. The gentleman voted against the amendment, although accepting it in the first instance, so I am unable to understand his position on this question of free bridges. I think the House ought to stand back of the two gentlemen from Pennsylvania [Mr. MORITZ and Mr. DUNN], who represent a great proportion of the population of Allegheny County, and who have at all times been opposed to toll bridges. Adopt the pending amendment to this bill, and the people of Allegheny County will not be compelled to pay tolls for the use of their own bridges.

Mr. BROOKS. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, from a small matter this seems to have grown into a big affair which I do not think needs all of this time to be taken from the House. I think my stand is very clear from the fact I brought in here a regular bridge bill asking only for authority to build a bridge over a navigable stream. I claim that our authority stops there; that the detail as to whether the bridge should be steel or concrete, whether it should be free or toll, should be left to the people back home. That is all my argument pertains to. I say the people back home are the ones to finance the matter and carry it out as best they can with the finances they have been able to secure.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. BROOKS. I yield.

Mr. JENKINS of Ohio. I do not know whether the gentleman has been here long enough to remember the ease and dispatch with which we passed bridge bills up until the past year or so. If he has been, he will agree that from today's maneuvers with reference to bridge bills one must conclude that there is a tremendous difference in the system of handling them. I would not say that today's work is crazy. I would say it is absolutely unnecessary. We have in this House a major committee, namely, the Committee on Interstate and Foreign Commerce. It is an important committee. It has recommended the passage of this bill. In times gone by that committee would come in here and offer for passage 15, 20, or 30 bills at a time in an omnibus bill.

The chairman of the subcommittee handling bridge bills would be on the floor looking after the bills. This afternoon we are spending an hour on one bill on the Consent Calendar. What are we trying to do? One or two Members are trying to tell the people of Allegheny County what they should do when, as a matter of fact, all the United States Government is interested in is the protection of navigable streams. The gentleman's bill provides absolute home rule, absolute freedom to that county, and it is foolish for us to take up the time of the House here trying to dictate to the people what they should do. We are giving them full and complete power to do as they please. That is enough. We ought to quit there. All Congress tries to do is to see to it that permits to build bridges in places dangerous to navigation are not given. Congress is not interested in the cost of the bridge or the charge made for tolls. That is strictly a local matter. Why not continue that policy?

Mr. HAINES. Will the gentleman yield?

Mr. BROOKS. I yield.

Mr. HAINES. I want the House to understand the position of my colleague from Allegheny County. He is not standing up here advocating a toll bridge.

Mr. BROOKS. Not at all. I do not advocate a toll bridge. Furthermore, may I say that not only has thorough consideration been given this expenditure of $42,000,000 by the committee, but it has been gone over by the War Department and the Department of Agriculture and approved.

Mr. FOCHT. Mr. Speaker, I move to strike out the last word of the amendment.

Mr. LEHLBACH. Mr. Speaker, I make the point of order that debate on this amendment has been exhausted.

The SPEAKER pro tempore (Mr. COOPER of Tennessee). The Chair sustains the point of order.

The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. TRUAX and Mr. DUNN of Pennsylvania) there were—ayes 25, noes 123.

Mr. TRUAX. Mr. Speaker, I object to the vote on the ground there is no quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] Two hundred and twenty-three Members present, a quorum.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed and a motion to reconsider was laid on the table.

BONDS OF MUNICIPAL GOVERNMENTS IN PUERTO RICO

The Clerk called the next bill, H. R. 7446, to authorize the issuance and sale to the United States of certain bonds of municipal governments in Puerto Rico, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

There being no objection, the Clerk reported a similar Senate bill (S. 1227), which was substituted for the House bill, as follows:

Be it enacted, etc., That bonds or other obligations of Puerto Rico or any municipal government therein, payable solely from revenues derived from any public improvement or undertaking (which revenues may include transfers by agreement or otherwise from the regular funds of the issuer in respect of the use by it of the facilities afforded by such improvement or undertaking), and issued and sold to the United States of America or any agency or instrumentality thereof, shall not be considered public indebtedness of the issuer within the meaning of section 3 of an act approved March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes", as amended.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider and a similar House bill (H. R. 7446) were laid on the table.

IRRIGATION CHANNEL BETWEEN CLEAR LAKE AND LOST RIVER, CALIF.

The Clerk called the next bill, H. R. 6773, to deepen the irrigation channel between Clear Lake and Lost River, in the State of California, and for other purposes.

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CLAIMS OF THE CROW TRIBE OF INDIANS OF MONTANA

The Clerk called the next joint resolution, Senate Joint Resolution 96, to carry out the intention of Congress with reference to the claims of the Crow Tribe of Indians of Montana and any band thereof against the United States.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, the last time the calendar was called I think the objection was raised that this gave a preferred status to Indian claims before the Court of Claims. I wish that some member of the committee would explain the bill and overcome this objection to the measure, if he can.

Mr. AYERS. Mr. Speaker, if I may answer the question of the gentleman from Michigan——

Mr. WOLCOTT. As I recall, the last time we discussed this measure the only way you can review a decision of the Court of Claims in the Supreme Court is on writ of certiorari, but this bill allows an appeal on questions of fact as well as law to the Supreme Court. The objection went to the fact we were giving a preferred status to Indian claims to the prejudice of all other claimants against the United States in that all other claimants must take their cases to the United States Supreme Court on questions of law by certiorari while this would allow Indian claims to go from the Court of Claims to the United States Supreme Court on questions of fact as well as law by appeal. My objection was that we should not pick out Indian claims and give them a preferred status to the prejudice of all other claimants against the United States; and if this bill provides for that, then why do we give such a preferred status to Indian claimants?

Mr. AYERS. Mr. Speaker, the answer is that an original jurisdictional act allowed the Crow Tribe to bring an action or actions in the Court of Claims on matters involving both law and fact. The Secretary of the Interior has said specifically over his signature that it was the intention of the original bill that either the Crows or the Government be permitted to get into the Supreme Court on appeal rather than be limited to a review by certiorari. The Secretary states in his letter to our committee:

> The original jurisdictional act for the Crow Tribe of Indians was approved July 3, 1926. At the time the legislation was enacted it was the intention to permit either the United States Government or the Crow Tribe of Indians to appeal to the Supreme Court of the United States rather than to apply to that court for writ of certiorari.

By the very nature of the Crow litigation, it is evident that the Secretary of the Interior recognizes that no adequate review of the proceedings in the Court of Claims could be had by the Supreme Court on certiorari only. When the original Crow jurisdictional act was passed it was not thought that either the Crows or the Government would be limited to certiorari; however, the Supreme Court has since refused to take jurisdiction by appeal of such case as the Crow case, giving as its reason the amendments to the Judicial Code which provides that reviews by the Supreme Court of decisions of the Court of Claims can only be had upon certiorari unless there is special legislation to the contrary. Now, that is the purpose of this act. Congress evidently believed when it passed the Crow jurisdictional act that appeal might be had and that the parties would not be left to certiorari only. Now, the purpose of this act is to carry out the intent of Congress at that time.

The Secretary of the Interior and the Indian Bureau which operates under him are in a position to know the facts and circumstances; and, since the Secretary has gone on record favoring this legislation, and since the case was tried in the Court of Claims on a theory that an appeal might be had, and since the record there was perfected on that theory, it is only fair now that this act be passed.

It is not the purpose of this act to generally amend or modify the Judicial Code, but it is only to authorize the Crow Tribe to have its case reviewed on both the law and facts as is permitted in a regular case of appeal, rather than to confine the Crow Tribe to a review of the pleadings and the law only as it would be limited to under a review by certiorari.

To substantiate my argument in this respect, let me further quote from the Secretary's letter:

> The purpose of this resolution is to modify definitely the Judicial Code, as amended, insofar as the Crow Indians are concerned, by granting the right of appeal instead of review by writ of certiorari. There is no question but that the Crow Indians should have their case reviewed on appeal rather than by certiorari. In view of the above, I recommend that Joint Resolution 96 be enacted.
>
> Sincerely yours,
>
> HAROLD L. ICKES,
> *Secretary of the Interior.*

Under the circumstances, I trust the gentleman will agree with me that no preferred status is being given to the Crow claimants, but that they are only being permitted to have their day in court under regular procedure as disclosed by the history of the case and the previous legislation prompting this resolution.

Mr. TRUAX. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

> Whereas by the Special Jurisdictional Act approved July 3, 1926 (44 Stat. L. 807), the claims of the Crow Tribe of Indians of Montana and any band thereof against the United States were referred to the Court of Claims "with right of appeal to the Supreme Court of the United States", it being the intention that both parties should have a right of appeal to the Supreme Court; and
>
> Whereas the Supreme Court has since decided that notwithstanding such a provision there is no right of appeal, in view of the Judicial Code, as amended, unless the Jurisdictional Act specifically provides that the Supreme Court shall review a cause on appeal, anything in the Judicial Code to the contrary notwithstanding: Now, therefore, be it
>
> *Resolved, etc.*, That the claims of the Crow Tribe of Indians and any band thereof under the said Jurisdictional Act approved July 3, 1926, shall be reviewed on the whole record by the Supreme Court of the United States on appeal from the Court of Claims, anything in the Judicial Code or amendments thereto notwithstanding: *Provided*, That said appeal shall be perfected by either party to the controversy within 1 year from the passage of this act.

The Senate joint resolution was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

CLAIM OF ARAPAHOE AND CHEYENNE INDIANS

The Clerk called the bill (S. 1504) authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for other purposes.

The SPEAKER. Is there objection?

Mr. McFARLANE, Mr. TABER, and Mr. COSTELLO objected.

UTE INDIANS IN UTAH, COLORADO, AND NEW MEXICO

The Clerk called the bill (S. 381) for the relief of the Confederated Bands of Ute Indians located in Utah, Colorado, and New Mexico.

The SPEAKER. Is there objection?

Mr. TABER. Reserving the right to object, unless I have an understanding that an amendment will be accepted which will provide that all gratuities heretofore contributed shall be offset against any such appropriation, and also the attorney fee be reduced from 10 percent to 5 percent, I shall object.

Mr. MURDOCK. Mr. Speaker, I should not object to the reduction of the attorney fee, but I would object to the other amendment mentioned by the gentleman from New York. I can readily see that in a jurisdictional bill there might be provision for offsetting gratuities to the Indians which could be passed upon by the court, but on the recommendation of the Indian Affairs Committee of the Senate this bill was brought in as an appropriation bill rather than a jurisdictional bill. I am wondering who, under the gentleman's amendment, would determine what gratuities constituted offsets and what would not.

Mr. TABER. The Appropriations Committee would determine.

Mr. MURDOCK. If you should insist on that procedure, I want to say that you are setting a gigantic task for your committee which could only result in injustice to legitimate Indian claims that may come before Congress. I think the gentleman's amendment is improper and unjust in the light of the report on this bill.

Mr. TABER. Mr. Speaker, this claim should be offset against gratuities to these tribes, because we are making gratuities to the Indians, and it is the usual practice to offset. Why should we pay them twice for the same thing? Mr. Speaker, I object.

CLAIMS OF INDIANS RESIDING IN THE STATE OF OREGON

The Clerk called the bill (H. R. 7779) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon.

The SPEAKER. Is there objection?

Mr. McFARLANE, Mr. TRUAX, and Mr. COSTELLO objected.

Mr. MOTT. If the gentlemen will withhold their objections——

Mr. TRUAX. I think it is absurd to ask this House to pass a bill on the Consent Calendar involving over $6,000,000 in this manner.

Mr. MOTT. If the gentleman will withhold his objection for a moment.

Mr. TRUAX. I would like to ask the gentleman if that amount is correct, $6,177,587.50?

Mr. MOTT. That would be the greatest amount that could possibly be recovered.

Mr. TRUAX. And passed in this manner, without consideration by anybody.

Mr. MOTT. If the gentleman will allow me, the amount the gentleman mentioned is the greatest amount that the Indians could recover if they prevailed. If they did prevail, there would be four and a half million dollars or five million dollars as offset, so it would only leave the Indians a million or a million and a half dollars they could recover.

Mr. TRUAX. What does the Director of the Budget say about it?

Mr. MOTT. I do not know what the Director of the Budget said.

Mr. TRUAX. What does Mr. McCarl say as to this, the Comptroller General?

Mr. MOTT. It has not been referred to the Comptroller General, because we do not refer claims of this kind to him.

Mr. TRUAX. Here is what the Director of the Budget says.

Mr. MOTT. It was referred to the Interior Department.

Mr. TRUAX. He says that the proposed legislation would not be in accord with the financial program of the President. Why does the gentleman insist on its passage today by this House?

Mr. MOTT. Very well. That is what the Secretary says, but if the gentleman will read on for a line or two further, he will find that notwithstanding that the Secretary of the Interior, who has jurisdiction of all affairs of this kind, nevertheless recommends that the bill be passed. Mr. Speaker, as I was saying, before the bill came up I had a conference with the gentleman from Ohio and stated to him and he agreed that if he objected to this I would ask that the bill go over without prejudice.

Mr. TRUAX. The gentleman is correct about that. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

GRAZING RESERVE FOR INDIANS AT FORT M'DERMITT

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to return to Calendar No. 147, H. R. 4126, a bill to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians at Fort McDermitt, Nev., and to vacate the proceedings by which the bill was passed, and that the bill go over without prejudice. I was out of the Chamber when the bill was passed. The gentleman from Oklahoma [Mr. ROGERS], Chairman of the Committee on Indian Affairs, said that he was willing to let the bill go over until next week.

Mr. ROGERS of Oklahoma. The gentleman from Oregon was going to object to it?

Mr. PIERCE. Yes.

The SPEAKER. The gentleman from Oregon asks unanimous consent to return to Calendar No. 147, and that the proceedings by which the Senate bill, which was substituted for the House bill, was passed, be vacated, and the Senate bill restored to the Speaker's desk, and that the House bill be passed over without prejudice. Is there objection?

There was no objection.

ALLOWING CHIPPEWA INDIANS OF WISCONSIN TO SUBMIT CLAIMS TO THE COURT OF CLAIMS

The Clerk called the bill (H. R. 6869) authorizing the Chippewa Indians of Wisconsin to submit claims to the Court of Claims.

The SPEAKER. Is there objection?

Mr. COSTELLO, Mr. McFARLANE, Mr. TRUAX, Mr. DITTER, Mr. TABER, and Mr. BACON objected.

Mr. GEHRMANN. Will the gentlemen withhold their objection for a moment?

Mr. TABER. I am glad to withhold my objection.

Mr. BACON. As far as I am concerned, I withhold mine.

Mr. DITTER. I withhold mine also.

Mr. GEHRMANN. Mr. Speaker, I want a chance to explain this bill. The last time the matter came up I did not get an opportunity to explain why this is not an ordinary Court of Claims bill. It involves not only the Federal Government, but it also involves the State of Wisconsin. This is a long drawn out litigation. The Legislature of Wisconsin has wrestled with this problem for a number of years. It involves the so-called "swamp land" grants that the Federal Government granted to the State of Wisconsin and other States a good many years ago. The titles to those lands came into dispute when the Indian reservations were established. Then the Indians, of course, or the Department of the Interior, took it for granted that the establishment of the Indian reservations carried along the swamp lands within those reservations. During all that litigation they were removing or logging timber, and they finally decided only about 3 years ago that the swamp lands never were a part of the Indian reservation, so that the State of Wisconsin authorized a special attorney to be appointed, and that special attorney, Mr. Kershaw, of Milwaukee, has worked on this case for the last 2 years. This is the Department's own bill to settle that claim. If the gentlemen will read the report they will find that there is now pending the purchase of those so-called "swamp lands." A bill has already passed the Senate whereby $1,600,000 is appropriated, which will turn over these swamp lands that have been in dispute for 40 years to the Federal Government, and in turn to the Indians. The question is how much does the State of Wisconsin owe the Indians, and how much does the Federal Government owe the Indians. During all these years they have logged and either the State or Federal Government has collected money due the Indians. In 1931, when I was a member of the Legislature of the State of Wisconsin, the State appropriated $13,200 as an admitted amount the State collected for timber removed from the reservation, and the only way that the Indian Department thinks it can be settled is by going into the Court of Claims to determine how much of this sale of timber has been collected by the State and how much was collected by the Federal Government.

There is no question but one or the other collected the stumpage on that timber, and it is either in the Federal Treasury or it is in the State treasury. Sooner or later the Federal court must determine the amount. I hope the gentlemen will not object, because it must go into court sooner or later to determine how much is owed by the Federal Government and how much is owed by the State government. That claim is not disputed, and the Commissioner himself drew this bill, together with the attorney representing the State of Wisconsin. The only way we can ever settle this is to let it go to the court and determine how much is owed by the Federal Government and how much is owed by the State.

Mr. BOILEAU. Will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. BOILEAU. Is it not a fact that the Department of the Interior, the Commissioner of Indian Affairs, and representatives of the State of Wisconsin and representatives of the tribe for many years have been trying to get together





to settle this dispute? They all admit that the Indians have something coming, but there is a dispute as to whether the Federal Government or the State government should pay it to the tribe.

Mr. GEHRMANN. Yes.

Mr. BOILEAU. And it is necessary to have this legislation in order to adjust this matter?

Mr. GEHRMANN. Yes.

Mr. BACON. Will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. BACON. Will the gentleman accept an amendment providing as follows:

Provided, That in making an award under this act, all gratuities paid said Indian tribes by the United States Government shall be off-set against any judgment or award made to them.

Mr. GEHRMANN. I do not have any objection.

Mr. BOILEAU. Will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. BOILEAU. I understand the Committee on Appropriations is considering some such legislation as is suggested in the gentleman's amendment, that will cover all these matters. Until the gentleman's committee puts that into law, does not the gentleman think it would be fair and just to not insist upon the amendment at this time, but rather to wait and let the committee make its legislation applicable to all of these claims?

Mr. BACON. As far as I am concerned, I do not intend to allow any bill to pass without this provision in it.

Mr. BOILEAU. In view of the fact that the matter is now pending in the second deficiency appropriation bill——

Mr. BACON. But it may not go through, and, as far as I am concerned, I think the United States Government ought to be given the right to offset gratuities paid these Indians against any claims they may have.

Mr. BOILEAU. I can appreciate the weight of the gentleman's argument.

Mr. BACON. There are six objections to this bill, but as far as I am concerned I am willing to withdraw my objection if this amendment will be agreed to.

Mr. BOILEAU. I appreciate the gentleman's fairness. I wonder, however, in view of the fact that the conferees of the House and the Senate, as I understand it, have agreed substantially to that provision that has just been referred to, in the second deficiency appropriation bill, should that not be sufficient assurance to the gentleman that his objective will be accomplished, and not use this bill as the first Indian claim to attach it to? Why not make it uniform?

Mr. BACON. This is not the first bill. The bill offered by the gentleman from Oregon [Mr. MOTT] contained this provision, and it was objected to even with that provision. If the gentleman's bill had not contained that provision, I would have objected to it.

Mr. BOILEAU. I appreciate that, but thus far no bill has passed Congress with such a provision.

Mr. BACON. And I hope it will not.

Mr. BOILEAU. In view of the fact that we are now making permanent legislation, why attach that amendment to this bill?

Mr. BACON. I am only one of six objectors. I am willing to withdraw my objection if this amendment is agreed to, and if the attorney's fees are reduced from 10 percent to 5 percent.

Mr. GEHRMANN. I have no objection to that. All I want to do is to let this go before the Court of Claims and decide whether the Federal Government or the State government should pay the money. After long years of litigation and conferences they finally came to an agreement that the State of Wisconsin is to turn over some swamp lands that have been in dispute, for $1,600,000. I will be glad to accept the gentleman's amendment.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. TABER. Mr. Speaker, I object.

Mr. DITTER. I object, Mr. Speaker, unless the amendment is accepted.

Mr. BOILEAU. But the gentleman has accepted the amendment. The gentleman from Pennsylvania states he will object unless the amendment is accepted.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. TABER. I object.

Mr. BACON. I understand this amendment will be agreed to, and therefore I withdraw my objection.

The SPEAKER. If there is no objection the Clerk will report the bill.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That all claims of whatsoever nature which the Chippewa Tribe or Band of Indians of Wisconsin may have against the United States, which have not heretofore been determined by the Court of Claims or the Supreme Court of the United States, may be submitted to the Court of Claims, with the right of appeal to the Supreme Court of the United States by either party, for determination of the amount, if any, due said Indians from the United States under any treaties, agreements, or laws of Congress, or for the misappropriation or waste of any of the funds or lands of said Indians or band or bands thereof, or for the failure of the United States to pay said Indians any money or other property due; and jurisdiction is hereby conferred upon the Court of Claims, with the said right of either party to appeal, to hear and determine all legal and equitable claims, if any, of said Indians against the United States and to enter judgment thereon.

SEC. 2. If any claim or claims be submitted to said courts, they shall settle the rights therein, both legal and equitable, of each and all of the parties thereto, notwithstanding lapse of time or statutes of limitations, and any payment which may have been made upon any claim so submitted shall not be pleaded as an estoppel but may be pleaded as an offset in such suits or actions, and the United States shall be allowed credit for all sums heretofore paid or expended for the benefit of said Indians or any band thereof, including gratuities, and that laches shall not be pleaded as a defense thereto. The claim or claims of the Chippewa Indians of Wisconsin or band or bands thereof may be presented separately or jointly by petition, subject, however, to amendment, suit to be filed within 5 years after the passage of this act; and such action shall make the petitioner or petitioners party plaintiff or plaintiffs and the United States party defendant, and any band or bands of said Indians or any other Indians or bands of Indians the court may deem necessary to a final determination of such suit or suits may be joined therein as the court may order. Such petition, which shall be signed by the attorney or attorneys employed by said Indians or any bands thereof, or by the State of Wisconsin in their behalf, shall set forth all the facts on which the claims for recovery are based, and said petition shall be signed by the attorney or attorneys so employed, and no other verification shall be necessary. Official letters, papers, documents, and public records, or certified copies thereof, may be used in evidence, and the departments of the Government shall give to the attorney or attorneys of said Indians or bands thereof access to such treaties, papers, correspondence, or records as may be needed by the attorney or attorneys for said tribe or bands of Indians.

SEC. 3. Upon final determination of such suit, cause, or action, the Court of Claims shall decree such fees and necessary expenses as it shall find reasonable and proper to be paid the attorney or attorneys employed therein by said tribe or bands of Indians under contracts negotiated and approved as provided by existing law, and in no case shall the fee decreed by said Court of Claims be in excess of the amounts stipulated in the contracts approved by the Commissioner of Indian Affairs and the Secretary of the Interior, and no attorney shall have a right to represent the said Indians or any band thereof in any suit, cause, or action under the provisions of this act until said contract shall have been so approved: *Provided*, That any attorney appearing for said Indians under any law of the State of Wisconsin authorizing him to prosecute such claims against the Federal Government shall not be required to file a contract of employment, and no compensation shall be allowed such attorney where he is so compensated by the State. The State shall be allowed out of any judgment recovered such necessary and proper expenses as the court may find to have been incurred by the attorney so employed. The fees decreed by the court to the attorney or attorneys of record, except such as shall be employed by the State, shall be paid out of any sum or sums recovered in such suits or action, and no part of such fees shall be taken from any money in the Treasury of the United States belonging to such tribe or bands of Indians in whose behalf the suit is brought: *Provided further*, That in no case shall the fees decreed by said court amount to more than 10 percent of the amount of the judgment recovered in such cause, to be paid only to contract attorneys, if employed. Should an attorney be employed by the State to assist in the prosecution of any suit filed hereunder, the court shall determine the value of his services on a quantum meruit basis and such amount shall be withheld from the said 10 percent and become available to said Indians as a part of said judgment.

With the following committee amendments:

On page 1, line 9, after the word "party", insert "anything in the Judicial Code of the United States or amendments thereto to the contrary notwithstanding."

On page 5, line 4, insert a new section, to be known as "section 4", to read as follows:

"SEC. 4. The net amount of any judgment recovered shall be placed in the Treasury of the United States to the credit of said Indians, and shall draw interest at the rate of 4 percent per annum and shall be thereafter subject to appropriation by Congress for education, health, industrial, and other purposes for the benefit of said Indians, including the purchase of lands and building of homes, and no part of said judgment shall be paid out in per capita payments to said Indians.

The committee amendments were agreed to.

Mr. BACON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BACON: Page 4, line 21, strike out "10" and insert in lieu thereof "5."

The amendment was agreed to.

Mr. BACON. Mr. Speaker, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. BACON: Page 5, line 13, after the word "Indians" and the period, strike out the period, insert a colon and the following: "*Provided*, That in making an award under this act all gratuities paid said Indian tribes by the United States Government shall be offset against any judgment or award made to them."

Mr. MARTIN of Colorado. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I ask unanimous consent to proceed out of order for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, and I shall not object to the present request, in the interest of furthering consideration of the Consent Calendar I shall object to further requests of this kind.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, a writer in a morning paper gives a review of business and industrial conditions in several Midwestern States. One paragraph in this review strikes a note which has run persistently through my mind for many years. It reads as follows:

Inventive brains have not been idle during the depression. Labor-saving machinery the last few years has changed almost the entire aspect of steel manufacturing. As an example, the Youngstown Sheet & Tube Co., one of the largest of the manufacturers, has just built a sheet mill that will produce the same results with 90 men that previously was produced by 800. The Carnegie Steel Co., a subsidiary of the United States Steel Corporation, is making a similar change.

That, Mr. Speaker, is only a small part of the picture, relating to one industry in two States. The whole picture embraces every industry in every State. And on top of that, the 800 men who will be displaced by 90 men in the Youngstown plant, are now doing the work which 25 or 30 years ago required two or three thousand men.

To a lesser but very material degree, it is the same story in agriculture as in industry. The machine has displaced labor in the Wheat Belt. Within the next few years it will displace labor in the Cotton Belt. I was in New Orleans last winter. New Orleans, I believe, claims to be the second largest port of entry in the United States. I made the trip around the docks. They appeared to be idle, but they were not. The machines were busy from the ships to the warehouses and from the warehouses to the ships, guided by a few unseen hands. On the same day there were unemployment relief riots in New Orleans which had to be handled by the police.

The fact that there are still 10,000,000 unemployed in this country is pointed out as the proof of the failure of the recovery program. Have you stopped to think that during the nearly 6 years of this depression some 25,000,000 boys and girls have come of age? This means that if every man and woman thrown out of employment by the depression had been reemployed and that half of the new army of workers had secured employment, we would still have an army of ten or twelve million unemployed.

Four years ago a noted educator made the statement that—and I quote his exact words—"the return of prosperity will not solve unemployment." I have called attention to this statement before and I call attention to it again. I also again call attention to a statement made by Prof. Albert Einstein 3 years ago, which shows that he has knowledge of things closer to home than the stars. Professor Einstein said that the chief cause of the depression was underconsumption, due to unemployment, which in turn was due to the machine.

This is the problem confronting our civilization. The machine must be made to carry the load of society or the whole thing will break down. The load of society must be distributed over the machine. We cannot carry on indefinitely with half the workers employed on the machine and supporting the other half who are thrown out of employment by the machine.

For some decades our economic system absorbed the machine. Now the machine is destroying our economic system. It has become a Frankenstein monster. This is the big problem of our civilization. This is the big problem confronting the administration and the administrations that will succeed it. Economy in Government expenditures will not solve this problem. Balancing the Budget will not solve it. Raising or lowering the tariff will not solve it. Taking wealth at the top by means of taxation will not solve it. Old-age pensions and unemployment insurance, necessary though they are, will not solve it. None of these remedies nor all of them combined go to the root of the trouble. Wealth should be distributed among the producers at the base of society, not collected in the form of taxes at the top. Every able-bodied worker should have work, no matter how much the hours may have to be reduced. Production in both industry and agriculture must be regulated and they can only be regulated through the exercise of national powers. The problem of unemployment with the resultant underconsumption is a national problem and it will never be solved by debates over party platforms or by partisan speeches either in Congress or out of Congress. The paramount issues today are economic and sociological, not political.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. RICH. It is my opinion, too, that we must govern mass production or we shall not get anywhere.

Mr. MARTIN of Colorado. I thank the gentleman. I fully agree with the gentleman from Pennsylvania.

[Here the gavel fell.]

Mr. BURDICK. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, I want this House to understand that for 150 years we have had Congresses just about like the present one where those who speak on Indian questions are too far removed from the Indians—at least far enough so they are not informed upon the subject.

It is proposed to amend the bill to provide that any recovery by the Indians shall be offset by gratuities paid them by the United States Government. Let me show you what is being done under the guise of gratuities. In the first place, in any attempt to recover judgment against this Government upon a claim that was admitted by everyone to be correct and proper there is a delay of 7 years for the purpose of making an audit to find out what we had given the Indians as gratuities. They included in gratuities all the expenses of educating the Indians for the last 100 years. Yet in other cases, for instance the Osages, they appropriated $200,000,000 of trust money under the guise of gratuities and charge this back against the Indians, but when we get into the record, what do we find? We find they spent $38.40 on the Osages, yet they charged them up with $200,000,000.

Mr. Speaker, I maintain that it is wrong for this Congress to put such an amendment on this bill.

The SPEAKER. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS

The Clerk called the next bill, H. R. 6645, to amend the act entitled "An act to provide for the construction of certain public buildings, and for other purposes", approved May 25, 1926.

The SPEAKER. Is there objection to the consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to provide for the construction of certain public buildings, and for other purposes", approved May 25, 1926, is amended by adding the following: "That the Secretary of the Treasury be, and he is hereby, authorized and empowered, as soon as he advantageously can do so, to sell, demolish, or otherwise dispose of the old post-office building at Oakland, Calif., the cost of demolition or other disposition, if any, to be paid from any unallocated moneys available for public-building construction. The Secretary of the Treasury is hereby further authorized to sell all of the old post-office site situated at Broadway, Seventeenth, and Franklin Streets in Oakland, Calif., at such time and upon such terms and conditions as he may deem to be to the best interests of the United States, and to convey such property to the purchaser thereof by the usual quitclaim deed, the proceeds of said sale to be covered into the Treasury as miscellaneous receipts."

With the following committee amendments:

Page 1, line 8, after the word "sell", insert the words "alter, remodel."

Page 2, line 5, after the word "time", insert the words "for such price."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BUREAU OF MINES

The Clerk called the next bill, H. R. 7322, to provide for the establishment and maintenance of a central research and experiment station of the Bureau of Mines at Salt Lake City, Utah.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. DITTER, Mr. McFARLANE and Mr. COSTELLO objected.

Mr. MURDOCK. Mr. Speaker, will the gentleman withhold his objection?

Mr. McFARLANE. Mr. Speaker, I reserve my objection.

Mr. DITTER. Mr. Speaker, I will withhold my objection temporarily. I have no objection to the gentleman asking that the bill be passed over without prejudice.

Mr. MURDOCK. If the gentleman wants to object, go ahead and object.

Mr. DITTER. Mr. Speaker, I object.

BRIDGE ACROSS CHESAPEAKE BAY BETWEEN BALTIMORE AND KENT COUNTIES, MD.

The Clerk called the next bill, S. 2156, to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. PALMISANO. Will the gentleman withhold his objection a moment?

Mr. ZIONCHECK. I withhold my objection.

Mr. PALMISANO. Mr. Speaker, I wish to call attention to the fact that the bridge involved in this bill does away with an obsolete ferry which crosses from Baltimore City to the Eastern Shore of Maryland. Members who are familiar with the State of Maryland know that we have no toll bridges. The State of Maryland some time ago bought, at an expense of approximately $1,000,000, the Susquehanna Bridge and then made a double-decker out of it at large expense. Today it is a free bridge. We ask you to permit this bill to pass in order that we may construct a bridge to do away with a ferry that often compels people to wait 2 or 3 hours. Some of my colleagues who have traveled on the Eastern Shore of Maryland are aware of the fact that the ferry is an old, obsolete one. We have to contend with it, otherwise drive around 4 or 5 hours. This bill has passed the Congress on two other occasions.

Mr. ZIONCHECK. I will ask that it be passed over without prejudice, if that is satisfactory to the gentleman.

Mr. PALMISANO. There is no use doing that. If the gentleman is going to object, he might as well object now.

Mr. ZIONCHECK. Mr. Speaker, I object.

HYDROELECTRIC POWER AT CABINET GORGE, ON THE COLUMBIA RIVER

The Clerk called the next bill, H. R. 5449, to provide for the development of hydroelectric power at Cabinet Gorge on the Clark Fork of the Columbia River in the proximity of the Montana-Idaho State line, and for the rehabilitation of irrigation districts, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. TABER. Mr. Speaker, I object.

ANDREW JOHNSON HOMESTEAD (TENNESSEE)

The Clerk called the next bill, H. R. 1420, to provide for the acquisition of the Andrew Johnson Homestead, Greeneville, Tenn., as a national shrine.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. RICH. Mr. Speaker, I object.

HASKELL INSTITUTE, LAWRENCE, KANS.

The Clerk called the next bill, H. R. 7443, to provide funds for acquisition of the property of the Haskell Students Activities Association on behalf of the Indian school known as "Haskell Institute", Lawrence, Kans.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. There is a similar Senate bill. Without objection, the Senate bill, S. 2545, will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $30,500 to be expended under the direction of the Secretary of the Interior for the purpose of meeting indebtedness of the Haskell Students Activities Association, and acquiring title to the property of this association for use of the Government Indian school known as "Haskell Institute", located at Lawrence, Kans.: *Provided*, That funds hereby authorized for this purpose may be used to pay off any outstanding mortgages, liens, judgments, or other valid indebtedness against the above-mentioned association: *And provided further*, That upon payment of all outstanding obligations against the Haskell Students Activities Association, not to exceed in all $30,500, the title to all property belonging to the said association shall be transferred to the United States, and upon such transfer such property shall become a part of the Government Indian School known as "Haskell Institute", Lawrence, Kans.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UINTAH, WHITE RIVER, AND UNCOMPAHGRE BANDS OF UTE INDIANS

The Clerk called the next bill, H. R. 6019, authorizing an appropriation for payment to the Uintah, White River, and Uncompahgre Bands of the Ute Indians in the State of Utah for certain coal lands, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. TABER. Mr. Speaker, the same situation occurs here as occurred in connection with no. 265. I think I shall therefore be compelled to object.

Mr. MURDOCK. Will the gentleman reserve his objection?

Mr. TABER. Yes.

Mr. MURDOCK. May I say in connection with this bill and no. 279 that the Government has already received from grazing permits sold and timber fees in excess of a million dollars. The Indians are now asking for less than $1,000,000 in payment of claims that the Government agreed to pay, notwithstanding the fact that the Government has received more than a million dollars for these timber and grazing permits.

Mr. TABER. I understand this particular tribe of Indians has received perhaps more in the form of gratuities than any other tribe and are receiving same at the present time. Why these gratuities should not be offset against what has been paid to these Indians, I cannot understand. Under the circumstances, Mr. Speaker, I object.

CERTAIN BANDS OF INDIANS (OREGON)

The Clerk called the next bill, S. 2097, conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BACON. Mr. Speaker, reserving the right to object, I call the attention of the House to the fact that here is a bill that carries in the original draft the same amendment which I offered to a bill that came up previously; therefore I have no objection to the bill because it does carry a provision providing for offsets. I think in all fairness I should offer an amendment to reduce the attorneys' fees from 10 percent to 5 percent. I make that statement because these Indian claims run into millions of dollars and an attorney's fee at the rate of 10 percent could well be two or three hundred thousand dollars. I think if we limited the attorneys' fees on some of these Indian claims there will be fewer of them, because I believe there are attorneys running around digging up these claims in order to get money out of the Treasury of the United States. I have no objection to this bill if the author will agree to a reduction in attorneys' fees from 10 to 5 percent.

Mr. COSTELLO. Mr. Speaker, I object to the consideration of the bill.

Mr. ROGERS of Oklahoma. The gentleman will observe this is a Senate bill.

Mr. BACON. Who has charge of the bill here?

Mr. ROGERS of Oklahoma. I am chairman of the committee. I have no objection to the gentleman's amendment.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COSTELLO. Mr. Speaker, I object.

IMPROVEMENT OF PUBLIC-SCHOOL BUILDINGS IN DUCHESNE COUNTY, UTAH

The Clerk called the next bill, S. 2193, to provide for the construction, extension, and improvement of public-school buildings in Duchesne County, Utah.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. RICH. Mr. Speaker, I object.

Mr. MURDOCK. Will the gentleman reserve his objection?

Mr. RICH. I reserve my objection. May I ask the gentleman why does he want the Federal Government to do the work for this particular county? Why does not the Public Works Administration, that are building these schools all over the country, get this money out of the $4,800,000,000 without appropriating any additional money?

Mr. MURDOCK. That is what we want to do. This is a similar type of bill to a number of bills passed a while ago. The only reason this bill was not passed then was because it was in the Senate and had not yet come over to the House.

If I may be allowed just a minute on this bill, may I say that due to the large area of nontaxable Indian lands in Duchesne County, for several years an annual appropriation from the tribal funds of the Indians has been made for the aid of the public schools in Uintah and Duchesne Counties, but these tribal funds are largely exhausted. The fact is there are 260,000 acres of land owned by Indians that are nontaxable in that county.

The tribal funds of the Indians are largely exhausted, and the only method now of taking care of them is by a 40-cents-a-day tuition. They are holding school in a little church building that is not properly heated or properly lighted or properly ventilated, and on account of the Indian children the school is overcrowded.

There is no difference between this bill and the other bills that were passed, and I think there is no just reason for opposing it.

Mr. RICH. I am not making any distinction between the gentleman's bill and the bill of some other Member, and the only point is whether you can get the money out of the Public Works Administration to do this work.

Mr. MURDOCK. Yes; that is where the money is coming from.

Mr. RICH. Otherwise, this bill would simply authorize the appropriation, and you would have to go to the Committee on Appropriations and get the money for it. However, if you intend to get the money out of the Public Works Administration I shall not object.

Mr. MURDOCK. That is where we intend to get it.

Mr. DITTER. We understand the cost will be about $50,000?

Mr. MURDOCK. That is the maximum estimate that has been placed in the bill, with the understanding that the plans for the building must be submitted to the Secretary of the Interior and approved by him before one dollar is spent.

Mr. DITTER. The Assistant Secretary of the Interior in the report advises the committee that this is opposed by the President insofar as his program is concerned.

Mr. MURDOCK. I will admit that and that is the same objection that was made to the 15 or 20 bills that were passed a little while ago, and they were all signed by the President when they reached him.

Mr. DITTER. Does the gentleman understand that the President's objection is no longer to be understood as prevailing with respect to this bill?

Mr. MURDOCK. Yes; because he has signed all the other bills.

Mr. ROGERS of Oklahoma. If the gentleman will permit, I should like to answer that question. The President signed the other school bills reserving the right through the Interior Department to pay for these buildings within 30 years out of the Indian tuition that the Government pays for the education of Indian children. This was the way the President signed those bills, and that is the way he will sign this bill if it is passed.

Mr. DITTER. That is what I wanted to know. I have no objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $50,000 to be used by the Secretary of the Interior in making payments to the Duchesne County school district in accordance with the provisions of section 2.

SEC. 2. The Duchesne County school district shall submit to the Secretary of the Interior for his approval (1) plans for extensions and improvements of existing public-school buildings within such county, and for the construction of such other school buildings as such district may consider necessary, and (2) estimates as to the cost of carrying out such plans. The Secretary of the Interior is authorized to approve such plans and cost estimates in whole or in part, or to require modifications or revisions thereof. Upon approval by the Secretary of any such plans and cost estimates, and upon agreement by such school district that the public schools maintained by it shall be open to Indian children who reside in such district, the Secretary shall pay to such district, but not in excess of the appropriation made in section 1, an amount equal to the approved cost estimate of carrying out such approved plan. Such amount shall be expended by such district for the purpose of carrying out such approved plan and for no other purpose.

SEC. 3. No payments shall be made to the Duchesne County school district under the provisions of this act unless such district maintains books, records, accounts, and memoranda and permits the examination of and produces such books, records, accounts, and memoranda, in accordance with such reasonable regulations as the Secretary of the Interior may prescribe.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DISPOSITION OF FEDERAL BUILDING SITES

The Clerk called the next bill, H. R. 7626, to dispose of Federal building sites to States, municipalities, counties, or other civil divisions.

Mr. McFARLANE and Mr. TRUAX objected.

Mr. MEAD. I trust the gentlemen will withhold their objections for a moment; this bill was introduced after an

exhaustive study of the subject by our committee and after a conference with Treasury and Post Office officials.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question?

Mr. MEAD. I yield.

Mr. McFARLANE. I notice this bill waives all interest charges and provides only that the purchase price shall not be less than 50 percent of the appraised value of the land and does not consider the value of the buildings. I think we should consider each one of these buildings separately rather than give blanket authority to the Treasury to dispose of them as they see fit.

Mr. MEAD. If the gentleman will withhold his objection a moment longer, I shall explain that.

After the bill was introduced, hearings were held before the Committee on Public Buildings and Grounds, and Treasury officials, as well as postal officials, both appeared there and collaborated with us in perfecting the measure. This bill is an economical proposal and one that will save money for the Federal Government.

Mr. McFARLANE. How does the gentleman figure that?

Mr. MEAD. If the gentleman will permit, I shall explain.

Heretofore, whenever a Federal building has been abandoned by reason of a new building taking its place, individual Members have introduced bills that would bring about the donation or transfer of the old building and site to the municipality interested. In some instances this has taken place and the Government has received no money at all. In other instances, these abandoned, obsolete buildings have been held by the Government for years because of lack of authority for their proper disposition. This has caused an expensive outlay of Federal funds. These buildings in most part are obsolete and cannot be reconstructed for Federal use. They are no longer needed, because we now have new buildings, and it would cost the Government more money to reconstruct the buildings should they ever need them than to deed them, without cost, to the municipality.

This bill will simply authorize a uniform policy to take the place of the hit-or-miss policy that has been followed under the law in the past. This will allow the Federal Government to deed to a municipality for such use as the municipality may desire obsolete buildings at not less than 50 percent of the cost of the site.

The Treasury Department favors the bill. The Post Office Department worked with us in the drafting of the bill. There was no objection when the bill was considered by the committee, and it is a far better policy than the policy that has governed us in the past. We have Members of Congress who are interested in legislation of this kind, Members of Congress who are anxious that we pass their bills which would donate such sites to the municipalities for school use or for use as a library or some other similar purpose. We are sure the Federal Government will save money if this policy is adopted.

Mr. McFARLANE. It seems that this bill does not simply provide that the buildings may be sold for half of the appraised value of the land to some municipality but that any individual may buy these buildings under this measure.

Mr. MEAD. Not at all.

Mr. McFARLANE. Let me read that provision.

Mr. MEAD. This bill provides that only a municipality or subdivision of government may purchase the building for the price specified in the bill.

Mr. McFARLANE. Mr. Speaker, I object.

AUTHORIZING THE STATE OF ARIZONA TO TRANSFER LAND TO THE TOWN OF BENSON

The Clerk called the joint resolution (H. J. Res. 276) authorizing the State of Arizona to transfer to the town of Benson without cost title to section 16, township 17 south, range 20 east, Gila and Salt River meridian, for school and park purposes.

The SPEAKER. Is there objection?

Mr. RICH. Reserving the right to object, I should like to make this comment: In the first place, if there is any Member of the House to whom I should like to do a favor, it is the lady from Arizona [Mrs. GREENWAY], but we have here a bill authorizing the donation of public lands for the purposes of parks, when the rules and regulations laid down by the Interior Department and the Public Lands Committee is such that they could be acquired for a dollar and a half an acre; it does not seem right that we should give Arizona the right to make a donation at this time. I believe it is entirely wrong.

Mrs. GREENWAY. Will the gentleman withhold his objection?

Mr. RICH. I should be delighted to do so.

Mrs. GREENWAY. The land involved is 640 desert acres, owned by the State of Arizona, not by the Federal Government.

Under the enabling act at that time the State was authorized to transfer land at a cost of not less than $3 per acre. The State of Arizona wants at this time to give this 640 desert acres to the little town of Benson, which could not possibly pay $3 an acre for the purpose of park and recreation. The land is desert land, and it could not be used for any other purpose. The State wants to give it to the school for recreation and park purposes. The purpose of the bill is to enable them to do so without having to pay this $3 per acre.

Mr. RICH. I understand the Federal Government has a number of C. C. C. camps on this land developing it for parks, for the utilization of the people of the United States or anyone who wishes to use it.

Mrs. GREENWAY. I think the gentleman is talking about land in another county. I think he is talking about land in Mohave County, and this is in Cochise County.

Mr. RICH. If that is the case, I will withdraw my objection.

There being no further objections, the Clerk read the bill as follows:

House Joint Resolution 276

Resolved, etc., That notwithstanding the provisions of section 28 of the act of Congress approved June 20, 1910 (36 Stat. 557–572), the State of Arizona is authorized to transfer without cost to the town of Benson title to section 16, township 17 south, range 20 east, Gila and Salt River meridian, for park purposes.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ORDER OF BUSINESS

The SPEAKER. The Chair desires to make a statement to the House. Believing that, possibly, this might be the last opportunity to call the Consent Calendar at this session regularly under the rules, the Chair has up to this hour delayed recognizing gentlemen to move to suspend up to this hour. The Chair personally hopes that some arrangement may be made whereby the calling of this calendar may be resumed at some other time during this session, although that is uncertain. The Chair has promised quite a number of gentlemen today that if opportunity afforded he would recognize them to move to suspend the rules. It is now 25 minutes of 5 o'clock, and the Chair believes it is now time to recognize gentlemen for motions to suspend.

Mr. SNELL. Mr. Speaker, would the Chair be good enough to tell the House at this time what suspensions he intends to take up this afternoon?

The SPEAKER. The first gentleman the Chair expects to recognize is the gentleman from New York [Mr. CORNING], who will explain his bill.

Mr. SNELL. I did not know but that the Speaker could tell us what bills are to be considered.

The SPEAKER. The gentleman from Indiana [Mr. SCHULTE] has a bill, the gentleman from Tennessee [Mr. MCREYNOLDS] has a bill, the gentleman from New York [Mr. CORNING] has a bill. Quite a number of others have bills on the list, though the Chair feels the House will not be able to reach all of them today.

Mr. SNELL. I fear we will not.

BRIDGE ACROSS CHESAPEAKE BAY BETWEEN BALTIMORE AND KENT COUNTY, MD.

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent to return to Calendar No. 274, S. 2156, to extend the times for commencing and completing the construction of a bridge across Chesapeake Bay, between Baltimore and Kent Counties, Md.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. If we are to have suspensions, as the Chair has just intimated, I am forced to object to returning to any bill which has been considered today.

INTERSTATE COMMERCE ACT

Mr. CORNING. Mr. Speaker, I move to suspend the rules and pass the bill S. 1633, as amended, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That paragraph (1) of section 3 of the Interstate Commerce Act, as amended, is hereby amended to read as follows:

"(1) It shall be unlawful for any common carrier subject to the provisions of this act to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, or any particular description of traffic, in any respect whatsoever or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever."

The SPEAKER. Is a second demanded?

Mr. FISH. Mr. Speaker, if I may be permitted, does the gentleman name the ports in this bill?

Mr. CORNING. No.

Mr. TRUAX. Mr. Speaker, I objected to the consideration of this bill a few nights ago because of the lateness of the hour. I have considered the bill and I have no objection whatever to it.

Mr. CORNING. Mr. Speaker, in explanation of the bill the committee, in its report, states as follows:

In recommending that this bill be passed, the committee does so with the idea in mind that by amending section 3 of the Interstate Commerce Act, as thus contemplated, it will encourage and promote the freedom of movement of export, import, and coastwise commerce through the ports of the country. The committee considers that it is to the interest of the public that such commerce be permitted to move freely through as many available ports as the governing circumstances will reasonably permit, and that no restrictions upon and impediments to the free movement thereof should be imposed that are not clearly shown to be sound or economically justified. The recommendation of the committee that this bill will be enacted is intended to afford competing ports a forum in which to complain of rate adjustments which tend to concentrate the movement of the traffic through one port or a limited number of ports and to deprive other ports of an opportunity to handle a part of such traffic. The committee believes that such a diffusion of the traffic which moves through the ports will redound to the benefit of the producer and consumer in the interior by whom in the last analysis the transportation charges levied both for the transportation thereof and for the use of the facilities at the ports are ultimately borne.

The SPEAKER. Is a second demanded? [After a pause.] No second being demanded, the question is upon the motion to suspend the rules and pass the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

INCOME AND INHERITANCE TAX AND LIMITATION OF WEALTH

Mr. LLOYD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LLOYD. Mr. Speaker—

> This is the day we long have sought,
> And mourned because we found it not.

In the passage of this bill today we are establishing a fundamental principle that must endure so long as this Government and the governments of men shall endure. The principle that the fair burdens of government must be placed upon the shoulders of those best able to bear those burdens; that the strong shall in a measure carry the weak rather than have the weak forever carrying the strong; those things are fundamental to the perpetuation of a well-organized society; but we have gone further than that; and we have attempted to lay down as a permanent policy of this Government that "inherited great economic power", to quote the President in his memorable message to Congress, "is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our Government."

This is not a political question, nor a question upon which right-thinking men should fundamentally differ. All men of all parties must today recognize the fact that had the framers of our Constitution contemplated, or, in their day, been able to contemplate the vast concentration of individual wealth which we know today, they would have branded it as a menace to the common good as surely as they decreed that titles of nobility and the holding and succession of political power thereby should have no place or part in the structure of the Government of free men presumably created equal. There is no man of whatever party who is mentally honest but must concede the self-evident truth that the only reason too many men are too poor in this land of plenty is because a few men are too rich, and there is no man who is mentally honest but must concede as a fundamental proposition that in a land like ours, blessed with an overabundance of all material things that bring happiness to mankind, extreme poverty should be an accident rather than a universal misfortune.

In these statements, of course, I have expressed but fundamental truths upon which we must and will, I am sure, agree. The goal to be sought, the end to be desired, the objective to be attained, is a wider distribution of the common wealth for the common good. No nation can be in the true sense prosperous or happy peopled by a few with an overabundance and by a great mass with an insufficient amount to properly sustain life and enable them to live decently, to think honestly, and to regard their country and its institutions patriotically. No nation can be, in the true sense, great, peopled by giants and pygmies. The happy ending is to arrive at a state of society not where all will be equal, for the misfits of life will always be with us, but where for the most part men may enjoy life and the blessings which a bountiful Providence has made possible in accordance with their willingness and ability to serve.

I like to view the ideal economic structure, if possible, from the viewpoint of the average man, the man who pays his debts, or tries to; the man who educates his children, or tries to; who carries his fair share of life's burden along life's pathway. To my mind, he represents the true America that I know and that I believe the fathers of this Nation and the framers of our Constitution foresaw in the years to come, who should pioneer the wilderness, carry the flag to its intended destination, inculcate the ideals of liberty and patriotism, and build a nation that should endure through the ages.

I believe it was Mr. Gladstone, expressing the same thought in his own inimicable way, while Prime Minister of England, who declared that England would endure forever, while other nations might totter and fall "because," said he, "England is like a barrel of beer—on the top is the foam; at the bottom, the dregs, but in between is that great body of good beer", and by that "great body of good beer", of course, Mr. Gladstone meant the great sturdy middle class of average men and women who compose the bulwark of England's strength. No nation has yet fallen, and I believe it may be safely said that no nation builded upon the fundamental conception of popular government will fall, so long as the average men and women of solid strength and promise of achievement exist to form a barrier between the lower and upper strata of society.

With the accumulation of great fortunes, unearned in the true sense of the word, and the further accumulation through the years and the generations by interest forever rolling up and on, it has become all too true that wealth and the representatives of wealth have surely become confined to a small creditor class that must, in a short time, unless the present practices be curbed, become the industrial rulers of the economic lives of an entire people.

The problem that has confronted this administration is, How can we achieve a wider distribution of wealth and prevent the recurrence of the concentration which has brought on this depression that has been with us all too long? The President has wisely proposed that upon incomes in excess of the needs of any man this Government shall levy a tax that will not only provide a revenue of respectable proportions incident to the upkeep of this Nation, but will prevent

for all time, under this policy, the further concentration of wealth. With this tax upon incomes there can, in my judgment, be no difference of opinion, for presumably it is true that if a man receives income, he receives it in cash or the equivalent of cash, and is able to pay to his Government's needs in like coin.

But I would not be true to my Chief, who leads the advance guard in this great principle, or the party he leads, if I did not sound a warning upon the other provisions of this bill. I am accepting them, and in accepting them, am extending to the great committee which prepared this bill my sincere appreciation of the task it has concluded. I reserve, however, as every responsible legislator should reserve, the right to offer constructive criticism. This, to my mind, is the duty of a friend, and should not be construed as an attitude of hostility.

I am voting for this bill today in its entirety, confident, as I am, that the great President of this Republic will be willing if this bill fails to accomplish all that its authors hope, to take such further steps as may be necessary to the end that the people may be benefited thereby. I am not apprehensive that any mistake written into this bill may not be corrected without undue hardship, but I am sounding the challenge that the years will bring to titles II and III of the act.

Every man must concede that a thousand millionaires are worth infinitely more to society than one billionaire. The great purpose that we are attempting to achieve today is to redistribute those fortunes that have become a menace to the good order of society and to the well-being of our country. Are we doing that by title II or title III? Let me analyze for a moment what is accomplished in these titles.

Title II deals with inheritances, and places a tax upon inheritances that make it well-nigh impossible to pass any considerable worth of property to one in moderate means. Title III has the same provision in regard to gifts in order to protect, it is said, the inheritance-tax title.

In the interests of society, I am not nearly so much interested—much as I am interested in keeping this Nation upon a sound financial basis, in the revenue to be obtained—as I am in the distribution of huge fortunes, and if it is the purpose, as the President says, to prevent an undesirable concentration of control in a relatively few individuals over the employment and welfare of many, then wide distribution of inheritances and generous gifts from the donor should be encouraged rather than discouraged. I realize that the conventional method of reaching wealth is by taxation, but we have reached the stage where taxation not only fails to accomplish, but defeats its purpose. No share-the-wealth, or capital levy, or excessive tax upon inheritances or gifts can bring about that redistribution so much to be desired.

Let us suppose that the richest man in the Nation today, should see fit, in contemplation of death, to distribute his fortune of a billion dollars among a thousand poor men, and give to each a million dollars. If you were bequeathed $1,000,000, you would have to pay or arrange to pay before you could touch one dollar of that distributive share, $331,600, not in property, but in cash to the United States Government, and tell me, pray, where would the wisest and most astute business brain be able to conceive a source whereby one could obtain $400,000 in cash today upon an estimated value of properties of general kinds and character appraised at one million. There is no banker in the Nation who would be foolhardy enough to make the loan, and there is no devisee, barring unusual circumstances, who would expect within a reasonable period of years to be able to repay it.

The same thing applies to gifts, making it impossible for any except men already rich and with an abundance of liquid assets to avail themselves of the testator's bounty or the donor's generosity.

But, perhaps, some of my friends will say we are not concerned with those million-dollar bequests, and I shall return to that in a moment, but let us suppose a farmer dies, leaving an estimated equity of $50,000 in a mortgaged farm. Before his devisee may plant a crop in hopes of paying the mortgage, he must secure and arrange to pay or somewhere find $7,700 in cash to pay in taxes to the United States, and the same is true if he were the donee during the lifetime of the farmer. I point those things out, because I say they defeat the objects of the act. I am not apprehensive that they may not be corrected—they will be corrected, I am sure. I am simply sounding the challenge that another year will demonstrate as true.

But, let us suppose that this is to continue to be the policy, where do the road signs point and what lies at journey's end? Manifestly, it will be impossible for those who would have become the distributees of these vast estates to accept them. Taxes must be paid in legal tender and all of the currency in the United States today would not pay the tax bills of this Nation for a single year.

Of course, it is true that much of the taxes is paid by bank-check money, but I point out to you the lack of a medium of exchange equal to the tax burden, to demonstrate how difficult it will become for men by any known method of finance to meet these obligations. The alternative will, and must be, that the Government shall distrain the property of the deceased, and must and will take over the corpus of the estate in lieu of the tax. And having taken over factories and farms and going concerns of whatsoever nature, it will become necessary for the Government not only to conserve, but to operate. That way lies the road to socialism, and I do not believe that those who prepared this bill and certainly not the President, who suggested its broad concepts, would be willing that the people of this Nation shall follow down that road.

I should be a critic without value to those with whom I work, did I not proffer some remedy or some suggestion for your consideration when the faults of this plan shall become apparent. The answer lies in a slight structural change in this Government to meet the needs of the present day that did not exist when the Constitution was written. Somehow and in some way there must be fixed a limit upon the wealth which any individual may be permitted to hold or retain—a ceiling, as it were, above which he may not go, and a limit in just proportion to what each one shall receive from the proceeds of the life work of another. It is all too plain that such a plan must be of national scope for no State can successfully, or at all, bring such a plan into being, and the States have not delegated to the Federal Government any power to limit the wealth of the individual citizens of the States.

Anticipating this need, in the Seventy-third Congress I introduced such a resolution, and again in the Seventy-fourth Congress. Thus far it has not received the approval of the administration, but until by mandate of the people, through conventions of their States, the Federal Congress is empowered to fix a ceiling, restrained and reasonable, of course, beyond which the individual's wealth may not accumulate, you will never be able to control, except through a socialistic state, the vast accumulation of power and property in the hands of a few. I have demonstrated, I believe, that it cannot be done by taxation, but it can be done by enabling the Congress to fix a limit for each one beyond the scope of which the possession of wealth shall be deemed a menace to the well-being of all.

But some of my friends say if this were done it would deter private industry and private initiative. I cannot so agree. Except where great fortunes have been built by the inevitable process of accretion, they have sprung from the brains of dreamers who dreamed dreams and saw visions, and whose hands would not be stayed, because the gain were lesser or greater. Some of my friends say that it would cause those possessed of vast fortunes to leave this Nation and seek abodes in other lands. Again I cannot so agree, and I ask my friends, What would they take with them? They could not take their houses, or lands, or mines, or mills, or factories; they could not take their gold, because gold no longer is a subject of barter in this country. The most they could take would be our notes and their departures.

Again, some of my friends say that this would be an unwarranted invasion of the freedom of each man to do, to live, to accomplish, and achieve. Let us remember that

when man enters organized society he gives up in return for every good he gets, for every protection that society affords to him, some priceless bit of freedom in return for that, and in my judgment the time has come—and these all too appalling days of misery and distress have heralded its arrival all too clearly—when we must recognize the fact that if we are to endure as a free and self-governing people under a society where men shall strive for profit and men shall strive for gain, those who seek profits and those who seek gain must submit to reasonable regulations and restraints in order that that society may endure. The alternative is a blighted and discouraged people, uprising and disorder, and at the end of all the mailed fist—the strong hand of the ruler—and the end of freedom for which on this continent numberless women have wept and numberless men have bled and died and been laid away to rest.

I have tried to be helpful; I have tried to offer some constructive criticism; I have tried to point the way. Time will demonstrate the soundness of my views and when we shall, as we shall, come to recognize the fact that no plan of taxation or capital levy can break down individual fortunes and transmit their component parts to materially wider individual ownership, then I shall call upon this administration and invite it to join with me in submitting to the States a constitutional amendment that will give to the Federal Government the grant of power necessary to accomplish this purpose by limiting individual wealth.

In all I have said, let it not be understood that I am pessimistic. The matter of importance and that marks this day as a red letter day in American legislative history is that we have embarked upon a policy. It is of comparative indifference whether or not the plan we have adopted is perfect. The important part is that we have determined upon a plan that we hope and believe will not only place the burden of government upon the shoulders of those best able to bear that burden, but will break up the huge individual fortunes that have drained the lifeblood of the American people; and that we are determined that from now on, while granting to every man the right to a decent reward for all of the possible endeavors and services that he can render to society, we will make it easier for the little man and the average man to share in a just measure for the services he may render, and to recommit ourselves to the doctrine that all men are born free and equal.

INSTEAD OF ENACTING SEDITION LAWS DIRECTED AT ENLISTED MEN, CONGRESS SHOULD CORRECT INJUSTICES AND DISCRIMINATIONS ENLISTED MEN SUFFER

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, in presenting to the Members of the Congress and to the American people the problems of the enlisted men of the Army, Navy, and Marine Corps, I feel duly qualified to speak because of my 37 years of experience as an enlisted man and officer in the active service and on the retired list. I am fortified in my own experience, observations, and deductions by innumerable communications which I receive from time to time from the thousands of readers of my own service periodical, the Retired Men's News, from the various organization leaders, and, in some instances, from the publishers of other service periodicals.

My correspondents seem to agree that the General Staff of the War Department is generally little concerned with the needs for improvement in the status of enlisted men except in instances where concessions to enlisted men reflect themselves in greater benefits to officers.

One of my correspondents, who spent considerable time in Washington as the national secretary of a large organization representing enlisted men, states that he speaks with no intention of slight or disparagement, as he is not anti-officer, but that he does recognize that the rights of enlisted men are not properly presented to Congress and that they will never receive the justice which is due them as long as we permit officers of the Regular Army and Navy practically to hold membership in the Senate and House Military and Naval Affairs Committees.

In an effort to obtain consideration for the enlisted men of the service, I endeavored to secure an assignment of enlisted men from the active service to these committees so that when problems pertaining to them are brought before the committees the Members might ascertain the views of the enlisted men. I was frustrated in my attempt to obtain enlisted-man representation on these committees although there are four or more officers of the Army and Navy actively on duty with these committees in the Congress.

It is obvious to any fair-minded individual that these officers, many of whom never served as enlisted men, cannot understand the plight of the enlisted man—and only too often they are little concerned with his problems—but they are interested, and it is only natural that they should be, in their own problems, and advance them, generally to the exclusion of any recommendations in the interests of the enlisted men.

In fact, in this Congress we find them actively recommending against the interests of the enlisted men. With this background, they are perhaps justified in demanding that peace-time sedition laws be enacted for enlisted men, cognizant, as they must be, that their recommendations against the enlisted men may arouse dissatisfaction in the ranks.

From my own experience and contact with enlisted men, however, I can say with perfect confidence that there is no reason why we should have peace-time sedition laws, as the enlisted man is a worthy, outstanding citizen with the same degree of loyalty and love of country as that of an officer. If the War Department and the General Board of the Navy were as vitally interested in advancing the interest of the enlisted man as they appear to be in suppressing or controlling his line of thought, there would be no need or reason to contemplate peace-time sedition laws.

One of my correspondents, who is national organizer of a large group of retired enlisted men, states that the entire pension and retirement system for enlisted men needs revision and he has requested that I take up the cudgels on behalf of the enlisted men of all the armed services, including the active and retired enlisted men, in order to obtain uniformity in pay, retirement, and pension legislation.

It is obvious that a periodical which circulates in Army posts or naval stations cannot be outspoken and determinative in advancing the problems of the enlisted men, inasmuch as past experience has shown that the arm of repression or censorship will soon bear down on the individual so offending, with the loss of subscriptions for his periodical and ultimately the failure of such periodical. Of course, where the interests of officers are advanced by any periodical, such periodical is received with open arms in Army posts and naval stations.

Our Army, which is an outstanding periodical devoted to the interests of the service in general and the enlisted men in particular, repeatedly calls attention, in its columns, to discriminations which exist against the enlisted men. I mention some of these discriminations briefly and in some instances by comparison so that the discrepancies may be more readily understood.

The enlisted men in active service who had the reenlistment bonus taken from them by the Economy Act are the only individuals in the Government who still suffer discrimination under the iniquitous Economy Act. For the $21-per-month enlisted men, this denial of the reenlistment bonus amounts to practically a 10-percent cut in their pay. In comparison, it may be well to recall here that only recently the officers' promotion bill was enacted which entails a potential expenditure of from $9,000,000 to $12,000,000 anuually for added pay to officers, active and retired.

Enlisted men in the Army receive only $21 per month and the soldier is therefore the poorest paid of all classes in the permanent establishment of the Government. C. C. C. boys receive $30 per month and higher pension and disability benefits than do enlisted men. The enlisted man of the Army does not receive automatic promotion and retirement privileges as does the sailor. The Navy receives $70,000,000 to pay its 81,500 sailors. The Army obtains only $57,000,000 to pay 118,750 soldiers. This discrepancy in pay should be adjusted.

Enlisted men of long service—in fact, men almost eligible for retirement under the 30-year act—if disabled, are discharged and receive only an insignificant pension for their disabilities. An officer, fresh from West Point, injured playing polo or golf, if disabled, is retired with three-quarters of his pay for life, even though he has served only one day. Enlisted men in the Coast Guard Service are retired under provisions somewhat similar to those applying to officers if disabled. Certainly an enlisted man of long service, disabled in line of duty, should receive the same consideration as to retirement, rank for rank, as is extended to Coast Guard enlisted men and to officers of short service.

Under existing laws, enlisted men, after 30 years of service, in two or more wars, may be retired with as low retired pay and allowances as $35.44 per month. It would appear that strict justice to enlisted men would require that after an honorable service of 30 years or more, the minimum retired pay for soldiers and sailors should be sufficient to secure the individual against penury and want in his old age.

At this time I am not prepared to indicate what should be the minimum amount, but in strict justice to the taxpayers it would seem that military and naval retirement should be predicated upon the practices which prevail in the civil-service retirement laws, and that civil-service and military and naval retirement should be uniform in character, with a definite minimum to each individual, with proportionate increases to all, based upon the amount which they themselves have contributed for this purpose. It is obvious that for officers, enlisted men, and civilian employees, disabled in actual performance of duty, some modification should be made to protect the retirement benefits of those injured who may not have built up a sufficient annuity reserve from deductions in their own pay. The civil-service personnel are already protected in this respect through existing workingmen's compensation laws, which provide far more liberal benefits than the pensions granted to enlisted men.

Referring again to the general plight of the enlisted men, it appears that the Navy is more considerate to enlisted men in respect to promotion than is the Army. There are more noncommissioned grades in the Navy than in the Army. This is counterbalanced, to some extent, by the specialist ratings which exist in the Army which, however, in my opinion, should be repealed as a matter of law, as I believe, in the interest of discipline and efficiency, an increase in noncommissioned grades would be a more satisfactory substitute.

The system which applies today in the Army whereby noncommissioned officers are reduced in rank and pay when they return from foreign service is indeed destructive to morale and is a flagrant injustice to the individual. The General Staff permits this unfair treatment to deserving noncommissioned officers—enlisted men—apparently because of the fact that it is convenient to them—thus again indicating that the convenience of the officer personnel is considered of more importance than justice to the enlisted man who, as an individual and a citizen, is certainly entitled to retain his rank, regardless of where he may serve. No officer loses his rank because of change of station—so why should the enlisted man?

In addition to this procedure the War Department, by official orders, has restricted promotion to deserving noncommissioned officers about ready to retire, and as a consequence men with outstanding records, because of the hump of promotion in enlisted circles, find themselves forced to retire in the lower grades and with lower pay because of this attitude of restraint on promotion.

As I indicated a moment ago, enlisted men of the Army, receiving $21 per month, suffer a loss of approximately 10 percent, due to the denial of the reenlistment bonus. In addition the War Department is urging a further deduction up to 25 cents per month from the $21 per month enlisted man's pay for the maintenance of the United States Soldiers' Home here in Washington. The official facts will disclose that not one soldier out of 2,000 who enlist in time of peace ever enters the Soldiers' Home. Therefore it is unfair that enlisted men should be penalized with this deduction from their meager pay to maintain a home here in Washington which they themselves will never enter. Moreover, enlisted men retired after 30 years of honorable service in two or more wars are required to pay for their maintenance in the event they do enter the home. The question of the Soldiers' Home is a vital one, and I regret that my limited time precludes going into detail on the various discriminations against soldiers of long service and the apparent lack of sympathy and consideration with which they are treated at the Soldiers' Home.

In the Army Reorganization Act of 1922 the officers were very considerate in respect to their own privileges, providing adequate subsistence and rental allowances for themselves up to a maximum of $54 per month to each officer for subsistence, and to a maximum of $120 per month for rental allowance for quarters when serving detached from troops.

Enlisted men in a similar category receive a maximum of $22.50 per month for rental of quarters. It is self-evident that no individual can obtain suitable room or accommodations for himself and family in any city for this insignificant figure of $22.50 per month. The rental allowance for enlisted men on detached service should be increased to not less than $35 per month. Enlisted men in the three highest grades who are entitled to quarters for themselves and families when quarters are available in Army posts, should have the same rights and privileges as an officer—that is, when public quarters are not available, they should be furnished commutation of quarters so that they may live, as the officers do, in nearby communities, with the cost of their quarters paid for them the same as it is today paid for the officers.

Referring further to the question of morale, which seems to have influenced the War Department to approve of the Peace Time Sedition Act, I may state that it is a matter of official record, justly expressed by General MacArthur, the Chief of Staff, when he spoke in reference to the officers' promotion bill, that—

> A man that stays stagnant for years with no future prospect loses in morale, becomes depressed in his psychology—

And so forth. What General MacArthur has so admirably expressed in behalf of the officer applies equally in regard to the enlisted man, but do we find General MacArthur and the General Staff advocating that enlisted men be granted an opportunity to advance themselves to officer rank? Not at all. The enlisted man is stagnant today in the lower noncommissioned grades. He is absolutely up against a stone wall in the higher noncommissioned and warrant grades.

In former years, when the spirit of democracy was more evident in the Army, enlisted men were given greater opportunities to become officers. Examinations were from the ranks and the enlisted men continually contested for advancement. Some of the very best officers in the service today are products of their own application and the opportunities which were granted them when our Army was more democratic than it is now.

On an average only 20 enlisted men may enter West Point each year from the entire Army of 165,000 enlisted men. As is natural to assume, the preponderant advantage for these 20 vacancies rests with the sons of officers and as a consequence the ordinary enlisted man rarely attains commissioned rank through entry to West Point.

The same undemocratic principle pertains in the Navy.

Some of the most outstanding and beloved officers, under whom it was my honor to serve in the years gone by, were self-made men who were given the opportunity to step out of the enlisted ranks into the status of an officer. My limited time will not permit me to enumerate the many eminent officers in this category, outstanding among whom was General Harbord. As Chief of Staff in France, in my opinion, he is entitled to equal, if not greater, praise than General Pershing who, to my own knowledge, when one of the principal battles of the World War was taking place at Chateau-Thierry, was himself at least 200 miles behind the lines, with the operations then taking place entirely in charge of General Harbord.

Among other outstanding individuals who rose from the ranks to world renown are our own famous and brave General Mitchell, General Gibbs, and General Foulois, under all of whom at various times I had the honor to serve.

Speaking further on the subject of keeping our Army democratic and granting opportunities in this field to American youth, our own General Pershing, in commenting on the subject I have just discussed, stated that officers entering the Army, whether through West Point or not, should be on the same footing. In other words, he advocated that individuals entering West Point have 1 year of service in the Army or preliminary training in military camps. I have advocated—and I feel confident the Chairman of the Military Affairs Committee is in accord with my views—that at least 50 percent of our officer personnel come from the ranks, the National Guard, and the Reserve Corps, and that not more than 50 percent come from West Point. Not only would this procedure give American boys a chance and thus democratize our service, but it would result in a substantial saving to the taxpayers, since it would not then be necessary to maintain so many students at West Point and Annapolis at such large overhead expense.

It may be well to recall here that the enlisted and civilian components entering the service in time of war have been most outstanding in their accomplishments in all of our wars. Substantiating this statement, as a typical instance of the many, I am pleased to mention the officers in the Lost Battalion, and more specifically Sergeant Woodfill, of the Regular Army, and Sergeant York, a draftee.

I reiterate my former statements that the enlisted man of the service, representing a cross-section of our American citizenship, is a high type of individual who will respond to just consideration extended to him through legislative enactment, to which he is certainly entitled as the lowest paid of Uncle Sam's workers. From long association with him in the ranks, I am satisfied that there is no reason to question his loyalty and that all he requires is a square deal and half a chance to better his condition on a basis of his qualifications and merit, which opportunity is now denied him.

BENEFITS RECENTLY OBTAINED FOR RETIRED ENLISTED MEN, AND FURTHER OBJECTIVES

As the editor of the Retired Men's News, published at Arcadia, Calif., I am in constant touch with the enlisted men of the Army, Navy, and Marine Corps and consider myself well informed on the various problems concerning their interests.

I am pleased to report that, due to my efforts, the Army appropriation bill was amended to provide that hereafter retired naval enlisted personnel, which includes Marine Corps enlisted personnel, are authorized to purchase stores from Army post exchanges.

In other words, retired naval enlisted personnel may now save themselves quite a substantial amount where it is convenient for them to make purchases at Army post exchanges. This is particularly advantageous to retired naval personnel living in San Francisco, Washington, and other large Army centers, where up-to-date post exchanges, similar to ship's stores, are maintained. As virtually every Army post includes a post exchange, the retired naval and Marine Corps personnel anywhere can now obtain the benefits of reduced cost in purchases made at the post exchanges or through their affiliated stores. In addition to these benefits for retired naval personnel, specific instructions have been received from the Bureau of Navigation to the effect that they are fully authorized to purchase from ship's service stores within the continental limits of the United States, these purchases to include, as I understand it, gasoline, oil, and other materials where such supplies are maintained in connection with ship's stores activities.

It is regrettable, however, that under existing law and regulations the privileges which I have just enumerated cannot be extended to men transferred to the Fleet Naval Reserve, until they have been retired under the 30-year retirement act.

RECIPROCAL ARMY AND NAVY HOSPITALIZATION ATTAINED

Through my efforts, with the kindly approval of the President, reciprocal hospitalization is now authorized for retired officers and men of the Army, Navy, and Marine Corps. In other words, and to be more specific, a retired enlisted man of the Army or Navy may now enter either an Army or Navy hospital, the conditions governing his admission in either case being those which regularly applied to his admission to the hospital of his particular service. For example, it is now no longer necessary for an Army retired man in San Diego to journey to Letterman Hospital at San Francisco for treatment. He can enter the Navy hospital in San Diego, under the same conditions which would apply to him if he entered his own Army hospital. Likewise, Navy retired personnel in San Francisco can enter the Army general hospital at San Francisco under the same conditions as if they entered their own hospital at Vallejo. This concession, obtained through the humane consideration of the President, is exceedingly beneficial to our aged retired personnel.

It may be well to mention here, however, that dependents of retired Army personnel may enter Army hospitals, but dependents of retired Navy personnel as yet cannot enter Navy hospitals. This condition calls for correction and will be considered later.

Under the act of May 7, 1932, obtained through my efforts, all enlisted men, when placed on the retired list are given their highest World War commissioned, warrant, or enlisted rank attained. This has been exceedingly helpful to individuals who have been promoted to commissioned rank on the retired list under the provisions of this act. When they enter hospitals, they are given the same consideration as other officers on the retired list and in case of death and burial in a national cemetery, a separate grave is reserved, if requested, for the wife of the retired officer.

As yet, no increase in pay has been seriously considered for those advanced in rank on the retired list under the act of May 7, 1932, although many hopefully look forward to this consideration, once recovery of the Nation is attained.

WIDOWS ASSISTED

I have assisted in securing pensions beyond number for deserving widows, all without compensation as I never accept pay for any service rendered to a veteran or his dependents. Because of the difficulties frequently encountered in establishing right to pension, the Retired Men's News initiated and urged the preparation of prewidow pension forms, so that the wife of a veteran may have the assistance of her husband in assembling all the necessary data for a claim for pension as his widow. The preparation of prewidow pension papers is especially important in view of the fact that prior marriages, divorces, deaths of former husbands or wives and other pertinent data are easier to assemble while both the principals involved are living. Outstanding, however, in advantages incident to the preparation of prewidow pension papers are the savings it makes possible to the Veterans' Administration in clerical hire for the handling of claims and, for the widow, the removal of anxiety and worry incident to the presentation of a valid claim, not to mention the elimination of the inordinate delay which generally follows when claims are filed by the widow alone, after the death of her husband.

Also, when prewidow pension papers are executed and promptly filed upon the death of the veteran, the widow, or other dependent, profits financially since award of pension dates from the receipt of application in the Veterans' Administration.

Experience proves that small minority groups, unless they cooperate in each other's interests, usually find discriminations, of one sort or another, practiced against them. Through the influence of the Retired Men's News, innumerable instances of injustice and discrimination, directed against retired enlisted men, employed in private or public service, have been corrected amicably, generally to the financial interest of the retired men.

THE PROBLEMS OF THE RETIRED ENLISTED PERSONNEL—ARMY, NAVY, AND MARINE CORPS

In considering the problems of the retired enlisted men, it should be borne in mind that all on the retired list today are veterans of one war, while many of them, personally known to me, served in the Indian Wars, the Spanish-American War and Philippine Insurrection, and in the World War. I estimate that at least 30 percent on the retired list today are veterans of two wars.

Notwithstanding their long and honorable service of 30 years in the hazards of conflict and under conditions in the field, in the Tropics, and elsewhere, which were a constant menace to health, they, as survivors, are today not even considered on a parity with convicts in respect to the allowances which they receive for rental of quarters, for subsistence, and for clothing. Many of the Federal penitentiaries pay as high as three times more for the maintenance of convicts than the Government provides for its honorable veterans of two wars, retired after 30 years' service. The War Department has consistently opposed the enactment of legislation which would increase the present allowance of $15.75 per month for rent, subsistence, and clothing, to the amount of $30 per month for these purposes.

The allowance of $15.75 was authorized 27 years ago, when living costs were much less than they are today. This in itself should serve as evidence of the justice of the appeal of the retired enlisted men for an increase in their allowances to $30 per month.

In addition, it should be considered that retired enlisted men, under law, are supposed to receive three-fourths of the pay and allowances of their rank at the time of retirement. Even the provisions of law, however, are ignored, since enlisted men, in active service, living separately or away from troops, receive approximately $62 per month for rent, subsistence, and clothing, on which basis the retired enlisted man, living under like conditions, should receive $45 per month, instead of the insignificant $15.75 which is authorized. Enlisted men, messing collectively in barracks, where they have the advantage of collective purchases at wholesale prices, received, on June 30 of this year, 50.57 cents per day ration allowance. This figure, for rations alone, to the active-service enlisted man, is approximately the same as the retired enlisted man receives for rations, rent, and clothing. The officers had their allowance for subsistence increased to 60 cents per day under recent legislation, thus further attesting the increased cost of living, a fact which is recognized by the War Department in behalf of officers and enlisted men in the active service, but absolutely ignored for enlisted men on the retired list.

HOSPITALIZATION BENEFITS ALSO DENIED

It was my good fortune to secure an amendment to the World War Veterans' Act in 1930 recognizing the retired personnel as "veterans", thus extending to them the same consideration as was extended to other war veterans. Prior to the enactment of this amendment the Comptroller General had ruled that retired personnel, even though they served in two or more wars, were not "war veterans." It required 6 years of constant effort to obtain the enactment of this legislation, which was repealed after only 2 hours of deliberation in the Congress when the so-called "Economy Act" was enacted in the Seventy-third Congress.

Notwithstanding that they served in war and notwithstanding that many of them bear service-connected disabilities, retired enlisted men are prohibited from entering Veterans' Administration soldiers' homes anywhere, and they are only permitted to enter Veterans' Administration hospitals under emergency—that is, when their lives are in jeopardy due to accident or emergent diseases. No fair-minded individual should deny the right of the retired enlisted man who served in war to consideration in respect to hospitalization and domiciliary care in Veterans' Administration hospitals on a parity with that accorded to other war veterans. This discrimination, however, exists and the constant effort of the retired personnel is to obtain equality in hospitalization and domiciliary benefits with other veterans with whom they served in war. Legislation to this effect is now pending in the Congress and we hope for its favorable consideration in the next session.

True it is that retired Navy men may enter the United States Naval Home at Philadelphia, but nevertheless the facilities there are very limited and thus, many retired naval men who cannot or do not care to enter the home directly at Philadelphia are denied the right to enter soldiers' homes in their declining years. Retired personnel, if they wish to enter a soldiers' home, must thus be separated, by long distances, from their families and friends.

Retired enlisted men of the Army may enter only the United States Soldiers' Home in Washington, D. C., and notwithstanding the fact that they may be veterans of three wars and may have contributed for years to the maintenance of the Home from their meager Army pay, while members of the Soldiers' Home here in Washington, they must pay for their maintenance.

It should be borne in mind that no war veteran, except the retired enlisted man, is forced to pay for his maintenance at the Soldiers' Home here or at any other soldiers' home. This is indeed class discrimination of the most flagrant sort and the responsibility for this discrimination rests entirely with the War Department, and more specifically, with the Judge Advocate General.

The retired enlisted men will never rest in their endeavors until these absurd and outrageous discriminations, which operate so inhumanly against the interest of our aged and disabled retired enlisted men, are entirely removed. The retired enlisted man demands, as a matter of justice and equity, that he be permited to enter the Soldiers' Home here in Washington, which is the only home he can enter, on the same basis as any other veteran and that hospitalization and soldiers' home benefits, which other war veterans receive, be extended to those on the retired list with similar service.

LACK OF FULL COOPERATION HAMPERS EFFORTS

The July edition of the Retired Men's News, published at Arcadia, Calif., carries an editorial to the effect that it was hoped that sufficient subscriptions would be obtained to make possible the employment of a full-time representative in Washington to look after the interests of the retired personnel of the Army, Navy, and Marine Corps, and wherever possible to work for the betterment of the active service.

It has been found from experience that the active service personnel, who have so much to gain, have not been very alert to their own interest and in many instances even retired men, for whom especially the publication is issued, have not supported the periodical as was anticipated when it was first established in 1928.

It is true that the retired clientele is limited in number, and for that reason more unanimity in support is necessary, as it is self-evident that a small group of retired men cannot adequately carry the burdens of the whole.

The Retired Men's News is a unique publication in that the editor has never received any compensation for his services since the paper was established in 1928. He received only actual traveling expenses while he was present in Washington to advance legislation in the year 1931–32. At that time he was successful in having the act of May 7, 1932, approved. Through this act 3,500 to 4,000 enlisted men on the retired list and those to be retired have been or will be advanced on the retired list to their highest commissioned rank during the World War.

If all the retired men whose interests are thus advanced and protected would subscribe to their periodical it would be possible to have a full-time representative in Washington to look after legislation and to advance their interests all the time.

One of the outstanding accomplishments of the Retired Men's News was the publication of a directory of retired enlisted men, giving names, addresses, rank, and other pertinent information through which comrades, separated after long years of service, have been brought in contact with each other. It should be recalled here that the Government pays for the publication of a register as well as a directory of officers, but until the Retired Men's News, of Arcadia, Calif., printed a directory of Army enlisted men, no such publication was ever issued. The latest edition includes former enlisted men advanced to their highest commissioned rank during the World War.

This directory has been very beneficial to applicants for pensions and other benefits, due to the fact that it enables comrades to contact men with whom they had served in Cuba, the Philippines, France, or elsewhere, who might attest to their records of disabilities or other pertinent facts required in the presentation of claims.

On the basis of my intimate, personal knowledge of the service, I feel that the enlisted men, who have served their country so loyally and unselfishly, through the hazards of battle and under the most trying conditions, and who will continue to bear the brunt of any future conflicts, have been, in a sense, the forgotten veterans, notwithstanding their deeds of valor which are recorded in the annals of our history.

To me it has been a source of gratification to have been in a position to advance the interest of this fine body of men with whom I have been associated in the major portion of my life's work. So long as I have the strength and the power to carry on, I shall continue, without compensation, to work in behalf of the service personnel, both active and retired men who have contributed so much to the prestige of our Nation on the field of battle, and who when they retire are outstanding examples of good citizenship in their respective communities.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HOOK, indefinitely, on account of important business.

To Mr. MILLER, on account of sickness.

To Mr. WOLVERTON, on account of serious illness in family.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly an enrolled bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3090. An act for the relief of Mayme Hughes.

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S. J. Res. 167: Joint resolution to amend the public resolution approved June 28, 1935, entitled "Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes."

ADJOURNMENT

Mr. TABER. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and twenty-six Members present, not a quorum.

Mr. O'CONNOR. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p. m.) the House adjourned until tomorrow, Tuesday, August 6, 1935, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Tuesday, Aug. 6, 10:30 a. m.)

Committee will hold hearings on bills H. R. 8660, H. R. 8408, H. R. 1759, and H. R. 8927 in room 445, old House Office Building.

COMMITTEE ON THE PUBLIC LANDS

(Tuesday, Aug. 6, 10:30 a. m.)

Committee will hold hearings for consideration of amendments to the Oil and Gas Leasing Act.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

441. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1936, for the Department of Agriculture, Soil Conservation Service (H. Doc. No. 260); to the Committee on Appropriations, and ordered to be printed.

442. A letter from the Secretary of War, transmitting a report of designs, aircraft parts, and aeronautical accessories purchased by the War Department during the fiscal year ended June 30, 1935, the prices therefor, and the reason for the award in each case; to the Committee on Expenditures in the Executive Departments.

443. A letter from the Secretary of the Navy, transmitting a draft of a proposed bill to authorize the acquisition of the railroad tracks, trestle, and right-of-way of the Gulf Power Co. at the naval air station, Pensacola, Fla.; to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. AYERS: Committee on Indian Affairs. H. R. 8290. A bill to provide funds for cooperation with the public-school board at Devils Lake, N. Dak., in the construction, extension, and betterment of the high-school and elementary-school building at Devils Lake, N. Dak., to be available to Indian children; with amendment (Rept. No. 1712). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 739. An act to provide for the establishment of a national monument on the site of Fort Stanwix, in the State of New York; without amendment (Rept. No. 1713). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indians Affairs. H. R. 6499. A bill referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement; with amendment (Rept. No. 1714). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOEPPEL: A bill (H. R. 9045) to protect the artistic and earning opportunities of American singers—operatic, concert, oratorio, etc.—including orchestral conductors, in the United States of America; to the Committee on Immigration and Naturalization.

By Mr. PETTENGILL: A bill (H. R. 9046) to amend the Revenue Act of 1932; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURNHAM: A bill (H. R. 9047) for the relief of Louis Columbus De Perini; to the Committee on Naval Affairs.

By Mr. CORNING: A bill (H. R. 9048) granting an increase of pension to Catherine Magilton; to the Committee on Invalid Pensions.

By Mr. DOCKWEILER: A bill (H. R. 9049) granting a pension to Alice L. Hughes; to the Committee on Pensions.

By Mr. O'NEAL: A bill (H. R. 9050) for the relief of the Kentucky Tank Line, a corporation of Louisville, Ky.; to the Committee on Claims.

By Mr. ROMJUE: A bill (H. R. 9051) granting an increase of pension to Augusta Coontz; to the Committee on Pensions.

By Mr. TERRY: A bill (H. R. 9052) for the relief of Edwin D. March; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII:

9268. By Mr. RUDD presented a petition of the New York State legislative board, Brotherhood of Locomotive Engineers, Albany, N. Y., concerning the Crosser bills (H. R. 8651 and 8652), for establishment of a retirement system for employees of carriers, which was referred to the Committee on the Post Office and Post Roads.